

**NORTHWEST TENNESSEE
HUMAN RESOURCE AGENCY**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2020

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INTRODUCTORY SECTION

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
BOARD OFFICERS
June 30, 2020

Tom Witherspoon, Chairman
Denny Johnson, Vice-chairman
Jake Bynum, Secretary/Treasurer

FINANCIAL SECTION



Independent Auditor's Report

Executive Director and Board of Directors
Northwest Tennessee Human Resource Agency
Martin, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Tennessee Human Resource Agency, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

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 opinions 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Tennessee Human Resource Agency as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The introductory section, major fund schedules of revenues, expenditures and changes in fund balance, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, schedule of local contributions and schedule of state financial assistance are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The major fund schedules of revenues, expenditures and changes in fund balance, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards, schedule of local contributions and schedule of state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the major fund schedules of revenues, expenditures and changes in fund balance, combining and individual nonmajor fund financial statements and schedules, schedule of expenditures of federal awards, schedule of local contributions and schedule of state financial assistance are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section 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 8, 2020, on our consideration of the Northwest Tennessee Human Resource Agency'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 Agency'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 Agency's internal control over financial reporting and compliance.

Alexander Thompson Arnold PLLC

Union City, Tennessee
December 8, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Northwest Tennessee Human Resource Agency, we offer readers of the Agency's financial statements this narrative overview and analysis of the financial activities of the Agency for the fiscal year ended June 30, 2020.

FINANCIAL HIGHLIGHTS

- The assets of the Northwest Tennessee Human Resource Agency exceeded its liabilities at the close of the most recent fiscal year by \$4.5 million (net position).
- Total net position increased by \$817 thousand during the year ended June 30, 2020. This was mainly attributable to capital grants which funded capital assets at the government-wide level.
- As of the close of the current fiscal year, the Northwest Tennessee Human Resource Agency's general fund reported an ending fund balance of \$1.6 million, an increase of \$121 thousand in comparison with the prior year. Of the total fund balance, the entire amount was available for spending at the Northwest Tennessee Human Resource Agency's discretion (unassigned fund balance).

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Agency's basic financial statements. The Agency's basic financial statements are comprised of the following components:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

This report also contains supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Northwest Tennessee Human Resource Agency's finances, in a manner similar to a private-sector business.

- The Statement of Net Position presents information on all of the Agency's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Agency is improving or deteriorating.
- The Statement of Activities presents information showing how the Agency's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., receivables, compensated absences, etc.).

The governmental activities of the Agency include general and administrative activities, in addition to the activities supported by individual grants, such as transportation, nutrition, etc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Agency uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Agency consists only of governmental funds, and has no activities accounted for in a proprietary-type fund.

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

Because the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Agency's near-term financing decisions. Both the Balance Sheet - Governmental Funds and the Statement of Revenues, Expenditures and Changes in Fund Balances - Government Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Agency maintains numerous governmental funds for its individual grant programs. Information is presented separately in the Balance Sheet – Governmental Funds and in the Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds for the General Fund, Transportation Fund, and HRA Waiver Fund, which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation for these statements and is also presented separately in a Combining Balance Sheet – Nonmajor Governmental Funds and a Combining Statement of Revenues, Expenditures and Changes in Fund Balance – Nonmajor Governmental Funds.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information

The Agency approves annual budgets for its General Fund and individual grant funds to be used as a management tool for comparing current activity against anticipated revenues and expenditures. Budget to actual statements are presented as supplementary information for all of the Agency's funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position – As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Northwest Tennessee Human Resource Agency, assets exceeded liabilities by \$4,518,954 at the close of the most recent fiscal year. A large portion of the Agency's net position (66%) reflects its investment in capital assets (e.g., land, buildings, machinery,

MANAGEMENT'S DISCUSSION AND ANALYSIS

equipment and vehicles). The Agency uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Condensed Statement of Net Position

	Governmental Activities		Increase (Decrease)	
	2020	2019	Amount	Percent
Current and other assets	\$ 5,072,334	\$ 4,267,608	\$ 804,726	18.86%
Capital assets	<u>2,978,370</u>	<u>2,282,484</u>	<u>695,886</u>	30.49%
Total assets	8,050,704	6,550,092	1,500,612	22.91%
Current liabilities	3,456,310	2,772,427	683,883	24.67%
Long-term liabilities	<u>75,440</u>	<u>75,757</u>	<u>-317</u>	-0.42%
Total liabilities	3,531,750	2,848,184	683,566	24.00%
Net position				
Investment in capital assets	2,978,370	2,282,484	695,886	30.49%
Unrestricted	<u>1,540,584</u>	<u>1,419,424</u>	<u>121,160</u>	8.54%
Total net position	<u>\$ 4,518,954</u>	<u>\$ 3,701,908</u>	<u>\$ 817,046</u>	22.07%

At the end of the current fiscal year, the Agency as a whole is able to report positive balances in all categories of net position. Net position increased by \$817 thousand from the prior year. This increase was mainly attributable to capital asset activity (vans). Capital asset purchases exceeded depreciation by \$919 thousand and vehicles with a remaining book value of \$223,575 were sold at a gain of \$125,654. Grant receivables increased by \$1.2 million. However, the receivable was offset by increased unearned revenue of \$511 thousand.

Of total net position, unrestricted net position (34%) may be used to meet the Agency's ongoing obligations to citizens and creditors. The remaining balance of net position is attributable to the Agency's investment in its capital assets.

Statement of Activities – As noted earlier, the statement of activities is designed to provide readers with a broad overview of the Agency's finances in a manner similar to a private-sector business. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. As such, instead of the \$121 thousand increase in fund balance at the fund level, there is an \$817 thousand increase reported in the statement of activities. This difference is due mainly to the activity related to the Agency's capital assets. Depreciation expense of \$688 thousand at the government-wide level and capital outlay of \$1.6 million at the fund level resulted in a \$919 thousand decrease in expense. The disposal of capital assets accounted for the remaining \$224 thousand decrease in revenue reported at the government-wide level.

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following statement of activities summarizes the revenues and expenses of the Agency and compares them to the prior year's activities.

