

**LEHIGH VALLEY WORKFORCE
INVESTMENT BOARD, INC.**

**FINANCIAL AND
SINGLE AUDIT REPORTS**

June 30, 2019

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LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

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June 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Lehigh Valley Workforce Investment Board, Inc.
Allentown, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of Lehigh Valley Workforce Investment Board, Inc. as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Lehigh Valley Workforce Investment Board, Inc.'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.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Lehigh Valley Workforce Investment Board, Inc., as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 and 19 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lehigh Valley Workforce Investment Board, Inc.'s basic financial statements. The EARN cost reimbursement invoice expenditure detail schedule is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

The EARN cost reimbursement invoice expenditure detail schedule has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2020 on our consideration of the Lehigh Valley Workforce Investment Board, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lehigh Valley Workforce Investment Board, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lehigh Valley Workforce Investment Board, Inc.'s internal control over financial reporting and compliance.

Buckno Lisicky + Company

Allentown, Pennsylvania
March 17, 2020

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Management's Discussion and Analysis Year Ended June 30, 2019

INTRODUCTION

Lehigh Valley Workforce Investment Board Inc's (LVWIB's) Management's Discussion and Analysis presents a narrative overview and analysis of the financial activities for the year ended June 30, 2019. This MD&A should be read in conjunction with the additional information contained in the LVWIB's financial statements.

FINANCIAL HIGHLIGHTS

- Total government-wide revenues of LVWIB for the year ended June 30, 2019 were \$8,335,060, an increase of \$60,288 as compared to 2018 revenues of \$8,274,772.
- Total government-wide expenses of LVWIB for the year ended June 30, 2019 were \$8,413,448, an increase of \$53,884 as compared to 2018 expenses of \$8,359,564.
- Net capital assets of LVWIB decreased \$76,176 for the year ended June 30, 2019 compared to 2018.
- The LVWIB's net position as of June 30, 2019 totaled \$152,025, a decrease of \$78,388 from 2018.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial report consists of four parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, the Notes to the Financial Statements and Supplementary Information.

The Financial Statements provide both long-term and short-term information about the LVWIB's overall financial status. They also include notes that explain some of the information reported in the financial statements and provide more detailed data on the significant accounting policies used by the LVWIB. The Financial Statements also include supplementary information, which provides more detail breakdown of items.

The LVWIB's basic services are reported in the General Fund, a governmental fund type, which focuses on how money flows into and out of the fund and the balances left at year-end that are available for spending. This fund is reported using a modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The general fund, reported in the first column of the Governmental Fund Balance Sheet on page 8 and the Statement of Revenues, Expenditures and Changes in Fund Balance on page 10, provides a detailed short-term view of the LVWIB's general operations and the basic services it provides. This general fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the LVWIB's programs. The government-wide financial statements, reported in the third column of the Statement of Net Position on page 8 and the Statement of Activities on page 10, are designed to provide readers with a broad overview of the LVWIB's finances, in a manner similar to a private sector business, using a more long-term approach. We describe the relationship (or differences) between the government-wide financial statements (as reported in the statement of net position and the statement of activities) and the general fund financial statements in the notes to the financial statements.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Management's Discussion and Analysis

Year Ended June 30, 2019

Financial Analysis

The following condensed financial statements and other selected information serve as the key financial data and indicators for management, monitoring and planning. The Statement of Net Position reports information about the LVWIB's activities, which can then be used to determine whether the LVWIB is better or worse off as a result of these activities.

Statement of Net Position (Condensed Financial Information from Page 8)

The condensed Statement of Net Position of the LVWIB is as follows:

	<u>2019</u>	<u>2018</u>
ASSETS		
Current assets	\$ 3,447,318	\$ 3,409,098
Capital and other assets	<u>173,783</u>	<u>249,959</u>
TOTAL ASSETS	<u>\$ 3,621,101</u>	<u>\$ 3,659,057</u>
LIABILITIES AND NET POSITION		
Current liabilities	<u>\$ 3,469,076</u>	<u>\$ 3,428,644</u>
TOTAL LIABILITIES	<u>3,469,076</u>	<u>3,428,644</u>
Net investment in capital assets	140,783	216,959
Unrestricted	<u>11,242</u>	<u>13,454</u>
TOTAL NET POSITION	<u>152,025</u>	<u>230,413</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,621,101</u>	<u>\$ 3,659,057</u>

Statement of Net Position Analysis

The LVWIB has total assets of \$3,621,101 as of June 30, 2019, broken down between current assets such as cash, receivables and prepaid expenditures and capital assets and other assets.

