

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

MONROE, LOUISIANA

JUNE 30, 2018

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

MONROE, LOUISIANA

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WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

MONROE, LOUISIANA

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of Workforce Development Board SDA-83, Inc. provides an overview of the Board's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Board's financial statements, which begin on Page 4.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Position and the Statement of Activities (on Pages 4 and 5) provide information about the activities of the Board as a whole. Fund financial statements start on Page 6. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Board's operations in more detail than the government-wide statements by providing information about the Board's most significant funds. The accompanying financial statements present information on the funds maintained by the Board.

Reporting the Funds Maintained by the Board as a Whole

The Statement of Net Position and the Statement of Activities

These two statements report the Board's *net position* and changes in them. The Board's net position - the difference between assets and liabilities and deferred inflow of resources - is one way to measure the Board's financial health, or *financial position*. Over time, *increases or decreases* in the Board's net position are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Position and the Statement of Activities, we record the activities in the funds maintained by the Board as governmental activities. These governmental activities consist mainly of expenses related to, and resources provided for, workforce development of youth and adults under the Federal Workforce Investment and Opportunity Act and Health Profession Opportunity Grant.

Reporting the Most Significant Funds Maintained by the Board

The fund financial statements provide detailed information about the most significant funds maintained by the Board - not necessarily the Board as a whole. The Board's funds use the following accounting approaches.

Governmental fund - All of the Board's expenses in workforce development are reported in governmental funds, which focus on how money flows into and out of these funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called *modified accrual basis*. The governmental fund statements provide a detailed *short-term view* of the Board's operations and the expenses paid from the fund. Governmental fund information can help you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Board expenses.

THE FUNDS MAINTAINED BY THE BOARD AS A WHOLE

The Board's total net position changed from a year ago, decreasing from \$201,705 to \$171,983. This decrease amounted to \$29,722, and was entirely due to depreciation expense, net of the acquisition of capital assets less disposals. Current assets, current liabilities, and deferred inflow of resources decreased by \$85,451, mainly as the result of normal grant activity.

Table 1
Net Position

	<u>Government-Wide Activities</u>	
	<u>2018</u>	<u>2017</u>
Current assets	455,314	540,765
Capital assets, net	<u>171,983</u>	<u>201,705</u>
Total assets	627,297	742,470
Current liabilities	<u>354,380</u>	<u>503,883</u>
Total liabilities	354,380	503,883
Deferred inflow of resources	<u>100,934</u>	<u>36,882</u>
Net position:		
Investment in capital assets	<u>171,983</u>	<u>201,705</u>
Total net position	<u><u>171,983</u></u>	<u><u>201,705</u></u>

Table 2
Changes in Net Position

	<u>Government-Wide Activities</u>	
	<u>2018</u>	<u>2017</u>
Revenues		
Federal Grants and other	4,957,420	4,547,128
Expenses		
General governmental-workforce development	<u>4,987,142</u>	<u>4,501,001</u>
Increase (decrease) in net position	<u><u>(29,722)</u></u>	<u><u>46,127</u></u>

Substantially all revenues of the Board are from Federal cost-reimbursement grants, which fund the workforce development programs administered by the Board. Therefore, the amount of revenues generated depends upon the amount of program costs (excluding depreciation, but including the cost of capital assets acquired) incurred during the year. Such revenues increased during the year by \$410,292 from \$4,547,128 in 2017 to \$4,957,420 in 2018. This increase was the result of an increase in total federal awards in 2018. Because all of the Board's revenues derive from cost-reimbursement grants, its net position and changes therein are affected only by the change in its net capital assets.

CAPITAL ASSETS

At the end of 2018, the Board had invested \$171,983 in capital assets from those funds maintained by the Board.

Table 3
Capital Assets at Year End

	Government-Wide Activities	
	2018	2017
Furniture, equipment and vehicles	738,928	709,195
<u>Less-accumulated depreciation</u>	<u>566,945</u>	<u>507,490</u>
	<u>171,983</u>	<u>201,705</u>
The years' major additions included:		
Equipment	29,733	97,990
Furniture	-	30,133
	<u>29,733</u>	<u>128,123</u>

FUTURE OPERATIONS

The Board expects to continue administering Workforce Investment and Opportunity Act grants and the Health Profession Opportunity Grant during fiscal year 2019.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the finances for those funds maintained by the Board and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Workforce Development Board SDA-83, Inc. at 1504 Stubbs Avenue, Monroe, Louisiana 71201.

AUDITED FINANCIAL STATEMENTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
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December 31, 2018

Workforce Development Board SDA-83 Inc.
Monroe, Louisiana

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Workforce Development Board SDA-83 Inc., as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Workforce Development Board SDA-83 Inc., as of June 30, 2018, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The accompanying supplementary information, on pages 17-19, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 20-21 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 financial statements.

The accompanying supplementary 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. Such 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2018, on our consideration of the Workforce Development Board SDA-83 Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Board's internal control over financial reporting and compliance.

