

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Financial Statements
and Supplementary Information

Year Ended June 30, 2024

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Financial Statements
and Supplementary Information
Year Ended June 30, 2024

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INTRODUCTORY SECTION (UNAUDITED)

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Gary Holiway, Executive Director
Board of Directors and Policy Council
Year Ended June 30, 2024

Anderson County

County Mayor Terry Frank

Blount County

County Mayor Ed Mitchell

Campbell County

County Mayor Jack Lynch

Claiborne County

County Mayor Joe Brooks

Cocke County

County Mayor Rob Mathis,
Treasurer

Grainger County

County Mayor Mike Byrd

Hamblen County

County Mayor Bill Brittain

Jefferson County

County Mayor Mark Potts

Knox County

County Mayor Glenn Jacobs,
Secretary

Loudon County

County Mayor Buddy Bradshaw

Monroe County

County Mayor Mitch Ingram

Morgan County

County Executive Brian Langley,
Vice Chair

Roane County

County Executive Wade Creswell

Scott County

County Mayor Jerried Jeffers

Sevier County

County Mayor Larry Waters

Union County

County Mayor Jason Bailey

City Mayors

City of Farragut Mayor, Ron
Williams, Chair

City of Newport Mayor Trey
Dykes

City of Cumberland Gap Mayor
Neal Pucciarelli

General Assembly

Senator Richard Briggs

Representative Elaine Davis

FINANCIAL SECTION



Independent Auditors' Report

To the Board of Directors
East Tennessee Human Resource Agency, Inc.

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of East Tennessee Human Resource Agency, Inc. ("ETHRA"), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise ETHRA'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, business-type activities, each major fund, and the aggregate remaining fund information of ETHRA as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of ETHRA and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about ETHRA'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.

Auditors' 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 auditors' report that includes our opinions. 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 ETHRA'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 ETHRA'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 information on pages 5-8 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 ETHRA's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and state grants is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations* (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also 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 supplementary information as listed in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

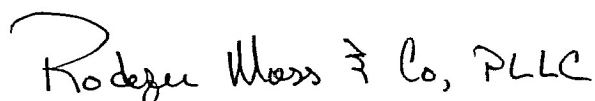
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do 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 2, 2025, on our consideration of ETHRA'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 ETHRA'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 ETHRA's internal control over financial reporting and compliance.



Knoxville, Tennessee
January 2, 2025

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Management's Discussion & Analysis

Year Ended June 30, 2024

This section of the East Tennessee Human Resource Agency, Inc. ("ETHRA") financial report is a narrative discussion and analysis by management of the financial activities for the fiscal year ended June 30, 2024. ETHRA's financial performance is presented and analyzed within the context of the accompanying financial statements with appropriate disclosures, following this section.

Overview of the Basic Financial Statements

The basic financial statements are comprised of four sections:

1. Government-wide financial statements
 - i. Statement of Net Position
 - ii. Statement of Activities
2. Governmental Fund financial statements
 - i. Balance Sheet
 - ii. Statement of Revenues, Expenditures, and Changes in Fund Balances
 - iii. Reconciliation of governmental fund financial statements to government-wide financial statements
3. Proprietary Fund financial statements
 - i. Statement of Net Position
 - ii. Statement of Revenues, Expenditures, and Changes in Net Position
 - iii. Statement of Cash Flows
4. Fiduciary Fund financial statements
 - i. Statement of Net Position
 - ii. Statement of Changes in Net Position

A "government-wide" view of the financial position of ETHRA is presented. The Statement of Net Position and the Statement of Activities are used to present this government-wide position.

For the government-wide financial statements, the primary change for ETHRA is the presentation of all capital assets with calculated depreciation. The financial records retain some capital assets as completely expended to grants when purchased, while the majority of the assets are tracked in the Internal Service Funds, which allows for the tracking of depreciation. By separating capital from operations, a clearer picture of operations can be reported. The historical costs of all capital assets are included on the Statement of Net Position (net of calculated accumulated depreciation). The current year calculated depreciation is included in the Statement of Activities. Current year capital expenditures are removed to prevent duplicate measurement. The effects of this change are reconciled on the governmental fund financial statements.

The governmental fund financial statements combine General Fund and Human Resource Services Fund operations. Governmental fund financial statements are presented on the traditional modified accrual basis with the addition of the reconciliation to the government-wide financial statements.

The General Fund includes ETHRA administration and unrestricted resource management.

The Human Resource Services Fund accounts for all activities from governmental programs that have a defined income and expense stream, regardless of source of funding. This includes most of the programs at ETHRA, since ETHRA is designed to deliver human resource services.

The Proprietary Fund financial statements present all business-like activities. ETHRA operates three business-like activities: Misdemeanor Program, a court service that supervises offenders and monitors costs and fines for the court, Housing and Urban Development ("HUD") Housing Choice Voucher ("HCV") Program, which administers housing vouchers to eligible people for rental assistance, and Transportation Enterprise, which includes fixed contracts for transportation services. These activities are reported as business-like activities for the year ended June 30, 2024.

ETHRA has four Internal Service Funds. These funds are used to track the major equipment in transportation including the sales of vehicles and fringe benefits for all ETHRA employees. There is also a vehicle pool, where vehicles are used by all programs and mileage rate is charged to the programs.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Management's Discussion & Analysis (Continued)

The Fiduciary Fund financial statements present all trust and agency activities. These are activities that are solely for the benefit of other designated parties. The Public Guardian Trust and HUD Family Self Sufficiency Escrow are fiduciary activities of ETHRA. The nature of operating grants and social media programs require great attention to available cash. Many of the grants and programs operate on a reimbursement basis. In those cases, cash is needed to fund operations for a time until the reimbursement is received. Therefore, it is critical to manage available cash to ensure that programs can continue operating when services are needed.

Analysis of Financial Position

	<u>2024</u>	<u>2023</u>	Increase/ (Decrease)
Assets			
Cash and cash equivalents and investments	\$ 7,118,956	\$ 9,062,878	\$ (1,943,922)
Capital assets (net of accumulated depreciation)	3,939,368	3,167,214	772,154
Right of use leased assets, net of amortization	1,133,810	1,478,335	(344,525)
Receivables from grantors, contractors, and others	13,835,009	12,176,786	1,658,223
Prepaid expenses and deposits	<u>209,810</u>	<u>177,573</u>	<u>32,237</u>
Total Assets	<u>26,236,953</u>	<u>26,062,786</u>	<u>174,167</u>
Liabilities			
Accounts payable	5,406,081	4,650,671	755,410
Accrued expenses	6,245,441	5,531,250	714,191
Lease liability	<u>1,193,651</u>	<u>1,521,900</u>	<u>(328,249)</u>
Total Liabilities	<u>12,845,173</u>	<u>11,703,821</u>	<u>1,141,352</u>
Net Position			
Investment in capital assets	3,879,527	3,123,649	755,878
Restricted net position	6,610,464	6,454,207	156,257
Unrestricted net position	<u>2,901,789</u>	<u>4,781,109</u>	<u>(1,879,320)</u>
Total Net Position	<u>\$ 13,391,780</u>	<u>\$ 14,358,965</u>	<u>\$ (967,185)</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Management's Discussion & Analysis (Continued)

Analysis of Financial Position - (Continued)

	2024	2023	Increase/ (Decrease)
Revenues			
Operating grants and contributions	\$ 46,674,836	\$ 45,399,278	\$ 1,275,558
Charges for services	4,186,286	4,321,211	(134,925)
Assessment to local governments	264,340	268,990	(4,650)
Total Revenues	<u>51,125,462</u>	<u>49,989,479</u>	<u>1,135,983</u>
Expenses			
General government	(261,231)	(371,198)	109,967
Aging	12,011,596	11,407,164	604,432
ETHRA aging	1,102,434	1,113,514	(11,080)
Transportation	13,292,490	12,107,718	1,184,772
Workforce development	6,146,990	7,689,112	(1,542,122)
Housing and restoration	4,543,114	5,011,695	(468,581)
Title V	970,027	985,700	(15,673)
Corrections and probation	1,106,533	1,059,380	47,153
Child and family assistance	5,616,841	4,403,409	1,213,432
Homemaker	453,666	446,092	7,574
Mountain Valley	501,203	571,764	(70,561)
Loan	2,024	1,884	140
Misdemeanor	1,280,545	1,222,213	58,332
Transportation Enterprise	161,230	163,570	(2,340)
HUD Housing Choice Voucher	5,165,185	4,333,336	831,849
Total Expenses	<u>52,092,647</u>	<u>50,145,353</u>	<u>1,947,294</u>
Change in Net Position	<u>\$ (967,185)</u>	<u>\$ (155,874)</u>	<u>\$ (811,311)</u>

In addition to the issue of reimbursement, many grants and contracts require a cash match as a condition of operating the grant. The only form of unrestricted cash available to ETHRA is the assessments to the counties served by ETHRA and undesignated donations. In 2024, ETHRA continued to receive an appropriation from the State of Tennessee budget.

Program Highlights

ETHRA had a decrease in net position of \$967,185 and a total net position of \$13,391,781. Overall, during FY24, ETHRA maintained a healthy financial position and most of the programs at ETHRA operated without material deviation from budget.