The LVWIB has total liabilities of \$3,469,076 as of June 30, 2019, which consist of accounts payable, accrued expenses and unearned revenues. The net position of the LVWIB as of June 30, 2019 totals \$152,025, broken down between net investment in capital assets and unrestricted net position.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.**Management's Discussion and Analysis
Year Ended June 30, 2019****Statements of Activities (Condensed Financial Information from Page 10)**

The condensed statement of activities of the LVWIB for the years ended June 30, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
PROGRAM REVENUES		
Program operating grants	\$ 8,243,734	\$ 8,238,743
Charges for services	1,474	1,985
TOTAL PROGRAM REVENUES	<u>8,245,208</u>	<u>8,240,728</u>
GENERAL REVENUES		
Contributed revenue	8,249	1,601
Interest income	21,691	13,642
Sublease income	62,114	20,921
Loss on disposal of capital assets	<u>(2,202)</u>	<u>(2,120)</u>
TOTAL GENERAL REVENUES	<u>89,852</u>	<u>34,044</u>
TOTAL REVENUES	<u>8,335,060</u>	<u>8,274,772</u>
EXPENSES		
Program	5,453,025	5,328,515
Administration	2,877,538	2,937,043
Depreciation	<u>82,885</u>	<u>94,006</u>
TOTAL EXPENSES	<u>8,413,448</u>	<u>8,359,564</u>
CHANGE IN NET POSITION	(78,388)	(84,792)
BEGINNING NET POSITION	<u>230,413</u>	<u>315,205</u>
ENDING NET POSITION	<u>\$ 152,025</u>	<u>\$ 230,413</u>

Statement of Activities Analysis

LVWIB's primary source of revenue is program operating grants through funding from the Pennsylvania Department of Labor and Industry and the Pennsylvania Department of Public Welfare. Program expenses include those expenses that are incurred for job training and related supporting services. LVWIB's other expenses include administration and depreciation. Approximately 65% and 64% of the LVWIB's expenses were incurred for job training and their related supporting services for the years ended June 30, 2019 and 2018, respectively.

The LVWIB had a change in net position of \$(78,388) for the year ended June 30, 2019.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Management's Discussion and Analysis
Year Ended June 30, 2019**

Capital Assets

The capital assets of the LVWIB are as follows:

	<u>2019</u>	<u>2018</u>
Equipment and fixtures	\$ 669,125	\$ 670,040
Less: accumulated depreciation	<u>528,342</u>	<u>453,081</u>
	<u>\$ 140,783</u>	<u>\$ 216,959</u>

The LVWIB's capital assets consist of primarily equipment and furniture and fixtures used in the operations and grant administration of Workforce Investment Act and Workforce Innovation and Opportunity Act. Title to all equipment utilized by LVWIB with an original cost of \$5,000 or greater remains with the agency which funded the purchases. The cost of these unowned assets as of June 30, 2019 was \$141,265.

General Fund Budgetary Highlights (From page 19)

The LVWIB annually adopts a budget for its general fund. Program revenues were less than budget by \$1,332,986 for the year ended June 30, 2019. Expenditures were also less than budget by \$1,271,122 for the year ended June 30, 2019. The excess of revenues over expenditures in the amount of \$4,598 has been added to LVWIB's fund balance.

CONTACTING LVWIB's MANAGEMENT

This financial report is designed to provide a general overview of LVWIB's finances and to show LVWIB's accountability for the money it receives. Questions concerning this report or additional information should be addressed to LVWIB, 555 Union Boulevard, Allentown, PA 18109.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Governmental Fund Balance Sheet and
Statement of Net Position
June 30, 2019**

ASSETS	General Fund	Adjustments (Page 9)	Statement of Net Position
	<u> </u>	<u> </u>	<u> </u>
Cash	\$ 2,008,623	\$ -	\$ 2,008,623
Government receivables	1,306,476	-	1,306,476
Miscellaneous receivables	120,845	-	120,845
Prepaid expenditures	47,499	(36,125)	11,374
Security deposits	-	33,000	33,000
Capital assets, net of depreciation	-	140,783	140,783
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	\$ 3,483,443	\$ 137,658	\$ 3,621,101
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 1,161,154	\$ -	\$ 1,161,154
Accrued expenses and other liabilities	79,964	15,705	95,669
Unearned revenue	2,212,253	-	2,212,253
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	3,453,371	15,705	3,469,076
FUND BALANCE			
Nonspendable	47,499	(47,499)	-
Unassigned	(17,427)	17,427	-
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCE	30,072	(30,072)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,483,443	(14,367)	3,469,076
NET POSITION			
Net investment in capital assets		140,783	140,783
Unrestricted		11,242	11,242
		<u> </u>	<u> </u>
TOTAL NET POSITION		152,025	152,025
TOTAL LIABILITIES AND NET POSITION		\$ 137,658	\$ 3,621,101