Shreveport, Louisiana

Heard, McElroy & Vestal, LLC

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

GOVERNMENT-WIDE STATEMENT OF NET POSITION

AT JUNE 30, 2018

	<u>Governmental Activities</u>
<u>Assets:</u>	
Cash	178,322
Grants receivable	276,603
Other accounts receivable	389
Capital assets, net of accumulated depreciation	<u>171,983</u>
 Total assets	 627,297
 <u>Liabilities:</u>	
Accrued salaries and expenses	245,667
Payroll deductions payable	5,791
Accrued compensated absences	<u>102,922</u>
 Total liabilities	 354,380
 <u>Deferred inflow of resources</u>	 <u>100,934</u>
 <u>Net position:</u>	
Investment in capital assets, net of debt	<u>171,983</u>
 Total net position	 <u>171,983</u>

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

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net Revenue (Expense) and Change in Net Position</u>
<u>Programs:</u>			
Workforce Investment and Opportunity Act			
WIA-Adult	694,363	694,363	-
WIA-Youth	665,674	665,674	-
WIA-Dislocated Worker	261,645	261,645	-
Health Profession Opportunity Grant	3,241,177	3,270,910	29,733
Other (nonmajor)	64,828	64,828	-
	<u>4,927,687</u>	<u>4,957,420</u>	<u>29,733</u>
<u>General expense:</u>			
Depreciation			<u>59,455</u>
<u>Change in net position</u>			<u>(29,722)</u>
<u>Net position-beginning of year</u>			<u>201,705</u>
<u>Net position-end of year</u>			<u><u>171,983</u></u>

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

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

BALANCE SHEET-GOVERNMENTAL FUNDS

AT JUNE 30, 2018

<u>ASSETS</u>	<u>Workforce Investment and Opportunity Act- Adult</u>	<u>Workforce Investment and Opportunity Act- Youth</u>	<u>Workforce Investment and Opportunity Act- Dislocated Worker</u>
Cash	34,615	-	6,513
Due from grantor	5,099	11,911	4,372
Due from other funds	2,351	-	-
Other accounts receivable	389	-	-
Total assets	<u>42,454</u>	<u>11,911</u>	<u>10,885</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accrued salaries and expenses	36,663	9,551	10,885
Payroll deductions payable	5,791	-	-
Due to other funds	-	2,351	-
Total liabilities	<u>42,454</u>	<u>11,902</u>	<u>10,885</u>
 <u>Deferred inflow of resources</u>	 -	 9	 -
 <u>Fund balances</u>	 -	 -	 -
 Total liabilities, deferred inflows, and fund balances	 <u>42,454</u>	 <u>11,911</u>	 <u>10,885</u>

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

Health Profession Opportunity Grant	Nonmajor Funds	Totals
123,770	13,424	178,322
152,299	-	173,681
-	-	2,351
-	-	389
<u>276,069</u>	<u>13,424</u>	<u>354,743</u>
186,143	2,425	245,667
-	-	5,791
-	-	2,351
<u>186,143</u>	<u>2,425</u>	<u>253,809</u>
89,926	10,999	100,934
-	-	-
<u>276,069</u>	<u>13,424</u>	<u>354,743</u>

Total fund balances -

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

Grants receivable	102,922
Compensated absences payable	(102,922)

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	<u>171,983</u>
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Net assets of governmental activities	<u>171,983</u>
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WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2018

	Workforce Investment and Opportunity Act- Adult	Workforce Investment and Opportunity Act- Youth	Workforce Investment and Opportunity Act- Dislocated Worker
<u>Revenues:</u>			
Federal grants	694,363	665,674	261,645
Total revenues	694,363	665,674	261,645
<u>Expenses:</u>			
Administration	73,816	47,942	50,699
Program costs	620,547	617,732	210,946
Total expenses	694,363	665,674	261,645
 <u>Excess of revenues over expenses</u>	 -	 -	 -
 <u>Fund balances at beginning of year</u>	 -	 -	 -
 <u>Fund balances at end of year</u>	 -	 -	 -

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

Health Profession Opportunity Grant	Nonmajor Funds	Totals
<u>3,270,910</u>	<u>64,828</u>	<u>4,957,420</u>
3,270,910	64,828	4,957,420
662,155	14,316	848,928
<u>2,608,755</u>	<u>50,512</u>	<u>4,108,492</u>
<u>3,270,910</u>	<u>64,828</u>	<u>4,957,420</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>

Excess of revenues over expenses-total governmental funds -

Governmental funds report capital outlays as expenses. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$59,455) and the book value of assets disposed (\$-0-) exceed capital outlay (\$29,733) (29,722)

Change in net assets of governmental activities (29,722)

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

1. Summary of Significant Accounting Policies

The Workforce Development Board SDA-83, Inc. is a nonprofit organization that originally was formed on January 29, 1988 as Private Industry Council SDA-83, Inc., to administer the Job Training Partnership Act (JTPA) Program in Service Delivery Area (SDA) Eighty-Three, which is composed of the parishes of Caldwell, East Carroll, Franklin, Jackson, Madison, Richland, and Tensas. With the replacement of JTPA programs with the Workforce Investment Act, as mandated by federal law, Private Industry Council changed its name in 2000 to Workforce Investment Board SDA-83, Inc. Effective July 1, 2015, Workforce Investment Board SDA-82 merged with Workforce Investment Board SDA-83, which added the following parishes: Morehouse, Union, and West Carroll. In 2015, the Board changed its name to Workforce Development Board SDA-83. Workforce Development Board also administers a Disability Navigator grant and a Health Profession Opportunity grant. Service Delivery Area 83 is comprised of two elements:

- Workforce Development Board (WDB) - which consists of 21 members representing a cross-section of the SDA population. Board members are appointed by the chief elected official from recommendations by the ten parish police juries which comprise SDA-83 and other interested organizations and serve without benefit of compensation. The WDB is responsible for providing program guidance. The WDB serves as its own administrative entity and as such is responsible for administering the program.
- Designated Chief Elected Official - this is a police jury president elected by his peers from the Eighty-Third Planning District. His responsibilities include appointment of Board members, providing guidance for program development, and monitoring the operations of the administrative entity.