Condensed Statement of Activities

	Governmental Activities		Increase (Decrease)	
	2020	2019	Amount	Percent
Revenue				
Program Revenues				
Charges for services	\$ 1,807,663	\$ 2,298,567	\$ -490,904	-21.36%
Operating grants and contributions	5,591,129	5,049,587	541,542	10.72%
Capital grants & contributions	1,222,233	383,697	838,536	218.54%
General revenues				
Gain (loss) on sale of assets	125,654	-92,167	217,821	-236.33%
Interest	<u>9,238</u>	<u>9,673</u>	<u>-435</u>	-4.50%
Total revenues	<u>8,755,917</u>	<u>7,649,357</u>	<u>1,106,560</u>	14.47%
Expenses				
General Fund	48,501	27,118	21,383	78.85%
Transportation	5,871,984	5,680,159	191,825	3.38%
Nutrition	184,609	734,817	-550,208	-74.88%
SSBG Homemaker	22,535	243,356	-220,821	-90.74%
Title III Homemaker	157,654	32,064	125,590	391.69%
HCBS Nutrition	324,732	139,428	185,304	132.90%
Senior Aides	734,667	286,622	448,045	156.32%
Emergency Food and Shelter	14,172	15,218	-1,046	-6.87%
HRA Waiver	380,614	491,702	-111,088	-22.59%
Nutrition Medicaid Waiver	68,143	58,445	9,698	16.59%
HCBS Homemaker	<u>131,260</u>	<u>143,099</u>	<u>-11,839</u>	-8.27%
Total expenses	<u>7,938,871</u>	<u>7,852,028</u>	<u>86,843</u>	1.11%
Change in net position	817,046	-202,671	1,019,717	-503.14
Net position - beginning	<u>3,701,908</u>	<u>3,904,579</u>	<u>-202,671</u>	-5.19%
Net position - ending	<u>\$ 4,518,954</u>	<u>\$ 3,701,908</u>	<u>\$ 817,046</u>	22.07%

MANAGEMENT'S DISCUSSION AND ANALYSIS

The increase in revenue was mainly attributable to Transportation, which had increases in both operating grants and capital grants for CARES Act funding during the pandemic and the purchase of new passenger vans and funding through TDOT Improve Act for the construction of the new Transportation facility. Also, the Agency had a \$126 thousand gain on the sale of capital assets, compared to a \$92 thousand loss during the prior year.

Although revenue increased by \$1.1 million, expenses at the government-wide level only increased by \$87 thousand. The majority of the Transportation expenditures were for capital assets; therefore, their current expenses only increased by 3.38%. The Title III Homemaker program had the largest proportional increase – 392% from the prior year – due to increased funding. There were also large increases in HCBS Nutrition due to the CARES Act provided large scale funding to provide home delivered meals during the pandemic and Senior Aides related to the grantor providing 100% placement funding for Senior Aides participants regardless of ability to work during the pandemic. The largest decreases in expenses were in Nutrition and SSBG Homemaker due to funding from the CARES Act to provide home delivered meals passed thru HCBS Nutrition and funding for SSBG Homemaker is dependent of referral and case load. During the pandemic, there was a reluctance in clients allowing workers into their homes resulting in decreased revenue and expenses.

FUND FINANCIAL STATEMENTS ANALYSIS

The focus of the Agency's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Agency's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of June 30, 2020, the General Fund had unassigned fund balance of \$1.6 million, an increase of \$121 thousand from the prior year.

Total revenue in governmental funds increased by \$1.1 million from the previous year. Transportation had increases in federal and state revenue attributable to increases in COVID-19 related CARES Act funding. However, local revenue decreased by \$490 thousand due to a sharp decline in passenger trips other than medically necessary trips during the COVID-19 pandemic. HRA Waiver local revenues decreased by \$111 thousand due to a decrease in in-home services, such as homemaker and personal care attendant, during the pandemic.

Budgetary highlights – Actual revenues for the Transportation Fund were \$830 thousand more than budgeted. Expenditures were over budget by \$1.1 million, mainly due to construction costs not being included in the budget. The largest line item under budget was fuel and oil, which had expenditures of \$105 thousand less than budgeted. The HRA Waiver program had both revenue and expenditures of \$113 thousand under budget, mainly in salaries. Senior Aides was \$68 thousand under budget, corresponding to the decrease in revenue.

MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – As of June 30, 2020, the Agency has invested approximately \$3 million (net of accumulated depreciation) in a variety of capital assets, mostly vehicles and equipment used in the Transportation Fund. During the current year, there were capital assets additions of \$356 thousand in vehicles and equipment and \$1.25 million in construction in process for the new Transportation facility funded by the TDOT Improve Act. Depreciation for the year was \$687 thousand, and vans with a remaining book value of \$224 thousand were sold for a \$126 thousand gain. Additional details on the Agency's capital assets can be found in the Notes to Financial Statements of this report.

Long-term debt – The Northwest Tennessee Human Resource Agency had no long-term debt as of June 30, 2020, other than a liability for compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic factors for Northwest Tennessee remained steady throughout this year. However, the pandemic created unforeseen effects on unemployment, State of Emergency regulations, employee furloughs and layoffs, and Personal Protective Equipment cost. Our agency has been able to maintain a steady working environment throughout this time.

Due to COVID-19, our Nutrition Program increased our meal delivery, Public Transportation Program trip numbers decreased, and Homemaker and Personal Care referrals decreased. All employees were trained on COVID-19 guidelines. All programs purchase sanitizers, masks, gloves, and other Personal Protective Equipment for their employees and clients.

Next year's budget will look different from the current year's. CARES Act money will help to offset cost incurred for COVID-19. As 2021 brings about a new President and Administration, we could see changes at both the federal and state levels. We could see fluctuation in the economy and stock market but hopefully will not have a substantial impact on Northwest Tennessee.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
STATEMENT OF NET POSITION
June 30, 2020

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash	\$3,113,096
Accounts receivable	305,394
Due from grantor	<u>1,653,844</u>
Total current assets	5,072,334
Noncurrent assets	
Capital assets:	
Construction in process	\$ 1,356,804
Vehicles and equipment, net of accumulated depreciation	<u>1,621,566</u>
Total capital assets	<u>2,978,370</u>
Total assets	8,050,704
 LIABILITIES	
Current liabilities	
Accounts payable	341,754
Payroll liabilities	52,820
Due to Development District	47,122
Unearned revenue - federal	18,542
Unearned revenue - state	84,653
Unearned revenue - local	<u>2,911,419</u>
Total current liabilities	3,456,310
Noncurrent liabilities	
Accrued annual leave	<u>75,440</u>
Total liabilities	<u>3,531,750</u>
 NET POSITION	
Investment in capital assets	2,978,370
Unrestricted	<u>1,540,584</u>
Total net position	<u>\$4,518,954</u>