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Reconciliation of the Governmental Fund
Balance Sheet to the Statement of Net Position
June 30, 2019**

TOTAL FUND BALANCE - GOVERNMENTAL FUNDS \$ 30,072

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

Assets used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.

Prepaid expenditures		(36,125)
Security deposits		33,000
Capital assets	\$ 669,125	
Less: accumulated depreciation	<u>528,342</u>	
		140,783

Liabilities used in governmental activities are not current financial resources and, therefore, are not reported in the governmental fund.

Accrued expenses and other liabilities		<u>(15,705)</u>
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TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 152,025**

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance and Statement of Activities
Year Ended June 30, 2019**

	<u>General Fund</u>	<u>Adjustments (Page 11)</u>	<u>Statement of Activities</u>
PROGRAM REVENUES			
Program operating grants	\$ 8,243,734	\$ -	\$ 8,243,734
Charges for services	1,474	-	1,474
TOTAL PROGRAM REVENUES	<u>8,245,208</u>	<u>-</u>	<u>8,245,208</u>
EXPENDITURES / EXPENSES			
Program expenses for training and supporting services	5,453,025	-	5,453,025
Administration			
Personnel expenses	982,320	-	982,320
Materials and supplies	382,645	-	382,645
Occupancy	532,560	(2,101)	530,459
Services	818,910	-	818,910
Other	163,204	-	163,204
Depreciation	-	82,885	82,885
TOTAL EXPENSES	<u>8,332,664</u>	<u>80,784</u>	<u>8,413,448</u>
NET PROGRAM REVENUES (EXPENSES)	<u>(87,456)</u>	<u>(80,784)</u>	<u>(168,240)</u>
GENERAL REVENUES			
Contributed revenue	8,249	-	8,249
Interest income	21,691	-	21,691
Other income	62,114	-	62,114
Loss on disposal of capital assets	-	(2,202)	(2,202)
TOTAL GENERAL REVENUES	<u>92,054</u>	<u>(2,202)</u>	<u>89,852</u>
EXCESS OF REVENUES OVER EXPENDITURES / CHANGE IN NET POSITION	4,598	(82,986)	(78,388)
FUND BALANCE / NET POSITION			
Beginning	<u>25,474</u>	<u>204,939</u>	<u>230,413</u>
FUND BALANCE / NET POSITION Ending	<u>\$ 30,072</u>	<u>\$ 121,953</u>	<u>\$ 152,025</u>

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Reconciliation of the Statement of Fund Revenues,
Expenditures, and Changes in Fund Balance
to the Statement of Activities
Year Ended June 30, 2019**

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS \$ 4,598

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 and occupancy expense.

Capital outlays	\$ 8,911	
Occupancy expense	(6,810)	
Depreciation expense	<u>(82,885)</u>	
		(80,784)

Losses on disposal of capital assets are not recorded in the
governmental funds.

(2,202)

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (78,388)**

NOTE 1. ORGANIZATION AND PURPOSE

Nature of Operations

The Lehigh Valley Workforce Investment Board, Inc. (LVWIB) is a nonprofit corporation that is the administrative entity and the grant subrecipient for programs under the Workforce Innovation and Opportunity Act (WIOA) in Lehigh and Northampton Counties in the Commonwealth of Pennsylvania.

Under the Workforce Investment Act of 1998 each local area within the State of Pennsylvania is required to have a Workforce Investment Board. The Workforce Innovation and Opportunity Act of 2014 required the Workforce Investment Board to be modified to the Workforce Development Board. Lehigh and Northampton Counties follow the Home Rule Charter form of government and are the Chief Elected Officials (CEO's) as defined in the Acts. The County Executives are the grant recipients under the Act and are liable for use of the funds. The County Executives appoint a grant subrecipient and fiscal agent under the Acts.

Operations and accountability for fiscal matters are monitored by the Pennsylvania Department of Labor and Industry in accordance with grant contracts and regulations.

Reporting Entity

The accompanying financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity.