Although organized as a nonprofit organization, the Board follows governmental reporting standards, as set by the Governmental Accounting Standards Board, because Board members are appointed by a member of local government.

The Franklin Parish Police Jury is the designated grant recipient for the SDA. As grant recipient, the Franklin Parish Police Jury (1) has accepted full responsibility for funds expended under the grant, (2) has assured the Louisiana Department of Labor that all funds provided will be expended according to limitations set forth in federal and state regulations, and the approved job training plan, and (3) will reimburse the Louisiana Department of Labor for any questioned costs which are ultimately disallowed by the United States Department of Labor.

a. Presentation of Statements:

The Board's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

1. Summary of Significant Accounting Policies (Continued)

The Board has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Board has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Board are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) adopted Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the Board's overall financial position and results of operations.
- Governmental-Wide Financial statements prepared using full accrual accounting for all of the Board's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements).

b. **Basic Financial Statements - Government-Wide Statements:**

The Board's basic financial statements include both Government-Wide (GWFS) (reporting the Board as a whole) and fund financial statements (FFS) (reporting the Board's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Board's functions and programs have been classified as governmental activities. The Board does not have any business-type activities. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

The content and certain titles of the GWFS were changed upon the adoption by the Board in 2013 of GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement provides reporting guidance for deferred outflows of resources and deferred inflows of resources, and adds them, when applicable, as elements of the GWFS, because they are distinct from assets and liabilities. In addition, because these additional elements may affect the residual amount of all of the elements presented in a statement of financial position, GASB 63 renames that measure as net position rather than net assets. The Board had no deferred outflows of resources at June 30, 2018.

Accordingly, the statement of net position presents information on all of the Board's assets, liabilities, and deferred inflows, with the difference between the two reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating.

1. Summary of Significant Accounting Policies (Continued)

In the Government-Wide Statement of Net Position, the governmental type activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net position is reported in three parts - investment in capital assets, net of related debt; restricted; and unrestricted. Investment in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted includes all other net assets that do not meet the definition of "restricted" or "investment in capital assets, net of related debt." The Board's policy is to use restricted resources first to finance its activities.

The GWFS reports both the gross and net cost of each of the Board's functions and significant programs. The Statement of Activities begins by presenting gross direct expenses, and then reduces the expenses by related program revenues, such as operating and capital grants and contributions, to derive the net cost of each function or program. The net cost of all programs is then increased by depreciation expense. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants. The Board did not receive any capital-specific grants this year.

The Board allocates its indirect costs among various functions and programs in accordance with the Uniform Guidance.

The Government-Wide Statements focus upon the Board's ability to sustain operations and the change in its net assets resulting from the current year's activities.

c. **Basic Financial Statements - Fund Financial Statements:**

The financial transactions of the Board are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Board uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Board or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

The assets, liabilities, and fund balances of the Board are reported in self-balancing special revenue fund groups as follows:

1. **Summary of Significant Accounting Policies (Continued)**

Major Special Revenue Funds

Workforce Investment and Opportunity Act Youth

The Workforce Investment and Opportunity Act Youth Fund accounts for funds used in the WIOA program. This program attempts to implement major reforms of the job training system to help increase employment, earnings and retention of participants, and reduce welfare dependency. A key component of this program is the One-Stop service delivery system.

Workforce Investment and Opportunity Act Adults and Dislocated Workers

This group of funds also accounts for funds used in the WIOA program. Programs included in these funds seek to improve employment, retention, and earnings of WIOA participants and increase their educational and occupational skill attainment, and reduce welfare dependency.

Health Profession Opportunity Grant

This group of funds accounts for resources used to provide direct training, education, and related activities to prepare low-income individuals for employment in the healthcare field. Targeted occupations include those that pay well and are expected to either experience labor shortages or be in high demand.

d. Measurement Focus and Basis of Accounting:

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

i. Accrual Basis - Government-Wide Financial Statements (GWFS):

The Statement of Net Position and the Statement of Activities display information about the Board as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

ii. Modified Accrual Basis - Fund Financial Statements (FFS):

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred.

