WORKFORCE SOLUTIONS NORTHEAST TEXAS
EXECUTIVE COMMITTEE AGENDA

Place: Titus Wellness Center Medical Plaza
2015 Mulberry Street
Mount Pleasant, Texas
June 25, 2025
9:00 a.m.
&
ZOOM
https://netxworks-org.zoom.us/j/96360811971?pwd=iJy3fg7ICoYfGgKMIHOKVbVDEsJi8e.1

Meeting ID: 963 6081 1971
Passcode: 466254

Toll-Free Numbers:
833 548 0276
833 548 0282
833 928 4608
833 928 4609
833 928 4610
877 853 5257
888 475 4499

The Texas Open Meetings Act now allows for members of a governmental body to attend a public meeting via a video conference call. The head of the board or commission must be physically present in the designated meeting place and the public must be given access to that meeting space.

1. Call To Order

2. Determination of a Quorum

3. Declaration of Conflict of Interest

4. Reminder of Texas Government Code Chapter 551 regarding open meetings that if a member of the public or of the Board inquires about a subject that is not on the agenda, and for which notice has not been given as required, any discussion of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a future meeting.

5. Discussion, consideration and possible action regarding approval of the April 23, 2025 Executive Committee minutes.*

In accordance with the Americans with Disabilities Act, we invite all attendees to advise us of any special accommodations due to disability. The meeting place is accessible to persons with disabilities. If assistance is needed to participate, please call the office of the Workforce Solutions Northeast Texas (903) 794-9490. Please submit your request as far as possible in advance of the meeting you wish to attend. NOTE: Between regularly scheduled meetings of the Workforce Solutions Northeast Texas Board the Executive Committee may discuss, deliberate, and take all appropriate action on behalf of the Board regarding any matter listed on this Agenda. The Executive Committee may discuss any of the following in closed executive session and have action taken in an open meeting; personnel matters relating to officers and/or employees of the Board, certain consultations with an attorney, discussions about the value or transfer of real property, discussions about security personnel or devices, discussions about prospective gifts or donations, discussion of certain economic development matters.

6. Discussion, consideration and possible recommendation of contract award for Contracted Service Provider.*

7. Discussion regarding new board member committee assignments.
- Patricia (Patty) Boeckmann, Private Sector

8. Discussion regarding the FY2026 – FY2027 elections.*

9. Discussion, consideration, and action regarding the Report on Audit of Financial Statements and Supplemental Information for the year ended September 30, 2024.*

10. Report and update by the Executive Director and/or staff regarding administrative matters, including internal policies and procedures, customer service issues, status of project assignments, organizational matters, and responsibilities of the Board's departments.
- Facility Updates
- TWC Monitoring Management Letter*
  - HHSC Management Letter*
- Meeting with Congressman Nathanial Moran
- TAWB Update
- WIOA Funding

11. Announcements

12. Adjourn

Workforce Solutions Northeast Texas
Executive Committee Minutes

April 23, 2025
Titus Wellness Center Medical Plaza & ZOOM
2015 Mulberry Street
Mount Pleasant, Texas
9:15 A.M.

Item 1. Call to order
Ms. Diane Stegall, Workforce Solutions Northeast Texas Board Chair, brought the Executive Committee meeting to order at 9:35 a.m.

Item 2. Determination of quorum
A quorum was present.

Item 3. Declaration of conflict of interests
None.

Item 4. Reminder of Texas Government Code Chapter 551 regarding open meetings that if a member of the public or of the Board inquires about a subject that is not on the agenda, and for which notice has not been given as required, any discussion of or decision about the subject of the inquiry shall be limited to a proposal to place the subject on the agenda for a future meeting.
Ms. Stegall reminded the Executive Committee members that discussion of items other than those listed on the agenda is not allowed and a proposal can be made to place the subject on the agenda for a future meeting.

Item 5. Discussion, consideration, and possible action regarding approval of the February 5, 2025 Executive Committee minutes.
Mr. Amado Azua made a motion to approve the Executive Committee minutes for February 5, 2025 as presented. Dr. Kevin Rose seconded the motion. All were in favor. None opposed. Motion carried.

Item 6. Discussion, consideration, and action regarding the interview panel for the Contracted Service Provider.
Mr. Bart Spivey, Executive Director for Workforce Solutions Northeast Texas, reported that the current Workforce and Child Care Services contract expires September 30, 2025. A Request For Proposals (RFP) for a new contract beginning October 1, 2025 was released on March 24th. The contract will be for twelve months with four 12-month renewal options up to five years. Proposals are due May 16, 2025 and interviews for qualifying bidders will be held on June 11th via ZOOM. Staff is requesting up to three Executive members to volunteer to serve on the interview panel.

After discussion among the Executive Committee members, the interview panel will consist of Mr. Amado Azua, Mr. Brian Crump, and Ms. Stegall.

Item 7. Discussion, consideration, and possible action regarding approval of the lease renewal option for the Texarkana Workforce Center.
Mr. Spivey discussed a proposal to relocate 10 staff members from the current Board office to the Texarkana Workforce Center. This move is being considered due to available vacant space in the Workforce Center, which became open following the departure of the Arkansas workforce agency. The relocation would result in approximately $117,000 in annual cost savings, which would be shared between the

Board and its contractor. As part of the proposed arrangement, the landlord has agreed to perform minor renovations at no upfront cost to the Board. In exchange, the Board is being asked to exercise its 10-year lease renewal option early, ahead of the original 2027 schedule. The proposed lease terms include a monthly rate of $28,680 from 2027 to 2032, and $30,000 from 2032 to 2037. These rates are projected to be significantly more cost-effective than future lease costs adjusted for CPI increases, offering the Board long-term financial benefits.

Mr. Azua made a motion to approval the lease renewal option for the Texarkana Workforce Center as presented. Dr. Rose seconded the motion. All were in favor. None opposed. Motion carried.

Item 8. **Report and update by the Executive Director and/or staff regarding administrative matters, including internal policies and procedures, customer service issues, status of project assignments, organizational matters, and responsibilities of the Board's departments.**

Mr. Spivey provided the Executive Committee with an update on the following items:

- Workforce and Child Care Contractor RFP

The RFP for Operation and Management of Workforce Solutions Northeast Texas Workforce Centers and Programs was released on March 24, 2025 with letters of intent to bid due on April 7, 2025. There have been three letters of intent to bid received.

Proposals are due May 16, 2025 and interviews will be conducted on June 11, 2025.

- Legislative Update

At the federal level, discussions are ongoing regarding the reauthorization of the Workforce Innovation and Opportunity Act (WIOA). A key proposal includes mandating that 50% of WIOA funds be allocated specifically to training. This change could significantly limit the flexibility of fund usage for other vital services such as job fairs and employer engagement initiatives.

At the state level, several bills are being closely monitored. These include a proposed requirement for advance notification of new employer relocations, the establishment of rural workforce training grants targeting counties with populations under 200,000, and the expansion of reemployment services to all unemployment insurance (UI) recipients—currently available only to a select group. Additionally, there is a proposal to implement an employer tax to support childcare funding, with potential exemptions for employers who provide in-house childcare services.