The Governmental Accounting Standards Board (GASB) established the criteria for determining the activities, organizations and functions of governments to be included in the financial statements of the reporting entity. GASB defines the financial reporting entity as consisting of (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A primary government is financially accountable for those organizations that make up the legal entity as well as legally separate organizations if the primary government appoints a voting majority of an organization's governing body, and either it can impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burden on the primary government.

In accordance with the above criteria, there are no material component units to be included in the LVWIB's financial reporting entity.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation and Accounting

LVWIB, as required by the Government Accounting Standards Board, presents two separate distinct sets of financial statements; Government-wide and fund financial statements.

Government-Wide Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. The government-wide statements are reported using the economic resources measurement focus and the accrual basis of accounting. These financial statements take a longer term focus on the operations of the LVWIB.

The statement of net position includes all of the assets and liabilities of the Organization. Capital assets, which include property and equipment, are recorded as assets and depreciated over the lives of the assets.

The statement of activities presents a comparison between direct expenses and program revenues for the activities of the Organization. Revenues, which include program grants and fees for service, are recorded when earned and expenses are recorded when incurred regardless of when the related cash flows take place. Revenues from program grants are earned when all the eligibility requirements have been satisfied. Program revenues include program grants and fees for services performed. Revenues that are not classified as programs revenues are presented as general revenues.

Fund Financial Statements

The fund financial statements include the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance. The fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. The fund financial statements take a more current look at the operations of the LVWIB. Revenues are recognized when they become measurable and available. For this purpose, the Organization considers revenue to be available if collected within sixty days of the end of the fiscal period. Expenditures are generally recognized when the liability is incurred.

The fund financial statements provide information about the Organization's one fund type; the governmental funds and its one fund; the general fund. The focus of the fund financial statements is on major funds. The general fund is the Organization's one major fund.

The general fund balance sheet presentation includes generally only current assets and current liabilities. The statement of revenues, expenditures, and changes in fund balance reports on the sources (revenues) and uses (expenditures) of current financial

resources. Acquisitions of capital assets are recorded as expenses. The financial statements include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements.

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.

Government Receivables

Government receivables are stated as unpaid balances and are related to expenses incurred but not yet reimbursed by federal, state, and local grants. It is LVWIB's policy to charge off uncollectible grants receivable when management determines the receivable will not be collected. Management periodically reviews grant receivables for collectability based upon the recent payment history and known risks in the receivables and charges to income those receivables believed to be uncollectible using the direct write-off method, which is not materially different from generally accepted accounting principles.

Grant revenue is recognized primarily as the related expenditures are incurred. Unearned revenue is established for the unearned portion of the grant contract revenue.

Capital Assets

LVWIB capitalizes all assets with a useful life in excess of one year. Purchased fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair value on the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the assets as follows:

<u>Asset type</u>	<u>Years</u>
Equipment:	
MIS system	7
Furniture and fixtures	8
Software	3
Office machinery and equipment	7

Title to all equipment utilized by LVWIB with an original cost of \$5,000 or greater remains with the grantor agency which funded the purchase. The cost of unowned assets as of June 30, 2019 is \$141,265.

Governmental Fund Balances

The general fund classifies fund balance based on the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:
Nonspendable fund balance - amounts that are not in spendable form (such as prepaid expenditures) or are required to be maintained intact.

Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors) through provisions of grant contract or by law.

Committed fund balance - amounts constrained to specific purposes by the Organization itself, using its highest level of decision-making authority (Governing Board). To be reported as committed, amounts cannot be used for any other purpose unless the Organization takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Organization intends to use for a specific purpose as designated by management.

Unassigned fund balance - amounts that are available for any purpose.

The Organization has only unassigned and nonspendable fund balance as of June 30, 2019.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Organization considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Organization considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Governing Board has provided otherwise in its commitment or assignment actions.

Income Taxes

LVWIB is organized as a not-for-profit corporation that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

The Organization has adopted the provisions FASB ASC 740-10 related to uncertain tax positions. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings in determining any uncertain tax positions.

The Organization files a Return of Organization Exempt From Income Tax annually. The Organization's returns for the tax years 2016, 2017 and 2018 are subject to examination by the IRS, generally for three years after they are filed .

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2019

Risk Management

The Organization is exposed to various risks of loss related to theft of, damage to and destruction of assets; errors and omissions; and injuries to employees. Significant losses are covered by commercial insurance.

Date of Management's Review

The Organization has evaluated subsequent events through March 17, 2020, the date which the financial statements were available to be issued.

