

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

MONROE, LOUISIANA

JUNE 30, 2017

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, 2017. Please read it in conjunction with the Board's financial statements, which begin on Page 4. These financial statements include certain activities of its component unit, Northeast Louisiana Workforce Centers, Inc. Separately issued financial statements of the component unit are available through the Board's management.

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, increasing from \$155,578 to \$201,705. This increase amounted to \$46,127, 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 \$137,302, mainly as the result of normal grant activity.

**Table 1
Net Position**

	<u>Government-Wide Activities</u>	
	<u>2017</u>	<u>2016</u>
Current assets	540,765	678,067
Capital assets, net	<u>201,705</u>	<u>155,578</u>
Total assets	742,470	833,645
Current liabilities	<u>503,883</u>	<u>518,631</u>
Total liabilities	503,883	518,631
Deferred inflow of resources	<u>36,882</u>	<u>159,436</u>
Net position:		
Investment in capital assets	<u>201,705</u>	<u>155,578</u>
Total net position	<u><u>201,705</u></u>	<u><u>155,578</u></u>

**Table 2
Changes in Net Position**

	<u>Government-Wide Activities</u>	
	<u>2017</u>	<u>2016</u>
Revenues		
Federal Grants and other	4,547,128	3,601,700
Expenses		
General governmental-workforce development	<u>4,501,001</u>	<u>3,624,572</u>
Increase (decrease) in net position	<u><u>46,127</u></u>	<u><u>(22,872)</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 \$945,428 from \$3,601,700 in 2016 to \$4,547,128 in 2017. This increase was the result of an increase in total federal awards in 2017. 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 2017, the Board had invested \$201,705 in capital assets from those funds maintained by the Board.

Table 3
Capital Assets at Year End

	Government-Wide Activities	
	2017	2016
Furniture, equipment and vehicles	709,195	736,516
<u>Less-accumulated depreciation</u>	<u>507,490</u>	<u>580,938</u>
	<u>201,705</u>	<u>155,578</u>
The years' major additions included:		
Equipment	97,990	46,568
Furniture	<u>30,133</u>	<u>356</u>
	<u>128,123</u>	<u>46,924</u>

FUTURE OPERATIONS

The Board expects to continue administering Workforce Investment and Opportunity Act grants and the Health Profession Opportunity Grant during fiscal year 2018.

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
318-429-1525 PHONE • 318-429-2070 FAX

December 29, 2017

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, 2017, 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.



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, 2017, 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 29, 2017, 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, 2017

	<u>Governmental Activities</u>
<u>Assets:</u>	
Cash	11,308
Grants receivable	529,457
Capital assets, net of accumulated depreciation	<u>201,705</u>
 Total assets	 742,470
 <u>Liabilities</u>	
Accrued salaries and expenses	334,844
Bank overdrafts	32,565
Payroll deductions payable	34,966
Accrued compensated absences	<u>101,508</u>
 Total liabilities	 503,883
 <u>Deferred inflow of resources</u>	 <u>36,882</u>
 <u>Net position:</u>	
Investment in capital assets, net of debt	<u>201,705</u>
 Total net position	 <u><u>201,705</u></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, 2017

	<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	631,435	632,276	841
WIA-Youth	617,102	614,668	(2,434)
WIA-Dislocated Worker	238,380	235,325	(3,055)
Health Profession Opportunity Grant	2,621,372	2,742,111	120,739
Other (nonmajor)	<u>322,748</u>	<u>322,748</u>	<u>-</u>
	4,431,037	4,547,128	116,091
 <u>General expense</u>			
Depreciation			<u>69,964</u>
 <u>Change in net position</u>			46,127
 <u>Net position-beginning of year</u>			<u>155,578</u>
 <u>Net position-end of year</u>			<u>201,705</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, 2017