- Board Staff Activity

Board staff remains actively engaged in local Career and Technical Education (CTE) advisory councils, including those at North Lamar, Liberty-Eylau, and Sulphur Springs ISDs. A new initiative, the Northeast Texas Career Alliance, has been established as a collaborative effort among five rural school districts, Region 8 Education Service Center, and Northeast Texas Community College (NTCC). The Alliance aims to enhance career program offerings by sharing resources and instructors.

Additionally, the Executive Director and Finance Director, and Board Vice Chair participated in state and national forums held in Austin and Washington, D.C., gaining valuable insights from peers across the country. Ongoing one-on-one outreach efforts have included meetings with board members, educators, economic developers, and local officials to strengthen regional partnerships and align priorities.

- Facility Leases

The Paris Workforce Center is undergoing a sale from the state to a private owner (Wayne Cooper), with continued use expected under a new lease arrangement following a procurement process.

- Child Care Activity

Currently, there are 1,947 children enrolled in the child care program, exceeding the target of 1,899. Northeast is the second-highest performance board in Texas for child care enrollment.

The Child Care program remains a standout, with enrollment exceeding state targets. However, the launch of the Tx3C system has introduced operational challenges causing frustration for providers, parents, and staff, prompting weekly troubleshooting calls with the Texas Workforce Commission (TWC).

- Future Board Meetings

A proposal was introduced to rotate meeting locations to include workforce centers and employer sites. The objectives are to increase board members' exposure to day-to-day operations and strengthen community engagement. Both Northeast Texas Community College (NTCC) and Ledwell expressed interest in hosting future meetings. Virtual participation options will continue to be available to ensure accessibility. A trial run of this new format is planned for June.

- Results Infographic

New visual metrics were shared to highlight the impact of workforce programs. Notably, participants saw an average wage increase from $7.45 to $23.79, and the return on investment was calculated at $6.98 for every $1 spent. Additional infographics are in development to illustrate outcomes related to childcare services and youth/student engagement.

- Local Area Unemployment Statistics

For Northeast, the unemployment rate dropped from 4.3% in February 2025 to 3.9% in March 2025. Employment numbers increased in four counties and increased in five counties which shows overall positive movement. There continues to be signs of encouraging economic indicators for the region.

Item 9. Announcements.
None.

Item 10. Adjourn
Ms. Stegall adjourned the Executive Committee meeting at 10:17 a.m.

Workforce Solutions Northeast Texas
Executive Committee Minutes

Executive Committee Members Present

Diane Stegall/Board Chair
Amado Azua
Brian Crump
Dr. Kevin Rose

Board Staff Present

Bart Spivey/Executive Director
April Corbit/Board Relation Coordinator

Agenda Item Request and Cover Sheet

X	Regular Item
	Consent Item

Meeting Date	6/25/2025
Agenda Item Number	6

Item Submitted By:	Bart Spivey
Executive Director Approval:	Bart Spivey

Item:

Discussion, consideration and possible recommendation of contract award for Contracted Services Provider

Item Description:

Award of contract for Contracted Service Provider RFP FY 25-01

Item Background:

The current contract for the Contracted Service Provider exhausted all available option years after exercise of the option for FY 2025. A Request for Proposals (RFP) was issued on March 24, 2025 with a due date for receipt of proposals on May 16, 2025. Following the due date, a proposal scoring panel was formed with both internal and external evaluators. In order to be considered for an interview, the proposal had to score at least 75 points. The proposal submitted by Principle Concepts scored 90.2 points and three members of the Executive Committee participated in an interview with Principle Concepts. Following the interview, the members scored the interview, bringing Principle Concepts total score to 135.2. The total score is above the threshold necessary to award the contract, subject to satisfactory negotiations of the terms and conditions.

Budgetary and Financial Summary:

The contract will be negotiated with the funding constraints for FY 2026

Staff Recommendations:

Staff recommends award of the contract to Principle Concepts, LLC subject to satisfactory negotiations of the terms and conditions pertaining to the contract.

Relationship to Strategic Plan:

Consistant with goals and objectives in Strategic Plan

Action Options: Motion to approve | Motion to not approve | Table

Supporting Materials:

None

Fiscal Integrity Summary
Principle Concepts
FY2023

Review Item	Period Covered	Reviewed by Staff	Reviewed by Board/ Committee	Corrective Action Required	Questioned/ Disallowed Costs
TWC Monitoring Review, Report #23.07.0001	21.09-22.10	8/16/2023	8/17/2023	YES	$ -
Initial Screening & Eligibility Determination	FY22Q3	10/16/2022	10/20/2022	NO	$ -
Resource Management & Service Delivery	FY22Q3	10/17/2022	10/20/2022	YES	$ -
Program Integrity	FY22Q3	10/17/2022	10/20/2022	NO	$ -
Fiscal Monitoring	FY2022	3/31/2023	4/20/2023	NO	$ -
Assessment & Service Planning Authorization	FY2022	1/18/2023	4/20/2023	YES	$ -
Initial Screening & Eligibility Determination - CC	FY2022	3/28/2023	4/20/2023	NO	$ -
Initial Screening & Eligibility Determination	FY22Q4	2/14/2023	4/20/2023	YES	$ -
Resource Management & Service Delivery	FY22Q4	2/10/2023	4/20/2023	YES	$ -
Outcomes	FY2022	3/27/2023	4/20/2023	YES	$ -
Program Integrity	FY22Q4	2/17/2023	4/20/2023	YES	$ -
Initial Screening & Eligibility Determination	FY23Q1	4/13/2023	4/20/2023	NO	$ -
Resource Management & Service Delivery	FY23Q1	4/14/2023	4/20/2023	NO	$ -
Program Integrity	FY23Q1	4/14/2023	4/20/2023	NO	$ -
Audit of Financial Statements & Supplemental Inform	FY2022	5/17/2023	6/22/2023	NO	$ -
WIOA Audit of Expenditures of Federal Awards(Progr	FY2022	6/9/2023	6/22/2023	NO	$ -
Assessment & Service Planning Authorization	FY23Q1&2	5/10/2023	6/22/2023	NO	$ -
Initial Screening & Eligibility Determination	FY23Q2	6/16/2023	6/22/2023	NO	$ -
Resource Management & Service Delivery	FY23Q2	6/16/2023	6/22/2023	YES	$ -
Program Integrity	FY23Q2	6/16/2023	6/22/2023	NO	$ -
Initial Screening & Eligibility Determination	FY23Q3	8/9/2023	8/17/2023	NO	$ -
Resource Management & Service Delivery	FY23Q3	8/13/2023	8/17/2023	NO	$ -
Program Integrity	FY23Q3	8/13/2023	8/17/2023	NO	$ -