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

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net (Expenses)/Revenues and Changes in Net Position	
Governmental activities:	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
General Fund	\$ 48,501	\$ 39,366	\$ 120,840	\$ -	\$ 111,705	\$ 111,705
Transportation	5,871,984	1,768,297	3,452,847	1,222,233	571,393	571,393
SSBG Homemaker	184,609	-	184,609	-	-	-
Title III Homemaker	22,535	-	23,212	-	677	677
HCBS Nutrition	157,654	-	157,654	-	-	-
Senior Aides	324,732	-	324,251	-	(481)	(481)
Nutrition	734,667	-	732,956	-	(1,711)	(1,711)
Emergency Food and Shelter	14,172	-	14,172	-	-	-
HRA Waiver	380,614	-	381,185	-	571	571
Nutrition Medicaid Waiver	68,143	-	68,143	-	-	-
HCBS Homemaker	131,260	-	131,260	-	-	-
Total governmental activities	\$ 7,938,871	\$ 1,807,663	\$ 5,591,129	\$ 1,222,233	682,154	682,154
General revenues:						
					125,654	125,654
					9,238	9,238
					134,892	134,892
					817,046	817,046
					3,701,908	3,701,908
					\$ 4,518,954	\$ 4,518,954

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

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2020

	<u>General Fund</u>	<u>Transportation</u>	<u>HRA Waiver</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash	\$ 3,087,493	\$ 912	\$ -	\$ 24,691	\$ 3,113,096
Accounts receivable	-	261,579	28,813	15,002	305,394
Due from general fund	-	628,131	666,744	204,434	1,499,309
Due from other funds	415,453	-	-	-	415,453
Due from grantors	-	1,544,441	-	109,403	1,653,844
Total assets	<u>\$ 3,502,946</u>	<u>\$ 2,435,063</u>	<u>\$ 695,557</u>	<u>\$ 353,530</u>	<u>\$ 6,987,096</u>

LIABILITIES AND FUND BALANCE

Accounts payable	\$ 337,489	\$ -	\$ -	\$ 4,265	\$ 341,754
Payroll liabilities	3,002	25,396	(2,654)	27,076	52,820
Due to general fund	-	299,121	6,731	109,601	415,453
Due to other funds	1,499,309	-	-	-	1,499,309
Due to Development District	47,122	-	-	-	47,122
Unearned revenue - federal	-	-	-	18,542	18,542
Unearned revenue - state	-	-	-	84,653	84,653
Unearned revenue - local	-	2,110,546	691,480	109,393	2,911,419
Total liabilities	<u>1,886,922</u>	<u>2,435,063</u>	<u>695,557</u>	<u>353,530</u>	<u>5,371,072</u>
Fund balance					
Unassigned	1,616,024	-	-	-	1,616,024
Total liabilities and fund balance	<u>\$ 3,502,946</u>	<u>\$ 2,435,063</u>	<u>\$ 695,557</u>	<u>\$ 353,530</u>	<u>\$ 6,987,096</u>

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

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION**

June 30, 2020

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

Total fund balance of governmental funds	\$ 1,616,024
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets	\$5,265,541	
Accumulated depreciation	<u>(2,287,171)</u>	
Net capital assets		2,978,370

Noncurrent liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(75,440)</u>
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Net position of governmental activities	<u>\$ 4,518,954</u>
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The accompanying notes are an integral part of these financial statements.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>General Fund</u>	<u>Transportation</u>	<u>HRA Waiver</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues					
Federal	\$ -	\$ 2,647,284	\$ -	\$ 1,183,058	\$ 3,830,342
State	-	2,027,796	-	294,459	2,322,255
State direct appropriation	120,840	-	-	-	120,840
Local	39,366	1,768,297	381,185	158,740	2,347,588
Sale of assets	-	349,229	-	-	349,229
Interest	9,138	-	-	100	9,238
Total revenues	<u>169,344</u>	<u>6,792,606</u>	<u>381,185</u>	<u>1,636,357</u>	<u>8,979,492</u>
Expenditures					
Salaries	-	2,965,776	276,560	618,182	3,860,518
Administrative	-	-	66	50,348	50,414
Fringe benefits	-	535,433	42,652	88,179	666,264
Travel	-	12,646	4,001	18,775	35,422
Workers' compensation	45	146,776	-	6,827	153,648
Meal delivery	-	-	-	7,854	7,854
Communications	-	144,149	4,552	15,232	163,933
Maintenance	16,913	106,426	-	-	123,339
Supplies	1,982	71,334	1,690	4,928	79,934
Contractual services	-	-	-	101,016	101,016
Postage	-	2,371	287	648	3,306
Copying and printing	-	-	1,389	1,471	2,860
Indirect costs	-	316,967	30,741	41,193	388,901
Equipment	-	356,274	-	-	356,274
Construction	-	1,250,731	-	-	1,250,731
Rent	-	52,581	5,043	12,108	69,732
Audit	-	21,274	2,686	2,305	26,265
Drug screening and physicals	-	14,540	-	75	14,615
Miscellaneous	-	46,975	293	17,233	64,501
Legal services	-	3,137	-	-	3,137
Fuel and oil	-	384,733	-	-	384,733
Training	-	7,591	239	616	8,446
Insurance	-	147,106	10,523	9,031	166,660
Program costs	-	-	-	14,172	14,172
Subcontracts/contract staff	-	-	-	613,571	613,571
Ensure	-	-	-	9,558	9,558
Matching	15,000	-	-	-	15,000
Utilities	-	15,894	-	-	15,894
Membership dues/conferences	14,561	12,704	463	2,836	30,564
ITS/Routematch	-	154,905	-	-	154,905
Marketing	-	22,283	-	-	22,283
Special assistance	-	-	-	199	199
Total expenditures	<u>48,501</u>	<u>6,792,606</u>	<u>381,185</u>	<u>1,636,357</u>	<u>8,858,649</u>
Net change in fund balance	120,843	-	-	-	120,843
Fund balance - July 1, 2019	1,495,181	-	-	-	1,495,181
Fund balance - June 30, 2020	<u>\$ 1,616,024</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,616,024</u>

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

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2020**

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

Net change in fund balances of governmental funds \$ 120,843

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

	Capital outlay	\$1,607,005	
	Depreciation	<u>(687,544)</u>	
	Net effect		919,461

Expenses related to compensated absences are reported in the statement of activities but do not require the use of current financial resources. Therefore, they are not reported as expenditures in the governmental funds. 317

The statement of activities reports gains from the auction of existing capital assets, while governmental funds report proceeds from the disposal of capital assets as revenue. This amount is the net book value of capital assets sold during the year. (223,575)

Change in net position of governmental activities \$ 817,046

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

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Tennessee Human Resource Agency is a multi-funded, quasi-governmental agency created in accordance with Chapter 289 of the Public Acts of 1973, known as the "Human Resource Agency Act" (currently TCA Title 13, Chapter 26). It is governed by a board of directors composed of county mayors, municipal mayors, members of the state legislature and other representatives from the Agency's nine-county region. The primary function of the Human Resource Agency (HRA or Agency) is to administer human resource programs. These programs are funded for the most part through federal grants, with matching assistance from the local and state levels.

