

Financial Report

LAT Workforce Development Board, Inc.

Houma, Louisiana

For the year ended June 30, 2017

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LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors,
LAT Workforce Development Board, Inc.,
Houma, Louisiana.

We have audited the accompanying financial statements of the governmental activities and the General Fund of LAT Workforce Development Board, Inc. (the LAT), a component unit of Lafourche Parish Council, State of Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LAT'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 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 LAT'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 LAT'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 and the General Fund of the LAT Workforce Development Board, Inc. as of June 30, 2017, and the respective changes in financial position thereof and the respective budgetary comparisons for the General Fund for the year then ended in conformity 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 4 through 8 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 an opinion on the financial statements that collectively comprise the LAT's basic financial statements. The accompanying combining schedule of program balance sheets at June 30, 2017, the combining schedule of program revenues, expenditures and changes in fund balance and the schedule of compensation, benefits and other payments to agency head or chief executive officer for the year then ended are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.

The combining schedule of program balance sheets at June 30, 2017, the combining schedule of program revenues, expenditures and changes in fund balance, the schedule of compensation, benefits and other payments to agency head or chief executive officer and the schedule of expenditures of federal awards for the year then ended are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the 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 November 18, 2017 on our consideration of the LAT'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Governmental Auditing Standards in considering LAT's internal controls over financial reporting and compliance.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 18, 2017.

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAT Workforce Development Board, Inc.

The Management's Discussion and Analysis of the LAT Workforce Development Board, Inc. (the LAT) financial performance presents a narrative overview and analysis of the LAT's financial activities for the year ended June 30, 2017. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the additional information contained in the LAT's financial statements, which begin on page 9.

FINANCIAL HIGHLIGHTS

- The LAT's revenues primarily consist of reimbursements of grant expenditures/expenses. Therefore, LAT's financial statements are considered to be substantially expenditure/expense driven and changes in expenditures/expenses are directly offset by similar changes in revenues.
- At the end of any reporting period the LAT's accounts payable primarily consist of unpaid expenditures/expenses which may have been reimbursed, cash, or unreimbursed accounts receivable.
- The LAT receives per diems for testing of participants in the Healthcare Recovery Training System (Hearts) and incentive pay for employing disabled individuals with the Ticket-to-Work program. Accordingly, a fund balance of \$31,134 was available for unrestricted spending at June 30, 2017.
- The LAT's revenue increased \$209,962 or 25.77% primarily due to an increase in funding received during the year and expenses increased \$188,188 or 21.71% primarily due an increase in program expenditures.
- The LAT's assets exceeded its liabilities at the close of fiscal year 2017 by \$24,097 (net position). This was a decrease in net position of 55.71% since the end of the prior year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the LAT's financial statements. The LAT's annual report consists of four parts: (1) management's discussion and analysis (this section), (2) basic financial statements, (3) the optional section that presents other supplementary information and (4) various governmental compliance reports and schedules by certified public accountants and management. The financial statements include two kinds of statements that present different views of the LAT.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the LAT's finances, in a manner similar to a private sector business. The Statement of Net Position presents information on all of the LAT's assets and liabilities with the difference 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 LAT is improving or deteriorating. The Statement of Activities presents information showing how the LAT's net position changes during each fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. The governmental activity of the LAT is to provide funds to subrecipients for job training and related support services.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The governmental fund of the LAT is its General Fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities (Exhibits B and D).

The LAT maintains an individual governmental fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund. The LAT adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements can be found in Exhibits A through E of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in Exhibit F of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the LAT's financial position. For the fiscal year ended June 30, 2017, assets exceeded liabilities by \$24,097. Long-term liabilities outstanding consist entirely of accumulated unpaid vacation and sick leave due after one year.

Condensed Statements of Net Position

	June 30,		Dollar Change
	2017	2016	
Current and other assets	\$ 72,220	\$ 117,146	\$ (44,926)
Capital assets	1,828	2,513	(685)
Total assets	<u>74,048</u>	<u>119,659</u>	<u>(45,611)</u>
Long-term liabilities outstanding	12,850	11,485	1,365
Other liabilities	37,101	53,772	(16,671)
Total liabilities	<u>49,951</u>	<u>65,257</u>	<u>(15,306)</u>
Net Position:			
Invested in capital assets	1,828	2,513	(685)
Unrestricted	22,269	51,889	(29,620)
Total net position	<u>\$ 24,097</u>	<u>\$ 54,402</u>	<u>\$ (30,305)</u>

Governmental Activities

Governmental activities decrease the LAT's net position by \$30,305. Key elements of this increase are as follows:

Condensed Statement of Activities

	For the year ended June 30,		Dollar Change	Total Percent Change
	2017	2016		
Revenues:				
Intergovernmental:				
Federal government - reimbursement grants	\$ 1,017,916	\$ 814,635	\$ 203,281	24.95%
Charges for services	6,681	-	6,681	100.00%
Total revenues	1,024,597	814,635	209,962	25.77%
Expenses:				
Current:				
Economic opportunity	1,054,902	866,714	188,188	21.71%
Decrease in net assets	(30,305)	(52,079)	21,774	-41.81%
Net position beginning of year	54,402	106,481	(52,079)	-48.91%
Net position end of year	<u>\$ 24,097</u>	<u>\$ 54,402</u>	<u>(30,305)</u>	-55.71%

The increase in revenue is due to an increase in funding from the State for programs and expenses increased due to more program expenditures.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the LAT uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the LAT's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the LAT's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. As of the end of the current fiscal year, the LAT's governmental fund reported a \$24,097 fund balance.

Major differences between the prior year and the current year's changes in revenues and expenditures were as follows:

Revenues

- Intergovernmental revenues increased by \$203,281 in federal government grants due to increase in state funding.

Expenditures

- Overall expenditures increased by \$188,188 which is primarily related to an increase program expenditures.

General Fund Budgetary Highlights

During the year, actual revenues and expenditures were less than the budgetary estimates by \$241,666 and \$209,426, respectively. The LAT's primary budget source is reimbursement grants. Therefore increases in appropriated grants at federal and state levels are reflected as increases in revenues and expenses/expenditures in the LAT's financial statements. The budget was not amended during 2017. Because the LAT is substantially an expenditure driven organization budget amendments were not required.

CAPITAL ASSETS

The LAT's investment in capital assets for its governmental activities as of June 30, 2017 amounts to \$1,828 (net of accumulated depreciation), which is the net value after current year's depreciation of \$685 on an office copier purchased during a previous year. Fully depreciated capital assets remaining in use by the LAT include a vehicle and office furniture and fixtures.