<u>ASSETS</u>	Workforce Investment and Opportunity Act- Adult	Workforce Investment and Opportunity Act- Youth	Workforce Investment and Opportunity Act- Dislocated Worker
Cash	768	-	-
Due from grantor	-	27,439	-
Due from other funds	212,798	1,973	1,292
Total assets	<u>213,566</u>	<u>29,412</u>	<u>1,292</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Accrued salaries and expenses	28,640	34,238	9,846
Bank overdrafts	160,230	(4,826)	(21,041)
Payroll deductions payable	11,020	-	-
Due to other funds	-	-	-
Total liabilities	<u>199,890</u>	<u>29,412</u>	<u>(11,195)</u>
 <u>Deferred inflow of resources</u>	 13,676	 -	 12,487
 <u>Fund balances</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Total liabilities, deferred inflows, and fund balances	 <u>213,566</u>	 <u>29,412</u>	 <u>1,292</u>

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

Health Profession Opportunity Grant	Northeast Louisiana Workforce Centers	Nonmajor Funds	Totals
-	10,540	-	11,308
236,204	25,602	138,704	427,949
1,020	-	174	217,257
<u>237,224</u>	<u>36,142</u>	<u>138,878</u>	<u>656,514</u>
247,603	4,944	9,573	334,844
(90,028)	-	(11,770)	32,565
-	23,279	667	34,966
<u>79,649</u>	<u>7,919</u>	<u>129,689</u>	<u>217,257</u>
237,224	36,142	128,159	619,632
-	-	10,719	36,882
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>237,224</u>	<u>36,142</u>	<u>138,878</u>	<u>656,514</u>

Total fund balances

-

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

Grants receivable	101,508
Compensated absences payable	(101,508)

Capital assets used in governmental activities are
not financial resources and, therefore, are not reported
in the funds

201,705

Net assets of governmental activities

201,705

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2017

	<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>
<u>Revenues:</u>			
Federal grants	<u>632,276</u>	<u>614,668</u>	<u>235,325</u>
Total revenues	<u>632,276</u>	<u>614,668</u>	<u>235,325</u>
<u>Expenses:</u>			
Administration	<u>58,656</u>	<u>56,799</u>	<u>42,963</u>
Program costs	<u>573,620</u>	<u>557,869</u>	<u>192,362</u>
Total expenses	<u>632,276</u>	<u>614,668</u>	<u>235,325</u>
<u>Excess of revenues over expenses</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

Health Profession Opportunity Grant	Nonmajor Funds	Totals
<u>2,742,111</u>	<u>322,748</u>	<u>4,547,128</u>
2,742,111	322,748	4,547,128
638,222	20,585	817,225
<u>2,103,889</u>	<u>302,163</u>	<u>3,729,903</u>
<u>2,742,111</u>	<u>322,748</u>	<u>4,547,128</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 (\$69,964) and the book value of assets disposed (\$12,032) exceed capital outlay (\$128,123) 46,127

Change in net assets of governmental activities 46,127

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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. The financial statements include the revenues and expenses of Northeast Louisiana Workforce Centers, Inc., a nonprofit organization that is fiscally dependent upon the Board, which helps support the staffing of services under the Workforce Development system.

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

1. Summary of Significant Accounting Policies (Continued)

Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

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, 2017.

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.

1. Summary of Significant Accounting Policies (Continued)

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.

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

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

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:

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

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

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.

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, 2017, the Board had cash (book balances) as follows:

Demand deposits	11,108
Bank overdrafts	(32,565)
Petty cash	<u>200</u>
Total	<u>(21,257)</u>

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

Cash (bank balances) at June 30, 2017, were secured as follows:

Bank balances	<u>64,197</u>
Federal deposit insurance	<u>250,000</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.

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, 2017, employees have accumulated and vested approximately \$101,508 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.

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

1. **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, 2017, in the amount of \$529,457, 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, 2017, totaled approximately \$34,000.