1. **Summary of Significant Accounting Policies (Continued)**

e. **Budgets:**

Revenue and expense of Workforce Development Board SDA-83, Inc. consists almost entirely of Federal grant funds. These funds are accounted for in various special revenue funds according to the program or the function of the grant. Such grants cover multiple fiscal years, and are budgeted for on that basis. As a result, the Board has no annual, legally adopted budget; consequently, no budgetary comparison schedules are presented in this report.

f. **Capital Assets:**

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$250 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Position. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Furniture and equipment	3-7 years
Vehicles	5 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

g. **Cash and Cash Equivalents:**

Cash includes amounts in demand deposits and petty cash. At June 30, 2018, the Board had cash (book balances) as follows:

Demand deposits	178,122
Petty cash	<u>200</u>
Total	<u>178,322</u>

It is the policy of the Board to require that fiscal agent banks pledge securities to cover bank deposits in excess of federal deposit insurance. The pledged securities are the market value of investment debt securities held by a custodial bank in the name of the fiscal agent bank, rather than in the name of the Board. However, the fiscal agent bank receives authorization from the Board before pledged securities are released.

1. **Summary of Significant Accounting Policies (Continued)**

h. Accrued Compensated Absences:

Employees of the Workforce Development Board SDA-83, Inc. earn from 12 to 25 days of annual leave each year, depending on length of service. There is no limit to the amount of days of annual leave that may be accumulated. Employees who have been employed for more than six months will be paid for accumulated annual leave up to 50 days upon termination of employment.

Employees earn 12 days of sick leave each year. Unused sick leave may be accumulated to a maximum of 80 days. Employees are not paid for accumulated sick leave upon termination of employment.

At June 30, 2018, employees have accumulated and vested approximately \$102,922 in employee leave benefits computed in accordance with ASC 710. The cost of leave privileges is recognized as a current-year expense when the leave is earned.

i. Prepaid Expenses:

Expenditures for insurance and other items that extend over more than one accounting period are expensed as incurred.

j. Interfund Activity:

Loans between funds are reported as interfund receivables and payables, and are subject to elimination upon consolidation.

k. Allocation of Indirect Expenses:

The Board reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are allocated to the various functions based primarily on relative personnel time.

l. Management's 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 may differ from those estimates.

2. **Due from Grantor**

Due from grantor at June 30, 2018, in the amount of \$173,681, consists of reimbursements for expenses incurred mainly under the various Department of Labor and Department of Health and Human Services programs.

3. **Deferred Compensation Plan**

Workforce Development Board, SDA-83, Inc. offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All employees of the Board are eligible to participate in the Master Deferred Compensation Plan for Planning and Economic Development Organizations. Employees may defer up to 6% of their gross salary until future years which the Board will match as an employer contribution. They may also elect to defer additional amounts, which will not be matched by the Board. Employer's contributions to the plan for the year ended June 30, 2018, totaled approximately \$50,000.

The Board does not administer the plan or maintain custody of plan assets. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Board (without being restricted to the provisions of benefits under the plan), not subject to the claims of the Board's general creditors. Participants' rights under the plan are equal to the fair market value of the deferred account for each participant. Deferred compensation amounts are administered and invested in debt mutual funds by a professional trustee. It is the Board's opinion that the Plan does not meet the requirements for inclusion as an employee benefit trust fund.

4. **Leases**

The Board leases its facilities space and certain equipment under agreements that have expiration dates on monthly or an annual basis. Rent expense under all leases totaled approximately \$118,929 for the year ended June 30, 2018. Future minimum rentals as of June 30, 2018, are as follows:

June 30, 2019	61,800
June 30, 2020	45,000
June 30, 2021	20,250
June 30, 2022	12,000
June 30, 2023	-

5. **Third Party Reimbursements**

The Board receives all of its funding from third party reimbursements under contracts with the Louisiana Department of Labor and the U.S. Departments of Labor and Health and Human Services for services provided as described in Note 1. In order to receive funding, the Board must comply with contract provisions.

6. **Income Tax Status**

As a nonprofit organization, Workforce Development Board SDA-83, Inc. is exempt from income taxation under Section 501(c)(3) of the Internal Revenue Code, but is subject to annual filing requirements with the Internal Revenue Service that includes information on its financial operations. The Board is required to review various tax positions it has taken with respect to its exempt status and determine whether in fact it continues to qualify as a tax-exempt entity. It must also consider whether it has nexus in jurisdictions in which it has income and whether a tax return is required in those jurisdictions. In addition, as a tax-exempt entity, the Board must assess whether it has any tax positions associated with unrelated business income subject to income tax. The Board does not expect any of these tax positions to change significantly over the next twelve months. Any penalties related to late filing or other requirements would be recognized as penalties expense in the Board's accounting records.

Workforce Development Board SDA-83, Inc. is subject to the filing requirements of U.S. federal Form 990, and remains subject to examination by the Internal Revenue Service for the tax fiscal years 2014 and beyond.

7. **Fair Values of Financial Instruments**

The Board's financial instruments consist of cash, receivables, and current payables. Because such instruments are generally short-term in nature, their market values approximate their book values.

8. **Risk Management**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Board's insurance coverage.

9. **Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation is paid to any member. However, board members are reimbursed for any necessary out-of-town travel expenses incurred.

10. **Federally Assisted Programs**

All of the Board's programs are federally assisted programs. These programs are audited in accordance with the Single Audit Act, as amended in 1996. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Board's management believes that further examinations would not result in any significant disallowed costs.

In accordance with the Single Audit Act, as amended in 1996, and the *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, a schedule of expenditures of federal awards is presented in the supplementary financial information portion of this report.

11. **Economic Dependency**

The Board receives almost all of its revenue from funds provided through grants administered by the federal government. The grant amounts are 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 the Board receives 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 Board will receive in the next fiscal year.