Additional information on the LAT's capital assets can be found in Note 4, Exhibit F of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The Board of Directors of the LAT considered certain factors and indicators when setting next year's budget, rates, and fees. These factors and indicators were based on anticipated grants to be received, and employment levels within the parishes of Lafourche, Assumption and Terrebonne.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the LAT's finances for all those with an interest in the LAT's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Board of Director's of the LAT Workforce Development Board, Inc., 911 Bond St., Houma, Louisiana 70360.

**STATEMENT OF NET POSITION AND
GOVERNMENTAL FUND BALANCE SHEET**

LAT Workforce Development Board, Inc.

June 30, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit B)</u>	<u>Statement of Net Position</u>
Assets			
Cash	\$ 29,684		\$ 29,684
Due from the State of Louisiana	37,580		37,580
Receivables - miscellaneous	971		971
Prepaid insurance	-	\$ 3,985	3,985
Depreciable capital assets, net of accumulated depreciation	-	1,828	1,828
Total assets	<u>\$ 68,235</u>	<u>\$ 5,813</u>	<u>\$ 74,048</u>
Liabilities			
Accounts payable and accrued expenditures	\$ 37,101		\$ 37,101
Long-term liabilities	-	\$ 12,850	12,850
Total liabilities	37,101	12,850	49,951
Fund Balance/Net Position			
Fund balance - unassigned	<u>31,134</u>	<u>(31,134)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 68,235</u>	<u>(31,134)</u>	<u>49,951</u>
Net position:			
Net investment in capital assets		1,828	1,828
Unrestricted		22,269	22,269
Total net position		<u>\$ 24,097</u>	<u>\$ 24,097</u>

See notes to financial statements.

**RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION**

LAT Workforce Development Board, Inc.

June 30, 2017

Fund Balance - Governmental Fund	\$	31,134
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Governmental capital assets	\$ 37,354	
Less accumulated depreciation	<u>(35,526)</u>	1,828

Other assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental fund

Prepaid Insurance		3,985
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Long-term liabilities are not due in the current period and, therefore are not reported in the governmental funds.

Accrued unpaid compensated absences		<u>(12,850)</u>
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Net Position of Governmental Activities	\$	<u>24,097</u>
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See notes to financial statements.

**STATEMENT OF ACTIVITIES AND STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

	<u>General Fund</u>	<u>Adjustments (Exhibit D)</u>	<u>Statement of Activities</u>
Revenues			
Intergovernmental	\$ 1,017,916		\$ 1,017,916
Charges for services	6,681		6,681
	<u>1,024,597</u>		<u>1,024,597</u>
Expenditures - Economic Opportunity			
Current:			
Administrative:			
Personal services	169,055	\$ (2,620)	166,435
Supplies and materials	2,366	-	2,366
Other services and charges	73,847	-	73,847
Repairs and maintenance	10,083	-	10,083
Depreciation	-	685	685
	<u>255,351</u>	<u>(1,935)</u>	<u>253,416</u>
Program distributions for training related/ supportive services	<u>801,486</u>	<u>-</u>	<u>801,486</u>
	<u>1,056,837</u>	<u>(1,935)</u>	<u>1,054,902</u>
Net Change in Fund Balance	(32,240)	32,240	-
Change in Net Position	-	(30,305)	(30,305)
Fund Balance/ Net Position			
Beginning of year	<u>63,374</u>	<u>(8,972)</u>	<u>54,402</u>
End of year	<u>\$ 31,134</u>	<u>\$ (7,037)</u>	<u>\$ 24,097</u>

See notes to financial statements.

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL
FUND REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE TO THE STATEMENT OF ACTIVITIES**

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

Net Change in Fund Balance - Governmental Fund	\$	(32,240)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation expense		(685)
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Some expenses are reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund.

Increase in prepaid insurance	\$ 3,985	
Increase in compensated absences	<u>(1,365)</u>	<u>2,620</u>

Change in Net Position of Governmental Activities	\$	<u><u>(30,305)</u></u>
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See notes to financial statements.

**STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND**

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues	<u>\$ 1,266,263</u>	<u>\$ 1,266,263</u>	<u>\$ 1,024,597</u>	<u>\$ (241,666)</u>
Expenditures - Economic Opportunity				
Current:				
Administrative:				
Personal services	177,521	177,521	169,055	8,466
Supplies and materials	5,000	5,000	2,366	2,634
Other services and charges	65,310	65,310	73,847	(8,537)
Repairs and maintenance	7,100	7,100	10,083	(2,983)
Capital outlay	<u>3,500</u>	<u>3,500</u>	<u>-</u>	<u>3,500</u>
	258,431	258,431	255,351	3,080
Program distributions to subrecipients for reimbursement of training related/ supportive services	<u>1,007,832</u>	<u>1,007,832</u>	<u>801,486</u>	<u>206,346</u>
Total expenditures	<u>1,266,263</u>	<u>1,266,263</u>	<u>1,056,837</u>	<u>209,426</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(32,240)</u>	<u>\$ (32,240)</u>
Fund Balance				
Beginning of year			<u>63,374</u>	
End of year			<u>\$ 31,134</u>	

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS**LAT Workforce Development Board, Inc.**

June 30, 2017

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the LAT Workforce Development Board, Inc. (the LAT) conform to accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of significant accounting policies:

a) Reporting Entity

In 1998, the United States Congress passed legislation creating the Workforce Investment Act (WIA). In the implementation of WIA, the State of Louisiana chose to create local Workforce Investment Boards to administer federal financial assistance grants in the local area. The Workforce Innovation and Opportunity Act (WIOA) was created in 2014 which supersedes and reauthorizes the WIA.

LAT Workforce Development Board, Inc., formerly the LAT Workforce Investment Board, Inc., is a special purpose quasi-governmental organization which serves as the local Workforce Investment Board for the Parishes of Lafourche, Assumption and Terrebonne. The governing authorities for the three Parishes agreed in the "Workforce Investment Act (WIA) Chief Elected Official Agreement" that the Lafourche Parish Council (the Parish) will serve as the local grant recipient. Furthermore, the State of Louisiana Workforce Commission, formerly Department of Labor and the Parish signed a cooperative endeavor agreement in which the LAT has been designated as the Parish's grant subrecipient and fiscal agent. The LAT was incorporated as a non-profit corporation on April 1, 2000 and is a component unit of the Lafourche Parish Council.