Fiscal Integrity Summary Principle Concepts FY2024					
Review Item	**Period Covered**	**Reviewed by Staff**	**Reviewed by Board/ Committee**	**Corrective Action Required**	**Questioned/ Disallowed Costs**
TWC Monitoring Review, Report #24.07.0001	Nov22 - Oct23	6/19/2024	6/20/2024	NO	$ -
Fiscal Monitoring	FY23Q1-2	8/28/2023	10/19/2023	NO	$ -
Assessment & Service Planning Authorization	FY2023	12/19/2023	1/18/2024	YES	$ -
Outcomes	FY2023	2/28/2024	4/18/2024	NO	$ -
Initial Screening & Eligibility Determination - CC	FY2023	4/4/2024	4/18/2024	NO	$ -
Fiscal Monitoring	FY23Q3-4	1/29/2024	4/18/2024	NO	$ -
Initial Screening & Eligibility Determination	FY23Q4	2/5/2024	4/18/2024	YES	$ -
Program Integrity	FY23Q4	2/5/2024	4/18/2024	YES	$ -
Resource Management & Service Delivery	FY23Q4	2/5/2024	4/18/2024	YES	$ -
Program Monitoring - DSA	FY24Q1-2	6/5/2024	6/20/2024	YES	$ -
Fiscal Monitoring	FY24Q1-2	6/13/2024	6/20/2024	NO	$ -
WIOA Audit of Expenditures of Federal Awards (Program Audit of Principle Concepts)	FY2023	5/30/2024	6/20/2024	NO	$ -
Audit of Financial Statements & Supplemental Information	FY2023	4/23/2024	4/24/2024	NO	$ -

Fiscal Integrity Summary
Principle Concepts
FY2025

Review Item	Period Covered	Reviewed by Staff	Reviewed by Board/ Committee	Corrective Action Required	Questioned/ Disallowed Costs
TWC Monitoring Review, Report #25.07.0001	Nov23 - Oct24	6/11/2025	6/19/2025	NO	$ -
TWC SNAP Monitoring Review, Report #25.07.0001	Nov23 - Oct24	6/11/2025	6/19/2025	NO	$ -
TX HHSC Monitoring Report #HHS000470400001	Apr24 - Aug24	6/10/2025	6/19/2025	NO	$ -
2025 Program Risk Assessment	FY2025	5/19/2025	6/19/2025	NO	$ -
2025 Financial Risk Assessment	FY2025	5/9/2025	6/19/2025	NO	$ -
Fiscal Monitoring - DSA	FY24Q3-4	1/9/2025	1/16/2025	NO	$ -
Program Monitoring - DSA	FY24Q3-4	12/13/2024	1/16/2025	YES	$ -
Management Fee Cost Analysis	FY2026	6/4/2025	6/25/2025	NO	$ -

QUALITATIVE REVIEW
AGGREGATE SCORING SHEET
RFP: FY25-01: Operation and Management of Workforce Solutions Northeast Texas Workforce Centers & Programs

		EVALUATORS								
PROPOSERS	*Initial Evaluation*	*Deborah Hendley*	*Ed Taylor*	*Randy Reed*	*Sandra Shingleur*	*Sharon Davis*	**Total Points**	**Average Score**	**Interview Score**	**Total Score**
Principle Concepts	*Pass*	95.5	81.2	93.7	95.65	84.85	450.9	90.2	45.0	**135.2**

Cost Reasonableness	Evaluated Cost	Percent Effective	Possible Points	Score
Management Cost	$ 199,900	100%	30	30

Interviewers	Score - 50 points max
Amado Azua	50
Brian Crump	40
Diane Stegall	45

	Principle Concepts	Target Cost
Managing Director (Salary, payroll taxes and benefits)	161,790	186,095
Travel, Communications & Supplies	13,110	7,300
Miscellaneous		2,000
Profit (Based on Performance)	25,000	
Management Fee		26,053
Evaluated Cost	**$ 199,900**	**$ 221,448**

FY 2026-FY2027 Slate of Officers

Board Member	**Chair 1 year Private Sector**	**Vice Chair 1 year Private Sector**	**Treasurer Any Sector**	**Secretary Any Sector**	**At-Large Private Sector**	**At-Large Private Sector**	**At-Large Any Sector**
Diane Stegall	X						
Amado Azua		X					
Tammy Miller			X				
Dr. Kevin Rose				X			
Dr. Larry Dotin					X		
Adam Routon						X	
Brian Crump							X

Tiffany Cooper-Aguilar, Owner & Mortician Aguilar Funeral Services 912 TX Highway 37 S., Mount Vernon, TX 75457 Private Sector/Franklin County *Term: 10/1/2023-9/30/2026*	**Amado Azua**, Director of Human Resources Ledwell & Son Enterprises Inc. 3300 Waco St., Texarkana, TX 75501 Private Sector/Bowie County *Term: 10/1/2023-9/30/2026*
Patricia Boeckmann, Chief Executive Officer Titus Regional Medical Center Private Sector/Titus County *Term: 06/01/2025 – 09/30/2027*	**Eric Bryant**, Plant Manager Kimberly-Clark Corporation Private Sector/Lamar County *Term: 10/1/2024 – 9/30/2027*
Derald Bulls, Executive Director CitySquare Community Based Organization/Lamar County *Term: 10/1/2022-9/30/2025*	**Brian D. Crump**, Executive Director CANHelp Community Based Organization/Hopkins County *Term: 10/18/2022 -9/30/2027*
Jonathan Diggs, Director of Strategic Human Resources Signature Solar, EG4 Electronics Private Sector, Hopkins County *Term: 10/1/2024 – 09/30/2027*	**Larry Dotin**, Owner L&B Cattle Company Private Sector/Red River County Veteran Representative *Term: 10/1/12-9/30/2027*
Donna Dounley, Vocational Rehabilitation Manager Texas Workforce Solutions, Vocational Rehabilitation Vocational Rehabilitation/State Seat *Term: 10/1/2012-9/30/2027*	**William Dyck**, COO Delco Trailers Private Sector/Lamar County *Term: 10/1/2023-9/30/2026*
Martin Godwin, Vice President of Power Department Graphic Packaging USW Local Union 1148 Labor/Regional Seat *Term: 3/19/2019 – 9/30/2027*	**Carrolyn Griffin**, Owner/Director Grace Place Child Development Center Child Care Workforce/Regional Seat *Term: 10/12/2016 – 9/30/2026*
Brian Heavner, CFO Cox Logistics Private Sector/Morris County *Term: 10/1/22-9/30/2025*	**Miranda Johnson**, Executive Director Atlanta City Development Corporation Economic Development/Regional Seat *Term: 10/1/2024-9/30/2027*
Melisa Jones, Director of Adult ED Texarkana College Adult Basic and Continuing Education/Regional Seat *Term: 9/21/2017 - 9/30/2027*	**Megan Kumpe**, Branch Administration Manager, Senior Vice President Farmers Bank & Trust Private Sector/Bowie County *Term: 10/1/2023-9/30/2026*