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 \$125,710 for the year ended June 30, 2017. Future minimum rentals as of June 30, 2017, are as follows:

June 30, 2018	65,907
June 30, 2019	-
Thereafter	-
	<u>65,907</u>

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 2013 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 <u>6/30/2016</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>6/30/2017</u>
General fixed assets, at cost:				
Furniture and equipment	684,801	97,990	103,729	679,062
Vehicles	<u>51,715</u>	<u>30,133</u>	<u>51,715</u>	<u>30,133</u>
	736,516	128,123	155,444	709,195
Accumulated depreciation	<u>580,938</u>	<u>69,964</u>	<u>143,412</u>	<u>507,490</u>
Net capital assets	<u>155,578</u>	<u>58,159</u>	<u>12,032</u>	<u>201,705</u>

13. **Changes in Compensated Absences**

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

	Balance <u>6/30/2016</u>	<u>Increase</u>	Balance <u>6/30/2017</u>
Accrued compensated absences	<u>93,201</u>	<u>8,307</u>	<u>101,508</u>

14. **Subsequent Events**

The Board has evaluated events and transactions that may warrant disclosure subsequent to fiscal year end through December 29, 2017, the date which the financial statements were available to be issued, and noted the following: effective July 1, 2017, Northeast Louisiana Workforce Centers has been dissolved, and its activities have been assumed by the Board.

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, 2017

Agency Head: Terri Mitchell

Salary	87,593
Benefits-health insurance	6,969
Benefits-retirement	5,262
Conference travel and meals reimbursement	810
Car allowance-fuel	982

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

COMBINED SCHEDULE OF EXPENSES, OBJECT BASIS

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	Workforce Investment and Opportunity Act- Adult	Workforce Investment and Opportunity Act- Youth	Workforce Investment and Opportunity Act- Dislocated Worker
<u>Expenses:</u>			
Accounting and auditing fees	12,234	12,233	14,373
Bank service charges	265	229	118
Board meetings and travel	1,149	923	454
Building and equipment maintenance	1,027	672	656
Business services	385	278	85
Childcare	-	-	-
Conference registration	671	572	450
Consulting fees	6,030	6,385	2,768
Contract services	247,929	221,736	104,234
Equipment rental	2,583	1,454	1,163
Building rental and lease	39,705	19,726	15,224
Janitorial	5,421	2,150	1,580
Legal	14	14	5
Liability insurance	3,109	2,914	2,031
Needs-based payments and supportive services	25,122	4,563	830
Office supplies	15,178	15,141	5,917
On-the-job training wages	65,241	15,510	22,753
Outreach	-	-	-
Other operating expenses	-	35,786	-
Payroll and related	92,536	68,751	42,514
Per diem - staff travel	4,080	1,379	1,941
Postage and delivery	667	475	263
Printing	531	658	280
Professional memberships and dues	378	287	179
Publications and subscriptions	1,289	956	592
Purchases of equipment >\$250	841	(2,434)	(3,055)
Recruitment supplies	5	57	578
Software	205	136	57
Staff development	-	-	-
Tuition and registration	77,114	25,522	9,990
Utilities	26,006	12,329	9,345
Work experience	2,561	166,266	-
Total expenses	<u>632,276</u>	<u>614,668</u>	<u>235,325</u>

Health Profession Opportunity Grant	Nonmajor Funds	Totals
8,300	1,660	48,800
826	-	1,438
3,326	(243)	5,609
7,024	76	9,455
1,112	197	2,057
69,590	-	69,590
1,096	756	3,545
17,785	24,850	57,818
460,943	226,637	1,261,479
4,492	429	10,121
53,485	9,602	137,742
6,629	-	15,780
207	-	240
10,566	-	18,620
518,776	2,892	552,183
38,253	1,213	75,702
4,902	7,849	116,255
3,194	-	3,194
-	-	35,786
762,964	25,379	992,144
40,669	1,873	49,942
1,776	-	3,181
2,075	-	3,544
491	-	1,335
3,853	-	6,690
120,739	-	116,091
478	-	1,118
3,466	-	3,864
4,404	133	4,537
542,891	13,938	669,455
47,799	5,507	100,986
-	-	168,827
<u>2,742,111</u>	<u>322,748</u>	<u>4,547,128</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, 2017