The LAT receives the revenue reported in its General Fund from Federal financial assistance grants provided by WIOA Title I-B, Grant Programs as pass-through grants from the State of Louisiana Workforce Commission. The LAT may receive fees under an agreement with the Southwest Louisiana Health Education Center for testing participants in the Healthcare Recovery Training System (Hearts) program, and an agreement with the Social Security Administration Office for the Ticket-to-Work program.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a) Reporting Entity (continued)

GASB No. 14, *The Financial Reporting Entity*, GASB No. 39, *Determining Whether Certain Organizations Are Component Units-an amendment of GASB Statement No. 14*, and GASB No. 61, *The Financial Reporting Entity: Omnibus and amendment of GASB Statements No. 14 and No. 34* established the criterion for determining which component units should be considered part of the LAT for financial reporting purposes. The basic criteria are as follows:

1. Legal status of the potential component unit including the right to incur its own debt, levy its own taxes and charges, expropriate property in its own name, sue and be sued, and the right to buy, sell and lease property in its own name.
2. Whether the governing authority appoints a majority of the board members of the potential component unit.
3. Fiscal interdependency between the LAT and the potential component unit.
4. Imposition of will by the LAT on the potential component unit.
5. Financial benefit/burden relationship between the LAT and the potential component unit.

Management has reviewed all activities and determined that there are no potential component units which should be included in the financial statements.

b) Basis of Presentation

The LAT's financial statements consist of the government-wide statements on all activities of the LAT and the governmental fund financial statements.

Government-wide Financial Statements:

The government-wide financial statements include the Statement of Net Position and the Statement of Activities for all activities of the LAT. As a general rule, the effect of inter-program activity has been removed from these statements. The government-wide presentation focuses primarily on the sustainability of the LAT as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b) Basis of Presentation (continued)

Fund Financial Statements:

The fund financial statements place emphasis on the major funds in governmental categories. The daily accounts and operations of the LAT are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues and expenditures. Government resources are allocated to and accounted for in the fund based upon the purpose for which they are to be spent and the means by which spending activities are controlled.

The following is the Governmental Fund of the LAT:

General Fund - The General Fund is the general operating fund of the LAT. It is used to account for and report all financial resources except those that are required to be accounted for in another fund. The General Fund is always a major fund.

c) Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Fund Financial Statements:

All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other uses) in net current assets. Governmental funds are maintained on the modified accrual basis of accounting.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c) Measurement Focus and Basis of Accounting (continued)

Governmental fund revenues resulting from exchange transactions are recognized in the fiscal year in which the exchange takes place and meets the government's availability criteria (susceptible to accrual). Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For this purpose, the LAT considers revenues to be available if they are collected within 60 days of the end of the current fiscal year.

Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Allocations of cost such as depreciation are not recognized in the governmental funds.

d) Use of Estimates

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

e) Operating Budgetary Data

The LAT is a quasi-governmental entity which is not legally required to adopt budgets. A budget for each program within the General Fund is submitted to the state grantor department for approval. Funding is primarily from intergovernmental grants received from the Louisiana Workforce Commission. Any amendment involving the transfer of monies from one function to another or increases in expenditures must be approved by the Board of Directors and the State of Louisiana Workforce Commission. All budget amounts which are not expended lapse.

The General Fund budget is adopted on a basis materially consistent with accounting principles generally accepted in the United States of America.

f) Accounts Receivable

The financial statements for the LAT contain no allowance for bad debts. Uncollectible receivables are recognized as bad debts at the time information becomes available which would indicate the uncollectibility of the receivable. These amounts are not considered to be material in relation to the financial position or operations of the funds of the LAT.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

g) Capital Assets

The accounting treatment over office furniture and fixtures and a vehicle (capital assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Financial Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. Capital assets purchased or acquired with an original cost of \$1,000 or more are valued at historical cost. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The estimated useful life by type of asset is as follows:

Office furniture and fixtures	5 years
Vehicle	5 years

Fund Financial Statements:

In the fund financial statements, capital assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

h) Compensated Absences

Employees earn and accumulate annual and sick leave at various rates, depending on their years of service. Employees can earn twelve, eighteen or twenty-four days per year vacation leave, depending on their length of employment. Accumulated vacation leave benefits are due to the employee at the time of termination or death. The vacation policy provides that employees are to take vacation within one year of being earned, but after January 1 of the following year. Employees may accumulate and carry forward no more than 80 hours of annual leave from one calendar year to the next.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h) Compensated Absences (continued)

Employees earn five hours of sick leave per month and are permitted to accumulate up to 120 hours of sick leave from one calendar year to the next. Accumulated sick leave benefits are due to the employee at the time of termination or death.

In the government-wide financial statements, the net change in accumulated unpaid vacation and sick leave liability is recorded as an expense and the total a long-term obligation. In accordance with GASB Interpretation No. 6, "*Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*," (issued in March 2000), no compensated absences liability is recorded at June 30, 2017 in the governmental fund-type financial statements.

i) Income Taxes

The LAT is a non-profit organization and is exempt from income taxes under Section 501 (c) (3) of the Internal Revenue Code. Therefore, no provisions for income taxes have been made.

Accounting standards provide detailed guidance for financial statement recognition, measurement, and disclosures of uncertain tax positions recognized in an entity's financial statements. It requires an entity to recognize financial statement impact of a tax position when it is more likely than not that the position will be sustained upon examination. Tax years ended June 30, 2014, and later remain subject to examination by the taxing authorities. As of June 30, 2017 management of LAT believes that it has no uncertain tax positions that qualify for either recognition or disclosure in the financial statements.

j) Fund Equity

Government-wide Statements:

Equity is classified as net position and displayed in three components:

- a. Net investment in capital assets – Consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of debt proceeds used in the acquisition of those assets. At June 30, 2017 the LAT did not report any borrowings.
- b. Restricted net position – Consists of assets and deferred outflows of resources less liabilities and deferred inflow of resources (net position) with constraints placed on the use either by (1) external groups such as creditors, grantors, contributions or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

j) Fund Equity (continued)

- c. Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

When both restricted and unrestricted resources are available for use, it is the LAT’s policy to use restricted resources first, then unrestricted resources as they are needed. At June 30, 2017, the LAT did not have or receive restricted assets.

Fund Financial Statements:

Governmental fund equity is classified as fund balance. Fund balance is further classified as follows:

- a. Non-spendable – amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to maintain intact.
- b. Restricted – amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.
- c. Committed – amounts that can be used only for specific purposes determined by a formal action of the LAT’s Board of Directors. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the LAT’s Board of Directors.
- d. Assigned – amounts that do not meet the criteria to be classified as either restricted or committed but that are intended to be used for specific purposes. Amounts assigned may be established, modified or resent by majority vote of LAT’s Board of Directors or its Executive Director.
- e. Unassigned – all other spendable amounts.