Jennifer Miano, Human Services Program Policy Manager Texas Workforce Commission Public Employment Service/State Seat *Term: 10/1/2024-9/30/2027*	**Kim Miller**, Texas Works Program Manager Texas Health and Human Services Commission Public Assistance/State Seat *Term: 08/04/2020 -09/30/27*
Tammy Miller, Assistant VP/Retail Relationship Officer Alliance Bank Private Sector/Hopkins County *Term: 7/12/2016 - 9/30/2027*	**Dr. Kevin Rose**, Acting President Northeast Texas Community College CBO/Titus County *Term: 10/1/2019 – 9/30/2027*
Adam Routon, Plant Manager Huhtamaki Private Sector/Lamar County *Term: 10/1/2017- 9/30/2026*	**Susan Sanchez**, Adult Education Director Paris Junior College Literacy/Regional Seat *Term: 10/1/2019-9/30/2025*
Mark Stanley, President Stanco Safety Products Private Sector/ Cass County *Term: 4/19/2016 – 9/30/2027*	**Diane Stegall**, Financial Rep/Managing Partner Modern Woodmen of America Private Sector/Delta County *Term: 08/08/17 - 09/30/2025*
Joshua Stegall, Postsecondary Readiness Consultant Region 8 Education Service Center Secondary Education/Regional Seat *Term: 10/1/2024-9/30/2027*	**Kimberly Ward**, Manager – Talent Acquisition CHRISTUS Health Private Sector/Bowie County *Term: 08/13/2024 – 9/30/2026*
Vacant – Post-Secondary Education Representative	

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Executive Committee	Internal Affairs Committee	External Affairs Committee
Diane Stegall, Chair	Amado Azua, Chair/Exec	Kevin Rose, Chair/Exec
Amado Azua, Vice Chair	Tiffany Cooper-Aguilar	Derald Bulls
Dr. Kevin Rose, Secretary	Eric Bryant	Donna Dounley
Tammy Miller, Treasurer	William Dyck	Martin Godwin
Brian Crump	Carrolyn Griffin	Lisa Jones
Dr. Larry Dotin	Brian Heavner	Kim Miller
Adam Routon	Megan Kumpe	Susan Sanchez
	Mark Stanley	Kimberly Ward
	Jennifer Miano	Josh Stegall
	Miranda Johnson	Jon Diggs

North East Texas Workforce Development Board
DBA Workforce Solutions Northeast Texas

Texarkana, Texas

REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

For the Year Ended September 30, 2024

MICHAEL W. GREEN

Certified Public Accountant
827 WEST LOCUST STREET
STILWELL, OK 74960
918-696-6298

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD DBA
WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

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September 30, 2024

MICHAEL W. GREEN
Certified Public Accountant
827 WEST LOCUST STREET
STILWELL, OK 74960
918-696-6298

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas (a nonprofit organization)(the Organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Organization as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

I conducted my 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Organization and to meet my other ethical responsibilities in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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,* I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include

examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State of Texas Single Audit Circular*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of federal and state awards is fairly stated in all material respects, in relation to the financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the information included in the annual report but does not include the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information, and I do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards* and the *Uniform Guidance* and the *State of Texas Single Audit Circular*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 20, 2025 on my consideration of the Organization's internal control over financial reporting and on my test of 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 my testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Regards,

Michael Green, CPA
Stilwell, Oklahoma
June 20, 2025

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD
DBA WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

STATEMENT OF FINANCIAL POSITION
September 30, 2024

ASSETS	
Current Assets	
Cash	$ 636,242
Grants Receivable	1,050,413
Accounts Receivable	154,295
Other Receivables, Net	5,627
Prepaid Expenses	5,228
Total Current Assets	1,851,805
Other Assets	
ROU Lease Asset - Operating Lease, Net	1,306,269
Furniture and Equipment	814,490
Accumulated Depreciation	(421,384)
Total Other Assets	1,699,375
TOTAL ASSETS	$ 3,551,180
LIABILITIES AND NET ASSETS	
Current Liabilities	
Accounts Payable	$ 1,305,458
Deferred Revenue	375,682
Accrued Payroll and Taxes	37,210
Accrued Compensated Absences	84,410
Other Payables	42,391
Current Portion - Lease Payable - Operating Lease	372,944
Total Current Liabilities	2,218,095
Long-Term Liabilities	
Lease Payable - Operating Lease	1,066,764
Total Long-Term Liabilities	1,066,764
Total Liabilities	3,284,859
Net Assets	
Without Donor Restrictions	266,321
With Donor Restrictions	-
Total Net Assets	266,321
TOTAL LIABILITIES AND NET ASSETS	$ 3,551,180

The accompanying notes and auditor's reports are an integral part of these financial statements.

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD
DBA WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Grant Revenues	$ -	$ 19,094,610	$ 19,094,610
Program Income	(1,336)	-	(1,336)
Other Income	482,660	-	482,660
Net Assets Released from Restrictions	19,094,610	(19,094,610)	-
Total Revenues	19,575,934	-	19,575,934
EXPENSES			
Administrative	1,269,400	-	1,269,400
Program	18,510,399	-	18,510,399
Total Expenses	19,779,799	-	19,779,799
Increase (Decrease) in Net Assets	(203,865)	-	(203,865)
Change in Net Assets	(203,865)	-	(203,865)
Net Assets, September 30, 2023	470,186	-	470,186
NET ASSETS, SEPTEMBER 30, 2024	$ 266,321	$ -	$ 266,321

The accompanying notes and auditor's reports are an integral part of these financial statements.

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD
DBA WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended September 30, 2024

	Administrative	Program	Total
EXPENSES			
Personnel	$ 623,289	$ 4,027,393	$ 4,650,682
Payroll Taxes	57,666	17,305	74,971
Fringe Benefits	229,142	73,198	302,340
Contracted Services	21,774	113,189	134,963
Space Costs	140,512	(75,531)	64,981
Insurance	22,028	(1,838)	20,190
Postage and Shipping	183	59,399	59,582
Telecommunications	8,058	726,793	734,851
Information Technology	52,839	(51,432)	1,407
Printing	1,597	77,268	78,865
Advertising	244	521,925	522,169
Depreciation and Amortization	115,700	121,784	237,484
Supplies	1,760	476	2,236
Repairs and Maintenance	7,299	30,043	37,342
Equipment	(94,176)	308,231	214,055
Other	19,022	83,779	102,801
Travel	27,083	(19,808)	7,275
Professional Fees	35,380	9,535	44,915
Direct Services	-	12,488,690	12,488,690
TOTAL FUNCTIONAL EXPENSES	$ 1,269,400	$ 18,510,399	$ 19,779,799

The accompanying notes and auditor's reports are an integral part of these financial statements.