ETHRA has successfully purchased the current building at 9111 Cross Park Drive, Suite D-100, Knoxville, TN 37923 (1st Floor only) as of December 2023. After much review of other areas, buildings and a lot of communication with the ETHRA Board and Steering committee, we determined that the current location and purchase price was more than acceptable. Some modification and updates have been done to create a more secure and safe work environment for our employees.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Management's Discussion & Analysis (Continued)

ETHRA's Summer Food Program had substantial increase in revenues and expenses by around 28%. The program also purchased a bus which was converted into a mobile feeding site allowing kids to eat inside.

ETHRA also received additional funding in HUD by about 21%. This funding is expected to continue in FY25.

A few programs: senior centers and office on aging continue to suffer from reduced revenues and rising expenses, which is negatively impacting the delivery of these services. There are ongoing discussions about increasing revenues and reducing costs to maintain the financial stability of the affected programs.

Economic Factors and Next Fiscal Year

ETHRA contracts primarily with agencies within the State of Tennessee. As various economic factors impact the state, federal, and local governments, ETHRA can be affected by the amounts of funding available through grants and contracts. Although effects can be positive or negative due to the economic environment, there are some concerns related to on-going fiscal discussions in Washington. As a result, ETHRA's overall operations are expected to decrease slightly.

Contact Information

For further information about financial matters at ETHRA, please contact the Finance Director at: East Tennessee Human Resource Agency, Inc., 9111 Cross Park Drive, Suite D-100, Knoxville, TN 37923.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Statement of Net Position

June 30, 2024

	Primary Government		
	Governmental Activities	Business - Type Activities	Total
Assets			
Cash and cash equivalents	\$ 6,152,972	\$ 939,268	\$ 7,092,240
Investments	26,716	-	26,716
Receivables	13,423,709	34,081	13,457,790
Loans receivable	377,219	-	377,219
Deposits	11,344	900	12,244
Prepaid expenditures	197,566	-	197,566
Right of use leased assets, net of amortization	975,192	158,618	1,133,810
Capital assets, not being depreciated			
Land	32,614	-	32,614
Capital assets, net of accumulated depreciation			
Buildings	2,137,987	-	2,137,987
Furniture and equipment	67,339	-	67,339
Vehicles	1,687,769	13,659	1,701,428
Total capital assets, net	3,925,709	13,659	3,939,368
Total assets	<u>\$ 25,090,427</u>	<u>\$ 1,146,526</u>	<u>\$ 26,236,953</u>
Liabilities			
Accounts payable	\$ 5,385,015	\$ 21,066	\$ 5,406,081
Accrued expenses	6,234,185	11,256	6,245,441
Lease liability	1,032,758	160,893	1,193,651
Total liabilities	12,651,958	193,215	12,845,173
Net Position			
Investment in capital assets	3,868,143	11,384	3,879,527
Restricted for:			
THDA - House Loan	1,214,242	-	1,214,242
MVEOA	168,893	-	168,893
East Tennessee Foundation Investment	26,716	-	26,716
Human Resource Services	5,200,613	-	5,200,613
Unrestricted	1,959,862	941,927	2,901,789
Total net position	<u>\$ 12,438,469</u>	<u>\$ 953,311</u>	<u>\$ 13,391,780</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Statement of Activities
Year Ended June 30, 2024

Functions/Programs	Expenses		Program Revenues		Net (Expenses) Revenue and Changes in Net		
					Position		
					Primary Government		
					Operating		
	Direct	Indirect	Charges for	Grants and	Governmental	Business-type	Total
			Services	Contributions	Activities	Activities	
Primary government							
Governmental Activities:							
General government	\$ 2,649,029	\$ (2,910,260)	\$ -	\$ (223,068)	\$ 38,163	\$ -	\$ 38,163
Aging	11,447,033	564,563	103,714	12,839,964	932,082	-	932,082
ETHRA Aging	999,784	102,650	26,111	59,482	(1,016,841)	-	(1,016,841)
Transportation	11,769,830	1,522,660	2,326,229	9,769,749	(1,196,512)	-	(1,196,512)
Workforce development	6,000,402	146,588	280,849	5,504,476	(361,665)	-	(361,665)
Housing and restoration	4,457,536	85,578	-	4,574,077	30,963	-	30,963
Title V	955,379	14,648	-	970,207	180	-	180
Corrections and probation	1,005,812	100,721	1,022	1,067,640	(37,871)	-	(37,871)
Child and Family Assistance	5,569,381	47,460	-	5,896,051	279,210	-	279,210
Homemaker	416,553	37,113	-	445,460	(8,206)	-	(8,206)
Mountain Valley	448,583	52,620	-	469,490	(31,713)	-	(31,713)
Loan	2,024	-	-	9,452	7,428	-	7,428
Total governmental activities	45,721,346	(235,659)	2,737,925	41,382,980	(1,364,782)	-	(1,364,782)
Business-type activities							
Misdemeanor	1,127,182	153,363	1,236,454	-	-	(44,091)	(44,091)
Transportation Enterprise	139,682	21,548	205,109	-	-	43,879	43,879
HUD Housing Choice Voucher	5,104,437	60,748	6,798	5,291,856	-	133,469	133,469
Total business-type activities	6,371,301	235,659	1,448,361	5,291,856	-	133,257	133,257
Total primary government	\$ 52,092,647	\$ -	\$ 4,186,286	\$ 46,674,836	(1,364,782)	133,257	(1,231,525)
General revenues							
Assessment to local governments					264,340	-	264,340
Transfers					-	-	-
Total general revenues					264,340	-	264,340
Change in net position					(1,100,442)	133,257	(967,185)
Net position - beginning					13,538,911	820,054	14,358,965
Net position - ending					\$ 12,438,469	\$ 953,311	\$ 13,391,780

See notes to financial statements.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Balance Sheet
Governmental Funds
June 30, 2024

	General	Human Resource Service	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 63,214	\$ (977,301)	\$ (914,087)
Investments	26,716	-	26,716
Grant and contract receivables	-	13,423,709	13,423,709
Loans receivable	-	377,219	377,219
Deposits	5,744	5,600	11,344
Prepaid expenditures	9,029	681	9,710
Total assets	<u>\$ 104,703</u>	<u>\$ 12,829,908</u>	<u>\$ 12,934,611</u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 211,710	\$ 5,465,207	\$ 5,676,917
Accrued expenses	<u>-</u>	<u>28,271</u>	<u>28,271</u>
Total liabilities	<u>211,710</u>	<u>5,493,478</u>	<u>5,705,188</u>
Fund balances			
Nonspendable	14,773	-	14,773
Restricted	26,716	7,336,430	7,363,146
Unassigned	<u>(148,496)</u>	<u>-</u>	<u>(148,496)</u>
Total fund balances	<u>(107,007)</u>	<u>7,336,430</u>	<u>7,229,423</u>
Total liabilities and fund balances	<u>\$ 104,703</u>	<u>\$ 12,829,908</u>	<u>\$ 12,934,611</u>

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

Capital assets used in governmental activities are not financial resources and, therefore,
are not reported in the funds, net of accumulated depreciation of \$8,868,715. \$ 3,925,709

Right of use leased assets, net of accumulated amortization used in governmental activities are
not financial resources and therefore are not reported in funds. 975,192

Long-term liabilities used in governmental activities are not financial uses and therefore are not
reported in the funds. (1,032,758)

The Internal Service Fund is used by management to charge major equipment purchases
and fringe benefits for all ETHRA employees. The assets and liabilities of the Internal
Service fund are included in Governmental Activities in the Government-Wide Statement
of Net Position. 1,340,903

Net position of governmental activities \$ 12,438,469

See notes to financial statements.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds
Year Ended June 30, 2024

	General	Human Resource Service	Total Governmental Funds
Revenues			
Grantor contributions	\$ -	\$ 41,065,711	\$ 41,065,711
Program income	-	2,561,327	2,561,327
USDA	-	334,900	334,900
Assessments to local governments	264,340	41,050	305,390
In-kind contributions	-	178,523	178,523
Other income	20,806	152,999	173,805
Interest income	-	9,463	9,463
Total revenues	<u>285,146</u>	<u>44,343,973</u>	<u>44,629,119</u>
Expenditures			
Current			
General government	109,649	-	109,649
Aging	-	11,963,124	11,963,124
ETHRA Aging	-	1,096,633	1,096,633
Workforce Development	-	6,092,164	6,092,164
Title V	-	969,777	969,777
Housing and restoration	-	4,534,180	4,534,180
Transportation Call Center	-	12,351,605	12,351,605
Community Corrections	-	1,105,708	1,105,708
Child Care Food	-	5,614,442	5,614,442
Homemaker	-	446,190	446,190
Mountain Valley	-	496,310	496,310
Loan Program	-	2,024	2,024
Capital outlay	-	300,599	300,599
Debt service			
Lease principal	3,890	505,225	509,115
Lease interest	485	66,302	66,787
Total expenditures	<u>114,024</u>	<u>45,544,283</u>	<u>45,658,307</u>
Excess of revenues over expenditures	<u>171,122</u>	<u>(1,200,310)</u>	<u>(1,029,188)</u>
Other Financing (Uses) Sources			
Lease liabilities issued	-	273,846	273,846
Transfers in - match	(1,915,644)	635,303	(1,280,341)
Total other financing sources, net	<u>(1,915,644)</u>	<u>909,149</u>	<u>(1,006,495)</u>
Net change in fund balances	<u>(1,744,522)</u>	<u>(291,161)</u>	<u>(2,035,683)</u>
Fund balances at beginning of year	<u>1,637,515</u>	<u>7,627,591</u>	<u>9,265,106</u>
Fund balances at end of year	<u>\$ (107,007)</u>	<u>\$ 7,336,430</u>	<u>\$ 7,229,423</u>

See notes to financial statements.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Reconciliation of the Statement Revenues, Expenditures, and Changes in Fund Balance of
Governmental Funds to the Statement of Activities
Year Ended June 30, 2024

Net change in fund balances - total governmental funds \$ (2,035,683)

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

Governmental funds report capital outlays as expenditures while governmental
activities report depreciation expense to allocate those expenditures over the
the life of the assets:

Depreciation expense	(939,410)
Capital asset purchases capitalized	182,424
Changes in net position of internal service funds	1,684,193

The issuance of lease obligations provides current financial resources to
governmental funds, while the repayment of the principal of lease
obligations consumes the current financial resources of governmental funds.