12. **Changes in Capital Assets**

A summary of changes in capital assets is as follows:

	Balance 6/30/2017	Additions	Deletions	Balance 6/30/2018
General fixed assets, at cost:				
Furniture and equipment	679,062	29,733	-	708,795
Vehicles	30,133	-	-	30,133
	709,195	29,733	-	738,928
Accumulated depreciation	507,490	59,455	-	566,945
Net capital assets	201,705	(29,722)	-	171,983

13. **Changes in Compensated Absences**

The following is a summary of transactions relating to the Board's accrued compensated absences during the year.

	Balance 6/30/2017	Increase	Balance 6/30/2018
Accrued compensated absences	<u>101,508</u>	<u>1,414</u>	<u>102,922</u>

14. **Subsequent Events**

The Board has evaluated events and transactions that may warrant disclosure subsequent to fiscal year end through December 31, 2018, the date which the financial statements were available to be issued, and noted none.

SUPPLEMENTARY FINANCIAL INFORMATION

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

SCHEDULE OF COMPENSATION, BENEFITS, AND OTHER PAYMENTS TO AGENCY HEAD

FOR THE YEAR ENDED JUNE 30, 2018

Agency Head: Terri Mitchell

Salary	88,749
Benefits-health insurance	7,696
Benefits-retirement	5,325
Conference travel and meals reimbursement	490
Car allowance-fuel	1,288

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

COMBINED SCHEDULE OF EXPENSES, OBJECT BASIS

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2018

	Workforce Investment and Opportunity Act- Adult	Workforce Investment and Opportunity Act- Youth	Workforce Investment and Opportunity Act- Dislocated
<u>Expenses:</u>			
Accounting and auditing fees	9,428	8,737	9,428
Bank service charges	290	217	112
Board meetings and travel	1,180	1,071	621
Building and equipment maintenance	1,687	794	643
Business services	922	520	536
Childcare	-	-	-
Conference registration	134	176	64
Consulting fees	-	-	-
Contract services	(2,209)	(2,209)	(2,209)
Equipment rental	2,552	2,237	1,324
Building rental and lease	40,685	25,058	15,783
Janitorial	4,391	2,347	1,961
Legal	7	4	3
Liability insurance	4,673	895	2,137
Needs-based payments			
supportive services	51,582	4,843	346
Office supplies	20,433	11,759	14,486
On-the-job training wages	22,200	6,774	-
One-Stop operator	11,165	10,871	7,345
Outreach	67	97	29
Other operating expenses	40	48,078	-
Payroll and related	363,720	314,006	183,013
Per diem - staff travel	28,440	22,646	12,157
Postage and delivery	1,044	611	383
Printing	3,013	3,802	765
Professional memberships and dues	148	192	59
Publications and subscriptions	943	688	403
Purchases of equipment >\$250	-	-	-
Recruitment supplies	101	65	70
Software	82	112	37
Staff development	1,454	135	745
Tuition and registration	97,881	1,082	-
Utilities	28,310	18,271	11,404
Work experience	-	181,795	-
Total expenses	<u>694,363</u>	<u>665,674</u>	<u>261,645</u>

Health Profession Opportunity Grant	Nonmajor Funds	Totals
16,791	2,416	46,800
674	-	1,293
3,077	888	6,837
1,938	(12)	5,050
613	(351)	2,240
160,829	-	160,829
653	(496)	531
5,900	3,500	9,400
339,272	(735)	331,910
3,638	29	9,780
27,203	420	109,149
5,500	-	14,199
17	-	31
9,767	-	17,472
627,640	(1,850)	682,561
66,197	1,563	114,438
15,728	2,491	47,193
-	-	29,381
1,344	-	1,537
-	-	48,118
931,714	56,609	1,849,062
59,631	1,710	124,584
1,923	-	3,961
2,756	-	10,336
27	-	426
1,210	-	3,244
29,733	-	29,733
78	-	314
3,807	-	4,038
3,617	(1,160)	4,791
908,331	(1,390)	1,005,904
41,302	1,196	100,483
-	-	181,795
<u>3,270,910</u>	<u>64,828</u>	<u>4,957,420</u>