NOTE 3. DEPOSITS - CUSTODIAL CREDIT RISK

The Organization is permitted to invest in financial instruments that must be held in insured, federally regulated banks or financial institutions which have appropriate collateral in accordance with Pennsylvania law.

Custodial credit risk is the risk that in the event of a bank failure, the Organization's deposits may not be returned to it. The Organization does not have a deposit policy for custodial credit risk. As of June 30, 2019, \$2,128,879 of the Organization's bank balance of \$2,378,879 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	624,835
Collateral held by pledging bank's trust department but not in the Organization's name		<u>1,504,044</u>
	\$	<u><u>2,128,879</u></u>

Deposits are included in the statement of net position and governmental funds balance sheet as cash.

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2019 consisted of the following:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Depreciable:				
Equipment and fixtures	\$ 670,040	\$ 8,911	\$ (9,826)	\$ 669,125
Less accumulated depreciation	<u>453,081</u>	<u>82,885</u>	<u>(7,624)</u>	<u>528,342</u>
	<u><u>\$ 216,959</u></u>	<u><u>\$ (73,974)</u></u>	<u><u>\$ (2,202)</u></u>	<u><u>\$ 140,783</u></u>

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2019

NOTE 5. GOVERNMENTAL FUND BALANCES

The details of governmental fund balances are presented below.

The General Fund's nonspendable fund balance in the amount of \$47,499 as of June 30, 2019 consists of prepaid expenditures paid in fiscal year 2018-2019 for 2019-2020 obligations.

The General Fund has unassigned fund balance (deficit) of \$(17,427) as of June 30, 2019.

NOTE 6. LEASE OBLIGATIONS

LVWIB entered into a ten year lease agreement for their office and training facilities that began in September, 2013.

Future minimum lease payments under the lease are as follows:

Year Ending <u>June 30</u>	
2020	\$ 439,750
2021	447,250
2022	454,750
2023	462,250
2024	77,250
	<u>\$ 1,881,250</u>

If at any time LVWIB's budget is reduced below \$2,232,161, the LVWIB and the lessor of the building have the option to 1) renegotiate the rental payments required under the lease; 2) renegotiate the square footage rented under the lease and; 3) negotiate a new lease within the existing building.

In addition, should the United States Congress rescind the formula grants or should the state of Pennsylvania eliminate the local workforce investment area such that the LVWIB is no longer the governance body for WIOA funds, the LVWIB may immediately terminate the building lease upon thirty days notice to the lessor.

Rent expense for the year ended June 30, 2019 is \$439,061. Actual cash rent payments totaled \$432,250.

NOTE 7. PENSION PLANS

LVWIB maintains a defined contribution 401(k) plan which provides pension benefits to eligible participants. Each participant who qualifies may elect to make a basic contribution up to the IRS limit. LVWIB is required to make a matching contribution equal to 100% of employees' salary deferral not to exceed 6% of compensation, which vests immediately. Only employees with over one year of service are eligible to receive LVWIB's matching contribution.

During the year ended June 30, 2019, LVWIB's matching contribution to the 401(k) plan amounted to \$41,415.

NOTE 8. CONTINGENCIES

LVWIB receives most of its revenues from federal, state and local grants that are subject to review and audit by various agencies. The Organization is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance, which would result in the disallowance of program expenditures.

NOTE 9. CONCENTRATION OF CREDIT RISK

Revenues

During the year ended June 30, 2019, LVWIB received 94% of its total revenues through grant contracts with the Pennsylvania Department of Labor and Industry and the Pennsylvania Department of Public Welfare. If a significant reduction in the level of grants were to occur, it could have an adverse impact on the Organization's operations.