Neither, however, has any effect on net position	<u>8,034</u>
--	--------------

Change in net position of governmental activities \$ (1,100,442)

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Statement of Net Position

Proprietary Funds

June 30, 2024

					Governmental Activities
	Misdemeanor	HUD HCV	Transportation Enterprise	Total	Internal Service Funds
Assets					
Current Assets					
Cash and cash equivalents	\$ 47,385	\$ 519,055	\$ 372,828	\$ 939,268	\$ 7,067,059
Accounts receivable	-	-	34,081	34,081	-
Prepaid expenditures and deposits	900	-	-	900	187,856
Total current assets	48,285	519,055	406,909	974,249	7,254,915
Noncurrent Assets					
Right of use leased assets, net	157,803	574	241	158,618	-
Capital assets, net	-	13,659	-	13,659	2,560,979
Total noncurrent assets	157,803	14,233	241	172,277	2,560,979
Total assets	\$ 206,088	\$ 533,288	\$ 407,150	\$ 1,146,526	\$ 9,815,894
Liabilities					
Current Liabilities					
Accounts payable	\$ 2,002	\$ 19,057	\$ 7	\$ 21,066	\$ (291,902)
Accrued expenses	-	11,256	-	11,256	6,205,914
Lease liability, due within one year	95,438	298	117	95,853	-
Total current liabilities	97,440	30,611	124	128,175	5,914,012
Lease liability, due after one year	64,583	328	129	65,040	-
Total liabilities	162,023	30,939	253	193,215	5,914,012
Net Position					
Investment in capital assets	(2,218)	13,607	(5)	11,384	2,560,979
Unrestricted net position	46,283	488,742	406,902	941,927	1,340,903
Total net position	\$ 44,065	\$ 502,349	\$ 406,897	\$ 953,311	\$ 3,901,882

See notes to financial statements.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Statement of Revenues, Expenditures, and Changes in Net Position
Proprietary Funds
Year Ended June 30, 2024

			Transportation		Governmental Activities
	Misdemeanor	HUD HCV	Enterprise	Total	Internal Service Funds
Operating Revenues					
Grantor contributions	\$ -	\$ 5,291,856	\$ -	\$ 5,291,856	\$ 135,000
Program income	1,233,982	346	205,109	1,439,437	-
Other revenue (expense)	<u>2,472</u>	<u>6,452</u>	<u>-</u>	<u>8,924</u>	<u>(378,874)</u>
Total operating revenues, net	<u>1,236,454</u>	<u>5,298,654</u>	<u>205,109</u>	<u>6,740,217</u>	<u>(243,874)</u>
Operating Expenses					
Salaries	614,958	245,120	86,944	947,022	-
Fringe benefits	180,988	72,316	27,652	280,956	(571,224)
Grant and program costs	-	4,679,897	-	4,679,897	-
Occupancy	65,910	4,371	395	70,676	-
Consultants and contracted services	4,432	4,359	186	8,977	-
Gasoline	-	-	15,248	15,248	28,636
Telephone	48,595	6,118	217	54,930	-
Training and conferences	4,920	9,728	-	14,648	-
Travel	50,031	14,832	-	64,863	-
Supplies	18,435	5,006	211	23,652	-
Insurance and bonding	16,231	11,210	8,726	36,167	27,295
Maintenance and repairs	10,762	22,147	18	32,927	26,569
Rentals	10,181	495	9	10,685	5,868
Depreciation and amortization	73,330	16,629	64	90,023	101,007
Postage and freight	5,189	9,031	-	14,220	-
Printing	9,616	1,095	12	10,723	-
Other expenses	13,604	2,083	-	15,687	36
Indirect cost allocation	<u>153,363</u>	<u>60,748</u>	<u>21,548</u>	<u>235,659</u>	<u>-</u>
Total operating expenses	<u>1,280,545</u>	<u>5,165,185</u>	<u>161,230</u>	<u>6,606,960</u>	<u>(381,813)</u>
Operating income (loss)	(44,091)	133,469	43,879	133,257	137,939
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,546,254</u>
Change in net position	(44,091)	133,469	43,879	133,257	1,684,193
Total net position - beginning	<u>88,156</u>	<u>368,880</u>	<u>363,018</u>	<u>820,054</u>	<u>2,217,689</u>
Total net position - ending	<u>\$ 44,065</u>	<u>\$ 502,349</u>	<u>\$ 406,897</u>	<u>\$ 953,311</u>	<u>\$ 3,901,882</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Statement of Cash Flows

Proprietary Funds

Year Ended June 30, 2024

					Governmental Activities Internal
	Misdemeanor	HUD HCV	Enterprise	Total	Service Funds
Cash Flows from Operating Activities					
Cash received from supervision fees	\$ 1,233,982	\$ -	\$ -	\$ 1,233,982	\$ -
Cash received from fees	-	-	196,263	196,263	(174,725)
Cash received from grants	-	5,291,856	-	5,291,856	-
Cash received from other revenue	1,324	6,798	-	8,122	(243,874)
Cash received from interest	1,148	-	-	1,148	-
Payments to employees	(614,958)	(245,120)	(86,944)	(947,022)	-
Payments for fringe benefits	(180,988)	(72,316)	(27,652)	(280,956)	571,224
Payments to vendors	(328,475)	(4,768,597)	(25,093)	(5,122,165)	574,145
Payments for indirect costs	(153,363)	(60,748)	(21,548)	(235,659)	-
Cash flows from operating activities	(41,330)	151,873	35,026	145,569	726,770
Cash Flows from Investing Activities					
Transfers from other funds	-	-	-	-	1,546,254
Cash flows from investing activities	-	-	-	-	1,546,254
Cash Flows from Capital and Related Financing Activities					
Acquisition of capital assets				-	(1,614,233)
Leased assets	2,034	(870)	(1)	1,163	-
Proceeds from sale of capital assets	-	-	-	-	8,353
Cash flows from capital and related financing activities	2,034	(870)	(1)	1,163	(1,605,880)
Net Change in Cash and Cash Equivalents	(39,296)	151,003	35,025	146,732	667,144
Balance - beginning of the year	86,681	368,052	337,803	792,536	6,399,915
Balances - end of the year	\$ 47,385	\$ 519,055	\$ 372,828	\$ 939,268	\$ 7,067,059
Reconciliation of Operating Income (Loss) to Net Cash Flows from Operating Activities:					
Operating income (loss)	\$ (44,091)	\$ 133,469	\$ 43,879	\$ 133,257	\$ 137,939
Adjustments					
Depreciation expense	-	7,233	-	7,233	101,007
Gain on disposal of capital assets	-	-	-	-	(8,353)
Change in assets and liabilities:					
Decrease	-	-	(8,846)	(8,846)	(136,277)
Decrease in prepaid expenditure	-	-	-	-	(38,448)
Increase (decrease) in accounts payable and accrued expenses	2,761	11,171	(7)	13,925	670,902
Net cash flows from operating activities	\$ (41,330)	\$ 151,873	\$ 35,026	\$ 145,569	\$ 726,770

See notes to financial statements.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Statement of Net Position

Fiduciary Funds

June 30, 2024

	Custodial Funds
Assets	
Cash and cash equivalents	\$ 2,131,047
Other receivables	11,817
Investments, at fair values	<u>2,627,055</u>
Total assets	<u>\$ 4,769,919</u>
Liabilities	
Accounts payable and accrued expenses	\$ 13,785
Assets held for others	<u>150,017</u>
Total liabilities	<u>163,802</u>
Net Position	
Held in trust	<u>4,606,117</u>
Total net position	<u>\$ 4,606,117</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Statement of Changes in Net Position

Fiduciary Funds

Year Ended June 30, 2024

	Custodial Funds
Additions	
Contributions	\$ 1,013,266
Trust account income	1,603,578
Grant revenue	2,697
Interest	180
Total additions	<u>2,619,721</u>
Deductions	
Distributions to beneficiaries	1,210,419
Nursing home/residential care	822,467
Legal	260,402
Living expenses	46,816
Other expenses	251,502
Medical and dental	65,925
Burial expenses	36,169
Insurance	5,900
Taxes	<u>22,237</u>
Total deductions	<u>2,721,837</u>
Change in net position	(102,116)
Net position at beginning of year	<u>4,708,233</u>
Net position at end of year	<u>\$ 4,606,117</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Notes to Financial Statements

Year Ended June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity - East Tennessee Human Resource Agency, Inc., ("ETHRA") was established in 1974 in accordance with Title 13, Chapter 26, as amended, of Tennessee Code Annotated. This legislation establishes a nine region statewide system to deliver human resource services and programs to Tennessee citizens for Tennessee's local governments. ETHRA is governed by a ninety-eight member Governing Board and a thirty-four member Policy Council.