	<u>Caldwell</u>	<u>East Carroll</u>	<u>Franklin</u>	<u>Jackson</u>	<u>Madison</u>
<u>Revenues:</u>					
Federal grants	<u>104,525</u>	<u>73,008</u>	<u>246,875</u>	<u>131,726</u>	<u>220,736</u>
Total revenues	<u>104,525</u>	<u>73,008</u>	<u>246,875</u>	<u>131,726</u>	<u>220,736</u>
<u>Expenses:</u>					
Administration	-	-	-	-	-
Program costs	<u>104,525</u>	<u>73,008</u>	<u>246,875</u>	<u>131,726</u>	<u>220,736</u>
Total expenses	<u>104,525</u>	<u>73,008</u>	<u>246,875</u>	<u>131,726</u>	<u>220,736</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>251,247</u>	<u>361,558</u>	<u>17,241</u>	<u>257,049</u>	<u>137,617</u>	<u>2,745,546</u>	<u>4,547,128</u>
251,247	361,558	17,241	257,049	137,617	2,745,546	4,547,128
-	-	-	-	-	817,225	817,225
<u>251,247</u>	<u>361,558</u>	<u>17,241</u>	<u>257,049</u>	<u>137,617</u>	<u>1,928,321</u>	<u>3,729,903</u>
<u>251,247</u>	<u>361,558</u>	<u>17,241</u>	<u>257,049</u>	<u>137,617</u>	<u>2,745,546</u>	<u>4,547,128</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-

WORKFORCE DEVELOPMENT BOARD SDA-83, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2017

<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	632,276	632,276
Workforce Investment and Opportunity Act-Youth Activities	17.259	614,668	614,668
Workforce Investment and Opportunity Act-Dislocated Workers	17.278	<u>235,325</u>	<u>235,325</u>
Total Employment Services Cluster		1,482,269	1,482,269
Disability Program Navigator	17.266	32,684	32,684
LWC National Emergency Grant	17.277	81,762	81,762
National Dislocated Worker Grant	17.277	<u>46,981</u>	<u>46,981</u>
		161,427	161,427
United States Department of Health and Human Services:			
Health Profession Opportunity Grant	93.093	2,742,111	2,742,111
Strategies to Empower People (STEP)	93.558	<u>161,321</u>	<u>161,321</u>
		<u>2,903,432</u>	<u>2,903,432</u>
Total Federal Awards		<u>4,547,128</u>	<u>4,547,128</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, 2017

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. 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 29, 2017

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, 2017, and have issued our report thereon dated December 29, 2017.

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.

Heard, McElroy & Vestal, LLC

Shreveport, Louisiana

HEARD, McELROY, & VESTAL

LLC

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December 29, 2017

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, 2017. 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, 2017.

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, 2017

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>
Health Profession Opportunity Grant	93.093

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, 2017

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, 2017

No findings were reported for the current year.

HEARD, McELROY, & VESTAL

LLC

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December 29, 2017

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

Louisiana Legislative Auditor
Baton Rouge, LA

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, 2016 through June 30, 2017. The Entity'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 the entity's written policies and procedures and report whether those written policies and procedures address each of the following financial/business functions (or report that the entity does not have any written policies and procedures), as applicable:

- a) ***Budgeting***, including preparing, adopting, monitoring, and amending the budget

The entity has policies in place addressing these requirement, with the exception of preparing and adopting the budget.

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- 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.

The entity has a policy addressing these requirements, with the exception of adding vendors.

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

The entity has policies in place addressing these requirements.

- d) **Receipts**, including receiving, recording, and preparing deposits

The entity has policies in place addressing these requirements.

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

The entity has policies in place addressing these requirements.

- 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 these requirements.

- 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, and (5) monitoring card usage

The entity has policies in place addressing these requirements.

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

The entity has policies in place addressing these requirements.

- 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. Note: Ethics requirements are not applicable to nonprofits.

The entity has policies in place addressing these requirements.

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

Not applicable, as the entity may not issue debt.

Board (or Finance Committee, if applicable)

2. Obtain and review the board/committee minutes for the fiscal period, and:

- a) Report whether the managing board met (with a quorum) at least monthly, or on a frequency in accordance with the board's enabling legislation, charter, or other equivalent document.

The board met four times during the fiscal year as allowed under the organizing documents.

- b) Report whether the minutes referenced or included monthly budget-to-actual comparisons on the General Fund and any additional funds identified as major funds in the entity's prior audit (GAAP-basis).