The financial statements of the Agency have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Agency are described below.

A. Reporting Entity

The Agency's basic financial statements include the accounts of all Agency operations. The criteria for including organizations as component units within the Agency's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the Agency holds the corporate powers of the organization
- the Agency appoints a voting majority of the organization's board
- the Agency is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Agency
- there is fiscal dependency by the organization on the Agency

Based on the aforementioned criteria, the Agency has no component units.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the Agency. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

The Agency is comprised of only governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

In general, federal and state grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Agency reports the following major governmental funds:

The General fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Transportation fund accounts for transactions of the Agency's public transportation program. The major sources of funding are federal and state grants and contract revenue.

The HRA Waiver fund accounts for the transactions of the Agency's Waiver Program for the elderly. The major source of funding is state grants.

D. Assets and Liabilities

Deposits and Investments

The Agency's cash and cash equivalents consist of unrestricted demand deposit accounts, working funds and highly liquid investments with an original maturity of three months or less. State statutes authorize the Agency to invest in interest-bearing accounts.

Receivables and Payables

On October 12, 1989, the Tennessee Department of Human Services, the Northwest Tennessee Human Resource Agency's cognizant agency, approved the cost allocation plan for administration costs incurred by the Agency. This plan allocated administrative costs on the basis of three cost pools - executive, accounting and building.

Allocation of Executive Pool - The costs associated with the executive staff will be the salary and fringe benefits, travel, telephone costs, office supplies, space costs and meeting costs of the executive director and receptionist. The share of executive costs to each program are allocated among the Agency's programs based on direct program salaries to total direct Agency salaries:

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020

$$\frac{\text{Direct Program Salaries}}{\text{Total Direct Agency Salaries}} = \text{Program \% of District Executive Pool Costs}$$

Allocation of accounting support pool - Accounting support costs include the salaries and fringe benefits of the financial officer and the assistant office manager. The space costs, telephone, office supplies and any other costs associated with the accounting support staff are also included. The accounting support pool will be allocated to the Development District and the Human Resource Agency programs based on each program's direct salaries to total Development District plus Human Resource Agency direct salaries.

Allocation of building costs - Building costs are allocated to each program according to the square footage of office space used by each program and the administrative pools above. The basis for allocation is total square feet in Development District and Human Resource Agency less any common space such as restrooms, hallways, conference room, and break rooms. Building costs include a) salaries and fringes for the maintenance man, b) utility bills, c) maintenance supplies, d) travel for maintenance man, and e) miscellaneous building costs.

Capital Assets

Capital assets, including property, vehicles and equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Agency as assets with an initial, individual cost of more than \$5,000 for equipment and \$10,000 for land improvements and buildings. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of asset normal maintenance and repairs that do not add to the value or materially extend the asset's life are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the Agency are depreciated using the straight line method. Capital assets are depreciated over the following useful lives:

Buildings	20 – 50 years
Improvements other than buildings	2 – 30 years
Vehicles and equipment	5 – 20 years
Furniture and fixtures	10 – 20 years

Compensated Absences

Sick leave credits can only be applied when an employee is ill; there is no cash payment for unused, accrued sick leave credits upon termination of employment. Employees earn one day of annual leave per month for up to five years of employment; one and one-half days per month for five to ten years of service; one and three-fourths days per month for ten to twenty years of service; and two days per month for over twenty years of service. Annual leave can be carried forward indefinitely, and unused balances will be paid to employees upon termination. The maximum number of days that can be accrued for annual leave is forty-two. The liability for accrued annual leave is recorded as a long-term liability. Accrued annual leave is charged to the program that pays the employee's regular salary.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Use of Estimates

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

Fund Balance

In the governmental fund financial statements, fund balances are classified as follows:

- Restricted – amounts that can be spent only for specific purposes because of limitations imposed by creditors, grantors, or contributors or by enabling legislation or constitutional provisions.
- Unassigned – all amounts in the general fund not included in other spendable classifications.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the Agency's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the Agency's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications – committed and then assigned fund balances before using unassigned fund balances.

NOTE 2 – BUDGETARY INFORMATION

The Agency's Special Revenue Fund budgets are prepared on the basis where current available funds must be sufficient to meet current expenditures. Expenditures may not exceed appropriations by the Board of Directors. Management may make revisions within categories of expenditures. The Agency's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP).

NOTE 3 – DETAILED NOTES ON ALL FUNDS

A. Deposits and Invested Funds

Custodial Credit Risk - The Agency's policies limit deposits and investments to those instruments allowed by applicable state laws. State statutes require that all deposits with financial institutions must be collateralized by securities whose market value is equal to 105% of the value of uninsured deposits. The deposits must be collateralized by federal depository insurance or the Tennessee Bank Collateral Pool, by collateral held by the Agency's agent in the Agency's name, or by the Federal Reserve Banks acting as third party agents. State statutes also authorize the Agency to invest in bonds, notes or treasury bills of the United States or any of its agencies, certificates of deposit at Tennessee state chartered banks and savings and loan associations and federally chartered banks and savings and loan associations, repurchase agreements utilizing obligations of the United States or its agencies as the underlying securities, and the state pooled investment fund. Statutes also require that securities underlying repurchase agreements must have a market value of at least equal to the amount of funds invested in the repurchase transaction. As of June 30, 2020, all bank deposits were fully collateralized or insured.

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS**

June 30, 2020

B. Interfund Receivables and Payables

At June 30, 2020, the Agency's interfund balances consisted of the following:

Due To	General Fund	Transportation	Nutrition	SSBG Homemaker	HCBS Nutrition	Title III Homemaker	HRA Waiver	Senior Aides	Nutrition Medicaid Waiver	HCBS Homemaker	Totals	Due From	
General Fund	\$ -	\$ 299,121	\$ 61,380	\$ 23,857	\$ 8,811	\$ 173	\$ 6,731	\$ 10,000	\$ 4,464	\$ 916	\$ 415,453		
Transportation	628,131	-	-	-	-	-	-	-	-	-	628,131		
Nutrition	87,309	-	-	-	-	-	-	-	-	-	87,309		
SSBG Homemaker	21,836	-	-	-	-	-	-	-	-	-	21,836		
HCBS Nutrition	13,989	-	-	-	-	-	-	-	-	-	13,989		
Emergency Food/Shelter	291	-	-	-	-	-	-	-	-	-	291		
HRA Waiver	666,744	-	-	-	-	-	-	-	-	-	666,744		
Nutrition Medicaid Waiver	11,198	-	-	-	-	-	-	-	-	-	11,198		
HCBS Homemaker	69,811	-	-	-	-	-	-	-	-	-	69,811		
Totals	\$ 1,499,309	\$ 299,121	\$ 61,380	\$ 23,857	\$ 8,811	\$ 173	\$ 6,731	\$ 10,000	\$ 4,464	\$ 916	\$ 1,914,762		