For the classification of Governmental Fund balances, the LAT considers expenditure to be made from the most restrictive first when more than one classification is available. The LAT’s fund balance was classified as unassigned as of June 30, 2017.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements

During the year ending June 30, 2017, the LAT implemented the following GASB Statements:

Statement No. 74, "*Financial Reporting for Postemployment Benefit Plans other than Pension Plans.*" The Statement addresses the financial reports of defined benefit OPEB plans that are administered through trusts that meet specified criteria and follows the framework for financial reporting of defined benefit OPEB plans in Statement 45 by requiring a statement of fiduciary net position and a statement of changes in fiduciary net position. The Statement requires more extensive note disclosures and RSI related to the measurement of the OPEB liabilities for which assets have been accumulated, including information about the annual money-weighted rates of return on plan investments and also sets forth note disclosure requirements for defined contribution OPEB plans. This Statement did not affect the LAT's financial statements.

Statement No. 77, "*Tax Abatement Disclosures*" defines tax abatements as reduction in tax revenues that results from an agreement between one or more governments and an individual or entity in which (a) one or more governments promise to forgo tax revenues to which they are otherwise entitled and (b) the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the governments or the citizens of those governments. This Statement requires disclosures of the government's own tax abatement agreements and those tax abatement agreements of other governments that reduce the government's revenue. This Statement did not affect the LAT's financial statements.

Statement No. 78, "*Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*" amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that (1) is not a state or local governmental pension plan, (2) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (3) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). This Statement establishes requirements for recognition and measurement of pension expense, expenditures, and liabilities; note disclosures; and required supplementary information for pensions that have the characteristics described above. This Statement did not affect the LAT's financial statements.

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements (continued)

Statement No. 79, "*Certain External Investment Pools and Pool Participants*" establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement also establishes accounting and financial reporting standards for state and local governments that participate in a qualifying external investment pool that measures for financial reporting purposes all of its investments at amortized cost. This Statement did not affect the LAT's financial statements.

Statement No. 80, "*Blending Requirement for Certain Component Units*" improves financial reporting by clarifying the financial statement presentation requirements for certain component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. This requirement enhances comparability and decision usefulness of financial statements among governments. This Statement did not affect the LAT's financial statements.

Statement No. 82, "*Pension Issues*" addresses several issues raised with respect to Statements No. 67, "*Financial Reporting for Pension Plans*," No. 68, "*Accounting and Financial Reporting for Pensions*," and No. 73, "*Accounting and Financial Reporting for Pensions and Related Assets that are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*." Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. This Statement did not affect the LAT's financial statements.

The GASB has issued the following Statements which will become effective in future years as shown below:

Statement No. 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions*," replaces the requirements of GASB Statement No. 45. This Statement requires governments to report a liability on the face of the financial statements for the OPEB that they provide: governments that are responsible only for OPEB liabilities related to their own employees and that provide OPEB through a defined benefit OPEB plan administered through a trust that meets

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements (continued)

specified criteria will report a net OPEB liability, governments that participate in a cost-sharing OPEB plan that is administered through a trust that meets the specified criteria will report a liability equal to their proportionate share of the collective OPEB liability for all entities participating in the cost-sharing plan and governments that do not provide OPEB through a trust that meets specified criteria will report the total OPEB liability related to their employees. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2017. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 81, "*Irrevocable Split Interest Agreements*" provided recognition and measurement guidance for situation in which a government is a beneficiary of an irrevocable split interest agreement. This Statement requires that a government that receives resources pursuant to an irrevocable split interest agreement recognize assets, liabilities and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in agreements administered by third parties. Governments are required by this Statement to recognize revenue when the resources become applicable to the reporting period. This Statement enhances comparability and decision usefulness of financial statements among governments. The requirements of this statement are effective for financial statements for periods beginning after December 15, 2016. Management has not yet determined the effect of this statement on the financial statements.

Statement No. 83, "*Certain Asset Retirement Obligations*" addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 84, "*Fiduciary Activities*" improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements (continued)

fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 85, "Omnibus 2017." On March 20, 2017, GASB issued "Omnibus 2017" covering four main topics: blending component units; goodwill, fair value measurement and application; and postemployment benefits. "Omnibus 2017" is effective for fiscal years beginning after June 15, 2017. However, due to the nature of topic covered, GASB is allowing the option of early implementation for single topics. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 86, "*Certain Debt Extinguishment Issues*" improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources – resources other than the proceeds of refunding debt – are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The requirements of this Statement are effective for reporting periods beginning after June 15, 2017. Earlier application is encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Statement No. 87, "*Leases*" increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

k) New GASB Statements (continued)

encouraged. Management has not yet determined the effect of this Statement on the financial statements.

Note 2 - CASH

Custodial credit risk is the risk that in the event of a bank failure, the LAT's deposits may not be returned to it. LAT has a written policy for custodial risk. Cash is in a non-interest bearing account held in custody at a bank and is covered by FDIC insurance; accordingly, cash is not exposed to custodial credit risk. The LAT is a quasi-governmental entity which is not required to comply with Louisiana laws relating to collateralization of cash and investments.

Note 3 - DUE FROM THE STATE OF LOUISIANA

Amounts reported as due from the State of Louisiana at June 30, 2017 totaled \$37,580 and are due from the following state departments:

	Amount
Louisiana Workforce Commission	\$ 12,440
Department of Children and Family Services	25,140
Total	\$ 37,580

Note 4 - CHANGES IN CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2017 was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets being depreciated:				
Office furniture and fixtures	\$ 23,794	\$ -	\$ -	\$ 23,794
Vehicle	13,560	-	-	13,560
Total capital assets being depreciated	37,354	-	-	37,354
Less accumulated depreciation for:				
Office furniture and fixtures	(21,281)	(685)	-	(21,966)
Vehicle	(13,560)	-	-	(13,560)
Total accumulated depreciation	(34,841)	(685)	-	(35,526)
Total capital assets, net	\$ 2,513	\$ (685)	\$ -	\$ 1,828

Note 5 - LONG-TERM LIABILITIES

Long-term liabilities consist entirely of accumulated unpaid vacation and sick leave due after one year.

The following is a summary of the changes in long-term liabilities of the LAT for the year ended June 30, 2017:

Long-term liabilities, July 1, 2016	\$ 11,485
Net increase in accumulated unpaid vacation and sick leave	<u>1,365</u>
Long-term liabilities, June 30, 2017	<u>\$ 12,850</u>

Note 6 - OFFICE RENTAL

Office space is rented for \$685 per month on a month-to-month basis. In addition, the LAT also rented storage space, through April 2017, for \$55 per month. The rentals are considered operating. Rental expenditures incurred amounted to \$8,770 during the year ended June 30, 2017.

Note 7 - ECONOMIC DEPENDENCY

The LAT receives substantially all of its revenue from funds provided through grants administered by the State of Louisiana Workforce Commission. 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 levels, the amount of the funds the LAT receives could be reduced significantly and have an adverse impact on its operations.