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN

FUND BALANCE, BY PARISH, BY COST CATEGORY

FOR THE YEAR ENDED JUNE 30, 2018

	<u>Caldwell</u>	<u>East Carroll</u>	<u>Franklin</u>	<u>Jackson</u>	<u>Madison</u>
<u>Revenues:</u>					
Federal grants	<u>94,170</u>	<u>64,270</u>	<u>301,233</u>	<u>121,604</u>	<u>183,474</u>
Total revenues	<u>94,170</u>	<u>64,270</u>	<u>301,233</u>	<u>121,604</u>	<u>183,474</u>
<u>Expenses:</u>					
Administration	-	-	-	-	-
Program costs	<u>94,170</u>	<u>64,270</u>	<u>301,233</u>	<u>121,604</u>	<u>183,474</u>
Total expenses	<u>94,170</u>	<u>64,270</u>	<u>301,233</u>	<u>121,604</u>	<u>183,474</u>
<u>Excess of revenues over expenses</u>	-	-	-	-	-
<u>Fund balance at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Morehouse</u>	<u>Richland</u>	<u>Tensas</u>	<u>Union</u>	<u>West Carroll</u>	<u>Unallocated</u>	<u>Total</u>
<u>303,992</u>	<u>267,229</u>	<u>18,442</u>	<u>282,880</u>	<u>105,797</u>	<u>3,214,329</u>	<u>4,957,420</u>
303,992	267,229	18,442	282,880	105,797	3,214,329	4,957,420
-	-	-	-	-	848,928	848,928
<u>303,992</u>	<u>267,229</u>	<u>18,442</u>	<u>282,880</u>	<u>105,797</u>	<u>2,365,401</u>	<u>4,108,492</u>
<u>303,992</u>	<u>267,229</u>	<u>18,442</u>	<u>282,880</u>	<u>105,797</u>	<u>3,214,329</u>	<u>4,957,420</u>
-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/ Pass-Through Grantor Name/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
United States Department of Labor:			
Passed through Louisiana Department of Labor:			
Workforce Investment and Opportunity Act-Adult Program	17.258	694,363	694,363
Workforce Investment and Opportunity Act-Youth Activities	17.259	665,674	665,674
Workforce Investment and Opportunity Act-Dislocated Workers	17.278	<u>261,645</u>	<u>261,645</u>
Total Employment Services Cluster		1,621,682	1,621,682
Disability Program Navigator	17.266	28,338	28,338
LWC National Emergency Grant	17.277	<u>8,875</u>	<u>8,875</u>
		37,213	37,213
United States Department of Health and Human Services:			
Health Profession Opportunity Grant	93.093	3,270,910	3,270,910
Strategies to Empower People (STEP)	93.558	<u>27,615</u>	<u>27,615</u>
		<u>3,298,525</u>	<u>3,298,525</u>
Total Federal Awards		<u>4,957,420</u>	<u>4,957,420</u>

The accompanying notes are an integral part of this schedule.

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2018

1. **Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Workforce Development Board SDA-83, Inc. and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the financial statements. The information in this schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Workforce Development Board SDA-83, Inc. has elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

Workforce Development Board SDA-83, Inc. did not expend any federal awards in the form of noncash assistance during the fiscal year.

OTHER REPORTS

HEARD, McELROY, & VESTAL

LLC

CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET, SUITE 1525
SHREVEPORT, LOUISIANA 71101
318-429-1525 PHONE • 318-429-2070 FAX

December 31, 2018

Workforce Development Board SDA-83, Inc.
Monroe, Louisiana

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and aggregate remaining fund information of Workforce Development Board SDA-83, Inc., as of and for the year ended June 30, 2018, and have issued our report thereon dated December 31, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Development Board SDA-83, Inc.'s internal control over financial reporting (internal control) to determine the 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 Workforce Development Board SDA-83, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Development Board SDA-83, Inc.'s internal control.

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

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



Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Workforce Development Board SDA-83, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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.

Shreveport, Louisiana

Heard, McElroy & Vestal, LLC

HEARD, McELROY, & VESTAL

LLC

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December 31, 2018

Workforce Development Board SDA-83, Inc.
Monroe, Louisiana

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

Report on Compliance for Each Major Federal Program

We have audited Workforce Development Board SDA-83, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Workforce Development Board SDA-83, Inc.'s major federal programs for the year ended June 30, 2018. Workforce Development Board SDA-83, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Workforce Development Board SDA-83, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Workforce Development Board SDA-83, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Workforce Development Board SDA-83, Inc.'s compliance.



Opinion on Each Major Federal Program

In our opinion, Workforce Development Board SDA-83, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

Management of Workforce Development Board SDA-83, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Workforce Development Board SDA-83, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Workforce Development Board SDA-83, Inc.'s internal control over compliance.

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

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

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

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2018

A. Summary of Audit Results

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Workforce Development Board SDA-83, Inc.
2. No instances of noncompliance were disclosed during the audit.
3. No material weaknesses in internal control over financial reporting are reported.
4. No material weaknesses in internal control over compliance, relating to the audit of a major federal award program, are reported.
5. The auditor's report on compliance for the major federal award programs for Workforce Development Board SDA-83, Inc. expresses an unmodified opinion.
6. There were no audit findings relative to major federal award programs for Workforce Development Board SDA-83, Inc.
7. The program tested as a major program included:

<u>Program</u>	<u>CFDA No.</u>
Workforce Investment and Opportunity Act-Adult Program	17.258
Workforce Investment and Opportunity Act-Youth Program	17.258
Workforce Investment and Opportunity Act-Dislocated Worker Program	17.258

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Workforce Development Board SDA-83, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2018

No findings were reported in the prior year.

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2018

No findings were reported for the current year.

HEARD, McELROY, & VESTAL

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December 31, 2018

Board of Directors
Workforce Development Board SDA-83, Inc.
Monroe, LA

Louisiana Legislative Auditor
Baton Rouge, Louisiana

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

We have performed the procedures enumerated below, which were agreed to by Workforce Development Board SDA-83, Inc. (WDB) and the Louisiana Legislative Auditor (LLA) on the control and compliance (C/C) areas identified in the LLA's Statewide Agreed-Upon Procedures (SAUPs) for the fiscal period July 1, 2017 through June 30, 2018. WDB's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*, issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

The procedures and associated findings are as follows:

Written Policies and Procedures

1. Obtain and inspect the entity's written policies and procedures and observe that they address each of the following categories and subcategories (if applicable to public funds and the entity's operations):
 - a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget.