The interfund balances are mainly due to the fact that the funds share one bank account and each fund's share of the cash balance is recorded as due to/due from the General Fund. Balances are also incurred due to the payment of rent and indirect expenses to the General Fund each month for the prior month's expenses. The General Fund also pays the matching portion on some programs, which are recorded through the due to/due from accounts.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2020

C. Capital Assets

Capital asset activity for the year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Construction in process	\$ 106,074	\$ 1,250,731	\$ -	\$ 1,356,805
Capital assets, being depreciated				
Vehicles and equipment	\$ 4,317,754	\$ 356,274	\$ (765,292)	\$ 3,908,736
Less accumulated depreciation	<u>2,141,344</u>	<u>687,544</u>	<u>(541,717)</u>	<u>2,287,171</u>
Net capital assets being depreciated	<u>2,176,410</u>	<u>(331,270)</u>	<u>(223,575)</u>	<u>1,621,565</u>
Total capital assets	<u>\$ 2,282,484</u>	<u>\$ 919,461</u>	<u>\$ (223,575)</u>	<u>\$ 2,978,370</u>

Depreciation expense was charged to functions/programs of the Agency as follows:

Governmental activities:	
Transportation	<u>\$ 687,544</u>

D. Long-term Liabilities

Long-term liabilities of the Agency consist of accruals for compensated absences. The liability for compensated absences in governmental activities is primarily liquidated by the Transportation Fund. Activity for the year was as follows:

Beginning balance	\$ 75,757
Decrease to adjust to current year balance	<u>(317)</u>
Ending balance	<u>\$ 75,440</u>

NOTE 4 – OTHER INFORMATION

A. Risk Management

The Human Resource Agency is exposed to various risks related to general liability and property and casualty losses. The Agency joined The Tennessee Municipal League Risk Management Pool which is a public entity risk pool. The Agency pays an annual premium to the TML Pool for its general and personal liability, property, casualty and errors and omissions insurance coverage. The creation of the TML Pool provides that it shall be financed from the contributions, premiums or assessments paid by the political subdivisions participating herein to the TML Pool. The TML Pool may participate in the Local Government Reinsurance Fund of Tennessee and in NLC Mutual Insurance Company, as the Board of Directors may elect. The Agency continues to carry commercial insurance for all other risks of loss, including workers compensation, employee health and accident. Settled claims from these losses have not exceeded commercial insurance coverage in any of the past three fiscal years.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

B. Retirement Plans

In January 2019, the Agency began participating in the State's 401k plan administered by Empower Retirement. The Agency contributes 10% of all permanent full-time employees' gross salaries to the plan. The Board of Directors had the authority to make any changes to the rate of contribution. Employees may elect to defer a percentage of their salary into the plan. Employees immediately vest in employee contributions to the plan. For employer contributions, employees become twenty percent (20%) vested after two full years of employment. An additional twenty percent (20%) is vested for each additional full year of employment. An employee becomes fully vested after six years of employment. For the year ended June 30, 2020, the Agency contributed \$83,867 to this plan. There were forfeitures of \$845 during the year ended June 30, 2020. It is estimated that the Agency's contributions to the retirement plan will be \$86,383 for the fiscal year ending June 30, 2021.

SUPPLEMENTARY INFORMATION

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
State direct appropriation	\$ 120,000	\$ 120,000	\$ 120,840	\$ 840
Local	40,382	40,382	39,366	(1,016)
Interest income	-	-	9,138	9,138
Total revenues	<u>160,382</u>	<u>160,382</u>	<u>169,344</u>	<u>8,962</u>
Expenditures				
Worker's compensation	-	-	45	45
Matching	160,382	160,382	15,000	(145,382)
Maintenance	-	-	16,913	16,913
Supplies	-	-	1,982	1,982
Membership dues and conferences	-	-	14,561	14,561
Total expenditures	<u>160,382</u>	<u>160,382</u>	<u>48,501</u>	<u>(111,881)</u>
Net change in fund balance	-	-	120,843	120,843
Fund balance - July 1, 2019	<u>1,495,181</u>	<u>1,495,181</u>	<u>1,495,181</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$1,495,181</u>	<u>\$1,495,181</u>	<u>\$1,616,024</u>	<u>\$120,843</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
TRANSPORTATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$3,387,948	\$3,387,948	\$2,647,284	\$ (740,664)
State	-	-	2,027,796	2,027,796
Local	2,575,000	2,575,000	1,768,297	(806,703)
Sale of assets	-	-	349,229	349,229
Total revenues	<u>5,962,948</u>	<u>5,962,948</u>	<u>6,792,606</u>	<u>829,658</u>
Expenditures				
Salaries	2,930,089	2,930,089	2,965,776	35,687
Fringe benefits	550,000	550,000	535,433	(14,567)
Travel	19,120	19,120	12,646	(6,474)
Workers' compensation	170,000	170,000	146,776	(23,224)
Communications	143,000	143,000	144,149	1,149
Maintenance	90,000	90,000	106,426	16,426
Supplies	39,860	39,860	71,334	31,474
Postage	1,000	1,000	2,371	1,371
Indirect costs	261,000	261,000	316,967	55,967
Equipment	300,000	300,000	356,274	56,274
Construction	-	-	1,250,731	1,250,731
Rent	80,000	80,000	52,581	(27,419)
Audit	21,000	21,000	21,274	274
Drug screening and physicals	16,000	16,000	14,540	(1,460)
Miscellaneous	125,000	125,000	46,975	(78,025)
Legal services	35,000	35,000	3,137	(31,863)
Fuel and oil	490,000	490,000	384,733	(105,267)
Training	5,000	5,000	7,591	2,591
Insurance	150,000	150,000	147,106	(2,894)
Contract staff	25,000	25,000	-	(25,000)
Utilities	-	-	15,894	15,894
Dues and conferences	5,000	5,000	12,704	7,704
Marketing	-	-	22,283	22,283
ITS/Routematch	200,000	200,000	154,905	(45,095)
Total expenditures	<u>5,656,069</u>	<u>5,656,069</u>	<u>6,792,606</u>	<u>1,136,537</u>
Net change in fund balance	306,879	306,879	-	(306,879)
Fund balance - July 1, 2019	-	-	-	-
Fund balance - June 30, 2020	<u>\$ 306,879</u>	<u>\$ 306,879</u>	<u>\$ -</u>	<u>\$ (306,879)</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
HRA WAIVER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Local revenue - insurance reimbursements	\$ 494,000	\$ 494,000	\$ 381,185	\$(112,815)
Expenditures				
Salaries	370,000	370,000	276,560	(93,440)
Administrative	-	-	66	66
Fringe benefits	55,000	55,000	42,652	(12,348)
Travel	8,500	8,500	4,001	(4,499)
Communications	4,500	4,500	4,552	52
Supplies	3,500	3,500	1,690	(1,810)
Postage	1,000	1,000	287	(713)
Copying and printing	-	-	1,389	1,389
Indirect costs	35,000	35,000	30,741	(4,259)
Rent	4,500	4,500	5,043	543
Audit	-	-	2,686	2,686
Miscellaneous	500	500	293	(207)
Training	-	-	239	239
Insurance	11,500	11,500	10,523	(977)
Membership dues and conferences	-	-	463	463
Total expenditures	<u>494,000</u>	<u>494,000</u>	<u>381,185</u>	<u>(112,815)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2020