Note 8 - RISK MANAGEMENT

The LAT is exposed to various risks of loss related to workers' compensation; torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the LAT carries commercial insurance. No settlements were made during the year that exceeded the LAT's insurance coverage.

Note 9 - EMPLOYEE RETIREMENT PLAN

The LAT contributes to a Simplified Employee Pension Plan (the Plan), a defined contribution pension plan, for its full time employees. The Plan is administered by the LAT Board.

Benefit terms, including contribution requirements are established and may be amended by the LAT Board. For each employee the LAT contributes 5% of annual salary to the employee's individual retirement account, (IRA). The IRAs are the property of the

Note 9 - EMPLOYEE RETIREMENT PLAN (Continued)

participating employee. The employees are permitted to make contributions, up to applicable Internal Revenue Code limits. For the year ended June 30, 2017 employee contributions totaled \$5,543 and the LAT recognized an equal amount as pension expense.

Note 10 - COMPENSATION OF BOARD OF DIRECTORS

No compensation was paid to Directors of the LAT Workforce Development Board, Inc. for the year ended June 30, 2017.

Note 11 - SUBSEQUENT EVENTS

Management evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through November 18, 2017, which is the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION SECTION

GENERAL FUND PROGRAMS

Adult Program - To account for and report funds received under the Workforce Innovation and Opportunity Act. Funds are used to increase the employability of economically disadvantaged adults through participation in classroom and on-the-job training and work experience. In addition, employer outreach, job search, and direct placement activities are conducted.

Youth Program - To account for and report funds received under the Workforce Innovation and Opportunity Act. Funds are used to increase the employability of economically disadvantaged youth through participation in classroom and on-the-job training, work experience and exemplary youth programs. In addition, employer outreach, job search, and direct placement activities are conducted.

Dislocated Worker Program - To account for and report funds received under the Workforce Innovation and Opportunity Act. Funds are used to increase the employability of dislocated workers through classroom training and on-the-job training programs.

STEP - To account for and report funds received for the Louisiana Workforce Commission. Funds are used to provide case management services to work eligible cash assistance recipients, as referred by the Louisiana Department of Children and Family Services (DCFS), to move those families from cash assistance to employment.

Ticket-to-Work - To account for and report funds received from the Social Security Administration for employing disabled individuals.

Hearts – To account for and report funds received from the Healthcare Recovery Training System (Hearts) for facilitating enrollment and testing of participants.

COMBINING SCHEDULE OF PROGRAM BALANCE SHEETS

LAT Workforce Development Board, Inc.

June 30, 2017

	Adult Program	Youth Program	Dislocated Worker Program	Step	Ticket - to - Work	Hearts	Total
Assets							
Cash	\$ 28,184					\$ 1,500	\$ 29,684
Due from the State of Louisiana	19,386	\$ 12,703	\$ (19,649)	\$ 25,140		-	37,580
Receivables - miscellaneous	971	-	-	-		-	971
Total assets	<u>\$ 48,541</u>	<u>\$ 12,703</u>	<u>\$ (19,649)</u>	<u>\$ 25,140</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 68,235</u>
Liabilities							
Accounts payable and accrued expenditures	\$ 37,101						\$ 37,101
Due to (from) other programs	11,440	\$ 12,703	\$ (19,649)	\$ 25,140	\$ (31,268)	\$ 1,634	-
Total liabilities	48,541	12,703	(19,649)	25,140	(31,268)	1,634	37,101
Fund Balance							
Fund Balance - unassigned	-	-	-	-	31,268	(134)	31,134
Total liabilities and fund balance	<u>\$ 48,541</u>	<u>\$ 12,703</u>	<u>\$ (19,649)</u>	<u>\$ 25,140</u>	<u>\$ -</u>	<u>\$ 1,500</u>	<u>\$ 68,235</u>

**COMBINING SCHEDULE OF PROGRAM REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE**

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

	<u>Adult Program</u>	<u>Youth Program</u>	<u>Dislocated Worker Program</u>	<u>Step</u>	<u>Ticket-to- Work</u>	<u>Hearts</u>	<u>Total</u>
Revenues							
Intergovernmental:							
Federal:							
Department of Labor	\$ 345,515	\$ 292,563	\$ 354,698				\$ 992,776
State:							
Department of Children and Family Services	-	-	-	\$ 25,140			25,140
Charges for Service	-	-	-	-	\$ 6,681		6,681
Total revenue	<u>345,515</u>	<u>292,563</u>	<u>354,698</u>	<u>25,140</u>	<u>6,681</u>		<u>1,024,597</u>
Expenditures - Economic Opportunity							
Current:							
Administrative:							
Personal services	49,444	50,619	44,648	4,786	771	\$ 18,787	169,055
Supplies and materials	588	788	606	-	-	384	2,366
Other services and charges	11,449	11,147	13,568	20,354	-	17,329	73,847
Repairs and maintenance	2,745	3,038	2,650	-	-	1,650	10,083
	<u>64,226</u>	<u>65,592</u>	<u>61,472</u>	<u>25,140</u>	<u>771</u>	<u>38,150</u>	<u>255,351</u>
Program distributions for training training related/supportive services	<u>281,289</u>	<u>226,971</u>	<u>293,226</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>801,486</u>
Total expenditures	<u>345,515</u>	<u>292,563</u>	<u>354,698</u>	<u>25,140</u>	<u>771</u>	<u>38,150</u>	<u>1,056,837</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	5,910	(38,150)	(32,240)
Fund Balance							
Beginning of year					25,358	38,016	63,374
End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>		<u>\$ 31,268</u>	<u>\$ (134)</u>	<u>\$ 31,134</u>

**SCHEDULE OF COMPENSATION, BENEFITS AND OTHER
PAYMENTS TO AGENCY HEAD OR CHIEF EXECUTIVE OFFICER**

LAT Workforce Development Board, Inc.

June 30, 2017

Agency Head Name: Frank Lewis

Purpose	Amount
Salary	\$ 71,883
Benefits - insurance	27,574
Benefits - retirement	3,132
Benefits - other	-
Car allowance	-
Vehicle provided by government	-
Per diem	-
Reimbursements	-
Travel	281
Registration fees	-
Conference travel	-
Continuing professional education fees	-
Housing	-
Unvouchered expenses	-
Meals	-
	<hr/>
	<u>\$ 102,870</u>

Note: Frank Lewis is the Executive Director and Functions as the Chief Executive Officer.

SPECIAL REPORTS OF CERTIFIED PUBLIC ACCOUNTANTS

**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**

To the Board of Directors,
LAT Workforce Development Board, Inc.,
Houma, Louisiana.