- c) If the budget-to-actual comparisons show that management was deficit spending during the fiscal period, report whether there is a formal/written plan to eliminate the deficit spending for those entities with a fund balance deficit. If there is a formal/written plan, report whether the meeting minutes for at least one board meeting during the fiscal period reflect that the board is monitoring the plan.

Each meeting's minutes refer to budget-to-actual financial statement comparisons. No deficit spending took place during the fiscal year.

- d) Report whether the minutes referenced or included non-budgetary financial information (e.g. approval of contracts and disbursements) for at least one meeting during the fiscal period.

At least one meeting's minutes referenced non-budgetary financial information.

Bank Reconciliations

3. Obtain a listing of client bank accounts from management and management's representation that the listing is complete.

HMV obtained a listing of bank accounts and traced them to the general ledger for completeness. Management represented that the listing was complete. No exceptions noted.

4. Using the listing provided by management, select all of the entity's bank accounts (if five accounts or less) or one-third of the bank accounts on a three year rotating basis (if more than 5 accounts). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity fund accounts may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each of the bank accounts selected, obtain bank statements and reconciliations for all months in the fiscal period and report whether:

- a) Bank reconciliations have been prepared;

Reconciliations were prepared in a timely manner.

- b) Bank reconciliations include evidence that a member of management or a board member (with no involvement in the transactions associated with the bank account) has reviewed each bank reconciliation; and

There is no written evidence that management/board member independent of banking transactions reviewed the reconciliations.

- c) If applicable, management has documentation reflecting that it has researched reconciling items that have been outstanding for more than 6 months as of the end of the fiscal period.

No reconciling items greater than 6 months old were noted.

Collections

- 5. Obtain a listing of cash/check/money order (cash) collection locations and management's representation that the listing is complete.

The entity has one collection location.

- 6. Using the listing provided by management, select all of the entity's cash collection locations (if five locations or less) or one-third of the collection locations on a three year rotating basis (if more than 5 locations). If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner. *Note: School student activity funds may be excluded from selection if they are otherwise addressed in a separate audit or AUP engagement.* For each cash collection location selected:

- a) Obtain existing written documentation (e.g. insurance policy, policy manual, job description) and report whether each person responsible for collecting cash is (1) bonded, (2) not responsible for depositing the cash in the bank, recording the related transaction, or reconciling the related bank account (report if there are compensating controls performed by an outside party), and (3) not required to share the same cash register or drawer with another employee.

Each individual responsible for handling cash is insured. The same individual prepares bank deposits, records receipts in the accounting system, and reconciles the bank statement. Although a separate individual reviews bank reconciliations, that review is not documented.

- b) Obtain existing written documentation (e.g. sequentially numbered receipts, system report, reconciliation worksheets, policy manual) and report whether the entity has a formal process to reconcile cash collections to the general ledger and/or subsidiary ledgers, by revenue source and/or agency fund additions, by a person who is not responsible for cash collections in the cash collection location selected.

The cash receipts journal is prepared by the individual receiving the cash, and then reconciled with the general ledger by an independent individual.

c) Select the highest (dollar) week of cash collections from the general ledger or other accounting records during the fiscal period and:

- Using entity collection documentation, deposit slips, and bank statements, trace daily collections to the deposit date on the corresponding bank statement and report whether the deposits were made within one day of collection. If deposits were not made within one day of collection, report the number of days from receipt to deposit for each day at each collection location.

Traced daily collections from the cash receipts journal to the bank statement.

- Using sequentially numbered receipts, system reports, or other related collection documentation, verify that daily cash collections are completely supported by documentation and report any exceptions.

Collections were fully supported by documentation.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the entity has a process specifically defined (identified as such by the entity) to determine completeness of all collections, including electronic transfers, for each revenue source and 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) by a person who is not responsible for collections.

Accounting Supervisor reconciles cash collections to the cash receipts journal.

Disbursements – General (excluding credit card/debit card/fuel card/P-Card purchases or payments)

8. Obtain a listing of entity disbursements from management or, alternately, obtain the general ledger and sort/filter for entity disbursements. Obtain management's representation that the listing or general ledger population is complete.

A listing of disbursements made during the year was obtained.