Written policies and procedures address preparation, adoption, monitoring, and amending the budget. More detail should be added for required dates for preparation, presentation, public inspection, and adoption.

HMV

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Management's Response: The Executive Director, along with assistance from the Accounting Supervisor, WIOA Program Director, and PHOCAS Director prepare the Annual budget during the first quarter of the year. Closeout from the prior year is completed to determine carryover amounts, new allocations are added and a budget is developed within federal and state regulations. The budget is presented to the WDB-83 Board for review and adoption at first meeting of the fiscal year (October meeting). The Strategic Planning Committee of the Board reviews Budget to Actual on a quarterly basis. Federal Funding Allocations are posted under Public Notices annually.

- b) **Purchasing**, including (1) how purchases are initiated; (2) how vendors are added to the vendor list; (3) the preparation and approval process of purchase requisitions and purchase orders; (4) controls to ensure compliance with the public bid law; and (5) documentation required to be maintained for all bids and price quotes.

Written policies and procedures address purchase initiation, the preparation and approval process of purchase requisitions and purchase orders, how vendors are added, controls to ensure compliance with the public bid law, and documentation to be maintained for all bids and price quotes.

- c) **Disbursements**, including processing, reviewing, and approving.

Written policies and procedures address processing, reviewing, and approving disbursements.

- d) **Receipts/Collections**, including receiving, recording, and preparing deposits. Also, policies and procedures should include management's actions to determine the completeness of all collections for each type of revenue or agency fund additions (e.g. periodic confirmation with outside parties, reconciliation to utility billing after cutoff procedures, reconciliation of traffic ticket number sequences, agency fund forfeiture monies confirmation).

Written policies and procedures address receiving, recording and preparing deposits. Additionally, the entity has policies in place to determine completeness of all receipts/collections.

- e) **Payroll/Personnel**, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.

Written policies and procedures address payroll processing, reviewing and approving time and attendance records, including leave and overtime worked.

- f) **Contracting**, including (1) types of services requiring written contracts, (2) standard terms and conditions, (3) legal review, (4) approval process, and (5) monitoring process.

The entity has policies in place addressing the approval, standard terms and conditions, and monitoring process. The policies do not address a legal review.

Managements' Response: The WDB-83 has legal counsel, Mr. Jon Guice, to review all contracts when necessary. Policy 100-06 provides contract guidance. WDB-83 utilizes standard terms and conditions as required by the Louisiana Workforce Commission. All PHOCAS Contracts must be submitted to the federal project officer for view and approval prior to the signatory process.

- g) **Credit Cards (and debit cards, fuel cards, P-Cards, if applicable)**, including (1) how cards are to be controlled, (2) allowable business uses, (3) documentation requirements, (4) required approvers of statements, and (5) monitoring card usage (e.g., determining the reasonableness of fuel card purchases).

The entity has policies and procedures dealing with credit cards, fuel cards, and purchase cards. The policies address how cards are to be controlled, allowable business uses, documentation requirements, required approvers of statements, and monitoring card usage.

- h) **Travel and expense reimbursement**, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers.

Written policies and procedures address allowable expenses, dollar thresholds by category of expense, documentation requirements, and required approvers.

- i) **Ethics**, including (1) the prohibitions as defined in Louisiana Revised Statute 42:1111-1121, (2) actions to be taken if an ethics violation takes place, (3) system to monitor possible ethics violations, and (4) requirement that all employees, including elected officials, annually attest through signature verification that they have read the entity's ethics policy.

The entity has an ethics policy that addresses actions taken on ethical violations and a system to monitor corrective actions. All employees sign a statement annually that they have read the ethics policy.

- j) **Debt Service**, including (1) debt issuance approval, (2) continuing disclosure/EMMA reporting requirements, (3) debt reserve requirements, and (4) debt service requirements.

Not applicable, as the entity is a nonprofit, 501(c)(3) corporation.

Board or Finance Committee

Not applicable because of no exceptions in previous year.

Bank Reconciliations

2. Obtain a listing of client bank accounts for the fiscal period from management and management's representation that the listing is complete. Ask management to identify the entity's main operating account. Select the entity's main operating account and randomly select 4 additional accounts (or all accounts if less than 5). Randomly select one month from the fiscal period, obtain and inspect the corresponding bank statement and reconciliation for selected each account, and observe that:

- a) Bank reconciliations include evidence that they were prepared within 2 months of the related statement closing date (e.g., initialed and dated, electronically logged);

Bank reconciliations were prepared within two months of the statement date.

- b) Bank reconciliations include evidence that a member of management/board member who does not handle cash, post ledgers, or issue checks has reviewed each bank reconciliation (e.g., initialed and dated, electronically logged); and

Bank reconciliations are initialed and dated by the Executive Director, who does not handle cash, post to ledgers, or issue checks.

- c) Management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 12 months from the statement closing date, if applicable.

HMV viewed documentation of the process to research reconciling items older than 12 months.

Collections

3. Obtain a listing of deposit sites for the fiscal period where deposits for cash/checks/money orders (cash) are prepared and management's representation that the listing is complete. Randomly select 5 deposit sites (or all deposit sites if less than 5).