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 LAT Workforce Development Board, Inc., (the LAT), a component unit of Lafourche Parish Council, State of Louisiana, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the LAT's basic financial statements and have issued our report thereon dated November 18, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the LAT'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 LAT's internal control. Accordingly, we do not express an opinion on the effectiveness of LAT'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 LAT'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 of 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 are material weaknesses or, significant deficiencies. Given those limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses, as defined. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the LAT's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the 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

This report is intended 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 suited for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 18, 2017.

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors,
LAT Workforce Development Board, Inc.,
Houma, Louisiana.

Report on Compliance for each Major Federal Program

We have audited LAT Workforce Development Board, Inc.’s, (the LAT), a component unit of Lafourche Parish Council, State of Louisiana, compliance with the types of compliance requirements described in the *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* that could have a direct and material effect on each of the LAT’s major federal programs for the year ended June 30, 2017. The LAT’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 the compliance for each of LAT’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 the *Uniform Guidance*. Those standards and 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 the LAT’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 on the LAT’s compliance.

Opinion on Each Major Federal Program

In our opinion, LAT complied, in all material respects, with the 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 the LAT is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirement referred to above. In planning and performing our audit of compliance, we considered the LAT's internal control over compliance with the types requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each federal major program and to test and report on internal control over compliance in accordance with 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 the LAT'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 the internal control over compliance was for the limited purpose described in the first paragraph in 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 weakness. 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Houma, Louisiana,
November 18, 2017.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

<u>Federal Grantor/Pass- Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Award/ Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Expenditures to Subrecipients</u>
Department of Labor				
<u>Pass-Through Payments:</u>				
<u>Louisiana Workforce Commission:</u>				
<u>WIA Cluster:</u>				
WIA Adult Program	17.258	OCR #474-000559	\$ 345,515	\$ 281,289
WIA Youth Activities	17.259	OCR #474-000559	292,563	226,971
WIA Dislocated Workers	17.278	OCR #474-000559	348,748	290,276
Total WIA Cluster			<u>986,826</u>	<u>798,536</u>
 <u>Pass-Through Payments:</u>				
<u>Louisiana Workforce Commission:</u>				
<u>Workforce Investment Board LWIA #40</u>				
WIA National Emergency Grants - Job Driven	17.277	OCR #474-000559	5,950	2,950
Total Expenditures of Federal Awards			<u>\$ 992,776</u>	<u>\$ 801,486</u>

See notes to Schedule of Expenditures of Federal Awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

Note 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the SEFA) includes the federal award activity of the LAT under programs of the federal government for the year ended June 30, 2017. The information in this SEFA is presented in accordance with the requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the LAT, it is not intended to and does not present the financial position, changes in net position, or cash flows of the LAT.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Note 3 - INDIRECT COST RATE

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

Note 4 - RECONCILIATION TO FINANCIAL STATEMENTS

Total federal expenditures for the year ended June 30, 2017 reconciles to the LAT's financial statements for the year ended June 30, 2017 as follows:

Total federal expenditures	\$ 992,776
Non federal expenditures	<u>64,061</u>
Total expenditures	<u>\$ 1,056,837</u>

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

Section I Summary of Auditor's Results

a) Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not
considered to be material weaknesses? yes none reported

Noncompliance material to financial statements noted? yes no

b) Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes no
- Significant deficiency(ies) identified that are not
considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be
reported in accordance with the Uniform Guidance? yes no

c) Identification of Major Programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>
17.258	WIA/WIOA Cluster
17.259	WIA/WIOA Adult Program
17.278	WIA/WIOA Youth Activities
	WIA/WIOA Dislocated Workers

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

(Continued)

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

Section I Summary of Auditor's Results (Continued)

Dollar threshold used to distinguish between Type A
and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

X yes ___ no

Section II Financial Statement Findings

No financial statement findings were noted during the audit of the financial statements for the year ended June 30, 2017.

Section III Federal Award Findings and Questioned Costs

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2017.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2016.
No significant deficiencies were reported during the audit for the year ended June 30, 2016.

Compliance

No compliance findings material to the financial statements were noted during the year ended June 30, 2016.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2016.

Section III Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2016.

MANAGEMENT'S CORRECTIVE ACTION PLAN

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

Section I Internal Control and Compliance Material to the Basic Financial Statements

Internal Control

No material weaknesses were noted during the audit for the year ended June 30, 2017.
No significant deficiencies were reported during the audit for the year ended June 30, 2017.

Compliance

No compliance findings material to the financial statements were noted during the year ended June 30, 2017.

Section II Internal Control and Compliance Material to Federal Awards

There were no federal award findings or questioned costs reported during the audit of the financial statements for the year ended June 30, 2017.

Section III Management Letter

A management letter was not issued in connection with the audit of the financial statements for the year ended June 30, 2017.

AGREED-UPON PROCEDURES

INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES

To the Board Members
LAT Workforce Development Board, Inc.
P.O. Box 4115
Houma, LA 70361

We have performed the procedures described in Schedule 4, which were agreed to by the LAT Workforce Development Board, Inc. (the LAT) 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 year ended June 30, 2017. The Board's management is responsible for those C/C areas identified in the SAUPs.

This agreed-upon procedures engagement was conducted in accordance with the attestation standards established by the Association of International Certified Professional Accountants. 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 referred to above, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are described in Schedule 4.

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 these 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 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 23:513, this report is distributed by the LLA as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants

Houma, Louisiana.
November 18, 2017.

**Schedule of Procedures and Associated Findings of the
Statewide Agreed-upon Procedures**

LAT Workforce Development Board, Inc.

For the year ended June 30, 2017

The required procedures and our findings are as follows:

Procedures performed on the LAT's written policies and procedures:

1. Obtain the LAT'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 LAT does not have any written policies and procedures), as applicable:

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

Performance: Obtained and read the written policy for budgeting and found it to address all the functions listed above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Obtained and read the written policy for purchasing. The LAT is not subject to public bid law due to its quasi-governmental status. Documentation on bids and quotes are kept as best practice.

Exceptions: The policy did not contain a provision about initiating purchases or preparation of purchase orders.

Management's response: Management will consider adding these procedures to their existing purchasing policy.

c) Disbursements, including processing, reviewing, and approving

Performance: Obtained and read the written policy for disbursements, and found it to contain the requirements included above.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired of management as to a written receipts policy .

Exceptions: Management confirmed there is no policy on receipts.

Management's response: Management will consider drafting such a policy.