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD
DBA WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

STATEMENT OF CASH FLOWS
For the Year Ended September 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in Net Assets	$ (203,865)
Adjustments to reconcile net assets to cash provided by operating activities:	
Depreciation	102,801
(Increase) Decrease in Grants Receivable	58,584
(Increase) Decrease in Accounts Receivable	58,114
(Increase) Decrease in Other Receivables	6,316
(Increase) Decrease in Prepaid Expenses	343
Increase (Decrease) in Accounts Payable	408,105
Increase (Decrease) in Accrued Payroll and Taxes	434
Increase (Decrease) in Accrued Compensated Absences	(135)
Increase (Decrease) in Other Payables	(256)
Increase (Decrease) in Deferred Revenue	(79,964)
Increase (Decrease) in Lease Payable - Operating Leases	(27,849)
Change in Accounting Principle	-
Net Cash Provided (Used) by Operating Activities	322,628
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Equipment	(145,832)
ROU Lease Assets, Net of Amortization	130,177
Net Cash Provided (Used) by Investing Activities	(15,655)
CASH FLOWS FROM FINANCING ACTIVITIES	
Net Cash Provided (Used) by Financing Activities	-
Increase (Decrease) in Cash	306,973
Cash, September 30, 2023	329,269
CASH, SEPTEMBER 30, 2024	$ 636,242

The accompanying notes and auditor's reports are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
September 30, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business – North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas (the Organization) is a nonprofit organization organized under the laws of the State of Texas in 2001. It is the purpose of the Organization to establish policies, goals, and standards for the development and implementation of effective programs for utilizing the region's human resources and to plan, coordinate, and monitor the provision of such programs and services in accordance with the appropriate State and Federal enactments. The Organization serves Bowie, Cass, Delta, Franklin, Hopkins, Lamar, Morris, Red River and Titus Counties located in the State of Texas.

Income Taxes – The Organization qualifies as an organization exempt from federal income taxes under Section 501(c)(3) of the *Internal Revenue Code*. It has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code. The Organization is subject to a tax on income from any unrelated business, as defined by Section 509(a)(1) of the Code. The Organization currently has no unrelated business income. Accordingly, no provision for income taxes has been recorded.
The Organization has adopted the recognition requirements for uncertain income tax positions as required by generally accepted accounting principles. Income tax benefits are recognized for income tax positions taken or expected to be taken in a tax return only when it is determined that the income tax position will more-likely-than-not be sustained upon examinations by taxing authorities. The Organization has analyzed tax positions taken for filing with the Internal Revenue Service. The Organization believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Organization financial condition, results of operations, or cash flows. Accordingly, the Organization has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at September 30, 2024.
The Organization files form 990 in the U.S. federal jurisdiction. Federal income statutes dictate that tax returns filed in any of the previous three reporting periods remain open to examination. Currently, the Organization has no open examinations with the Internal Revenue Service.

Basis of Accounting – The financial statements of the Organization have been prepared on the accrual basis. Revenues and expenses are controlled by budgetary accounting systems. The annual budget is approved by the Organization Board of Directors.

Basis of Presentation – The Organization is required to report information regarding its financial position and activities according to two classes of net assets; net assets with donor restrictions and net assets without donor restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

> Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).
>
> Net Assets without Donor Restrictions – Net assets not subject to donor-imposed restrictions (donors include other types of contributors, including makers of certain grants).

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

Other Receivables – Other receivables consist of childcare recoupments and represent the amount due from prior clients for direct childcare services which they were later determined to be ineligible for, or they were responsible for a portion of the payment. An allowance for doubtful accounts has been recognized for the portion which management believes to be uncollectible. The uncollectible portion is determined based on the average annual collections. The net receivable has been recognized as a payable to the Texas Workforce Commission (TWC) and is included in accounts payable on the statement of financial position.

Balance at September 30, 2024:	
CC Recoupment Receivable	$ 1,131,117
Allowance for Uncollectible	(1,126,117)
Accounts Payable – TWC	$ 5,000

Statement of Cash Flows – For the purposes of the statement of cash flows, the Organization considers all checking accounts and liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Revenue Recognition – Contributions received are recorded as with or without donor restriction, depending on the existence and/or nature of any donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from restrictions.

Functional Expenses – Expenses are charged based on direct expenditures incurred. Functional expenses which cannot readily be related to a specific grant/contract are charged to the various grant/contracts based upon hours worked, square footage, number of program staff, or other reasonable methods for allocation which are consistently applied.

Subsequent Events – Management of the Organization has evaluated subsequent events through June 20, 2025, which is the date the financial statements were available to be issued.

NOTE 2: LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date. Donor-restricted resources are available to support general expenditures to the extent that restrictions on those resources will be met by conducting the normal activities of the Organization's programs in the coming year.

Financial assets at year end	$ 1,846,577
Less those unavailable for general expenditures within one year, due to Contractual or Donor Imposed Restrictions:	
Net Child Care Recoupments Due to TWC	(5,000)
Financial assets available to meet cash needs for general expenditures within one year	$ 1,841,577

NOTE 3: CASH

Cash consists of demand deposits maintained at financial institutions insured by the Federal Deposit Insurance Corporation (FDIC). Deposits are carried at cost. Bank balances at year-end are categorized as follows to give an indication of the level of risk assumed by the Organization.

Unreconciled

Category	Bank Balances
1) Insured or collateralized with securities held by the Organization or by its agent in the Organization's name.	$ 250,000
2) Collateralized with securities held by the pledging financial institution's trust department.	-
3) Uncollateralized	421,397
TOTAL	$ 671,397

NOTE 4: PROPERTY, PLANT AND EQUIPMENT

Additions of property, plant and equipment are recorded as expenses when purchased in accordance with contract agreements. Donated assets are recorded at fair market value. A contra-account, "Investment in Property, Plant and Equipment" is maintained and reflects the net difference between the value of the assets and related depreciation. A detailed record of property, plant and equipment is maintained. Assets with a value of $5,000 or greater are capitalized. The Organization provides for depreciation computed on the straight line method over the estimated service lives of the assets.

Fixed assets acquired with grant funds, which the Organization maintains a fiduciary relationship with the grantor, are subject to a reversionary interest back to the grantor agency.

A summary of fixed assets for the year ended September 30, 2024 are as follows:

	Balance 9/30/2023	Additions	Disposals	Balance 9/30/2024
Office Furniture & Equipment	$ 668,658	$ 145,832	$ -	$ 814,490
Less Accumulated Depreciation	(318,583)	(102,801)	-	(421,384)
Total Property, Plant, and Equipment	$ 350,075	$ 43,031	$ -	$ 393,106

Depreciation expense totaled $102,801 for the year ended September 30, 2024.

NOTE 5: COMPENSATED ABSENCES

The Organization's policy is to accrue vacation and sick leave for eligible employees based on a benefit year. The benefit year is a twelve month period beginning on date of hire. Vacation accrues from 12 days each year to a maximum of 30 days per year with a maximum carryover of 240 hours. Sick leave accrues at a rate of 12 days per year with no maximum limit of carry over. The Organization accrues a liability for compensated absences which meet the following criteria:

1. The Organization's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation is related to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the Organization has accrued a liability for annual leave which has been earned but not taken by the Organization employees. The balance of accrued annual leave was $84,410 at September 30, 2024.