Vendor

During the year ended June 30, 2019, LVWIB contracted with one vendor for 34% of the total expenditures of the Organization. As of June 30, 2019, LVWIB had accounts payable of \$223,720 to this subcontractor.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Statement of Governmental Fund Revenues, Expenditures, and
Changes in Fund Balance - Budget and Actual - General Fund
Year Ended June 30, 2019**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
PROGRAM REVENUES				
Program grants	\$ 9,397,171	\$ 9,576,720	\$ 8,243,734	\$ (1,332,986)
Fees for services	5,000	9,202	1,474	(7,728)
TOTAL PROGRAM REVENUES	<u>9,402,171</u>	<u>9,585,922</u>	<u>8,245,208</u>	<u>(1,340,714)</u>
EXPENDITURES				
Program expenses for training and supporting services	6,632,698	6,528,912	5,453,025	1,075,887
Administration:				
Personnel expenses	1,212,956	1,064,268	982,320	81,948
Materials and supplies	293,153	425,253	382,645	42,608
Occupancy	463,802	623,195	532,560	90,635
Services	633,539	787,871	818,910	(31,039)
Other	183,887	174,287	163,204	11,083
TOTAL EXPENDITURES	<u>9,420,035</u>	<u>9,603,786</u>	<u>8,332,664</u>	<u>1,271,122</u>
NET PROGRAM REVENUES (EXPENDITURES)	<u>(17,864)</u>	<u>(17,864)</u>	<u>(87,456)</u>	<u>(69,592)</u>
GENERAL REVENUES				
Contributed revenue	500	500	8,249	7,749
Interest income	-	-	21,691	21,691
Other income	17,364	17,364	62,114	44,750
TOTAL GENERAL REVENUES	<u>17,864</u>	<u>17,864</u>	<u>92,054</u>	<u>74,190</u>
EXCESS OF REVENUES OVER EXPENDITURES	-	-	4,598	4,598
FUND BALANCE, Beginning	25,474	25,474	25,474	-
FUND BALANCE, Ending	<u>\$ 25,474</u>	<u>\$ 25,474</u>	<u>\$ 30,072</u>	<u>\$ 4,598</u>

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2019

Federal Grantor Project Title	Federal CFDA#	Pass Through Grantor's Numbers	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Passed Through To Subrecipients	Accrued or (Deferred) Revenues At July 1, 2018	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2019
<i>Passed through City of Allentown</i>									
Community Development Block Grants/ City Center Project	14.218	C24-000186	1/01/18 - 12/31/18	\$ 10,000	\$ 10,000	\$ 10,000	\$ -	\$ 10,000	\$ -
Total U.S. Department of Housing and Urban Development	TOTAL	14.218		10,000	10,000	10,000	-	10,000	-
<i>U.S. Department of Labor</i>									
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Unemployment Insurance	17.225	202-18-1700	7/01/18 - 6/30/19	1,890	1,890	-	-	1,890	-
Unemployment Insurance	17.225	202-18-1701	7/01/18 - 6/30/19	5,671	5,046	-	-	5,671	625
Unemployment Insurance	17.225	012-16000-970	7/01/17 - 6/30/18	1,513	627	-	627	-	-
TOTAL	TOTAL	17.225		9,074	7,563	-	627	7,561	625
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Trade Adjustment Assistance	17.245	202-18-1009	7/01/18 - 6/30/19	16,134	11,564	783	-	13,617	2,053
Trade Adjustment Assistance	17.245	202-17-1009	7/01/17 - 6/30/18	20,030	2,396	-	2,396	-	-
TOTAL	TOTAL	17.245		36,164	13,960	783	2,396	13,617	2,053
<i>Passed Through the Pennsylvania Department of Labor and Industry:</i>									
Workforce Innovation and Opportunity Act - Adult	17.258	070-18-300-1	7/01/18 - 6/30/20	244,056	219,650	-	-	219,650	-
Workforce Innovation and Opportunity Act - Adult	17.258	070-18-301-1	10/01/18 - 6/30/20	1,297,182	548,314	304,823	-	741,976	193,662
Workforce Innovation and Opportunity Act - Adult	17.258	070-17-300-1	7/01/17 - 6/30/19	144,073	14,407	-	-	14,407	-
Workforce Innovation and Opportunity Act - Adult	17.258	070-17-300-5	4/01/18 - 6/30/19	724	724	-	-	724	-
Workforce Innovation and Opportunity Act - Adult	17.258	070-17-301-1	10/01/17 - 6/30/19	992,476	440,747	185,589	42,364	398,383	-
TOTAL	TOTAL	17.258		2,678,511	1,223,842	490,412	42,364	1,375,140	193,662
<i>Workforce Innovation and Opportunity Act - Youth</i>									
Workforce Innovation and Opportunity Act - Youth	17.259	070-17-330-6	4/01/17 - 6/30/19	6,369	6,369	-	-	6,369	-
Workforce Innovation and Opportunity Act - Youth	17.259	070-17-334-2	6/01/18 - 6/30/19	67,600	43,927	54,022	-	57,344	13,417
Workforce Innovation and Opportunity Act - Youth	17.259	070-18-334-2	4/01/19 - 6/30/20	243,482	-	23,265	-	23,465	23,465
Workforce Innovation and Opportunity Act - Youth	17.259	070-18-330-1	4/01/18 - 6/30/20	1,714,200	94,779	218,385	-	339,322	244,543
Workforce Innovation and Opportunity Act - Youth	17.259	070-15-334-2	3/01/17 - 6/30/19	150,000	45,208	-	45,208	-	-
Workforce Innovation and Opportunity Act - Youth	17.259	070-17-330-1	4/01/17 - 6/30/19	1,244,847	1,151,781	407,235	199,169	952,612	-
TOTAL	TOTAL	17.259		3,426,498	1,342,064	702,907	244,377	1,379,112	281,425
<i>Workforce Innovation and Opportunity Act - Dislocated Workers</i>									
Dislocated Workers	17.278	070-18-413-2	1/01/19 - 6/30/20	136,144	594	-	-	941	347
Dislocated Workers	17.278	070-18-400-1	7/01/18 - 6/30/20	276,929	249,237	-	-	249,237	-
Dislocated Workers	17.278	070-18-401-1	10/01/18 - 6/30/20	1,312,862	176,589	91,995	-	346,243	169,654
Dislocated Workers	17.278	070-17-405-3	7/01/17 - 6/30/19	10,932	10,932	-	-	10,932	-
TOTAL	TOTAL	17.278		2,636,867	527,352	91,995	-	698,443	31,062
<i>Workforce Innovation and Opportunity Act - Dislocated Workers</i>									
Dislocated Workers	17.278	070-17-415-1	10/01/17 - 6/30/19	69,843	69,843	-	-	69,843	-
Dislocated Workers	17.278	070-16-403-3	2/01/19 - 6/30/19	132,142	101,080	41,756	-	132,142	31,062
Dislocated Workers	17.278	070-18-403-2	2/01/19 - 9/30/19	283,164	-	-	-	2,827	2,827

See Notes to Schedule of Expenditures of Federal Awards.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor Project Title	Federal CFDA#	Pass Through Grantor's Numbers	Grant Period Beginning/Ending Dates	Grant Amount	Total Received for Year	Passed Through To Subrecipients	Accrued or (Deferred) Revenues At July 1, 2018	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2019
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	202-18-5552	7/01/18 - 6/30/19	31,841	22,975	1,565	-	27,072	4,097
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	202-17-5552	7/01/17 - 6/30/18	38,305	4,777	-	4,777	-	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-17-400-1	7/01/17 - 6/30/19	222,354	30,454	-	8,219	22,235	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-17-401-1	10/01/17 - 6/30/19	1,190,697	718,226	394,447	5,586	712,640	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-17-400-5	4/1/18-6/30/19	1,117	1,117	-	-	1,117	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-15-415-5	10/01/15 - 6/30/18	2,660	1,330	-	1,330	-	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-16-415-1	1/01/17 - 6/30/19	34,787	3,777	-	3,777	-	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-17-413-2	4/01/18 - 10/31/18	385,748	363,958	-	74,181	289,777	-
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-17-413-1	6/01/18 - 12/31/19	143,676	60,169	-	-	103,128	42,959
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	555	5/30/19-11/30/19	1,500	-	-	-	221	221
<i>Passed Through Berks County</i>									
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	ICA-577468-17	7/01/17 - 9/30/18	77,207	45,260	-	15,252	30,008	-
TOTAL	17.278			4,351,908	1,860,318	529,763	113,122	1,998,363	251,167
TOTAL WIOA CLUSTER				10,456,917	4,426,224	1,723,082	399,863	4,752,615	726,254
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Temporary Labor Certification for Foreign Workers	17.273	202-18-1641	7/01/18 - 6/30/19	3,248	-	157	-	2,731	2,731
Temporary Labor Certification for Foreign Workers	17.273	202-17-1641	7/01/17 - 6/30/18	9,574	1,198	-	1,198	-	-
TOTAL	17.273			12,822	1,198	157	1,198	2,731	2,731
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
WIOA National Dislocated Worker Grants	17.277	070-18-842-3	1/01/19 - 6/30/20	450,000	-	-	-	403	403
WIOA National Dislocated Worker Grants	17.277	070-15-510-0	11/1/15 - 6/30/18	500,000	979	-	979	-	-
TOTAL	17.277			950,000	979	-	979	403	403
<i>Passed through Educational Data Systems, Inc.</i>									
Trade Adjustment Assistance Community College and Career Training	17.282	TC-22519-11-60-442	7/01/17 - 6/30/18	4,567	602	-	602	-	-
TOTAL	17.282			4,567	602	-	602	-	-
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Workforce Innovation Fund	17.283	070-15-210-1	10/1/15 - 9/30/19	188,299	75,005	6,378	22,755	54,011	1,761
Workforce Innovation Fund	17.283	070-15-210-0	10/1/15 - 9/30/19	359,902	110,200	85,235	24,965	85,235	-
TOTAL	17.283			548,201	185,205	91,613	47,720	139,246	1,761