Procedures performed on the LAT's written policies and procedures: (Continued)

- e) Payroll/Personnel, including (1) payroll processing, and (2) reviewing and approving time and attendance records, including leave and overtime worked.
Performance: Obtained and read the written policy for payroll and personnel, and found it contained all listed requirements.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- 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
Performance: Obtained and read written policy for contracting.
Exceptions: Management's policy on contracting does not include a provision for standard terms and conditions or a legal review.
Management's response: Management will consider adding standard terms and conditions and legal review provisions for the contracts entered into by the LAT.
- 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
Performance: Obtained and read the written policy for credit cards.
Exceptions: Management's policy on credit cards does not include provisions for how cards are controlled, allowable business uses, documentation requirements, required approvers, and monitoring card usage.
Management's response: Management will consider adding these requirements to their credit card policy.
- h) Travel and expense reimbursement, including (1) allowable expenses, (2) dollar thresholds by category of expense, (3) documentation requirements, and (4) required approvers
Performance: Obtained and read the travel and expense reimbursement policy.
Exceptions: The policy does not include the documentation requirements.
Management's response: Management will consider adding documentation requirements to their existing policy.
- 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.

Procedures performed on the LAT's written policies and procedures: (Continued)

Performance: Inquired of management as to an ethics policy.

Exceptions: Due to the quasi-governmental status of the LAT, management is not required to have a policy on ethics, however, they have a policy written as best practice.

Management's response: Not applicable.

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

Performance: Inquired of management as to a debt service policy.

Exceptions: Due to the quasi-governmental status of the LAT, management is not required to have a policy on debt service.

Management's response: Not applicable.

Procedures performed on the LAT's board:

- 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.

Performance: Obtained and read the written minutes of board meetings.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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).

Performance: Inspected meeting minutes and inquired of client about their monthly budget-to-actual comparisons. The LAT keeps track of program expenditures to determine if the necessary funding is available for spending.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 1) 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.

Procedures performed on the LAT's board: (Continued)

Performance: The LAT keeps track of program expenditures to determine if the necessary funding is available for spending. The LAT does not exceed available funds for spending. This control is closely monitored when requesting reimbursement for program expenditures.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) 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.

Performance: Inspected the board's meeting minutes for the fiscal year and noted non-budgetary financial information in the form of approvals of contracts, and disbursements.

Exceptions: There were no exceptions noted.

Management's response: Not applicable

Procedures performed on the LAT's bank reconciliations:

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

Performance: Obtained the listing of bank accounts from management, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

4. Using the listing provided by management, select all of the LAT'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). 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;

Performance: Obtained monthly bank reconciliations for the two accounts tested. Inspected management's documentation for accuracy of bank reconciliations.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's bank reconciliations: (Continued)

- 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

Performance: Inspected documentation for management approvals of each bank reconciliation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected documents for items outstanding for more than 6 months.

There were no items outstanding for more than 6 months as of the end of the fiscal period.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's collections:

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

Performance: Observed the listing of cash/check/money order (cash) collection locations from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

6. Using the listing provided by management, select all of the LAT'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).

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.

Procedures performed on the LAT's collections: (Continued)

Performance: Inspected policy manuals, and inquired of client as to all of the requirements.

Exceptions: The accountant and executive director are the only two employees and are both bonded. The accountant is responsible for depositing cash, recording transactions, and reconciling the related bank accounts. The executive director opens all bank statements and inspects the bank statements for any unusual items. He also approves all bank reconciliations. There is only one cash drawer.

Management's response: Management will consider assigning collection duties to the part time employee hired in fiscal year 2018.

- 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.

Performance: Inspected drawdown request, bank statements, and reconciliation reports.

Exceptions: The accountant reconciles collections and records transactions. The executive director receives any mailed cash receipts, then gives to the accountant for recording and reconciling.

Management's response: The executive director reviews all reconciliations in detail. Management will consider assigning collection duties to the new, part-time employee.

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

- 1) Using LAT's 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.

Performance: The LAT's primary funding source is grants, in which weekly drawdown requests are performed. Collections are majority received by weekly ACH payments; therefore, the test population was based upon all collections recorded in all revenue accounts. A sample of 25 cash receipts were tested. One check was received from another source of funding, and was deposited within one day.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's collections: (Continued)

- 2) 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.

Performance: Inspected sequentially numbered receipts, the journal of cash receipts, and deposit slips from the bank. Noted that all collections are supported by adequate documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

7. Obtain existing written documentation (e.g. policy manual, written procedure) and report whether the LAT has a process specifically defined (identified as such by the LAT) 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.

Performance: Inquired of management for collection policy.

Exceptions: The LAT does not have a collection policy, however it was noted that the person responsible for collections is also responsible for reconciliations.

Management's response: Management will consider drafting such a policy, and incorporate such segregation of duties.

Procedures performed on the LAT's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments):

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

Performance: Obtained the completed transaction history report for the fiscal period and obtained management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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:

Procedures performed on the LAT's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments) (Continued):

- 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.

Performance: Systematically selected 25 disbursements using the population of transactions divided by the sample size to produce the nth disbursement item to test. Inquired of management as to requisition/purchase orders, and how invoices are approved.

Exceptions: Management does not use a written purchase order system. The accountant initiates purchases. All purchases are approved by the executive director before disbursements.

Management's response: Management will consider using a formal, written purchase order/requisition system.

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

Performance: Inquired of management as to purchase approval process.

Exceptions: Management does not use a written purchase order system. The executive director approves all invoices before signing checks.

Management's response: Management will consider using a formal, written purchase order/requisition system.

- 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.

Performance: Inquired of management and observed approved invoices.

Exceptions: Payments for purchases were processed without approved requisition/purchase orders and receiving reports. The executive director approves invoices after they are received, and initials them to show proper approvals. All invoices are approved before payment is made.

Management's response: Management will consider using a formal, written purchase order/requisition system, and receiving reports.

10. Using LAT 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 LAT's purchasing/disbursement system.

Performance: Inspected policy and inquired of management as to separation of duties.

Procedures performed on the LAT's general disbursements (excluding credit card, debit card, fuel card, P-card purchases or payments): (Continued)

Exceptions: Only the accountant uses the accounting software, therefore, the person responsible for recording payments in the accounting system also adds vendors to the disbursements system.

Management's response: Management will try to create a better system for adding vendors as needed, and controlling the addition of any vendors.

11. Using LAT 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.

Performance: Inspected policy as well as confirmed with documentation who is responsible for signing checks and making the final authorization. Disbursements can be requested by the accountant or the executive director. The executive director and at least one board member are responsible for the final approvals and signing checks.

Exceptions: No exceptions were noted.

Management's response: Not applicable.

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 LAT documentation (electronic system control documentation) and report whether the persons with signatory authority have system access to print checks.