NOTE 6: PENSION PLAN

The Organization maintains a defined contribution pension plan under IRS Code Section 403(b). The Organization contributes 5% of an employee's salary plus a match of up to 8%. Contributions totaling $74,114 for the year ended September 30, 2024, were made by the Organization, in addition to the elective deferrals made by employees.

NOTE 7: LEASES

The Organization has operating leases for space. Most leases include one or more options to renew, with renewal terms that can extend the lease term from two to ten years. Only lease options which the Organization believes are reasonably certain to exercise are included. The lease assets and liabilities were calculated utilizing the risk-free discount rate at lease inception, according to the Organization's elected policy.

Additional Information:

Lease Costs:	
Operating Lease Cost (included in Administrative Space Costs)	$ 520,019

Cash Flow Information:

Cash paid for amounts included in measurement of lease liabilities:	
Operating Cash Flows from Operating Leases	$ (27,849)
Lease assets obtained in exchange for lease liabilities:	
Operating Leases	$ (80,010)

Long Term and Discount Rate:	
Weighted average remaining lease term - Operating Leases	57 months
Weighted average discount rate - Operating Leases	4.01%

Maturities of Lease Liabilites as of September 30, 2024:

Year Ending September 30,	Operating Leases
2025	$ 424,481
2026	424,481
2027	408,421
2028	51,600
2029	51,600
Thereafter	227,900
Total Lease Payments	$ 1,588,482
Less: Interest	(148,774)
Present Value of Lease Liabilities	$ 1,439,708

NOTE 8: ECONOMIC DEPENDENCY

For the year ended September 30, 2024, the Organization received approximately 96.5% of its revenue from funds provided through federal and state grants passed through the TWC. These amounts are all appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds received could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Organization will receive in the next fiscal year.

NOTE 9: COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Organization participates in a number of federal and state assisted grant programs. These programs are subject to audit by the grantors or their representatives. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under the terms of the grant. Presently the Organization has no such request pending, and in the opinion of management, any such amounts would not be considered material.

MICHAEL W. GREEN
Certified Public Accountant
827 WEST LOCUST STREET
STILWELL, OK 74960
918-696-6298

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas

I 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 and the financial statements of North East Texas Workforce Development Board DBA Workforce Solutions North East Texas (a non-profit organization) (the Organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated June 20, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered The Organization'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, I do not express an opinion on the effectiveness of the Organization'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 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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Regards,

Michael Green, CPA
Stilwell, Oklahoma
June 20, 2025

MICHAEL W. GREEN
Certified Public Accountant
827 WEST LOCUST STREET
STILWELL, OK 74960
918-696-6298

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL AND STATE PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE OF TEXAS SINGLE AUDIT CIRCULAR

To the Board of Directors
North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

I have audited North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas's (a nonprofit Organization) (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State of Texas Single Audit Circular* that could have a direct and material effect on each of the Organization's major federal programs for the year ended September 30, 2024. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, the Organization 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 September 30, 2024.

Basis for Opinion on Each Major Federal Program

I conducted my 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) and the *State of Texas Single Audit Circular*. My responsibilities under those standards and the Uniform Guidance and the *State of Texas Single Audit Circular* are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

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

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on my 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 and the *State of Texas Single Audit Circular* will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization'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 and the *State of Texas Single Audit Circular*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Organization'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 and the *State of Texas Single Audit Circular*, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

Report on Internal Control Over Compliance

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

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the *State of Texas Single Audit Circular*. Accordingly, this report is not suitable for any other purpose.

Regards,

Michael Green, CPA
Stilwell, Oklahoma
June 20, 2025

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD
DBA WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2024

Federal Grantor/Program Title	Pass-Thru Entity Identifying Number	Contract Number	Assistance Listing Number	Additional Award Identification	Expenditures	Amounts Provided to Subrecipients
FEDERAL AWARDS						
U.S. DEPARTMENT OF AGRICULTURE						
Passed Through Texas Workforce Commission:	1311674422					
SNAP Cluster:						
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		0724SNE001	10.561		$ 125,249	$ 105,532
Total 10.561					125,249	105,532
Total SNAP Cluster					125,249	105,532
Total U.S. Department of Agriculture					125,249	105,532
U.S. DEPARTMENT OF LABOR						
Passed Through Texas Workforce Commission:	1311674422					
WIOA Cluster:						
WIOA Adult Program		0722WOA001	17.258		101,720	77,081
WIOA Adult Program		0723WOA001	17.258		732,205	649,556
WIOA ADULT STATEWIDE		0723HJT001	17.258		(28,734)	-
WIOA ADULT STATEWIDE		0723HJT002	17.258		95,851	-
WIOA ADULT STATEWIDE		0723HJT003	17.258		54,000	-
WIOA ADULT STATEWIDE		0723EXT001	17.258		11,996	-
WIOA Adult Program		0724WOZ001	17.258		67,395	65,427
Total 17.258					1,034,433	792,064
WIOA Youth Activities		0722WOY001	17.259		115,748	74,939
WIOA Youth Activities		0723WOY001	17.259		663,253	586,382
Total 17.259					779,001	661,321
WIOA Dislocated Worker Formula Grants		0722WOD001	17.278		379,664	296,653
WIOA Dislocated Worker Formula Grants		0723WOD001	17.278		985,859	853,575
WIOA Dislocated Worker Formula Grants		0723WOR001	17.278		3,292	300
WIOA Dislocated Worker Formula Grants		0724EXT001	17.278		69,056	-
Total 17.278					1,437,871	1,150,528
Total WIOA Cluster					3,251,305	2,603,913
Employment Service Cluster:						
Employment Service/Wagner-Peyser Funded Activities		0724WPA001	17.207		55,652	50,343
Employment Service/Wagner-Peyser Funded Activities		0723WPA001	17.207		7,232	6,353
Employment Service/Wagner-Peyser Funded Activities		0724WCI001	17.207		7,000	7,000
Total 17.207					69,884	63,696
Disabled Veterans' Outreach Program		0724TVC001	17.801		18,986	17,265
Total 17.801					18,986	17,265
Total Employment Service Cluster					88,870	80,961
Unemployment Insurance:						
Unemployment Insurance		0724REA001	17.225		222,052	203,382
Unemployment Insurance		0723REA001	17.225		66,850	60,071
Total 17.225					288,902	263,453
Reentry Employment Opportunities						
Reentry Employment Opportunities		0724REO001	17.270		92,410	64,925
Total 17.270					92,410	64,925
Trade Adjustment Assistance:						
Trade Adjustment Assistance		0723TRA001	17.245		16,446	15,483
Trade Adjustment Assistance		0724TRA001	17.245		24,855	24,275
Total 17.245					41,301	39,758
Total U.S. Department of Labor					$ 3,762,788	$ 3,053,010

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

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD
DBA WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2024