ASSETS	SSBG Homemaker	Title III Homemaker	HCBS Nutrition	Senior Aides	Nutrition	Emergency Food and Shelter	Nutrition Medicaid Waiver	HCBS Homemaker	Totals
Current assets									
Cash	\$ -	-	\$ -	\$ 17,327	\$ 7,364	-	-	-	\$ 24,691
Accounts receivable	-	-	-	3,744	4,056	-	7,202	-	15,002
Due from general fund	-	21,836	13,989	-	87,309	291	11,198	69,811	204,434
Due from grantor	21,734	1,767	11,046	1,104	64,824	-	-	8,928	109,403
Total assets	\$ 21,734	\$ 23,603	\$ 25,035	\$ 22,175	\$ 163,553	\$ 291	\$ 18,400	\$ 78,739	\$ 353,530

LIABILITIES AND FUND BALANCE

Current liabilities									
Accounts payable	\$ -	-	\$ -	\$ 4,265	-	-	-	-	\$ 4,265
Payroll liabilities	(2,123)	70	16,065	(191)	881	-	13,936	(1,562)	27,076
Due to general fund	23,857	173	8,811	10,000	61,380	-	4,464	916	109,601
Unearned revenue-federal	-	18,251	-	-	-	291	-	-	18,542
Unearned revenue-state	-	5,109	159	-	-	-	-	79,385	84,653
Unearned revenue-local	-	-	-	8,101	101,292	-	-	-	109,393
Total current liabilities	21,734	23,603	25,035	22,175	163,553	291	18,400	78,739	353,530
Fund balance									
Restricted	-	-	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ 21,734	\$ 23,603	\$ 25,035	\$ 22,175	\$ 163,553	\$ 291	\$ 18,400	\$ 78,739	\$ 353,530