Performance: Inquired of management, as well as observed where the supply of unused checks is held. The executive director, as well as the board member with signatory authority, do not have accounting system access to produce and print checks.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired of management as to whether there is a signature stamp or machine. The signature stamp is maintained under the executive director's control and locked in desk draw when not in use. Signed checks are held by the executive director until mailed.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's 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.

Performance: Observed the listing of all active credit cards, bank debit cards, fuel cards, and P-cards (cards) from management and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

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.])

Performance: Obtained all monthly statements for American Express credit card and observed for supporting documentation, as well as approvals.

Exceptions: The executive director is an approved card holder and also approves credit card statements.

Management's response: Management will consider having a board member sign and approve credit card statements.

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

Performance: Traced all credit card payments and balances on the credit card statements in order to note if any fees were applied to balances.

Exceptions: Late fees and interest charges were applied to one month's statement.

Management's response: Management will implement a system to ensure they are paying off credit cards before fees are applied.

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

**Procedures performed on the LAT's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

- a) For each transaction, report whether the transaction is supported by:
- 1) An original itemized receipt (i.e., identifies precisely what was purchased)
Performance: Traced each transaction to an original itemized receipt.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 2) Documentation of the business/public purpose. For meal charges, there should also be documentation of the individuals participating.
Performance: Observed documentation of the purpose of each transaction. Confirmed that all meal charge documentation included the names of the individuals participating.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
 - 3) Other documentation that may be required by written policy (e.g., purchase order, written authorization.)
Performance: Observed written approvals of credit card transactions. Management reviews all transactions, and then traces each transaction to the backup that is provided by the person incurring charge.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- b) For each transaction, compare the transaction's detail (nature of purchase, dollar amount of purchase, supporting documentation) to the LAT'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.
Performance: Compared the transaction detail to the written disbursement policy and Louisiana Public Bid Law.
Exceptions: There were no exceptions noted.
Management's response: Not applicable.
- c) For each transaction, compare the LAT'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.

**Procedures performed on the LAT's credit cards, debit cards, fuel cards, P-cards:
(Continued)**

Performance: Inspected all detail transactions and compared them to the requirements of Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's travel and expense reimbursements:

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.

Performance: Obtained a list of all travel and related expense reimbursements, and received management's representation in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

18. Obtain the LAT'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.

Performance: Management's travel and expense policy references state per diem rates which comply with GSA rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 LAT does not have written policies, compare to the GSA rates (#18 above) and report each reimbursement that exceeded those rates.

Performance: The LAT only has two employees. Obtained a list of all travel costs incurred during the period to further select the highest travel and expenditure reimbursement. Compared expense documents to the applicable rates.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's travel and expense reimbursements: (Continued)

b) Report whether each expense is supported by:

- 1) 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.]

Performance: Traced expense to the original itemized receipt with detail of purchase.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Traced expense to the original itemized receipt. Documentation of the business/public purpose was written on the receipt by the attending employee. If any employee ate a meal, the persons attending were written on the meal receipt.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 3) Other documentation as may be required by written policy (e.g., authorization for travel, conference brochure, certificate of attendance)

Performance: Inspected all documents provided for all travel reimbursements selected.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- c) Compare the LAT'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.

Performance: Inspected the business/public purpose of all travel reimbursements selected and compared them to Article 7, Section 14 of the Louisiana Constitution.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's travel and expense reimbursements: (Continued)

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

Performance: Inspected documentation to find all approvals by the executive director and/or the board.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's 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.

Performance: Observed the listing of contracts in effect during the fiscal year from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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 auditor). 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.

Performance: Obtained the listing of contract vendors and noted one vendor under contracts for three services during the year. Inspected the written contract that supports the services arrangement.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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:

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

Performance: The contract was for program distributions to subrecipient, The Work Connection, and not subject to Louisiana Public Bid Law. The LAT did put the contracted services out on a request for proposals.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's contracts: (Continued)

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

Performance: Inspected contract and inquired of client as to receipt of any other quotes. A request for proposals was issued to qualified providers.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected contracts to agree to the actual expenditure. Only one contract was amended during the fiscal year and found to be in agreement with contract terms.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Inspected the invoice and compared to the written contract information.

The invoice and related payment complied with the terms of the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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).

Performance: Inspected board meeting minutes and confirmed the board approved the contract.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's 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. Randomly select five employees/officials, obtain their personnel files, and:

Procedures performed on the LAT's payroll and personnel: (Continued)

Performance: Observed the listing of employees with their related salaries from management, and received management's representation of completeness in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Compared compensation in the salary schedules with payments made to employees during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

- 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.

Performance: Traced hourly rate changes during the period to personnel files, where they were approved in writing.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.)

Performance: Randomly selected one pay period to test leave taken during that period. Inspected all daily attendance and leave records for proper documentation.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's payroll and personnel: (Continued)

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

Performance: Confirmed that attendance and leave records were reviewed and approved.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inquired and confirmed that the LAT maintains written leave records for each employee eligible for paid leave.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inquired of management if there were any employees terminated during the fiscal year, and determined that no employees were terminated during the fiscal year.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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.

Performance: Inspected payroll reporting forms, as well as cancelled checks to confirm that all payments were submitted to the applicable agencies by the required deadlines.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's ethics:

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 LAT maintained documentation to demonstrate that required ethics training was completed.

Performance: Obtained and inspected ethics certificates for all employees and board members.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

27. Inquire of management whether any alleged ethics violations were reported to the LAT 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 LAT's ethics policy. Report whether management received allegations, whether management investigated allegations received, and whether the allegations were addressed in accordance with policy.

Performance: Inquired of management of any ethics violations, none were noted.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

Procedures performed on the LAT's debt service:

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

Performance: Due to the quasi-governmental status of the LAT, they are not required to perform under debt service compliance.

Exceptions: Not applicable.

Management's response: Not applicable.

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

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

30. If the LAT 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.

Performance: Not applicable.

Exceptions: Not applicable.

Management's response: Not applicable.

Other procedures performed on the LAT:

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 LAT reported the misappropriation to the legislative auditor and the LAT attorney of the parish in which the LAT is domiciled.

Performance: Inquired of management of any misappropriations of public funds or assets, none were noted.

Exceptions: Not applicable.

Management's response: Not applicable.

32. Observe and report whether the LAT 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.la.gov/hotline) concerns the reporting of misappropriation, fraud, waste, or abuse of public funds.

Performance: Inquired and observed such notice posted on the premises (the LAT does not have a website).

Exceptions: There were no exceptions noted.

Management's response: Not applicable.

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

Performance: Inspected all procedures, and the results of such procedures and compared them to management's representations in a separate letter.

Exceptions: There were no exceptions noted.

Management's response: Not applicable.