Federal Grantor/Program Title	Pass-Thru Entity Identifying Number	Contract Number	Assistance Listing Number	Additional Award Identification	Expenditures	Amounts Provided to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
Passed Through Texas Workforce Commission:	1311674422					
CCDF Cluster:						
Child Care Development Block Grant		0723CCQ001	93.575		$ 25,246	$ 25,246
COVID-19 - Child Care Development Block Grant		0723CCQ001	93.575	COVID-19	5,807,293	5,533,817
Child Care Development Block Grant		0723CCQ001	93.575		4,074,261	3,882,397
Child Care Development Block Grant		0724CCQ001	93.575		783,913	783,913
COVID-19 - Child Care Development Block Grant		0724CCQ001	93.575	COVID-19	24,365	24,365
Total 93.575					10,715,078	10,249,738
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		0724CCM001	93.596		1,964,474	1,871,963
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		0723CCM001	93.596		67,883	67,883
Child Care Mandatory and Matching Funds of the Child Care and Development Fund		0724CCM001	93.596		22,500	22,500
Total 93.596					2,054,857	1,962,346
Total CCDF Cluster					12,769,935	12,212,084
Temporary Assistance for Needy Families:						
Temporary Assistance for Needy Families		0724TAF001	93.558		985,324	865,698
Temporary Assistance for Needy Families		0724WCI001	93.558		36,047	-
Temporary Assistance for Needy Families		0723WPA001	93.558		2,437	2,437
Temporary Assistance for Needy Families		0724WPA001	93.558		2,749	2,749
Total Temporary 93.558					1,026,557	870,884
Social Services Block Grant:						
Social Services Block Grant		0724CCF001	93.667		20,010	19,068
Total 93.667					20,010	19,068
Total U.S. Department of Health and Human Services					13,816,502	13,102,036
TOTAL EXPENDITURES OF FEDERAL AWARDS					$ 17,704,539	$ 16,260,578
STATE AWARDS						
TEXAS WORKFORCE COMMISSION	1311674422					
Texas Department of Family and Protective Services Child Care:						
Texas Department of Family and Protective Services Child Care		0725CCP001	N/A		$ 38,529	$ 36,694
Texas Department of Family and Protective Services Child Care		0724CCP001	N/A		432,194	412,053
Total Texas Department of Family and Protective Services Child Care					470,723	448,747
Temporary Assistance for Needy Families		0724TAF001	N/A		119,080	104,623
Temporary Assistance for Needy Families		0723TAF001	N/A		63,625	42,098
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		0724SNE001	N/A		38,838	32,724
Social Services Block Grant		0723CCF001	N/A		92,384	88,017
Social Services Block Grant		0724CCF001	N/A		400,088	381,247
Total Texas Workforce Commission					1,184,738	1,097,456
TEXAS EDUCATION AGENCY	N/A					
Tri-Agency Grant for Regional Conveners		23038604711004	N/A		199,497	-
Total Texas Education Agency					199,497	-
TOTAL EXPENDITURES OF STATE AWARDS					1,384,235	1,097,456
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS					$ 19,088,774	$ 17,358,034

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

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Year Ended September 30, 2024

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the North East Texas Workforce Development Board DBA Workforce Solutions Northeast Texas (a nonprofit organization)(the Organization) under programs of the federal and state government for the year ended September 30, 2024. The information in this schedule is 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* (the Uniform Guidance) and the *State of Texas Single Audit Circular.* Because the schedule presents only a portion of the operations of the Organization, it is not intended to, and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3: SUBRECIPIENTS

A portion of the federal and state expenditures presented in these schedules was provided to subrecipients by the organization. That portion has been identified in a separate column on the schedule of expenditures of federal and state awards.

NOTE 4: RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Amounts reported in the accompanying schedule may not agree with the amounts reported in the related federal financial reports filed with the grantor agencies because of accruals made in the schedule which will be included in future reports filed with those agencies.

NOTE 5: INDIRECT COSTS

The organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 6: RECONCILIATION TO FINANCIAL STATEMENTS

Total Federal Expenditures	$ 17,704,539
Total State Expenditires	1,384,235
Vendor Contracts/Funds Without Donor Restrictions	546,310
Expenditures Paid Program Income/Match	144,715
Total Expenditures	$ 19,779,799

STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2024

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

NORTH EAST TEXAS WORKFORCE DEVELOPMENT BOARD DBA
WORKFORCE SOLUTIONS NORTHEAST TEXAS
Texarkana, Texas

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

Section 1 – Summary of Auditor's Results

Financial Statements:
Type of Auditor's Report Issued: Unmodified

Internal Control Over Financial Reporting:
Material Weakness(es) identified? __Yes _X_No
Significant deficiencies identified not considered to be material weaknesses? __Yes _X_None Reported
Noncompliance material to financial statements noted? __Yes _X_No

Federal and State Awards:
Internal Control Over Major Programs:
Material weakness(es) identified? __Yes _X_No
Significant deficiencies identified not considered to be material weakness(es)? __Yes _X_None Reported
Type of auditor's report issued on compliance for major programs: Unmodified
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance and the State of Texas Single Audit Circular? __Yes _X_No

Dollar threshold used to distinguish between Type A and Type B programs $750,000
Dollar threshold used to determine major state programs $750,000

Auditee qualified as low-risk auditee? _X_Yes __No

Identification of Major Programs:

ALN #	PROGRAM TITLE
Federal	
93.558	Temporary Assistance for Needy Families
	CCDF Cluster
93.575	Child Care and Development Block Grant
93.596	Child Care Mandatory and Matching Funds of the Child Care and Development Fund
State	
N/A	Temporary Assistance for Needy Families (TANF)
N/A	Social Services Block Grant (CCF)

Section II – Financial Statement Findings and Questioned Costs:

None reported.

Section III – Federal Awards Findings and Questioned Costs:

None reported.

Report #25.07.0001

ISSUE DATE: June 13, 2025

Mr. Bart Spivey, Executive Director
Workforce Solutions Northeast Texas
911 North Bishop, Ste. A100
Wake Village, Texas 75501

Dear Mr. Spivey:

Our review of the programs administered by Workforce Solutions Northeast Texas indicates that controls exist to support proper administration of fiscal and program operating systems.

We conducted the review the week of January 6, 2025, and reviewed Child Care Services, Choices (employment services for Temporary Assistance for Needy Families), Employment Services, and Workforce Innovation and Opportunities Act programs administered by the Board. The review covered the period November 1, 2023, to October 31, 2024, and included tests of transactions and fiscal and program controls.

Although this was not a finding, we noted in one instance the subrecipient failed to send collection and demand letters on time and did not send the warrant hold to TWC. The Board monitor identified this error before the TWC monitoring review, and the Board worked with TWC Investigations for technical assistance. The Board should continue making PIRTS entries, issuing all required letters, and sending warrant holds to TWC.

We appreciate the cooperation and assistance you and your staff provided throughout the review. Should you have any questions, please contact me at (737) 397-4813.