See independent auditor's report

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	SSBG Homemaker	Title III Homemaker	HCBS Nutrition	Senior Aides	Nutrition	Emergency Food and Shelter	Nutrition Medicaid Waiver	HCBS Homemaker	Totals
Revenues									
Federal	\$ 182,179	\$ 18,158	\$ -	\$ 302,928	\$ 639,367	\$ 14,172	\$ -	\$ 26,254	\$ 1,183,058
State	-	5,054	150,799	-	33,600	-	-	105,006	294,459
Local	2,430	-	6,855	21,323	59,989	-	68,143	-	158,740
Interest	-	-	-	100	-	-	-	-	100
Total revenues	184,609	23,212	157,654	324,351	732,956	14,172	68,143	131,260	1,636,357
Expenditures									
Salaries	112,689	18,368	48,821	248,084	67,407	-	24,372	98,441	618,182
Administrative	-	-	-	50,348	-	-	-	-	50,348
Fringe benefits	26,407	1,931	3,731	18,980	24,642	-	1,862	10,626	88,179
Travel	17,638	34	-	-	786	-	-	317	18,775
Workers' compensation	-	-	-	6,827	-	-	-	-	6,827
Meal delivery	-	-	-	-	7,854	-	-	-	7,854
Communications	3,180	198	-	-	8,882	-	-	2,972	15,232
Supplies	1,318	100	-	37	2,377	-	-	1,096	4,928
Contractual services	-	-	-	-	101,016	-	-	-	101,016
Postage	288	73	-	-	-	-	-	287	648
Copying and printing	459	142	-	-	330	-	-	540	1,471
Indirect costs	12,339	2,060	5,370	-	7,553	-	2,680	11,191	41,193
Rent	5,043	-	-	-	7,065	-	-	-	12,108
Audit	907	-	-	-	649	-	-	749	2,305
Physical exams	-	-	-	75	-	-	-	-	75
Miscellaneous	33	33	-	-	17,135	-	-	32	17,233
Training	279	98	-	-	-	-	-	239	616
Insurance	3,555	-	-	-	2,542	-	-	2,934	9,031
Program costs	-	-	-	-	-	14,172	-	-	14,172
Subcontracts	-	-	-	-	474,610	-	39,229	-	613,571
Ensure	-	-	99,732	-	9,558	-	-	-	9,558
Membership dues and conferences	275	175	-	-	550	-	-	1,836	2,836
Special assistance	199	-	-	-	-	-	-	-	199
Total expenditures	184,609	23,212	157,654	324,351	732,956	14,172	68,143	131,260	1,636,357
Net change in fund balance	-	-	-	-	-	-	-	-	-
Fund balance - July 1, 2019	-	-	-	-	-	-	-	-	-
Fund balance - June 30, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SSBG HOMEMAKER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$210,000	\$210,000	\$182,179	\$(27,821)
Local	-	-	2,430	2,430
Total revenues	<u>210,000</u>	<u>210,000</u>	<u>184,609</u>	<u>(25,391)</u>
Expenditures				
Salaries	125,000	125,000	112,689	(12,311)
Fringe benefits	34,069	34,069	26,407	(7,662)
Travel	28,000	28,000	17,638	(10,362)
Communications	3,164	3,164	3,180	16
Supplies	1,577	1,577	1,318	(259)
Postage	1,000	1,000	288	(712)
Copying and printing	-	-	459	459
Indirect costs	13,000	13,000	12,339	(661)
Rent	2,990	2,990	5,043	2,053
Audit	-	-	907	907
Membership dues and conferences	-	-	275	275
Miscellaneous	1,200	1,200	33	(1,167)
Training	-	-	279	279
Insurance	-	-	3,555	3,555
Special assistance	-	-	199	199
Total expenditures	<u>210,000</u>	<u>210,000</u>	<u>184,609</u>	<u>(25,391)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
TITLE III HOMEMAKER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ 31,929	\$ 31,929	\$ 18,158	\$ (13,771)
State	-	-	5,054	5,054
Total revenues	<u>31,929</u>	<u>31,929</u>	<u>23,212</u>	<u>(8,717)</u>
Expenditures				
Salaries	26,468	26,468	18,368	(8,100)
Fringe benefits	2,361	2,361	1,931	(430)
Travel	-	-	34	34
Communications	500	500	198	(302)
Supplies	600	600	100	(500)
Training	-	-	98	98
Postage	-	-	73	73
Copying and printing	-	-	142	142
Indirect costs	2,000	2,000	2,060	60
Membership dues and conferences	-	-	175	175
Miscellaneous	-	-	33	33
Total expenditures	<u>31,929</u>	<u>31,929</u>	<u>23,212</u>	<u>(8,717)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
 HCBS NUTRITION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
State	\$132,984	\$132,984	\$150,799	\$ 17,815
Local	-	-	6,855	6,855
Total revenues	<u>132,984</u>	<u>132,984</u>	<u>157,654</u>	<u>24,670</u>
Expenditures				
Salaries	40,000	40,000	48,821	8,821
Fringe benefits	5,677	5,677	3,731	(1,946)
Indirect costs	4,090	4,090	5,370	1,280
Subcontracts	<u>83,217</u>	<u>83,217</u>	<u>99,732</u>	<u>16,515</u>
Total expenditures	<u>132,984</u>	<u>132,984</u>	<u>157,654</u>	<u>24,670</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SENIOR AIDES
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$338,250	\$338,250	\$302,928	\$ (35,322)
Local	53,680	53,680	21,323	(32,357)
Interest	-	-	100	100
Total revenues	<u>391,930</u>	<u>391,930</u>	<u>324,351</u>	<u>(67,579)</u>
Expenditures				
Salaries	262,280	262,280	248,084	(14,196)
Fringe benefits	34,107	34,107	18,980	(15,127)
Training	614	614	-	(614)
Rent	6,000	6,000	-	(6,000)
Physical exams	-	-	75	75
Workers' compensation	9,200	9,200	6,827	(2,373)
Supplies	-	-	37	37
Indirect costs	3,348	3,348	-	(3,348)
Administrative costs:				
Salaries			27,747	
Fringe benefits			14,262	
Travel			749	
Pest control			100	
Utilities			1,034	
Audit			235	
Telephone			1,958	
Supplies			1,207	
Accounting pool			<u>3,056</u>	
Total administrative costs	<u>76,381</u>	<u>76,381</u>	<u>50,348</u>	<u>(26,033)</u>
Total expenditures	<u>391,930</u>	<u>391,930</u>	<u>324,351</u>	<u>(67,579)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NUTRITION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Federal	\$597,100	\$597,100	\$639,367	\$ 42,267
State	-	-	33,600	33,600
Local	<u>122,018</u>	<u>122,018</u>	<u>59,989</u>	<u>(62,029)</u>
Total revenues	<u>719,118</u>	<u>719,118</u>	<u>732,956</u>	<u>13,838</u>
Expenditures				
Salaries	89,378	89,378	67,407	(21,971)
Fringe benefits	30,152	30,152	24,642	(5,510)
Travel	1,000	1,000	786	(214)
Meal delivery	4,081	4,081	7,854	3,773
Communications	2,251	2,251	8,882	6,631
Supplies	2,500	2,500	2,377	(123)
Copying and printing	500	500	330	(170)
Indirect costs	5,652	5,652	7,553	1,901
Equipment	1,200	1,200	-	(1,200)
Rent	5,818	5,818	7,065	1,247
Audit	4,203	4,203	649	(3,554)
Miscellaneous	-	-	17,135	17,135
Insurance	9,642	9,642	2,542	(7,100)
Membership dues and conferences	225	225	550	325
Contractual services	100,118	100,118	101,016	898
Subcontracts	446,334	446,334	474,610	28,276
Ensure	15,730	15,730	9,558	(6,172)
Health permits	<u>334</u>	<u>334</u>	<u>-</u>	<u>(334)</u>
Total expenditures	<u>719,118</u>	<u>719,118</u>	<u>732,956</u>	<u>13,838</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
EMERGENCY FOOD AND SHELTER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended June 30, 2020**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Federal	\$ -	\$ -	\$ 14,172	\$ 14,172
Expenditures				
Emergency food and shelter expense	<u>-</u>	<u>-</u>	<u>14,172</u>	<u>14,172</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NUTRITION MEDICAID WAIVER
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Local revenue - insurance reimbursements	\$ 40,000	\$ 40,000	\$ 58,117	\$ 18,117
Other local revenue	-	-	10,026	10,026
Total revenues	<u>40,000</u>	<u>40,000</u>	<u>68,143</u>	<u>28,143</u>
Expenditures				
Salaries	5,000	5,000	24,372	19,372
Fringe benefits	687	687	1,862	1,175
Indirect costs	2,015	2,015	2,680	665
Subcontracts	32,298	32,298	39,229	6,931
Expense site operation	-	-	-	-
Total expenditures	<u>40,000</u>	<u>40,000</u>	<u>68,143</u>	<u>28,143</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	-	-	-	-
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
 HCBS HOMEMAKER
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
 IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ -	\$ -	\$ 26,254	\$ 26,254
State	128,475	128,475	105,006	(23,469)
Total revenues	<u>128,475</u>	<u>128,475</u>	<u>131,260</u>	<u>2,785</u>
Expenditures				
Salaries	103,156	103,156	98,441	(4,715)
Fringe benefits	9,440	9,440	10,626	1,186
Travel	2,500	2,500	317	(2,183)
Communications	2,029	2,029	2,972	943
Supplies	750	750	1,096	346
Postage	500	500	287	(213)
Copying and printing	-	-	540	540
Indirect costs	9,500	9,500	11,191	1,691
Audit	-	-	749	749
Miscellaneous	600	600	32	(568)
Training	-	-	239	239
Insurance	-	-	2,934	2,934
Membership dues and conferences	-	-	1,836	1,836
Total expenditures	<u>128,475</u>	<u>128,475</u>	<u>131,260</u>	<u>2,785</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2020	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF LOCAL CONTRIBUTIONS
For the Year Ended June 30, 2020

Benton County	
County of	\$ 2,388
Camden, Town of	160
Carroll County	
County of	4,563
Crockett County	
County of	2,334
Dyer County	
County of	6,134
Gibson County	
County of	5,900
Bradford, City of	73
Dyer, City of	164
Gibson, City of	-
Humboldt, City of	592
Medina, Town of	244
Milan, City of	550
Rutherford, Town of	81
Trenton, City of	298
Yorkville, City of	20
Henry County	
County of	5,173
Lake County	
County of	-
Obion County	
County of	4,354
Hornbeak, City of	17
Kenton, City of	51
Obion, Town of	45
Rives, City of	13
Samburg, City of	9
South Fulton, City of	94
Troy, Town of	55
Union City, City of	436
Woodland Mills, Town of	15
Weakley County	
County of	4,270
Dresden, City of	210
Gleason, City of	101
Greenfield, City of	153
Martin, City of	803
Sharon, City of	66
Total	<u>\$ 39,366</u>