9. Using the disbursement population from #8 above, randomly select 25 disbursements (or randomly select disbursements constituting at least one-third of the dollar disbursement population if the entity had less than 25 transactions during the fiscal period), excluding credit card/debit card/fuel card/P-card purchases or payments. Obtain supporting documentation (e.g. purchase requisitions, system screens/logs) for each transaction and report whether the supporting documentation for each transaction demonstrated that:

- a) Purchases were initiated using a requisition/purchase order system or an equivalent electronic system that separates initiation from approval functions in the same manner as a requisition/purchase order system.

Purchases are initiated by a PO.

- b) Purchase orders, or an electronic equivalent, were approved by a person who did not initiate the purchase.

No exceptions noted.

- c) Payments for purchases were not processed without (1) an approved requisition and/or purchase order, or electronic equivalent; a receiving report showing receipt of goods purchased, or electronic equivalent; and an approved invoice.

No exceptions noted.

10. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the person responsible for processing payments is prohibited from adding vendors to the entity's purchasing/disbursement system.

Both the Accounting Supervisor, who processes payments, and the Administrative Coordinator can add vendors.

11. Using entity documentation (e.g. electronic system control documentation, policy manual, written procedure), report whether the persons with signatory authority or who make the final authorization for disbursements have no responsibility for initiating or recording purchases.

The Executive Director has signatory authority and can initiate purchases. These purchases are reviewed by the Accounting Supervisor and follow the same processing procedures as all other checks. Purchases are recorded by the Accounting Supervisor.

12. Inquire of management and observe whether the supply of unused checks is maintained in a locked location, with access restricted to those persons that do not have signatory authority, and report any exceptions. Alternately, if the checks are electronically printed on blank check stock, review entity documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Blank checks are kept in locked location. Executive Director is the only employee with signatory authority, and can write checks; however, these checks are subject to the same processing procedures as all other checks.

13. If a signature stamp or signature machine is used, inquire of the signer whether his or her signature is maintained under his or her control or is used only with the knowledge and consent of the signer. Inquire of the signer whether signed checks are likewise maintained under the control of the signer or authorized user until mailed. Report any exceptions.

Signature plates are in the custody of the Administrative Coordinator. The Executive Director remains in possession of signed checks until she seals them in the envelope.

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

14. Obtain from management a listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards), including the card numbers and the names of the persons who maintained possession of the cards. Obtain management's representation that the listing is complete.

A listing of credit cards was obtained from management and management's representation that the listing is complete.

15. Using the listing prepared by management, randomly select 10 cards (or at least one-third of the cards if the entity has less than 10 cards) that were used during the fiscal period, rotating cards each year. If there is a change in practitioners, the new practitioner is not bound to follow the rotation established by the previous practitioner.

Obtain the monthly statements, or combined statements if multiple cards are on one statement, for the selected cards. Select the monthly statement or combined statement with the largest dollar activity for each card (for a debit card, select the monthly bank statement with the largest dollar amount of debit card purchases) and:

- a) Report whether there is evidence that the monthly statement or combined statement and supporting documentation was reviewed and approved, in writing, by someone other than the authorized card holder. [Note: Requiring such approval may constrain the legal authority of certain public officials (e.g., mayor of a Lawrason Act municipality); these instances should not be reported.]

Monthly statements of all cards were reviewed by the Accounting Supervisor. Statements of cards were approved by an individual independent of the card holder, except for those cards held by the Executive Director or Program Director. The Executive Director and Program Director approve their own statements.

- b) Report whether finance charges and/or late fees were assessed on the selected statements.

No late charges were paid on the selected statements.

16. Using the monthly statements or combined statements selected under #15 above, obtain supporting documentation for all transactions for each of the 10 cards selected (i.e. each of the 10 cards should have one month of transactions subject to testing).

- a) For each transaction, report whether the transaction is supported by:

- An original itemized receipt (i.e., identifies precisely what was purchased)

Original receipts are not kept for gas because you can only purchase certain items and the billing is very detailed.

- Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.

Purpose of the expenditure was documented. No meals were selected.

- Other documentation that may be required by written policy (e.g., purchase order, written authorization.)

None noted.

- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the entity's written purchasing/disbursement policies and the Louisiana Public Bid Law (i.e. transaction is a large or recurring purchase requiring the solicitation of bids or quotes) and report any exceptions.

No exceptions noted.

- c) For each transaction, compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. cash advances or non-business purchases, regardless whether they are reimbursed). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions noted.

Travel and Expense Reimbursement

17. Obtain from management a listing of all travel and related expense reimbursements, by person, during the fiscal period or, alternately, obtain the general ledger and sort/filter for travel reimbursements. Obtain management's representation that the listing or general ledger is complete.

We obtained the general ledger detail for travel and reimbursement expenses and management's representation that the list is complete.

18. Obtain the entity's written policies related to travel and expense reimbursements. Compare the amounts in the policies to the per diem and mileage rates established by the U.S. General Services Administration (www.gsa.gov) and report any amounts that exceed GSA rates.

We reviewed the written policies related travel and reimbursements and compared the amounts the Louisiana Employees Travel Guide, noting no exceptions.

19. Using the listing or general ledger from #17 above, select the three persons who incurred the most travel costs during the fiscal period. Obtain the expense reimbursement reports or prepaid expense documentation of each selected person, including the supporting documentation, and choose the largest travel expense for each person to review in detail. For each of the three travel expenses selected:

- a) Compare expense documentation to written policies and report whether each expense was reimbursed or prepaid in accordance with written policy (e.g., rates established for meals, mileage, lodging). If the entity does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

No exceptions were noted.

- b) Report whether each expense is supported by:

- An original itemized receipt that identifies precisely what was purchased. [Note: An expense that is reimbursed based on an established per diem amount (e.g., meals) does not require a receipt.]
- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating).
- Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

No exceptions were noted.

- c) Compare the entity's documentation of the business/public purpose to the requirements of Article 7, Section 14 of the Louisiana Constitution, which prohibits the loan, pledge, or donation of funds, credit, property, or things of value, and report any exceptions (e.g. hotel stays that extend beyond conference periods or payment for the travel expenses of a spouse). If the nature of the transaction precludes or obscures a comparison to the requirements of Article 7, Section 14, the practitioner should report the transaction as an exception.

No exceptions were noted.

- d) Report whether each expense and related documentation was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

No exceptions were noted.

Contracts

20. Obtain a listing of all contracts in effect during the fiscal period or, alternately, obtain the general ledger and sort/filter for contract payments. Obtain management's representation that the listing or general ledger is complete.

We obtained the Contracts for Services general ledger detail and management's representation that the list is complete.

21. Using the listing above, select the five contract “vendors” that were paid the most money during the fiscal period (excluding purchases on state contract and excluding payments to the practitioner). Obtain the related contracts and paid invoices and:

- a) Report whether there is a formal/written contract that supports the services arrangement and the amount paid.

We obtained the contract, Memorandum of Agreement, or invoice. No exceptions were noted.

- b) Compare each contract’s detail to the Louisiana Public Bid Law or Procurement Code. Report whether each contract is subject to the Louisiana Public Bid Law or Procurement Code and:

- If yes, obtain/compare supporting contract documentation to legal requirements and report whether the entity complied with all legal requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder)

Not applicable.

- If no, obtain supporting contract documentation and report whether the entity solicited quotes as a best practice.

The entity follows policies and procedures contracts. The contracts selected are single source, providing participant’s training or education to find meaningful employment.

- c) Report whether the contract was amended. If so, report the scope and dollar amount of the amendment and whether the original contract terms contemplated or provided for such an amendment.

No contract selected was amended.

- d) Select the largest payment from each of the five contracts, obtain the supporting invoice, compare the invoice to the contract terms, and report whether the invoice and related payment complied with the terms and conditions of the contract.

Compared the largest payment for each vendor and compared the terms to the contract, or invoice, noting no exceptions.

- e) Obtain/review contract documentation and board minutes and report whether there is documentation of board approval, if required by policy or law (e.g. Lawrason Act or Home Rule Charter).

The contracts selected did not require board approval.

Payroll and Personnel

22. Obtain a listing of employees (and elected officials, if applicable) with their related salaries, and obtain management’s representation that the listing is complete.