The Governing Board consists of:

- County and City Mayors within the established region served by ETHRA,
- one State Senator and one State Representative whose districts lie wholly or in part within the established region served by ETHRA,
- and one additional member from each county of the region, appointed by the County Mayor

The Public Council consists of:

- two Governing Board members from each county within the established region
- and two legislators

ETHRA also operates the Mountain Valley Economic Opportunity Authority ("MVEOA") under a management agreement with the MVEOA Board of Directors. For financial reporting purposes, ETHRA includes all human resource services and programs over which the Board of Directors is financially accountable, including the MVEOA.

Basis of Presentation - The accompanying statements of ETHRA have been prepared in conformity with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board ("GASB").

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 primary government and its component units. *Governmental activities*, which normally are supported by grants and contracts, are reported separately from *business-type* activities, which rely on a significant extent of fees and charges for support.

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.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Accounting Structure and Basis - The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the 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.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Accounting Structure and Basis - (Continued) Accounting transactions are tracked according to program activities.

The following describes how ETHRA's accounting activities are maintained and presented:

General Fund - ETHRA administrative and unrestricted resources are reported in the General Fund.

Human Resource Services Fund - The governmental program activities are reported in the Human Resource Services Fund. These are transactions relating to resources obtained and used for the delivery of programs (including all cost-reimbursement and performance based grant agreements).

Proprietary Fund - ETHRA operates three business-like activities: Misdemeanor Program, a court service that supervises offenders and monitors costs and fines for the court, Housing and Urban Development ("HUD") Housing Choice Voucher ("HCV") Program, which administers housing vouchers to eligible people for rental assistance, and Transportation Enterprise, which includes fixed contracts for transportation services that are not based on participant fees.

Fiduciary Fund - ETHRA programs requiring fiduciary responsibility are accounted for in the Fiduciary Fund.

One of these fiduciary responsibilities is to account for participant assets held by ETHRA under the Public Guardianship program. The Public Guardianship program was created by Title 34, Chapter 7, of Tennessee Code Annotated, "to aid disabled persons over sixty (60) years of age who have no family member or friend who is willing and able to serve as conservator or guardian." ETHRA manages persons, who have been deemed wards of the states ("wards"), assets in accordance with court orders and trust agreements.

Assets such as real estate are stated at fair value at the time of transfer to ETHRA.

The transfer of the assets to ETHRA is shown as a contribution from beneficiaries. Income derived from the wards' assets is shown in appropriate revenue accounts.

Assets returned to the wards, their estates or other third parties representing the wards are shown as distributions to beneficiaries. Any expenditures made on behalf of the wards are reflected in other appropriate expenditure accounts.

The Fiduciary Fund is also used for ETHRA's deposits for payments in lieu of HUD Section 8 rental and utility assistance into an escrow account for participants enrolled in the Family Self-Sufficiency program. The participant receives the funds upon successful completion of the program. Forfeited deposits are used to fund other participants in the program.

Agency Fund - These are activities where amounts are held in trust or on behalf of others. These activities include:

- 1) ETHRA collects donations from employees for funeral flowers or donations and for other purposes determined by employees.
- 2) ETHRA holds unclaimed checks until the amounts can be sent to the State of Tennessee as unclaimed property.

As a general rule the effect of interfund activity has been eliminated from both the governmental fund and government-wide financial statements. ETHRA is designated as an Area Agency on Aging and Disability and as such contracts several programs within ETHRA. The related revenues and expenses from these transactions have been eliminated to avoid duplicate reporting.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Notes to Financial Statements (Continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Accounting Structure and Basis - (Continued) Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Misdemeanor Program, Transportation Enterprise, and HUD HCV Program are charges for services provided. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ETHRA charges each of the programs an indirect rate of 19.5% of salaries and fringe cost. In some cases, the rate is limited by the specific program grant.

Budgetary Process - ETHRA does not have an annual appropriated budget. The grant documents, service contracts, and program projections serve as the financial plans for budgetary purposes.

Date of Management's Review - Management has evaluated events and transactions occurring subsequent to the statement of financial position date of June 30, 2024, for items that should potentially be recognized or disclosed in the financial statements. The evaluation was conducted through January 2, 2025, which is the date these financial statements were available to be issued.

NOTE 2 - RECEIVABLES, DEPOSITS, AND INVESTMENTS

Allowance for Uncollectible Accounts - The allowance for uncollectible accounts is based upon a credit review of the accounts receivable, past debt experience, current economic conditions, and other pertinent factors which form a basis for determining the adequacy of the allowance. The allowance represents an estimate by management based upon these and other factors, and it is at least reasonably possible that a change in the estimate will occur in the near term. No allowance is necessary for grantor or other receivables at June 30, 2024.

Deposits - ETHRA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments - Investments are limited to those authorized by Tennessee State Law. State statutes authorize ETHRA to invest in Treasury bonds, notes, or bills of the United States; non-convertible debt securities of the Federal Home Loan Bank, the Federal National Mortgage Association, the Federal Farm Credit Bank, and the Student Loan Marketing Association; other obligations not listed above which are guaranteed as to principal and interest by the United States or its agencies; certificates of deposit at State and Federal chartered banks and savings and loan associations, obligations of the United States or its agencies under a repurchase agreement, and money market funds whose portfolios consist of any of the foregoing instruments if approved by the State Director of Local Finance and made in accordance with procedures established by the State Funding Board; the Local Government Investment Pool ("LGIP"); obligations of the Public Housing Authority; and the bonds of the Tennessee Valley Authority. State statutes limit maturities of the above instruments to two years from the date of investment unless a longer maturity is approved by the State Director of Local Finance. Investments are recorded at fair value. ETHRA has not adopted a formal investment policy that limits its interest rate or credit risk.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Notes to Financial Statements (Continued)

NOTE 2 - RECEIVABLES, DEPOSITS, AND INVESTMENTS - (Continued)

Investments- (Continued) Custodial credit risk is the risk that, in the event of a bank failure, ETHRA's deposits may not be returned. Although ETHRA has not adopted a formal policy, its policy is to fully collateralize bank deposits in excess of federally insured amounts.

The investments in the General Fund represent funds held by the East Tennessee Foundation in ETHRA's name.

The investments in the Fiduciary Fund consist of savings bonds and other investments held in the individual wards' names.

NOTE 3 - INTERFUND RECEIVABLE/PAYABLE ACCOUNTS

The amount owed to the Agency Fund by the General Fund and Human Resource Services Fund represents unclaimed checks. These are outstanding checks older than ninety days that are subject to escheatable property procedures.

Interfund activity for operations is accounted for through equity in cash balances.

NOTE 4 - PREPAID ITEMS

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

NOTE 5 - DEFERRED COMPENSATION PLAN

ETHRA offers its employees a tax deferred annuity plan, ETHRA Tax Sheltered Annuity 403(b). The plan is available to any full-time or part-time employee.

The tax-deferred annuity plan was established in accordance with Section 403(b) of the Internal Revenue Service's Code. The plan allows employees to shelter a portion of their salaries. All costs for administering this program are the responsibility of the plan participants. Since the 403(b) plan assets remain the property of the contributing employees, they are not presented in the accompanying financial statements. ETHRA is the plan administrator. Effective September 1, 2019, ETHRA is a participant in RetireReadyTN, Tennessee's Retirement Program, and qualified employees can contribute to its 401(k) and 457 plans. These programs are administered by the Tennessee Treasury Department, with Empower Retirement serving as the official record-keeper.

Employees may have as much of their gross compensation deducted as they choose, up to the maximum allowed by the Internal Revenue Service. A matching payment is made by ETHRA each payroll period. ETHRA will match any amount up to 5 percent of an employee's gross compensation, depending upon the employee's deduction. Employees can request a loan against their plan balances. Otherwise, the funds are not available to the employee until they are fully vested. Employees are fully vested after three years of service. Forfeitures can be used to pay for certain administrative expenses incurred by the plan. The forfeiture funds can also be used to reduce ETHRA's contributions to the plan, or they can be reallocated back to the remaining eligible participants as an additional contribution. For the year ended June 30, 2024, the Plan had \$592 in forfeitures. Employee deferrals for the year ended June 30, 2024, were \$556,133 and ETHRA's matching contribution was \$355,803.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Notes to Financial Statements (Continued)

NOTE 6 - OPERATING LEASE AGREEMENTS

ETHRA's financial statement include the adoption of GASB Statement No. 87, Leases ("GASB No.87")(see Note 7 for further details). There are certain short-term and month-to-month leases that are not accounted for under GASB 87. ETHRA leases offices and storage space to administer agency programs. All leases are cancelable at ETHRA's option. ETHRA incurred operating lease payments of \$263,204 in fiscal year 2024. Operating lease requirements under these agreements for the next five years and thereafter will be approximately as follows:

<u>Year ending June 30,</u>	
2025	\$ <u>266,597</u>

NOTE 7 - LEASES

ETHRA has recorded right of use lease assets as a result of implementing GASB 87. The right of use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right of use assets are amortized on a straight-line basis over the life of the related lease.

ETHRA has recorded fourteen right of used leased assets. The assets are right of use assets for leased office space and equipment. The right of use lease assets are amortized on a straight-line basis over the terms of the related leases. See Note 8 for right of use asset activity.