See independent auditor's report

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

<u>CFDA Number</u>	<u>Grantor Agency/ Pass-through/ Identifying Number</u>	<u>Program Name</u>	<u>Expenditures</u>
U.S. Department of Labor/			
Senior Service America, Inc./			
17.235	N/A	Senior Community Service Employment Program	\$ 302,928
U.S. Department of Homeland Security			
97.024	N/A	Emergency Food and Shelter Program	14,172
Pass-through Funding from NWTDD			
U.S. Department of Health and Human Services, Administration on Aging/ Special Programs for the Aging/			
93.044	N/A	Grants for Supportive Services and Senior Citizens	23,944
93.044	N/A	Transportation Services - IIIB Funds	18,158
93.045	N/A	Nutrition Services	563,967
93.053	N/A	Nutrition Services Incentive Program	75,400
Total Aging Cluster			681,469
93.052	N/A	National Family Caregiver Support, Title III, Part E	26,254
Total pass-through from NWTDD			707,723
U.S. Department of Transportation, Federal Transit Administration (FTA)/			
Pass-through Tennessee Department of Transportation/			
20.509	Z-20-5311-20	Formula Grants for Rural Areas - Rural Transportation Program	1,523,425
20.509	Z-20-5311-15	Formula Grants for Rural Areas	571,295
20.509	Z-20-CARE-06	Formula Grants for Rural Areas - COVID 19	289,322
			* 2,384,042
20.513	Z-19-EMSP-23-00	Enhanced Mobility for Seniors and Individuals with Disabilities - Capital Funds	* 33,595
20.526	GG-19-691011-00	Bus and Bus Facilities Formula Program	136,012
20.526	GG-20-BP00-05	Bus and Bus Facilities Formula Program	69,691
			* 205,703
Total pass-through from TDOT			2,623,340
U.S. Department of Health and Human Services, Administration for Children and Families/			
Pass-through Tennessee Department of Health and Human Services/			
93.569	Z-19-49314	Community Services Block Grant	33,404
93.569	Z-20-49314	Community Services Block Grant	148,775
			182,179
Total federal awards			\$ 3,830,342

*major program

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the Year Ended June 30, 2020

Notes to Schedule of Expenditures of Federal Awards

Note 1 – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal award activity of Northwest Tennessee Human Resource Agency under programs of the federal government for the year ended June 30, 2020. The information in this schedule is presented in accordance with the requirements of U.S. Code of Federal Regulations, Title 2, Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Airport, it is not intended to, and does not, present the financial position or changes in financial position of Northwest Tennessee Human Resource Agency.

Note 2 – Summary of Significant Accounting Policies

Expenditures in the schedule are reported on the modified 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. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 3 – Indirect Cost Rate

Northwest Tennessee Human Resource Agency has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

See independent auditor's report

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF STATE FINANCIAL ASSISTANCE
For the Year Ended June 30, 2020

<u>State Grant Number</u>	<u>Grantor Agency/ Program Name</u>	<u>Expenditures</u>
	Tennessee Department of Transportation	
Z-20-5311-15	Rural Public Transportation	\$ 239,836
Z-20-5311-20	Rural Public Transportation	805,024
GG-19-691011-00	Transportation Bus and Bus Facilities	64,662
GG-20-BP00-05	Transportation Bus and Bus Facilities	6,134
GG-18-58744-00	Improve Act Capital Assistance	907,941
Z-19-EMSP-23	Enhanced Mobility of Seniors and Individuals with Disabilities	4,199
	Total Department of Transportation	<u>2,027,796</u>
Pass-Through	NWTDD - Nutrition Services	33,600
Pass-Through	NWTDD - HCBS Homemaker	105,006
Pass-Through	NWTDD - HCBS Nutrition	150,799
Pass-Through	NWTDD - Title III	5,054
N/A	Direct Appropriation	<u>120,840</u>
	Total state assistance	<u>\$ 2,443,095</u>

NOTE: The above schedule is prepared on the modified accrual basis of accounting.

See independent auditor's report

INTERNAL CONTROL AND COMPLIANCE SECTION



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Executive Director and Board of Directors
Northwest Tennessee Human Resource Agency
Martin, 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 the governmental activities, each major fund and the aggregate remaining fund information of the Northwest Tennessee Human Resource Agency, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated December 8, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwest Tennessee Human Resource Agency's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency'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 were not identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northwest Tennessee Human Resource Agency's financial statements are free of 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Alexander Thompson Arnold PLLC

Union City, Tennessee
December 8, 2020



**Independent Auditor's Reports on Compliance for Each Major Federal Program
and on Internal Control over Compliance Required by the Uniform Guidance**

Board of Directors
Northwest Tennessee Human Resource Agency
Martin, Tennessee

Report on Compliance for Each Major Federal Program

We have audited Northwest Tennessee Human Resource Agency'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 Northwest Tennessee Human Resource Agency's major federal programs for the year ended June 30, 2020. Northwest Tennessee Human Resource Agency'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 Northwest Tennessee Human Resource Agency'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 Northwest Tennessee Human Resource Agency'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 Northwest Tennessee Human Resource Agency's compliance.

Opinion on Each Major Federal Program

In our opinion, Northwest Tennessee Human Resource Agency 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, 2020.

Report on Internal Control over Compliance

Management of Northwest Tennessee Human Resource Agency 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 Northwest Tennessee Human Resource Agency'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 Northwest Tennessee Human Resource Agency'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 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.

Alexander Thompson Arnold PLLC

Union City, Tennessee
December 8, 2020

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

For the year ended June 30, 2020

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: unmodified

Internal control over financial reporting:

- material weakness(es) identified? yes no
- significant deficiency(ies) identified? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major federal programs:

- material weakness(es) identified? yes no
- significant deficiency(ies) identified? yes none reported

Type of auditor's report issued on compliance for major federal programs: unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Rural Areas
20.513	Enhanced Mobility for Seniors and Individuals with Disabilities – Capital Funds
20.526	Bus and Bus Facilities Formula Program

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

Auditee qualified as low-risk auditee? yes no

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
For the year ended June 30, 2020

Section II – Financial Statement Findings

There were no financial statement findings reported.

Section III – Federal Award Findings and Questioned Costs

There were no findings or questioned costs required by 2 CFR Section 200.516(a) reported.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS
For the year ended June 30, 2020

Disposition of Prior Year Findings

There were no financial statement findings reported.

There were no findings or questioned costs required by 2 CFR Section 200.516(a) reported in the prior year.