A listing of locations that collected funds for the entity during the fiscal year was obtained. The entity had one deposit site for the fiscal year.

4. For each deposit site selected, obtain a listing of collection locations and management's representation that the listing is complete. Randomly select one collection location for each deposit site (i.e. 5 collection locations for 5 deposit sites), obtain and inspect written policies and procedures relating to employee job duties (if no written policies or procedures, inquire of employees about their job duties) at each collection location, and observe that job duties are properly segregated at each collection location such that:

- a) Employees that are responsible for cash collections do not share cash drawers/registers.

Drawers/registers are not used.

- b) Each employee responsible for collecting cash is not responsible for preparing/making bank deposits, unless another employee/official is responsible for reconciling collection documentation (e.g. pre-numbered receipts) to the deposit.

Job duties appear properly segregated.

- c) Each employee responsible for collecting cash is not responsible for posting collection entries to the general ledger or subsidiary ledgers, unless another employee/official is responsible for reconciling ledger postings to each other and to the deposit.

Job duties appear properly segregated.

- d) The employee(s) responsible for reconciling cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions are not responsible for collecting cash, unless another employee verifies the reconciliation.

Job duties appear properly segregated.

5. Inquire of management that all employees who have access to cash are covered by a bond or insurance policy for theft.

Performed without exception.

6. Randomly select two deposit dates for each of the 5 bank accounts selected for procedure #3 under "Bank Reconciliations" above (select the next deposit date chronologically if no deposits were made on the dates randomly selected and randomly select a deposit if multiple deposits are made on the same day). *Alternately, the practitioner may use a source document other than bank statements when selecting the deposit dates for testing, such as a cash collection log, daily revenue report, receipt book, etc.* Obtain supporting documentation for each of the 10 deposits and:

- a) Observe that receipts are sequentially pre-numbered.

Does not apply to the entity. Entity does not take collections over the counter. Collections received in the mail are documented on the cash receipts log.

- b) Trace sequentially pre-numbered receipts, system reports, and other related collection documentation to the deposit slip.

Performed without exception.

- c) Trace the deposit slip total to the actual deposit per the bank statement.

Performed without exception.

- d) Observe that the deposit was made within one business day of receipt at the collection location (within one week if the depository is more than 10 miles from the collection location or the deposit is less than \$100).

Performed without exception.

- e) Trace the actual deposit per the bank statement to the general ledger.

Performed without exception.

Non-Payroll Disbursements (excluding credit card purchases/payments, travel reimbursements, and petty cash purchases)

7. Obtain a listing of locations that process payments for the fiscal period and management's representation that the listing is complete. Randomly select 5 locations (or all locations if less than 5).

A listing of locations that process payments for the fiscal year was obtained from management. Only one location processes payments for the entity.

8. For each location selected under #8 above, obtain a listing of those employees involved with non-payroll purchasing and payment functions. Obtain written policies and procedures relating to employee job duties (if the agency has no written policies and procedures, inquire of employees about their job duties), and observe that job duties are properly segregated such that:

- a) At least two employees are involved in initiating a purchase request, approving a purchase, and placing an order/making the purchase.

Job duties appear properly segregated.

- b) At least two employees are involved in processing and approving payments to vendors.

Job duties appear properly segregated.

- c) The employee responsible for processing payments is prohibited from adding/modifying vendor files, unless another employee is responsible for periodically reviewing changes to vendor files.

Job duties appear properly segregated.

- d) Either the employee/official responsible for signing checks mails the payment or gives the signed checks to an employee to mail who is not responsible for processing payments.

Executive Director signs the checks and puts the check into the envelope, then the mail is handed to the Administrative Assistant for mailing.

9. For each location selected under #8 above, obtain the entity's non-payroll disbursement transaction population (excluding cards and travel reimbursements) and obtain management's representation that the population is complete. Randomly select 5 disbursements for each location, obtain supporting documentation for each transaction and:

- a) Observe that the disbursement matched the related original invoice/billing statement.

No exceptions were noted.

- b) Observe that the disbursement documentation included evidence (e.g., initial/date, electronic logging) of segregation of duties tested under #9, as applicable.

No exceptions were noted.

Credit Cards/Debit Cards/Fuel Cards/P-Cards

Not applicable because of no exceptions in previous year.

Travel and Travel-Related Expense Reimbursements (excluding card transactions)

Not applicable because of no exceptions in previous year.

Contracts

Not applicable because of no exceptions in previous year.

Payroll and Personnel

Not applicable because of no exceptions in previous year.

Ethics

Not applicable because of no exceptions in previous year.

Debt Service

Not applicable because of the entity has no debt.

Other

Not applicable because of no exceptions in previous year.

We were not engaged to and did not conduct an examination or review, the objective of which would be the expression of an opinion or conclusion, respectively, on those C/C areas identified in the SAUPs. Accordingly, we do not express such an opinion or conclusion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

The purpose of this report is solely to describe the scope of testing performed on those C/C areas identified in the SAUPs, and the result of that testing, and not to provide an opinion on control or compliance. Accordingly, this report is not suitable for any other purpose. Under Louisiana Revised Statute 24:513, this report is distributed by the LLA as a public document.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana