

**NORTHWEST TENNESSEE
HUMAN RESOURCE AGENCY**

ANNUAL REPORT

June 30, 2023

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INTRODUCTORY SECTION

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
BOARD OFFICERS**

For the Year Ended June 30, 2023

Jake Bynum, Chairman
John Penn Ridgeway, Vice-chairman
Joseph Butler, 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

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northwest Tennessee Human Resource Agency as of June 30, 2023, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Tennessee Human Resource Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Northwest Tennessee Human Resource Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Agency's basic financial statements. The accompanying 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 19, 2024, 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.

ATA, PLLC

Union City, Tennessee
January 19, 2024

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, 2023.

FINANCIAL HIGHLIGHTS

- The assets of the Northwest Tennessee Human Resource Agency exceeded its liabilities at the close of the most recent fiscal year by \$4.2 million (net position).
- Total net position decreased by \$221 thousand during the year ended June 30, 2023. This was mainly attributable to capital assets depreciation 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 \$1.70 million, an increase of \$72 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 and other 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, Nutrition 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 \$4,208,620 at the close of the most recent fiscal year. A large portion of the Agency's net position (62%) 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. Unrestricted net position (38%) may be used to meet the Agency's ongoing obligations to citizens and creditors.

Condensed Statement of Net Position

	Governmental Activities		Increase (Decrease)	
	2023	2022	Amount	Percent
Current and other assets	\$ 7,314,393	\$ 6,693,854	\$ 620,539	9.27%
Capital assets	<u>2,589,797</u>	<u>2,880,796</u>	<u>(290,999)</u>	-10.10%
Total assets	9,904,190	9,574,650	329,540	3.44%
Current liabilities	5,612,810	5,064,429	548,381	10.83%
Long-term liabilities	<u>82,760</u>	<u>80,619</u>	<u>2,141</u>	2.66%
Total liabilities	5,695,570	5,145,048	550,522	10.70%
Net position				
Investment in capital assets	2,589,797	2,880,796	(290,999)	-10.10%
Unrestricted	<u>1,618,823</u>	<u>1,548,806</u>	<u>70,017</u>	4.52%
Total net position	<u>\$ 4,208,620</u>	<u>\$ 4,429,602</u>	<u>\$ (220,982)</u>	-4.99%

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 decreased by \$221 thousand from the prior year. This decrease was mainly attributable to capital assets (vans). Depreciation exceeded capital asset purchases by \$279 thousand.

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 \$72 thousand increase in fund balance at the fund level, there is a \$221 thousand decrease reported in the statement of activities. This difference is due mainly to the activity related to the Agency's capital assets. Depreciation expense of \$555 thousand at the government-wide level exceeded capital outlay at the fund level by \$279 thousand and recognizing only the gain on disposal of capital assets of \$12 thousand rather than the insurance proceeds of \$24 thousand at the fund level resulted in a \$291 thousand decrease in net position. The expense related to compensated absences accounted for the remaining \$2 thousand decrease in net position.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

Condensed Statement of Activities

	Governmental Activities		Increase (Decrease)	
	2023	2022	Amount	Percent
Revenue				
Program Revenues				
Charges for services	\$ 1,201,128	\$ 922,837	\$ 278,291	30.16%
Operating grants and contributions	5,550,358	5,156,177	394,181	7.64%
Capital grants & contributions	341,173	-	341,173	100.00%
General revenues				
Gain (loss) on disposal of assets	11,679	220,750	-209,071	-94.71%
Other revenue	4,238	1,492	2,746	184.05%
Interest	<u>43,438</u>	<u>8,330</u>	<u>35,108</u>	421.46%
Total revenues	<u>7,152,014</u>	<u>6,309,586</u>	<u>842,428</u>	13.35%
Expenses				
General Fund	131,801	192,516	-60,715	-31.54%
Transportation	4,979,737	4,783,276	196,461	4.11%
Nutrition	1,140,931	836,597	304,334	36.38%
SSBG Homemaker	204,140	185,944	18,196	9.79%
Title III Homemaker	22,624	17,907	4,717	26.34%
HCBS Nutrition	307,226	209,216	98,010	46.85%
Senior Aides	287,116	305,641	-18,525	-6.06%
Emergency Food and Shelter	-	10,771	-10,771	-100.00%
HRA Waiver	148,578	257,969	-109,391	-42.40%
Nutrition Medicaid Waiver	73,118	63,218	9,900	15.66%
HCBS Homemaker	<u>77,725</u>	<u>78,840</u>	<u>-1,115</u>	-1.41%
Total expenses	<u>7,372,996</u>	<u>6,941,895</u>	<u>431,101</u>	6.21%
Change in net position	-220,982	-632,309	411,327	65.05%
Net position - beginning	<u>4,429,602</u>	<u>5,061,911</u>	<u>-632,309</u>	-12.49%
Net position - ending	<u>\$ 4,208,620</u>	<u>\$ 4,429,602</u>	<u>\$ -220,982</u>	-4.99%

The increase in revenue was attributable to increases in program revenue, with charges for services accounting for 27% of the increase, operating grants – 39%, and capital grants the remaining 34%. These increases were due to increases in fare rates. Although revenue increased by \$842 thousand, expenses at the government-wide level only increased by \$431 thousand. The largest proportional decrease, other than the Emergency Food and Shelter program that was eliminated, was in the HRA Waiver program due to a reduction in personnel related expenses due to reallocation to more profitable programs. Nutrition

MANAGEMENT'S DISCUSSION AND ANALYSIS

and HCBS Nutrition had increases in expenses due to equipment purchases, an increase in mileage reimbursement, and the increased supply in costs. The General Fund had a significant proportional reduction in expenses due to the reduction in match needed for other programs.

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, 2023, the General Fund had unassigned fund balance of \$1.7 million, an increase of \$72 thousand from the prior year.

Total revenue in governmental funds increased by \$824 thousand from the previous year. Nutrition had increased federal revenue attributable to an increase in meals and reimbursement rate.

Budgetary highlights – Actual revenues for the Transportation Fund were \$4.94 million less than budgeted due to the uncertainty in assistance relief funding based on previous years and multiple contracts ending at different times. Expenditures were under budget by \$1.8 million. Equipment costs were \$623 thousand less than budgeted due to supply chain issues and the lack of additional equipment needed. The largest line item under budget was salaries, which had expenditures that were \$720 thousand less than budgeted. The Nutrition program had both revenue and expenditures of \$98 thousand over budget, with subcontract costs \$137 thousand over budget. HRA Waiver had revenue and expenditures that were \$88 thousand under budget. Senior Aides was \$105 thousand under budget due to the lack of Aides and the loss of county support in Weakley and Henry County.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets – As of June 30, 2023, the Agency has invested approximately \$2.6 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 \$276 thousand in capital asset additions. Depreciation for the year was \$555 thousand. 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, 2023, other than a liability for compensated absences.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The economic factors for NWTN include economic growth, decrease in unemployment, and stable interest rates. The Public Transportation Program has gradually increased trips and drivers in the past year. The Agency is seeing more interest from prospective employees and volunteers in the Transportation, Nutrition, and Homemaker Departments. Next year's budget will look very similar to this

MANAGEMENT'S DISCUSSION AND ANALYSIS

year. We plan to hire additional staff and utilize funds according to state and federal regulations. We are hopeful for this year and Northwest Tennessee in regard to employment and funding.

REQUESTS FOR INFORMATION

This financial report is designed to provide citizens, taxpayers, customers, and creditors with a general overview of the Agency's finances and to show the Agency's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Katelyn Edwards at the Northwest Tennessee Human Resource Agency, P.O. Box 963, 124 Weldon Drive, Martin, TN 38237.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
STATEMENT OF NET POSITION
June 30, 2023

	Governmental Activities
ASSETS	
Current assets	
Cash	\$5,780,045
Accounts receivable	171,968
Due from grantor	1,362,380
Total current assets	7,314,393
Noncurrent assets	
Capital assets:	
Vehicles and equipment, net of accumulated depreciation	2,589,797
Total assets	9,904,190
 LIABILITIES	
Current liabilities	
Accounts payable	\$ 92,461
Payroll liabilities	54,370
Due to Development District	51,021
Unearned revenue - federal	27,576
Unearned revenue - state	93,140
Unearned revenue - local	5,294,242
Total current liabilities	5,612,810
Noncurrent liabilities	
Accrued annual leave	82,760
Total liabilities	5,695,570
 NET POSITION	
Investment in capital assets	2,589,797
Unrestricted	1,618,823
Total net position	\$4,208,620

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

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2023

	<u>General Fund</u>	<u>Transportation</u>	<u>Nutrition</u>	<u>HRA Waiver</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash	\$5,742,850	\$ 1,484	\$ 4,208	\$ -	\$ 31,503	\$ 5,780,045
Accounts receivable	-	145,361	18,991	3,821	3,795	171,968
Due from general fund	-	3,361,243	70,047	676,726	113,039	4,221,055
Due from other funds	324,807	-	-	-	149,337	474,144
Due from grantors	-	1,086,612	191,574	-	84,194	1,362,380
Total assets	<u>\$6,067,657</u>	<u>\$ 4,594,700</u>	<u>\$284,820</u>	<u>\$680,547</u>	<u>\$ 381,868</u>	<u>\$ 12,009,592</u>
LIABILITIES AND FUND BALANCE						
Accounts payable	\$ 92,089	\$ -	\$ -	\$ -	\$ 372	\$ 92,461
Payroll liabilities	3,002	27,398	(4,345)	(3,075)	31,390	54,370
Due to general fund	-	48,796	65,629	1,648	208,734	324,807
Due to other funds	4,221,055	-	144,720	4,617	-	4,370,392
Due to Development District	49,928	-	-	-	1,093	51,021
Unearned revenue - federal	-	-	-	-	27,576	27,576
Unearned revenue - state	-	-	-	-	93,140	93,140
Unearned revenue - local	-	4,518,506	78,816	677,357	19,563	5,294,242
Total liabilities	<u>4,366,074</u>	<u>4,594,700</u>	<u>284,820</u>	<u>680,547</u>	<u>381,868</u>	<u>10,308,009</u>
Fund balance						
Unassigned	<u>1,701,583</u>	-	-	-	-	1,701,583
Total liabilities and fund balance	<u>\$6,067,657</u>	<u>\$ 4,594,700</u>	<u>\$284,820</u>	<u>\$680,547</u>	<u>\$ 381,868</u>	<u>\$ 12,009,592</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, 2023

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

Total fund balance of governmental funds	\$ 1,701,583
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

	Capital assets	\$6,063,072	
	Accumulated depreciation	<u>(3,473,275)</u>	
	Net capital assets		2,589,797

Noncurrent liabilities, including compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(82,760)</u>
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Net position of governmental activities	<u>\$ 4,208,620</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, 2023

	<u>General Fund</u>	<u>Transportation</u>	<u>Nutrition</u>	<u>HRA Waiver</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Federal	\$ -	\$ 2,384,341	\$ 1,031,532	\$ -	\$ 504,694	\$ 3,920,567
State	-	1,128,129	25,200	-	342,238	1,495,567
State direct appropriation	120,840	-	-	-	-	120,840
Local	39,754	1,161,374	80,621	148,944	124,992	1,555,685
Other revenue	-	4,238	-	-	-	4,238
Interest	43,365	-	-	-	73	43,438
Total revenues	<u>203,959</u>	<u>4,678,082</u>	<u>1,137,353</u>	<u>148,944</u>	<u>971,997</u>	<u>7,140,335</u>
Expenditures						
Salaries	-	2,502,056	58,927	105,222	498,135	3,164,340
Administrative	-	-	-	-	68,687	68,687
Fringe benefits	-	464,785	17,069	19,849	63,043	564,746
Travel	-	18,187	188	2,804	25,961	47,140
Workers' compensation	-	42,314	1,652	-	4,899	48,865
Meal delivery	-	-	33,393	-	-	33,393
Communications	-	93,799	4,502	1,799	1,819	101,919
Maintenance	-	192,527	-	-	-	192,527
Supplies	1,404	13,836	2,915	1,420	1,552	21,127
Contractual services	-	-	76,788	-	-	76,788
Postage	-	1,753	-	290	290	2,333
Copying and printing	-	7,597	283	1,708	1,822	11,410
Indirect costs	-	317,569	6,831	13,522	38,596	376,518
Equipment	-	265,961	-	-	-	265,961
Rent	-	26,736	6,960	1,399	6,981	42,076
Audit	377	22,465	2,429	554	1,353	27,178
Drug screening and physicals	-	23,203	-	-	-	23,203
Miscellaneous	(29)	10,719	150	186	189	11,215
Legal services	-	123	-	-	-	123
Fuel and oil	-	314,020	-	-	-	314,020
Training	-	1,656	-	65	65	1,786
Insurance	-	195,398	516	121	1,378	197,413
Subcontracts/contract staff	-	-	809,513	-	255,291	1,064,804
Ensure	-	-	114,337	-	-	114,337
RTAP expenses	-	335	-	-	-	335
Matching	118,500	-	-	-	-	118,500
Utilities	-	17,522	900	-	-	18,422
Membership dues/conferences	11,549	12,425	-	5	365	24,344
ITS/Routematch	-	129,662	-	-	-	129,662
Marketing	-	27,187	-	-	-	27,187
Special assistance	-	-	-	-	1,571	1,571
Total expenditures	<u>131,801</u>	<u>4,701,835</u>	<u>1,137,353</u>	<u>148,944</u>	<u>971,997</u>	<u>7,091,930</u>
Revenue over (under) expenditures	72,158	(23,753)	-	-	-	48,405
Other financing source						
Insurance proceeds	-	23,753	-	-	-	23,753
Net change in fund balance	<u>72,158</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,158</u>
Fund balance - July 1, 2022	<u>1,629,425</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,629,425</u>
Fund balance - June 30, 2023	<u>\$ 1,701,583</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,701,583</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, 2023**

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

Net change in fund balances of governmental funds		\$ 72,158
<p>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.</p>		
	Capital outlay	\$ 275,695
	Depreciation	<u>(554,620)</u>
	Net effect	(278,925)
<p>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.</p>		
		(12,074)
<p>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.</p>		
		<u>(2,141)</u>
Change in net position of governmental activities		<u>\$ (220,982)</u>

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

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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, 2023

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 Nutrition fund accounts for congregated and home delivered meals. The major sources of funding are federal and state grants, as well as 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

Federal, state, and local agency entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Program funds authorized from such agencies primarily for reimbursement of allowable costs incurred up to amounts contracted for under each grant are accounted for at the time such costs are incurred. Since the accounting cycles for the individual grants do not necessarily coincide with the Agency's fiscal year, assets and liabilities may exist at the Agency's balance sheet date relative to grant funds receivable or received in advance.

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

June 30, 2023

Governmental funds defer revenue recognition in connection with resources that have been received, but not yet earned. Unearned grant revenue is reported as grant advancements in the accompanying financial statements.

Activity between funds that are representative of lending/borrowing arrangements or allocated expenditures outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans).

Cost Allocation

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:

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

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.

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2023

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.

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).

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2023

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. As of June 30, 2023, all bank deposits were fully collateralized or insured.

B. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental activities:				
Capital assets, being depreciated				
Vehicles and equipment	\$ 4,112,783	\$ 275,695	\$ (88,192)	\$ 4,300,286
Building	1,762,786	-	-	1,762,786
	<u>5,875,569</u>	<u>275,695</u>	<u>(88,192)</u>	<u>6,063,072</u>
Less accumulated depreciation	<u>2,994,773</u>	<u>554,620</u>	<u>(76,118)</u>	<u>3,473,275</u>
Net capital assets being depreciated	<u>2,880,796</u>	<u>(278,925)</u>	<u>(12,074)</u>	<u>2,589,797</u>
 Total capital assets	 <u>\$ 2,880,796</u>	 <u>\$ (278,925)</u>	 <u>\$ (12,074)</u>	 <u>\$ 2,589,797</u>

Depreciation expense was charged to the Transportation program.

C. 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	\$ 80,619
Increase to adjust to current year balance	<u>2,141</u>
Ending balance	<u>\$ 82,760</u>

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

June 30, 2023

D. Interfund Receivables and Payables

At June 30, 2023, the Agency's interfund balances consisted of the following:

<u>Due To</u>	<u>Due From</u>										<u>Totals</u>
	General Fund	Transportation	Nutrition	SSBG Homemaker	HCBS Nutrition	Title III Homemaker	HRA Waiver	Senior Aides	Nutrition Medicaid Waiver	HCBS Homemaker	
General Fund	\$ -	\$ 48,796	\$ 65,629	\$ 61,198	\$ 71,418	\$ 270	\$ 1,648	\$ 10,000	\$ 64,847	\$ 1,001	\$ 324,807
Transportation	3,361,243	-	-	-	-	-	-	-	-	-	3,361,243
Nutrition	70,047	-	-	-	-	-	-	-	-	-	70,047
Title III Homemaker	33,022	-	-	-	-	-	-	-	-	-	33,022
Title XX	-	-	-	-	-	-	4,617	-	-	-	4,617
HCBS Nutrition	-	-	68,189	-	-	-	-	-	-	-	68,189
HRA Waiver	676,726	-	-	-	-	-	-	-	-	-	676,726
Nutrition Medicaid Waiver	-	-	76,531	-	-	-	-	-	-	-	76,531
HCBS Homemaker	80,017	-	-	-	-	-	-	-	-	-	80,017
Totals	\$ 4,221,055	\$ 48,796	\$ 210,349	\$ 61,198	\$ 71,418	\$ 270	\$ 6,265	\$ 10,000	\$ 64,847	\$ 1,001	\$ 4,695,199

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, 2023

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.

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, 2023, the Agency contributed \$79,352 to this plan. There were no forfeitures during the year ended June 30, 2023. It is estimated that the Agency's contributions to the retirement plan will be \$78,017 for the fiscal year ending June 30, 2024.

C. Effect of New Accounting Standards

The GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, or SBITAs, effective for years beginning after December 15, 2021. The objective of this statement is to improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. Statement No. 96 will enhance the relevance and reliability of governments' financial statements by requiring a government to report a subscription asset and liability for a SBITA and to disclose essential information about the arrangement. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87 for leases, as amended. Management has determined that the Agency currently has no arrangements meeting the definition of a SBITA; therefore, the new standard did not affect the Agency's financial statements.

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, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
State direct appropriation	\$ 120,840	\$ 120,840	\$ 120,840	\$ -
Local	40,382	40,382	39,754	(628)
Interest income	-	-	43,365	43,365
Total revenues	<u>161,222</u>	<u>161,222</u>	<u>203,959</u>	<u>42,737</u>
Expenditures				
Matching			118,500	
Audit			377	
Supplies			1,404	
Miscellaneous			(29)	
Membership dues and conferences			11,549	
Total expenditures	<u>161,222</u>	<u>161,222</u>	<u>131,801</u>	<u>(29,421)</u>
Net change in fund balance	-	-	72,158	72,158
Fund balance - July 1, 2022	<u>1,629,425</u>	<u>1,629,425</u>	<u>1,629,425</u>	<u>-</u>
Fund balance - June 30, 2023	<u>\$1,629,425</u>	<u>\$1,629,425</u>	<u>\$1,701,583</u>	<u>\$ 72,158</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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Federal	\$7,786,933	\$7,786,933	\$2,384,341	\$(5,402,592)
State	-	-	1,128,129	1,128,129
Local	1,827,123	1,827,123	1,161,374	(665,749)
Other revenue	-	-	4,238	4,238
Total revenues	<u>9,614,056</u>	<u>9,614,056</u>	<u>4,678,082</u>	<u>(4,935,974)</u>
Expenditures				
Salaries	3,222,500	3,222,500	2,502,056	(720,444)
Fringe benefits	672,500	672,500	464,785	(207,715)
Travel	12,000	12,000	18,187	6,187
Workers' compensation	-	-	42,314	42,314
Communications	135,200	135,200	93,799	(41,401)
Maintenance	110,500	110,500	192,527	82,027
Supplies	28,000	28,000	13,836	(14,164)
Postage	1,600	1,600	1,753	153
Copying and printing	-	-	7,597	7,597
Indirect costs	285,000	285,000	317,569	32,569
Equipment	889,430	889,430	265,961	(623,469)
Rent	25,000	25,000	26,736	1,736
Audit	24,000	24,000	22,465	(1,535)
Drug screening and physicals	7,650	7,650	23,203	15,553
Miscellaneous	100,000	100,000	10,719	(89,281)
Legal services	23,000	23,000	123	(22,877)
Fuel and oil	550,000	550,000	314,020	(235,980)
Training	10,000	10,000	1,656	(8,344)
Insurance	300,000	300,000	195,398	(104,602)
Utilities	-	-	17,522	17,522
Dues and conferences	12,000	12,000	12,425	425
Marketing	-	-	27,187	27,187
RTAP expenses	-	-	335	335
ITS/Routematch	110,000	110,000	129,662	19,662
Total expenditures	<u>6,518,380</u>	<u>6,518,380</u>	<u>4,701,835</u>	<u>(1,816,545)</u>
Revenue over (under) expenditures	3,095,676	3,095,676	(23,753)	(3,119,429)
Other financing source				
Insurance proceeds	-	-	23,753	23,753
Net change in fund balance	3,095,676	3,095,676	-	(3,095,676)
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	<u>\$3,095,676</u>	<u>\$3,095,676</u>	<u>\$-</u>	<u>\$(3,095,676)</u>

See independent auditor's report

**NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
NUTRITION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Federal	\$ 966,759	\$ 966,759	\$1,031,532	\$ 64,773
State	-	-	25,200	25,200
Local	72,687	72,687	80,621	7,934
Total revenues	<u>1,039,446</u>	<u>1,039,446</u>	<u>1,137,353</u>	<u>97,907</u>
Expenditures				
Salaries	96,872	96,872	58,927	(37,945)
Fringe benefits	56,336	56,336	17,069	(39,267)
Travel	750	750	188	(562)
Workers' compensation	-	-	1,652	1,652
Meal delivery	26,705	26,705	33,393	6,688
Communications	2,000	2,000	4,502	2,502
Supplies	2,000	2,000	2,915	915
Contractual services	109,481	109,481	76,788	(32,693)
Copying and printing	500	500	283	(217)
Indirect costs	5,652	5,652	6,831	1,179
Equipment	600	600	-	(600)
Rent	5,818	5,818	6,960	1,142
Audit	4,203	4,203	2,429	(1,774)
Miscellaneous	333	333	150	(183)
Insurance	1,000	1,000	516	(484)
Subcontracts	672,970	672,970	809,513	136,543
Ensure	54,000	54,000	114,337	60,337
Utilities	-	-	900	900
Membership dues and conferences	226	226	-	(226)
Total expenditures	<u>1,039,446</u>	<u>1,039,446</u>	<u>1,137,353</u>	<u>97,907</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Local revenue - insurance reimbursements	\$ 237,250	\$ 237,250	\$ 126,582	\$(110,668)
Local revenue - other	-	-	22,362	22,362
Total revenues	<u>237,250</u>	<u>237,250</u>	<u>148,944</u>	<u>(88,306)</u>
Expenditures				
Salaries	168,000	168,000	105,222	(62,778)
Fringe benefits	30,000	30,000	19,849	(10,151)
Travel	6,300	6,300	2,804	(3,496)
Communications	2,500	2,500	1,799	(701)
Supplies	2,500	2,500	1,420	(1,080)
Postage	1,200	1,200	290	(910)
Copying and printing	1,200	1,200	1,708	508
Indirect costs	17,500	17,500	13,522	(3,978)
Rent	3,000	3,000	1,399	(1,601)
Audit	1,500	1,500	554	(946)
Miscellaneous	250	250	186	(64)
Training	-	-	65	65
Insurance	3,300	3,300	121	(3,179)
Membership dues and conferences	-	-	5	5
Total expenditures	<u>237,250</u>	<u>237,250</u>	<u>148,944</u>	<u>(88,306)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023

ASSETS	SSBG Homemaker	Title III Homemaker	HCBS Nutrition	Senior Aides	Nutrition Medicaid Waiver	HCBS Homemaker	Totals
Current assets							
Cash	\$ -	\$ -	\$ -	\$ 31,503	\$ -	\$ -	\$ 31,503
Accounts receivable	-	-	-	-	3,795	-	3,795
Due from general fund	-	33,022	-	-	-	80,017	113,039
Due from other funds	4,617	-	68,189	-	76,531	-	149,337
Due from grantor	54,296	2,332	22,071	-	-	5,495	84,194
Total assets	\$ 58,913	\$ 35,354	\$ 90,260	\$ 31,503	\$ 80,326	\$ 85,512	\$ 381,868
 LIABILITIES AND FUND BALANCE							
Current liabilities							
Accounts payable	\$ -	\$ -	\$ -	\$ 372	\$ -	\$ -	\$ 372
Payroll liabilities	(2,285)	66	18,842	475	15,479	(1,187)	31,390
Due to general fund	61,198	270	71,418	10,000	64,847	1,001	208,734
Due to Development District	-	-	-	1,093	-	-	1,093
Unearned revenue-federal	-	27,576	-	-	-	-	27,576
Unearned revenue-state	-	7,442	-	-	-	85,698	93,140
Unearned revenue-local	-	-	-	19,563	-	-	19,563
Total current liabilities	58,913	35,354	90,260	31,503	80,326	85,512	381,868
Fund balance							
Restricted	-	-	-	-	-	-	-
Total liabilities and fund balance	\$ 58,913	\$ 35,354	\$ 90,260	\$ 31,503	\$ 80,326	\$ 85,512	\$ 381,868

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, 2023

	SSBG Homemaker	Title III Homemaker	HCBS Nutrition	Senior Aides	Nutrition Medicaid Waiver	HCBS Homemaker	Totals
Revenues							
Federal	\$ 202,259	\$ 18,715	\$ 15,715	\$ 241,864	\$ -	\$ 26,141	\$ 504,694
State	-	3,909	286,745	-	-	51,584	342,238
Local	2,032	-	4,766	45,076	73,118	-	124,992
Interest	-	-	-	73	-	-	73
Total revenues	<u>204,291</u>	<u>22,624</u>	<u>307,226</u>	<u>287,013</u>	<u>73,118</u>	<u>77,725</u>	<u>971,997</u>
Expenditures							
Salaries	123,783	18,412	69,774	197,577	27,951	60,638	498,135
Administrative	-	-	-	68,687	-	-	68,687
Fringe benefits	24,874	1,665	9,088	15,115	4,657	7,644	63,043
Travel	25,858	-	-	-	-	103	25,961
Workers' compensation	-	-	-	4,899	-	-	4,899
Communications	1,735	-	-	-	-	84	1,819
Supplies	1,447	-	-	1	-	104	1,552
Postage	290	-	-	-	-	-	290
Copying and printing	1,458	-	-	-	-	364	1,822
Indirect costs	15,833	2,355	8,971	-	3,672	7,765	38,596
Rent	6,165	121	-	-	-	695	6,981
Audit	523	-	641	-	-	189	1,353
Miscellaneous	41	37	-	-	111	-	189
Training	65	-	-	-	-	-	65
Insurance	283	34	98	734	90	139	1,378
Subcontracts	-	-	218,654	-	36,637	-	255,291
Membership dues and conferences	365	-	-	-	-	-	365
Special assistance	1,571	-	-	-	-	-	1,571
Total expenditures	<u>204,291</u>	<u>22,624</u>	<u>307,226</u>	<u>287,013</u>	<u>73,118</u>	<u>77,725</u>	<u>971,997</u>
Net change in fund balance	-	-	-	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-	-	-	-
Fund balance - June 30, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$223,661	\$223,661	\$202,259	\$(21,402)
Local	-	-	2,032	2,032
Total revenues	<u>223,661</u>	<u>223,661</u>	<u>204,291</u>	<u>(19,370)</u>
Expenditures				
Salaries	113,513	113,513	123,783	10,270
Fringe benefits	35,714	35,714	24,874	(10,840)
Travel	32,775	32,775	25,858	(6,917)
Communications	3,164	3,164	1,735	(1,429)
Supplies	2,206	2,206	1,447	(759)
Postage	1,000	1,000	290	(710)
Copying and printing	1,577	1,577	1,458	(119)
Indirect costs	15,398	15,398	15,833	435
Rent	3,153	3,153	6,165	3,012
Audit	-	-	523	523
Membership dues and conferences	-	-	365	365
Miscellaneous	-	-	41	41
Training	-	-	65	65
Insurance	500	500	283	(217)
Special assistance	14,661	14,661	1,571	(13,090)
Total expenditures	<u>223,661</u>	<u>223,661</u>	<u>204,291</u>	<u>(19,370)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ 19,400	\$ 19,400	\$ 18,715	\$ (685)
State	-	-	3,909	3,909
Total revenues	<u>19,400</u>	<u>19,400</u>	<u>22,624</u>	<u>3,224</u>
Expenditures				
Salaries	15,000	15,000	18,412	3,412
Fringe benefits	1,050	1,050	1,665	615
Insurance	1,200	1,200	34	(1,166)
Postage	50	50	-	(50)
Indirect costs	2,100	2,100	2,355	255
Rent	-	-	121	121
Miscellaneous	-	-	37	37
Total expenditures	<u>19,400</u>	<u>19,400</u>	<u>22,624</u>	<u>3,224</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ -	\$ -	\$ 15,715	\$ 15,715
State	274,132	274,132	\$286,745	\$ 12,613
Local	-	-	4,766	4,766
Total revenues	<u>274,132</u>	<u>274,132</u>	<u>307,226</u>	<u>33,094</u>
Expenditures				
Salaries	40,271	40,271	69,774	29,503
Fringe benefits	5,677	5,677	9,088	3,411
Insurance	-	-	98	98
Indirect costs	4,090	4,090	8,971	4,881
Audit	-	-	641	641
Subcontracts	<u>224,094</u>	<u>224,094</u>	<u>218,654</u>	<u>(5,440)</u>
Total expenditures	<u>274,132</u>	<u>274,132</u>	<u>307,226</u>	<u>33,094</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Federal	\$338,250	\$338,250	\$241,864	\$ (96,386)
Local	53,680	53,680	45,076	(8,604)
Interest	-	-	73	73
Total revenues	<u>391,930</u>	<u>391,930</u>	<u>287,013</u>	<u>(104,917)</u>
Expenditures				
Salaries	262,280	262,280	197,577	(64,703)
Fringe benefits	34,107	34,107	15,115	(18,992)
Training	614	614	-	(614)
Rent	6,000	6,000	-	(6,000)
Insurance	-	-	734	734
Workers' compensation	9,200	9,200	4,899	(4,301)
Supplies	-	-	1	1
Indirect costs	3,348	3,348	-	(3,348)
Administrative costs:				
Salaries			36,327	
Fringe benefits			16,891	
Travel			1,954	
Rent			3,389	
Audit			916	
Telephone			1,590	
Supplies			2,845	
Accounting pool			4,648	
Insurance			127	
Total administrative costs	<u>76,381</u>	<u>76,381</u>	<u>68,687</u>	<u>(7,694)</u>
Total expenditures	<u>391,930</u>	<u>391,930</u>	<u>287,013</u>	<u>(104,917)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	-	-	-	-
Fund balance - June 30, 2023	<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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over (Under)</u>
Revenues				
Local revenue - insurance reimbursements	\$ 47,702	\$ 47,702	\$ 43,316	\$ (4,386)
Other local revenue	-	-	29,802	29,802
Total revenues	<u>47,702</u>	<u>47,702</u>	<u>73,118</u>	<u>25,416</u>
Expenditures				
Salaries	5,271	5,271	27,951	22,680
Fringe benefits	687	687	4,657	3,970
Insurance	-	-	90	90
Miscellaneous	-	-	111	111
Indirect costs	2,015	2,015	3,672	1,657
Subcontracts	<u>39,729</u>	<u>39,729</u>	<u>36,637</u>	<u>(3,092)</u>
Total expenditures	<u>47,702</u>	<u>47,702</u>	<u>73,118</u>	<u>25,416</u>
 Net change in fund balance	 -	 -	 -	 -
 Fund balance - July 1, 2022	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Fund balance - June 30, 2023	 <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, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues				
Federal	\$ -	\$ -	\$ 26,141	\$ 26,141
State	80,791	80,791	51,584	(29,207)
Total revenues	<u>80,791</u>	<u>80,791</u>	<u>77,725</u>	<u>(3,066)</u>
Expenditures				
Salaries	60,631	60,631	60,638	7
Fringe benefits	5,285	5,285	7,644	2,359
Travel	500	500	103	(397)
Communications	800	800	84	(716)
Supplies	700	700	104	(596)
Postage	100	100	-	(100)
Copying and printing	900	900	364	(536)
Indirect costs	9,500	9,500	7,765	(1,735)
Rent	-	-	695	695
Audit	500	500	189	(311)
Insurance	1,875	1,875	139	(1,736)
Membership dues and conferences	-	-	-	-
Total expenditures	<u>80,791</u>	<u>80,791</u>	<u>77,725</u>	<u>(3,066)</u>
Net change in fund balance	-	-	-	-
Fund balance - July 1, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - June 30, 2023	<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, 2023

Benton County	
County of	\$ 2,281
Camden, Town of	257
Carroll County	
County of	4,550
Crockett County	
County of	2,226
Dyer County	
County of	5,888
Gibson County	
County of	5,935
Bradford, City of	70
Dyer, City of	162
Gibson, City of	26
Humboldt, City of	551
Medina, Town of	359
Milan, City of	572
Rutherford, Town of	81
Trenton, City of	297
Yorkville, City of	36
Henry County	
County of	5,152
Lake County	
County of	1,121
Obion County	
County of	4,192
Hornbeak, City of	20
Kenton, City of	48
Obion, Town of	40
Rives, City of	10
Samburg, City of	8
South Fulton, City of	90
Troy, Town of	57
Union City, City of	447
Woodland Mills, Town of	14
Weakley County	
County of	3,992
Dresden, City of	211
Gleason, City of	96
Greenfield, City of	142
Martin, City of	758
Sharon, City of	65
Total	<u>\$ 39,754</u>

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

For the Year Ended June 30, 2023

<u>Assistance Listing 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	\$ 241,864
U.S. Department of Health and Human Services, Administration for Children and Families/			
Administration on Aging/Special Programs for the Aging/			
Pass-through Northwest Tennessee Development District/			
Aging Cluster:			
93.044	N/A	Grants for Supportive Services and Senior Citizens	18,715
93.044	N/A	Transportation Services - IIIB Funds	49,163
93.045	N/A	Nutrition Services	966,732
93.045	N/A	Nutrition Services (HCBS)	15,715
93.053	N/A	Nutrition Services Incentive Program	64,800
		Total Aging Cluster	1,115,125
93.052	N/A	National Family Caregiver Support, Title III, Part E	26,141
		Total pass-through from NWTDD	1,141,266
Administration for Children and Families/			
Pass-through Tennessee Department of Health and Human Services/			
CSBG Cluster:			
93.569	Z-22-49314	Community Services Block Grant	47,467
93.569	Z-21-49314	Community Services Block Grant	154,792
			202,259
		Total Department of Health and Human Services	1,343,525
U.S. Department of Transportation, Federal Transit Administration (FTA)/			
Pass-through Tennessee Department of Transportation/			
20.509	Z-23-5311-06	Formula Grants for Rural Areas - Rural Transportation Program	1,313,827
20.509	Z-22-5311-06	Formula Grants for Rural Areas - Rural Transportation Program	873,888
20.509	GG-22-75073	Formula Grants for Rural Areas - Rural Transportation Program	147,463
		Total pass-through from TDOT	2,335,178
		Total federal awards	\$ 3,920,567

See independent auditor's report

NORTHWEST TENNESSEE HUMAN RESOURCE AGENCY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

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, 2023. 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 Agency, 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, 2023

<u>State Grant Number</u>	<u>Grantor Agency/ Program Name</u>	<u>Expenditures</u>
	Tennessee Department of Transportation	
Z-23-5311-06	Rural Public Transportation	\$ 538,772
Z-22-5311-06	Rural Public Transportation	403,225
GG-22-75073	Rural Public Transportation	60,252
Z-20-IMPV-07	Improve Act Capital Assistance	18,884
GG-22-75275	Rural Public Transportation	<u>106,996</u>
	Total Department of Transportation	1,128,129
Pass-Through	NWTDD - Nutrition Services	25,200
Pass-Through	NWTDD - HCBS Homemaker	51,584
Pass-Through	NWTDD - HCBS Nutrition	286,745
Pass-Through	NWTDD - Title III	3,909
N/A	Direct Appropriation	<u>120,840</u>
	Total state assistance	<u>\$ 1,616,407</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, 2023, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements, and have issued our report thereon dated January 19, 2024.

Report on 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 or significant deficiencies may exist that were not identified.

Report on 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.

ATA, PLLC

Union City, Tennessee
January 19, 2024



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

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

Report on Compliance for Each Major Federal Program

Opinion on 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northwest Tennessee Human Resource Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northwest Tennessee Human Resource Agency's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the terms and conditions of its federal awards applicable to Northwest Tennessee Human Resource Agency's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northwest Tennessee Human Resource Agency's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Tennessee Human Resource Agency's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Tennessee Human Resource Agency's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Northwest Tennessee Human Resource Agency's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

ATA, PLLC

Union City, Tennessee
January 19, 2024

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

For the year ended June 30, 2023

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>
17.235	Senior Community Service Employment Program
	Aging Cluster:
93.044	Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers
93.045	Special Programs for the Agine, Title III, Part C, Nutrition Services
93.053	Nutrition Services Incentive Program

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

Auditee qualified as low-risk auditee? yes no

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, 2023

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.