We obtained a listing of active employees and terminated employees and management's representation that the listing is complete.

Randomly select five employees/officials, obtain their personnel files, and:

- a) Review compensation paid to each employee during the fiscal period and report whether payments were made in strict accordance with the terms and conditions of the employment contract or pay rate structure.

Compensation paid to each employee was made in accordance with the terms and conditions of their contract or pay structure.

- b) Review changes made to hourly pay rates/salaries during the fiscal period and report whether those changes were approved in writing and in accordance with written policy.

Pay rate or salary changes applicable to each selected employee were approved in writing and in accordance with written policy.

23. Obtain attendance and leave records and randomly select one pay period in which leave has been taken by at least one employee. Within that pay period, randomly select 25 employees/officials (or randomly select one-third of employees/officials if the entity had less than 25 employees during the fiscal period), and:

- a) Report whether all selected employees/officials documented their daily attendance and leave (e.g., vacation, sick, compensatory). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

All applicable employees documented their attendance and leave.

- b) Report whether there is written documentation that supervisors approved, electronically or in writing, the attendance and leave of the selected employees/officials.

Written documentation of approved attendance and leave records of all applicable employees is maintained by the entity.

- c) Report whether there is written documentation that the entity maintained written leave records (e.g., hours earned, hours used, and balance available) on those selected employees/officials that earn leave.

The entity maintained written leave records on all employees tested.

24. Obtain from management a list of those employees/officials that terminated during the fiscal period and management's representation that the list is complete. If applicable, select the two largest termination payments (e.g., vacation, sick, compensatory time) made during the fiscal period and obtain the personnel files for the two employees/officials. Report whether the termination payments were made in strict accordance with policy and/or contract and approved by management.

The entity terminated one employee; termination payments were according to policy and approved by management.

25. Obtain supporting documentation (e.g. cancelled checks, EFT documentation) relating to payroll taxes and retirement contributions during the fiscal period. Report whether the employee and employer portions of payroll taxes and retirement contributions, as well as the required reporting forms, were submitted to the applicable agencies by the required deadlines.

All employee and employer portions for payroll taxes and contributions, and related required reporting forms, were submitted to the applicable agencies by the required deadlines.

Ethics (excluding nonprofits)

26. Using the five randomly selected employees/officials from procedure #22 under “Payroll and Personnel” above, obtain ethics compliance documentation from management and report whether the entity maintained documentation to demonstrate that required ethics training was completed.

Documentation demonstrating that required ethics training was completed and maintained on 4 of the selected employees. One employee was hired during the year and has until December 31 to complete the training.

27. Inquire of management whether any alleged ethics violations were reported to the entity during the fiscal period. If applicable, review documentation that demonstrates whether management investigated alleged ethics violations, the corrective actions taken, and whether management’s actions complied with the entity’s ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Management represented that the entity did not have any ethics violations reported during the year.

Debt Service (excluding nonprofits)

28. If debt was issued during the fiscal period, obtain supporting documentation from the entity, and report whether State Bond Commission approval was obtained.

Not applicable, since the entity is a nonprofit.

29. If the entity had outstanding debt during the fiscal period, obtain supporting documentation from the entity and report whether the entity made scheduled debt service payments and maintained debt reserves, as required by debt covenants.

Not applicable.

30. If the entity had tax millages relating to debt service, obtain supporting documentation and report whether millage collections exceed debt service payments by more than 10% during the fiscal period. Also, report any millages that continue to be received for debt that has been paid off.

Not applicable.

Other

31. Inquire of management whether the entity had any misappropriations of public funds or assets. If so, obtain/review supporting documentation and report whether the entity reported the misappropriation to the legislative auditor and the district attorney of the parish in which the entity is domiciled.

Management represented that the entity had no misappropriations of public funds or assets.

32. Observe and report whether the entity has posted on its premises and website, the notice required by R.S. 24:523.1. This notice (available for download or print at www.lla.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

We observed the notice posted at the premises and on the entity's website.

33. If the practitioner observes or otherwise identifies any exceptions regarding management's representations in the procedures above, report the nature of each exception.

None applicable.

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