Related lease activity for ETHRA for the year ended June 30, 2024 was as follows:

	Balance			Balance	<u>Due Within</u>
	<u>07/01/23</u>	<u>Additions</u>	<u>Payments</u>	<u>06/30/24</u>	<u>One Year</u>
Lease liabilities	\$ <u>1,521,900</u>	\$ <u>385,215</u>	\$ <u>(713,464)</u>	\$ <u>1,193,651</u>	\$ <u>442,472</u>

The future minimum lease payments as of June 30, 2024, are as follows:

	Principal and Interest Expected to Maturity		
<u>Fiscal Year</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2025	\$ 442,472	\$ 50,556	\$ 493,028
2026	400,632	29,340	429,972
2027	249,392	12,351	261,743
2028	<u>101,155</u>	<u>2,835</u>	<u>103,990</u>
	\$ <u>1,193,651</u>	\$ <u>95,082</u>	\$ <u>1,288,733</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Notes to Financial Statements (Continued)

NOTE 8 - CAPITAL ASSET

Governmental and business-type activities' capital asset changes for the year ended June 30, 2024 were as follows:

	Balance 07/01/23	Additions	Deletions	Balance 06/30/24
Capital Assets not being depreciated:				
Land	\$ 32,614	\$ -	\$ -	\$ 32,614
Other capital assets:				
Building Total	1,230,729	1,638,845	-	2,869,574
Furniture & Equipment Total	2,367,640	-	-	2,367,640
Leasehold improvements Total	243,382	-	-	243,382
Vehicles Total	7,325,905	182,424	(227,119)	7,281,210
Total other capital asset at cost	11,167,656	1,821,269	(227,119)	12,761,806
Less accumulated depreciation for:				
Building Total	(690,014)	(61,510)	-	(751,524)
Furniture & Equipment Total	(2,302,808)	(6,130)	-	(2,308,938)
Leasehold improvements Total	(243,382)	-	-	(243,382)
Vehicles Total	(4,817,744)	(973,750)	226,627	(5,564,867)
Total accumulated depreciation	(8,053,948)	(1,041,390)	226,627	(8,868,711)
Governmental capital assets, net	3,146,322	779,879	(492)	3,925,709
Business-type capital assets:				
Vehicles	360,807	-	-	360,807
Accumulated depreciation	(339,915)	(7,233)	-	(347,148)
Business-type capital assets, net	20,892	(7,233)	-	13,659
Right-of-use lease assets:				
Leased office space	2,361,863	385,214	(946,390)	1,800,687
Leased equipment	297,713	-	-	297,713
Total right-of-use lease assets	2,659,576	385,214	(946,390)	2,098,400
Less accumulated amortization for:				
Leased office space	(1,063,841)	(585,191)	859,055	(789,977)
Lease equipment	(117,400)	(57,213)	-	(174,613)
Total accumulated amortization	(1,181,241)	(642,404)	859,055	(964,590)
Total right-of-use lease assets, net	1,478,335	(257,190)	(87,335)	1,133,810
Total capital assets, net	\$ 4,645,549	\$ 772,646	\$ (492)	\$ 5,073,178

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Notes to Financial Statements (Continued)

NOTE 8 - CAPITAL ASSETS - (Continued)

Depreciation expenses for the year ended June 30, 2024 were charged to programs/functions as follows:

Pool	\$ 101,007
Transportation	<u>940,383</u>
Total depreciation and capital expenses governmental activities	1,041,390
 Oak Ridge Transit	 <u>7,233</u>
	<u>\$ 1,048,623</u>

Capital Assets are presented in the Statement of Net Position (government-wide financial statements). The presentation includes all assets with a historical cost in excess of five thousand dollars that are currently in use by the agency or program.

Capital assets purchased from grants are recorded at acquisition cost and are shown as capital expenditures in the governmental financial statements but are properly reclassified to the Statement of Net Position as capital assets in the government-wide financial statements. Capital assets acquired from unrestricted resources are depreciated on a straight-line basis over their estimated useful lives as prescribed by government depreciation tables. Donated capital assets are recorded at estimated fair market value at the date of donation.

Buildings	39 years
Land improvements	15 years
Furniture and equipment	7 years
Computer and telephone equipment	5 years
Vehicles	5 years

NOTE 9 - FUND BALANCE

Fund balance is reported in governmental funds under the following categories using definitions provided by GASB Statement 54. This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. The fund balance amounts must be reported within one of the fund balance categories listed below.

Nonspendable fund balance - includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

The amounts reflected below as nonspendable include advances paid to subcontractors and deposits.

Restricted fund balance - includes amounts that can be spent only for the specific purposes stipulated by external parties, constitutional provisions, or enabling legislation.

Committed fund balance - includes amounts that can be used only for the specific purposes determined by a formal action of the highest level of decision making authority. The commitment can be removed or changed only by taking the same action. This would result from a formal action of the ETHRA Policy Council.

There are no committed fund balance amounts for fiscal year 2024.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Notes to Financial Statements (Continued)

NOTE 9 - FUND BALANCE - (Continued)

Assigned fund balance - includes amounts intended to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. It includes any residual amounts in governmental funds other than the general fund. The authority is delegated from the Policy Council to their designee to assign amounts.

There are no assigned fund balance amounts for fiscal year 2024.

Unassigned fund balance - includes the residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

	General	Human Resource Services	Total Governmental Funds
Nonspendable			
Advances and deposits	\$ 14,773	\$ -	\$ 14,773
Restricted for			
Mountain Valley	-	170,799	170,799
Loan	-	1,214,242	1,214,242
Human Resource Services	-	5,951,389	5,951,389
East Tennessee Foundation			
Investment	26,716	-	26,716
Unassigned	(148,496)	-	(148,496)
Total fund balances	\$ (107,007)	\$ 7,336,430	\$ 7,229,423

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it is ETHRA's policy to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it is ETHRA's policy that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

NOTE 10 - CONTINGENCIES

Sick Leave - ETHRA records the cost of sick leave when paid. Since sick leave (earned one day per month with a maximum of 60 days) is generally paid only when an employee is absent because of illness, injury, or related family death, there is no recorded liability for sick leave. The amount of unused sick leave was \$1,985,435 at June 30, 2024. Although there is no cash reimbursement for unused sick leave, at termination of employment, a portion of the cash value of unused sick leave, based on Board approval annually, may be placed in an employee's retirement account. An employee must be employed and a member of the retirement system for three years to be eligible for this benefit.

Litigation - In the normal course of operations, ETHRA could be named as a defendant in various lawsuits. In the opinion management and legal counsel, there is not active lawsuits where the outcome will have a material adverse effect on the accompanying financial statements, and accordingly, no provision for losses has been recorded.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Notes to Financial Statements (Continued)

NOTE 11 - RISK MANAGEMENT

ETHRA participates in the Public Entity Partners ("PEP") for the following risks of loss: commercial general liability, bodily injury, property damage, personal injury liability for vehicle operation, workers' compensation, employer's liability, employee dishonesty; theft of, damage to, or destruction of real and personal property; and personal injury. ETHRA's agreement with PEP provides for payment of premiums. The agreement also provided for refunds to members and additional member assessments. Additional member assessments are based on the experience of the pool. Settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

ETHRA carries commercial insurance for the following risks of loss: liability for volunteers and court-referred alternative sentencing volunteer insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

ETHRA provides basic health, disability, and life insurance coverage for its employees through commercial insurance policies. ETHRA's maximum obligation under the basic health insurance policy is limited to \$884 and \$2,906 per month per employee for single and family coverage, respectively. ETHRA's obligation under the disability and life insurance policies are based on the employee's rate of pay.

NOTE 12 - GRANTS

ETHRA receives the majority of its revenues from federal, state and local government grants which require that fulfillment of certain conditions as set forth in the instrument of grant. Failure to fulfill the conditions could result in the return of funds to grantors. ETHRA's ability to continue its programs is directly dependent upon the grantors' continued revenue funding.

NOTE 13 - RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS

In June 2022, the Governmental Accounting Standards Board (GASB) issued Statement No. 101, *Compensated Absences*, which requires an agency to recognize liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.

This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Notes to Financial Statements (Continued)

NOTE 15 – RECENTLY ANNOUNCED ACCOUNTING PRONOUNCEMENTS (Continued)

Statement No. 101 requires a cumulative effect adjustment to the balance sheet as of the beginning of the first reporting period in which the guidance is effective. The effective date of Statement No. 101 is for fiscal years beginning after December 15, 2023, Statement No. 101 will be effective for the Agency beginning July 1, 2024. The Agency is currently evaluating the impact of the adoption of Statement No. 101 on its financial statements.