Sincerely,

Mary B. Millan, Deputy Division Director
Subrecipient Monitoring
Division of Fraud Deterrence and Compliance Monitoring

cc: Diane Stegall, Chair, Workforce Solutions Northeast Texas
Gwendolyn Jones, Regional Program Manager, U. S. Department of Health and Human Services
Deborah Daniels, Program Specialist, U. S. Department of Health and Human Services
Alisa Matthews, Program Specialist, U. S. Department of Health and Human Services
M. Frank Stluka, Regional Director, Discretionary Grants and Financial, Management and Administration Services Region IV – Dallas, USDOL/Employment and Training
Bryan Daniel, Chairman and Commissioner Representing the Public, TWC
Joe Esparza, Commissioner Representing Employers, TWC
Alberto Treviño, III, Commissioner Representing Labor, TWC
Edward Serna, Executive Director, TWC
Randy Townsend, Deputy Executive Director, TWC
Mary York, Director, Division of Workforce Development, TWC
Reagan Miller, Director, Division of Child Care and Early Learning, TWC
Jason Stalinsky, Interim Director, Division of Fraud Deterrence and Compliance Monitoring, TWC
Chris Nelson, Chief Financial Officer, TWC
Jennifer Colehower, Director, Division of Information, Innovation and Insight, TWC

Texas Workforce Commission
A Member of Texas Workforce Solutions

Report #25.07.0001

ISSUE DATE: June 13, 2025

Mr. Bart Spivey, Executive Director
Workforce Solutions Northeast Texas
911 North Bishop, Ste. A100
Wake Village, Texas 75501

Dear Mr. Spivey:

Our review of the Supplemental Nutrition Assistance Program Employment and Training program administered by Workforce Solutions Northeast Texas indicates fiscal and program systems are effectively managed.

The review covered the period November 1, 2023, to October 31, 2024, and included tests of transactions and fiscal and program controls.

We appreciate the cooperation and assistance you and your staff provided throughout the review. Should you have any questions, please contact me at (737) 397-4813.

Sincerely,

Mary B. Millan, Deputy Division Director
Subrecipient Monitoring
Fraud Deterrence and Compliance Monitoring Division

cc: Diane Stegall, Chair, Workforce Solutions Northeast Texas
Gwendolyn Jones, Regional Program Manager, U. S. Department of Health and Human Services
Deborah Daniels, Program Specialist, U. S. Department of Health and Human Services
Alisa Matthews, Program Specialist, U. S. Department of Health and Human Services
Bryan Daniel, Chairman and Commissioner Representing the Public, TWC
Joe Esparza, Commissioner Representing Employers, TWC
Alberto Treviño, III, Commissioner Representing Labor, TWC
Edward Serna, Executive Director, TWC
Randy Townsend, Deputy Executive Director, TWC
Mary York, Director, Division of Workforce Development, TWC
Jason Stalinsky, Interim Director, Division of Fraud Deterrence and Compliance Monitoring, TWC
Chris Nelson, Chief Financial Officer, TWC
Jennifer Colehower, Director, Division of Information, Innovation, and Insight, TWC

TEXAS
Health and Human
Services

Cecile Erwin Young
Executive Commissioner

June 10, 2025

Edward Serna, Executive Director
edward.serna@twc.state.tx.us
Revenue and Trust Management
PO BOX 322
Austin, TX 78767-0322

Re: FY2025 Initial Monitoring Report – Texas Workforce Commission and North East Texas Workforce Development Board, Desk Review, Contract #: HHS000470400001.

Dear Mr. Serna,

The Texas Health & Human Services Commission (HHSC) has completed a desk review of the Texas Workforce Commission and North East Texas Workforce Development Board (NETX) for the Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) program. The period of review was April 1, 2024, through August 31, 2024, for the referenced contract.

PROGRAMMATIC MONITORING:

Definitions:

Monitoring activities may result in the identification of findings, observations, recommendations, concerns, and/or Technical Assistance (TA).

- **Finding**: Defined by HHSC as a situation involving a deficiency in internal controls or noncompliance with applicable rules, regulations, contracts, grant agreements, standards, or expected performance. Findings result in requests for additional information, documentation, or action from the Grantee.

- **Observation:** Observations are crucial for assessing the quality and effectiveness of a program. They help identify areas for improvement, measure progress, and ensure that the program meets its goals and objectives. By documenting these observations, the monitoring team can create an accurate record of activities and outcomes.

- **Concern**: a situation that is less than material, but which may warrant attention, involving a deficiency or potential deficiency in internal control or noncompliance or potential noncompliance with provisions of applicable rules, regulations, contracts or grant agreements, standards, or expected performance. A concern may result in a request for additional information, documentation, or action from the Grantee.

- **Recommendation**: In HHSC monitoring, a recommendation refers to a suggestion provided by the monitoring team to improve compliance, efficiency, or effectiveness of services. These recommendations are typically based on findings or observations from the monitoring process and are aimed at addressing any identified issues or areas for improvement.

- ***Technical Assistance***: Provided when individuals or organizations need support in implementing specific processes or resolving issues.

Case Review

The monitor conducted a comprehensive review of each client in the sample utilizing the information from the TWC WorkInTexas system and the HHS TIERS system. Ten clients were pulled from the FNS583 Audit Report and reviewed in each system. Upon completion of the review there were no findings, observations, concerns, recommendations, or technical assistance.

Program Efficiency

The monitor reviewed the audit for FNS 583, as well as the WorkInTexas case information and the state plan. This report combines information from the third and fourth quarters and does not include a summary of the information pertaining to FNS583. It is important to note that the FNS583 Audit Report has been discussed with both the Texas Workforce Commission (TWC) and the Health and Human Services (HHS) and will be revised for future monitoring events. There were no findings, observations, concerns, recommendations, or requests for technical assistance.

Training

The monitor reviewed the staff training records and the state plan. During this review, the monitor confirmed that both the State and the Board had completed the required training, including civil rights training. There were no findings, observations, concerns, recommendations, or requests for technical assistance.

Monitoring Plan

The monitor reviewed the monitoring plans along with the latest reports from both the Texas Workforce Commission (TWC) and the North East Texas Workforce Development Board, as well as the state plan. Documentation supporting the monitoring process at both the TWC, and board levels was received. The TWC monitoring plan includes specific oversight strategies for the SNAP Employment and Training (E&T) program. Additionally, the annual monitoring plan from TWC covers all twenty-eight workforce boards, and TWC conducts annual monitoring of each board.

A monitoring report dated December 13, 2024, was provided, which included findings that were not observed during the monitoring event. During that event, there were no findings, observations, concerns, recommendations, or requests for technical assistance.

RESPONSE:

Please submit your responses, if applicable, no later than five business days from the date of receipt of this report.

CONCLUSION:

We appreciate you and your staff's cooperation during the monitoring process. If you have questions or need additional information, please contact us via the RAR_PAR mailbox at SNAP_ET_Contracting@hhsc.state.tx.us .

Sincerely,

Anthony Raney
CA Program Monitor
Community Access Program Monitoring

cc: CA Program Monitoring CA_Programmatic_Monitoring@hhs.texas.gov
Felica Nelson, CAPM Director
Christy Harris, CAPM Monitoring Lead
John Briscoe, SNAP E&T Director
Daniel Gaskin, SNAP E&T Team Lead