SUPPLEMENTARY INFORMATION

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Schedule of Expenditures by Program

Governmental Funds

For the Year Ended June 30, 2024

	General	Aging	ETHRA Aging	Workforce Development	Title V
Expenditures					
Current					
Salaries	\$ 1,378,695	\$ 2,212,887	\$ 418,389	\$ 583,670	\$ 55,475
Fringe Benefits	428,985	689,751	113,620	178,271	16,201
Professional Fees	594,076	309,823	4,778	18,318	1,173
Supplies	95,846	7,129	3,610	67,803	175
Telephone	53,611	48,324	13,379	64,213	2,075
Postage and Freight	2,582	5,157	316	1,158	1,357
Equipment Rental & Maintenance	64,955	3,429	3,679	16,333	387
Printing & Publications	106,544	2,826	2,483	8,970	351
Travel, Training, Conferences	55,722	176,727	42,435	50,961	3,876
Insurance	1,526	54,940	19,001	12,581	1,632
Occupancy	79,479	35,135	18,931	328,181	2,055
Fuel & Maintenance	-	-	-	-	-
Grants & Allocations	-	4,924,284	-	3,261,165	47,232
Participant	-	2,740,706	295,092	1,164,977	686,772
Depreciation	6,560	6,057	1,132	-	250
Other	56,893	229,385	18,123	243,801	3,132
Indirect cost allocation	(2,910,260)	564,563	102,650	146,588	14,648
In-Kind	-	475	44,813	-	133,235
Total Expenditures	<u>15,214</u>	<u>12,011,598</u>	<u>1,102,431</u>	<u>6,146,990</u>	<u>970,026</u>
Other Financing Sources (Uses)					
Transfers - match	<u>123,236</u>	<u>1,053,931</u>	<u>(919,247)</u>	<u>(207,490)</u>	<u>192</u>
Total other financing sources (uses)	<u>123,236</u>	<u>1,053,931</u>	<u>(919,247)</u>	<u>(207,490)</u>	<u>192</u>
Total expenditures	<u>\$ 138,450</u>	<u>\$ 13,065,529</u>	<u>\$ 183,184</u>	<u>\$ 5,939,500</u>	<u>\$ 970,218</u>

See independent auditors' report.

	Housing & Restoration	Transportation/ Call Center	Community Corrections	Child Care Food	Homemaker	Mountain Valley	Loan Program	Total
\$	361,600	\$ 5,975,604	\$ 638,735	\$ 190,442	\$ 224,402	\$ 185,962	\$ -	\$ 12,225,861
	112,677	1,858,480	190,099	52,559	68,159	53,132	-	3,761,934
	5,318	574,882	7,126	3,152	593	18,548	-	1,537,787
	6,173	52,711	6,402	44,913	3,918	4,017	-	292,697
	4,728	98,725	13,465	4,713	13,164	11,869	9	328,275
	7,936	844	150	805	30	906	-	21,241
	1,363	67,997	1,797	9,393	295	2,796	-	172,424
	1,575	4,376	766	989	135	1,295	-	130,310
	10,875	43,152	57,912	32,745	74,680	13,888	-	562,973
	8,577	425,759	30,718	6,743	5,345	5,134	-	571,956
	9,042	82,268	(8,874)	4,439	15,684	16,517	-	582,857
	-	1,475,478	-	-	-	-	-	1,475,478
	-	-	-	5,161,632	-	-	-	13,394,313
	3,913,096	-	3,792	47,903	3,296	94,676	2,015	8,952,325
	903	7,268	270	436	623	4,313	-	27,812
	13,675	190,679	63,457	56,420	6,229	35,529	-	917,323
	85,578	1,522,661	100,721	47,460	37,113	52,620	-	(235,658)
	-	-	-	-	-	-	-	178,523
	<u>4,543,116</u>	<u>12,380,884</u>	<u>1,106,536</u>	<u>5,664,744</u>	<u>453,666</u>	<u>501,202</u>	<u>2,024</u>	<u>44,898,431</u>
	-	(180,490)	(38,000)	-	-	-	-	(167,868)
	-	(180,490)	(38,000)	-	-	-	-	(167,868)
\$	<u>4,543,116</u>	<u>\$ 12,200,394</u>	<u>\$ 1,068,536</u>	<u>\$ 5,664,744</u>	<u>\$ 453,666</u>	<u>\$ 501,202</u>	<u>\$ 2,024</u>	<u>\$ 44,730,563</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Schedule of Non-Cash Assistance

For the Year Ended June 30, 2024

ASSISTANCE PROGRAMS AS IDENTIFIED IN THE ASSISTANCE LISTING NUMBER:

	GRANT # <u>32501-03823</u>	GRANT # <u>32501-03823</u>	<u>TOTALS</u>
<u>Assistance Listing Number #</u>	10.568	10.568	
<u>PROGRAM NAME</u>	Emergency Food Assistance Program	Emergency Food Assistance Program	
<u>GRANTOR AGENCY</u>	Tennessee Department of Agriculture	Tennessee Department of Agriculture	
<u>Balance 7/1/2023</u>	\$ 37,700	\$ -	\$ 37,700
<u>Receipts</u>	144,343	388,620	532,963
<u>Change in USDA Rate</u> (2)	-	(24,025)	(24,025)
<u>Other Additions</u> (3)	-	19,724	19,724
<u>Commodities Distributed</u>	71,034	475,206	546,240
<u>Other Deductions</u> (4)	-	-	-
<u>Balance 6/30/2024</u>	<u>\$ 111,009</u>	<u>\$ (90,887)</u>	<u>\$ 20,122</u>

(1) This schedule represents the fair value of noncash assistance based on per unit commodities values provided by the Tennessee Department of Agriculture.

(2) This amount includes a change in the USDA values for commodities on hand as of 6/30/2024.

(3) This amount represents a reconciliation between physical inventory and book inventory.

(4) This amount represents lost and damaged commodities.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Schedule of Expenditures of Federal Awards and State Grants
For the Year Ended June 30, 2024

Federal/Pass-through Agency Program Title	ALN	
U.S. Department of Agriculture		
Passed through Tennessee Department of Agriculture		
Food Distribution Cluster		
Emergency Food Assistance Program (Administration)	10.568	\$ 64,944
Passed through Tennessee Department of Human Services		
Child and Adult Care Food Program	10.558	1,969,881
Child Nutrition Cluster		
Summer Food Service Program for Children	10.559	3,925,171
Total U. S. Department of Agriculture		<u>\$ 5,959,996</u>
U.S. Department of Housing and Urban Development		
Housing Voucher Cluster		
Section 8 Rental Voucher Program	14.871	\$ 4,655,865
FSS Housing	14.871	44,352
Emergency Housing Vouchers	14.871	263,451
Mainstream Voucher Program	14.879	334,526
Total Housing Voucher Cluster/Total U. S. Department of Housing and Urban Development		<u>\$ 5,298,194</u>
U.S. Department of Labor		
Passed through Center for Workforce Inclusion		
Senior Community Service Employment-SSAI	17.235	\$ 684,310
Pass through Tennessee Department of Labor and Workforce Development		
Unemployment Insurance	17.225	114,772
Senior Community Service Employment-State	17.235	152,662
WIOA Cluster		
Workforce Investment Act Adult Program	17.258	1,755,550
Workforce Investment Act Youth Activities	17.259	1,744,278
Workforce Investment Act Dislocated Worker Formula	17.278	1,523,635
Total WIOA Cluster		<u>5,023,463</u>
Total U.S. Department of Labor		<u>\$ 5,975,207</u>
U.S. Department of Transportation		
Federal Transit Cluster		
Federal Transit Formula Grants	20.507	\$ 1,960,408
Total Federal Transit Cluster		1,960,408
Passed through Tennessee Department of Transportation		
Formula Grants for Other Than Urbanized Areas	20.509	6,055,336
Bus and Bus Facilities Formula	50.526	364,051
Transit Services Programs Cluster		
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	62,772
Total U.S. Department of Transportation		<u>\$ 8,442,567</u>

See independent auditors' report.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Schedule of Expenditures of Federal Awards and State Grants (Continued)

Federal/Pass-through Agency Program Title	ALN	
U.S. Department of Energy		
Passed through Tennessee Housing Development Agency		
Weatherization Assistance for Low-income Persons	81.042	\$ 231,861
Low Income Heating and Energy Assistance Program	93.568	4,330,159
Total U.S. Department of Energy		<u>\$ 4,562,020</u>
Department of Homeland Security		
Emergency Food and Shelter National Board Program	97.024	\$ 717
Total Department of Homeland Security		<u>\$ 717</u>
U.S. Department of Health and Human Services		
Passed through Tennessee Commission on Aging		
Aging Cluster		
Special Programs for the Aging, Title III, Part B	93.044	\$ 1,182,572
Special Programs for the Aging, Title III, Part B CARES	93.044	953,622
Special Programs for the Aging, Title III, Part C	93.045	2,005,778
Special Programs for the Aging, Title III, Part C CARES	93.045	1,389,290
Nutritional Services Incentive Program	93.053	334,900
Total Aging Cluster		<u>5,866,162</u>
Special Programs for the Aging, Title VII, Chapter 2	93.042	84,700
Special Programs for the Aging, Title VII, Chapter 2 CARES	93.042	37,429
Special Programs for the Aging, Title III, Part D	93.043	127,449
Special Programs for the Aging, Title III, Part D CARES	93.043	7,850
Special Programs for the Aging, Title IV	93.048	270,000
National Caregiver Support, Title III, Part E	93.052	901,841
National Caregiver Support, Title III, Part E CARES	93.052	154
Passed through Tennessee Department of Human Services		
477 Cluster		
Community Services Block Grant	93.569	379,497
Total 477 Cluster		<u>379,497</u>
SNAP Cluster		
State Administrative Matching Grants for the Supplemental		
Nutrition Assistance Program	10.561	68,599
Total SNAP Cluster		<u>68,599</u>
Social Services Block Grant	93.667	445,460
CREST	93.747	340,005
Ombudsman - CARES	93.747	16,355
Passed through Office of Criminal Justice Programs		
Crime Victim Assistance	16.575	324,556
Total U.S. Department of Health and Human Services		<u>\$ 8,870,057</u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Schedule of Expenditures of Federal Awards and State Grants (Continued)

Federal/Pass-through Agency Program Title	ALN	
Centers for Medicare and Medicaid Services		
Passed through Tennessee Commission on Aging		
Centers for Medicare and Medicaid Services Research, Demonstrations and Evaluations	93.779	\$ 112,026
PPACA/MIPPA	93.071	72,941
Total Centers for Medicare and Medicaid Services		<u>\$ 184,967</u>
Passed through TennCare		
Medicaid Cluster		
Medicaid Assistance Program	93.778	1,046,217
Total Medicaid Cluster		<u>\$ 1,046,217</u>
Total Federal		<u>\$ 40,339,942</u>
State and Local Grants		
Aging Services -- III-E Match	N/A	\$ 81,900
Senior Centers	N/A	162,400
State Nutrition	N/A	91,400
State Homemaker	N/A	48,500
State Guardianship	N/A	267,200
State Aging - Options	N/A	1,835,471
Senior Centers - ARP	N/A	65,000
State Nutrition - ARP	N/A	24,300
State Homemaker ARP	N/A	12,900
SMP	N/A	29,583
Options 2.0	N/A	847,557
ALZ Respite	N/A	128,241
AJC - DOL	N/A	165,997
AJC - TAA	N/A	11,498
AJC - SNAP	N/A	13,226
AJC - RESEA	N/A	18,498
Summer Youth Employment Program	N/A	188,634
American Apprenticeship	N/A	236,706
Re-entry Awareness	N/A	108,224
AJC - VR	N/A	36,175
Direct Appropriation	N/A	170,940
AJC - TDVA	N/A	24,750
Community Corrections	N/A	746,171
Community Early Intervention	N/A	146,712
FY24 Critical Trips Urban Operating Funds	N/A	763,180
FY24 Urban Operating Assistance Program	N/A	383,200
FY22 Special Projects Capital Funding	N/A	41,160
SFY 2024-Special Projects Capital Assistance	N/A	135,000
BOPP	N/A	<u>139,640</u>
Total State and Local		<u>\$ 6,924,163</u>

ALN = Assistance Listing Number

N/A = Not Applicable

See independent auditors' report.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Notes to Schedules of Expenditures of Federal and State Awards
Year Ended June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedules of expenditures of federal and state awards includes the federal and state award activity of ETHRA under programs of the federal government for the year ended June 30, 2024. The information in these Schedules is presented in accordance with the 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). Because the Schedules present only a selection portion of the operations of ETHRA they are not intended to and do not present the financial position, change in net position, or cash flows of ETHRA.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. ETHRA uses an 19.5% indirect cost rate approved by the Department of Health and Human Services.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
HUD Housing Choice Voucher Program Financial Data Schedule
June 30, 2024

HUD A/C#		HUD HCV
	Assets	
111	Cash - unrestricted	\$ 518,138
113	Cash - other restricted	<u>166,207</u>
100	Total Cash	<u>684,345</u>
128	Accounts receivable	<u>56,433</u>
120	Total receivables	<u>56,433</u>
150	Total current assets	<u>740,778</u>
164	Furniture, equipment, & machinery - administration	115,758
166	Accumulated depreciation	<u>(102,099)</u>
160	Total capital assets, net of accumulated depreciation	<u>13,659</u>
180	Total non-current assets	<u>13,659</u>
290	Total assets	<u><u>\$ 754,437</u></u>
	Liabilities	
312	Account payable less than 90 days	<u>29,978</u>
346	Accrued expenses	<u>-</u>
310	Total current liabilities	<u>29,978</u>
353	Non-current liabilities - other	<u>138,297</u>
350	Total non-current liabilities	<u>138,297</u>
300	Total liabilities	<u>168,275</u>
	Net Position	
508.4	Net investment in capital assets	13,659
511.4	Restricted net position	(6,572)
512.4	Unrestricted net position	<u>579,075</u>
513	Total equity - net assets/position	<u>586,162</u>
600	Total liabilities and equity - net assets/position	<u><u>\$ 754,437</u></u>
Line 113 Details		
113-020	FSS escrow deposits	\$ 138,297
113-030	All other funds	<u>27,910</u>
		<u><u>\$ 166,207</u></u>

See independent auditors' report.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
HUD Housing Choice Voucher Program Financial Data Schedule (Continued)

<u>HUD A/C#</u>		<u>HUD HCV</u>
	Revenues	
70600	HUD PHA operating grants	\$ 5,296,018
71400	Fraud recovery	-
71500	Other revenue	<u>41,704</u>
70000	Total operating revenues	<u>5,337,722</u>
	Expenses	
	Administrative	
91100	Administrative salaries	190,305
91200	Auditing fees	4,359
91400	Advertising and marketing	381
91500	Employee benefit contributions - administrative	54,850
91600	Office expenses	49,355
91800	Travel	22,162
91810	Allocated overhead	60,773
91900	Other general expenses	<u>738</u>
91000	Total operating - administrative	<u>382,923</u>
	Tenant	
92100	Tenant services - salaries	54,815
92300	Employee benefit contributions - tenant services	17,466
92400	Travel and training	<u>2,398</u>
92500	Total tenant services	<u>74,679</u>
	Insurance premiums	
96120	Liability insurance	<u>11,209</u>
96100	Total insurance premiums	<u>11,209</u>
96900	Total operating expenses	<u>468,811</u>
97000	Excess of operating revenue over operating expenses	<u>4,868,911</u>
97300	Housing assistance payments	4,675,010
97350	HAP portability-in	4,149
97400	Depreciation expense	<u>8,206</u>
90000	Total expenses	<u>5,156,176</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	<u>\$ 181,546</u>

See independent auditors' report.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
HUD Housing Choice Voucher Program Financial Data Schedule (Continued)

<u>HUD A/C#</u>		<u>HUD HCV</u>
	Memo account information	
11030	Beginning equity	\$ 424,451
11170	Administrative fee equity	557,706
11180	Housing assistance payments equity	48,289
11190	Unit months available	10,536
11210	Number of unit months leased	7,748
	Line item 70600 details	
70600-010	Housing assistance payments	4,695,687
70600-020	Ongoing administrative fees earned	551,817
70600-031	FSS coordinator grant	<u>48,514</u>
	Total	<u>\$ 5,296,018</u>
	Line item 71400 details	
71400-010	Housing assistance payment	\$ -
71400-020	Administrative fee	<u>-</u>
	Total	<u>\$ -</u>
	Line item 97300 details	
97300-020	Home-ownership	\$ 127,645
97300-040	Tenant protection	8,702
97300-041	Portability-out	11,891
97300-045	FSS escrow deposits	76,724
97300-050	All other	<u>4,450,048</u>
	Total	<u>\$ 4,675,010</u>
	Line item 11170 details	
11170-001	Administrative fee equity - beginning balance	\$ 405,926
11170-010	Administrative fee revenue	528,367
11170-021	FSS coordinator	48,514
11170-045	Fraud recovery revenue	-
11170-050	Other revenue	<u>6,492</u>
11170-060	Total admin fee revenues	<u>989,299</u>
11170-080	Total operating expenses	468,811
11170-090	Depreciation	8,206
11170-095	Housing assistance payment portability in	<u>4,149</u>
11170-110	Total expenses	<u>481,166</u>
11170-002	Net administrative fee	<u>508,133</u>
11170-003	Administrative fee equity - ending balance	<u>\$ 914,059</u>
11170-006	Post - 2003 administrative fee reserves	<u>\$ 914,059</u>

See independent auditors' report.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
HUD Housing Choice Voucher Program Financial Data Schedule (Continued)

<u>HUD A/C#</u>		<u>HUD HCV</u>
	Line item 11180 details:	
11180-001	Housing assistance payments equity - beginning balance	\$ 602,774
11180-010	Housing assistance payments revenue	4,695,687
11180-015	Fraud recovery revenue	<u>-</u>
11180-021	Comments for other revenue - forfeitures	
11180-030	Total housing assistance payments revenue	<u>5,298,461</u>
11180-080	Housing assistance payments	<u>4,675,010</u>
11180-091	Comments for other expenses - prior period expense correction	
11180-100	Total housing assistance payments expenses	<u>4,675,010</u>
11180-002	Net housing assistance payments	<u>623,451</u>
11180-003	Housing assistance payments equity - ending balance	<u><u>\$ 1,226,225</u></u>
	Line item 11190 details:	
11190-210	Total ACC HCV Units	<u><u>10,536</u></u>

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Schedule of Changes in Lease Obligations
Year Ended June 30, 2024

Description of Indebtedness	Original	Interest	Date	Last	Outstanding	Issued	Paid and/or	Outstanding
	Amount of Issue			Maturity Date		During Period	Matured During Period	
Governmental Activities - Finance Purchase Obligation Payable								
Payable through General Fund								
Office Space - Blount Realty	\$ 381,528	5%	6/30/2023	6/30/2028	\$ 381,528	\$ -	\$ 73,399	\$ 308,129
Office Space - Blount Chilhowee	166,750	5%	7/1/2023	9/30/2027	-	166,750	51,783	114,967
Office Space - Claiborne-BAHT	18,119	5%	7/31/2023	6/30/2025	-	18,119	8,834	9,285
Office Space - Cocke-PBDB	17,766	5%	7/31/2023	6/30/2025	-	17,765	8,662	9,103
Office Space - Grainger County	11,397	5%	7/31/2022	6/30/2024	5,704	-	5,704	-
Office Space - Grainger Sun Fresh Produce	20,706	5%	3/31/2024	6/30/2026	-	20,706	2,813	17,893
Office Space - Hamblen Don Bunch	187,975	5%	7/31/2021	9/30/2027	141,133	-	28,692	112,441
Office Space - Hamblen-Bunch Family Limited	355,259	5%	7/31/2021	9/30/2026	230,767	-	67,063	163,704
Office Space - Knox Cross Park	878,684	5%	7/31/2021	2/29/2024	232,788	-	232,788	-
Office Space - Roane-GLJ LBD	20,020	5%	7/31/2023	6/30/2025	-	20,020	13,011	7,009
Office Space - Roane-Terry Hill	248,371	5%	7/31/2021	6/30/2027	173,692	-	40,229	133,463
Office Space - Scott-Butler	31,697	5%	7/1/2023	6/30/2026	-	31,697	10,043	21,654
Warehouse - Storage Mullins Warehouse Park	83,949	5%	7/31/2021	5/31/2026	54,851	-	17,914	36,937
Equipment - Printworks	256,585	5%	7/31/2021	10/31/2026	159,323	-	61,150	98,173
Total payable through General Fund					\$ 1,379,786	\$ 275,057	\$ 622,085	\$ 1,032,758
Business-Type Activities - Finance Purchase Obligations Payable								
Payable through Proprietary Fund								
Office Space - Claiborne-BAHT	\$ 20,631	5%	7/31/2023	6/30/2025	\$ -	\$ 20,631	\$ 10,058	\$ 10,573
Office Space - Cocke-PBDB	14,465	5%	7/31/2023	6/30/2025	-	14,465	7,051	7,414
Office Space - Greene-Douthat	61,715	5%	9/30/2023	6/30/2028	-	61,715	9,607	52,108
Office Space - Hamblen Don Bunch	84,452	5%	7/31/2021	9/30/2027	54,102	-	12,891	41,211
Office Space - Hawkins Dena Clonce	39,743	5%	8/31/2021	7/31/2026	25,667	-	7,896	17,771
Office Space - Knox Cross Park	52,890	5%	7/31/2021	2/29/2024	14,012	-	14,012	-
Office Space - Roane-GLJ LBD	13,346	5%	7/31/2023	6/30/2025	-	13,346	8,674	4,672
Office Space - Union-Teresa Susan Ball Trust	37,617	5%	2/28/2022	6/30/2025	22,794	-	11,113	11,681
Equipment - Printworks	41,129	5%	7/31/2021	10/31/2026	25,539	-	10,076	15,463
Total payable through Proprietary Fund					\$ 142,114	\$ 110,157	\$ 91,378	\$ 160,893
Total finance purchase obligations payable					\$ 1,521,900	\$ 385,214	\$ 713,463	\$ 1,193,651

See independent auditors' report.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Schedule of Lease Requirements by Year

General Fund and Proprietary Fund

Year Ended June 30, 2024

Governmental Activities:

Year Ended June 30,	Blount Realty		Blount Chilhowee		Claiborne-BAHT		Cocke-PBDB		Grainger - Sun Fresh Produce		Hamblen-Bunch Family Limited		Hamblen-Don Bunch	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 71,366	\$ 13,786	\$ 33,410	\$ 4,990	\$ 9,286	\$ 289	\$ 9,104	\$ 249	\$ 8,723	\$ 697	\$ 70,494	\$ 6,584	\$ 11,266	\$ 4,616
2026	75,018	10,134	35,120	3,280	-	-	-	-	9,170	250	74,100	2,978	31,703	3,073
2027	78,856	6,296	36,917	1,483	-	-	-	-	-	-	19,110	159	35,105	1,410
2028	62,696	2,263	7,201	80	-	-	-	-	-	-	-	-	11,897	75
	<u>\$287,936</u>	<u>\$ 32,479</u>	<u>\$112,648</u>	<u>\$ 9,833</u>	<u>\$ 9,286</u>	<u>\$ 289</u>	<u>\$ 9,104</u>	<u>\$ 249</u>	<u>\$ 17,893</u>	<u>\$ 947</u>	<u>\$ 163,704</u>	<u>\$ 9,721</u>	<u>\$ 89,971</u>	<u>\$ 9,174</u>

Business Type Activities:

Year Ended June 30,	Claiborne-BAHT		Cocke-PBDB		Greene-Douthat		Hamblen-Don Bunch		Hawkins-Dena Clonce		Printworks		Roane-GLJ LBD	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 10,572	\$ 253	\$ 7,413	\$ 202	\$ 12,069	\$ 2,331	\$ 32,444	\$ 2,074	\$ 8,300	\$ 700	\$ 8,702	\$ 715	\$ 4,672	\$ 128
2026	-	-	-	-	12,686	1,714	14,243	1,381	8,725	275	9,147	269	-	-
2027	-	-	-	-	13,335	1,065	15,771	634	746	4	391	3	-	-
2028	-	-	-	-	14,018	382	5,343	35	-	-	-	-	-	-
	<u>\$ 10,572</u>	<u>\$ 253</u>	<u>\$ 7,413</u>	<u>\$ 202</u>	<u>\$ 52,108</u>	<u>\$ 5,492</u>	<u>\$ 67,801</u>	<u>\$ 4,124</u>	<u>\$ 17,771</u>	<u>\$ 979</u>	<u>\$ 18,240</u>	<u>\$ 987</u>	<u>\$ 4,672</u>	<u>\$ 128</u>

See independent auditors' report.

Governmental Activities:

Year Ended June 30,	Printworks		Roane-GLJ LBD		Roane-Terry Hill		Scott-Butler		Storage-Mullins Warehouse Park		Total	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2025	\$ 54,286	\$ 4,457	\$ 7,009	\$ 191	\$ 42,287	\$ 5,713	\$ 10,557	\$ 843	\$ 18,831	\$ 1,419	\$ 346,619	\$ 43,834
2026	57,066	1,678	-	-	44,451	3,549	11,097	303	18,106	456	355,831	25,701
2027	2,436	22	-	-	46,725	1,275	-	-	-	-	219,149	10,645
2028	-	-	-	-	-	-	-	-	-	-	81,794	2,418
	<u>\$ 113,788</u>	<u>\$ 6,157</u>	<u>\$ 7,009</u>	<u>\$ 191</u>	<u>\$133,463</u>	<u>\$ 10,537</u>	<u>\$ 21,654</u>	<u>\$ 1,146</u>	<u>\$ 36,937</u>	<u>\$ 1,875</u>	<u>\$1,003,393</u>	<u>\$ 82,598</u>

Business Type Activities:

Year Ended June 30,	Union-Teresa Susan Ball Trust		Total	
	Principal	Interest	Principal	Interest
2025	\$ 11,681	\$ 319	\$ 95,853	\$ 6,722
2026	-	-	44,801	3,639
2027	-	-	30,243	1,706
2028	-	-	19,361	417
	<u>\$ 11,681</u>	<u>\$ 319</u>	<u>\$190,258</u>	<u>\$ 12,484</u>

COMPLIANCE REPORTS



Independent Auditors' Report on Internal Control Over Financial Reporting
and on Compliance and Other Matters Based on An Audit of Financial
Statements Performed in Accordance with Government Auditing Standards

To the Board of Directors
East Tennessee Human Resource Agency, Inc.

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, the business-type activities, each major fund, and the aggregate remaining fund information of East Tennessee Human Resource Agency, Inc. ("ETHRA") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise ETHRA's basic financial statements, and have issued our report thereon dated January 2, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered ETHRA'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 ETHRA's internal control. Accordingly, we do not express an opinion on the effectiveness of ETHRA'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 ETHRA's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Rodefer Moss & Co, PLLC

Knoxville, Tennessee
January 2, 2025



Independent Auditors' Report on Compliance for Each Major Program and on
Internal Control Over Compliance Required by the Uniform Guidance

To the Board of Directors
East Tennessee Human Resource Agency, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Tennessee Human Resource Agency, Inc. ("ETHRA") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of ETHRA's major federal programs for the year ended June 30, 2024. ETHRA's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, ETHRA 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, 2024.

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 Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Auditors' 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 ETHRA's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ETHRA'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 ETHRA'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 ETHRA'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 ETHRA's internal control over compliance. Accordingly, no such opinion is expressed.

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

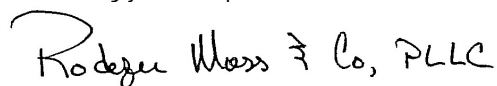
Report on Internal Control Over Compliance

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

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

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

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



Knoxville, Tennessee
January 2, 2025

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.

Schedule of Findings and Questioned Costs

Year Ended June 30, 2024

I. Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **Unmodified opinion**

Internal Control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported
- Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified? _____ Yes X None Reported

Type of auditors report issued on compliance for major federal programs: **Unmodified opinion**

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major federal programs:

<u>ALN Number</u>	<u>Name of Federal Program</u>
17.258	Workforce Investment Act Adult Program
17.259	Workforce Investment Act Youth Program
17.278	Workforce Investment Act Dislocated Worker
93.568	Low-Income Home Energy Assistance
93.778	Medical Assistance Program
10.559	Summer Food Service Program for Children
10.558	Child and Adult Care Food Program

Dollar threshold used to distinguish between type A and type B programs: \$1,210,198

Auditee qualified as low -risk auditee? _____ Yes X No

II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards

None Reported.

EAST TENNESSEE HUMAN RESOURCE AGENCY, INC.
Schedule of Prior Year Findings and Questioned Costs
Year Ended June 30, 2023

Findings - Financial Statements Audit

There were no prior findings reported.

Findings and Questioned Costs - Major Federal Award Programs Audit

There were no prior findings reported.