See Notes to Schedule of Expenditures of Federal Awards.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor Project Title	Federal CFDA#	Pass Through Grantor's Numbers	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Passed Through To Subrecipients	Accrued or (Deferred) Revenues At July 1, 2018	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2019
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Employment Service/Wagner-Peyser Funded Activities	17.207	202-18-5501	7/01/18 - 6/30/19	75,930	59,891	4,539	-	71,758	11,867
Employment Service/Wagner-Peyser Funded Activities	17.207	202-17-5501	7/01/17 - 6/30/18	29,598	3,587	-	3,587	-	-
TOTAL	17.207			105,528	63,478	4,539	3,587	71,758	11,867
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Disabled Veterans' Outreach Program (DVOP)	17.801	202-18-2300	7/01/18 - 6/30/19	15,711	11,412	782	-	13,456	2,044
Disabled Veterans' Outreach Program (DVOP)	17.801	202-17-2300	7/01/17 - 6/30/18	18,294	2,381	-	2,381	-	-
TOTAL	17.801			34,005	13,793	782	2,381	13,456	2,044
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Local Veterans' Employment Representative Program	17.804	202-18-2200	7/01/18 - 6/30/19	15,712	11,412	783	-	13,456	2,044
Local Veterans' Employment Representative Program	17.804	202-17-2200	7/01/17 - 6/30/18	18,294	2,381	-	2,381	-	-
TOTAL	17.804			34,006	13,793	783	2,381	13,456	2,044
TOTAL EMPLOYMENT SERVICES CLUSTER				173,539	91,064	6,104	8,349	98,670	15,955
Total U.S. Department of Labor				12,191,284	4,726,795	1,821,739	461,734	5,014,843	749,782
<i>U.S. Department of Education</i>									
Passed through The Literacy Center	84.002A	N/A	7/01/17 - 6/30/18	3,654	610	-	610	-	-
Adult Education - Basic Grants to States	84.002A			3,654	610	-	610	-	-
TOTAL									
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Rehabilitation Services - Vocational	84.126	202-18-9000	7/01/18 - 6/30/19	2,509	2,509	783	-	2,509	-
Rehabilitation Grants to States - OVR	84.126	202-18-9002	7/01/18 - 6/30/19	9,272	6,049	-	-	7,582	1,533
Rehabilitation Grants to States - OVR	84.126	012-1600-970	7/01/17 - 6/30/18	14,250	3,707	-	3,707	-	-
Rehabilitation Services - Vocational	84.126			26,031	12,265	783	3,707	10,091	1,533
TOTAL				29,685	12,875	783	4,317	10,091	1,533
Total U.S. Department of Education									
<i>U.S. Department of Health and Human Services</i>									
<i>Passed through the Pennsylvania Department of Health and Human Services</i>									
Department of Human Services									
Temporary Assistance for Needy Families	93.558	4100077279	7/01/17 - 6/30/18	1,250,455	122,110	-	122,110	-	-
Temporary Assistance for Needy Families	93.558	4100077279	7/01/18 - 6/30/19	1,250,455	1,045,186	756,976	-	1,250,455	205,269
Temporary Assistance for Needy Families	93.558	4100077279-1	7/01/18 - 6/30/19	288,000	-	88,090	-	177,836	177,836
Temporary Assistance for Needy Families	93.558	70121 (P)	7/01/13 - 6/30/19	673,322	-	95,867	(95,867)	95,867	-
Temporary Assistance for Needy Families	93.558	70121 (P)	7/01/14 - 6/30/19	673,322	-	270,918	(535,104)	286,549	(248,555)
Temporary Assistance for Needy Families	93.558	70121 (P)	7/01/15 - 6/30/19	673,322	-	-	(673,322)	-	(673,322)
Temporary Assistance for Needy Families	93.558	70121 (P)	7/01/16 - 6/30/19	673,322	-	-	(444,400)	-	(444,400)
Temporary Assistance for Needy Families	93.558	70121 (P)	7/01/17 - 6/30/19	673,322	137,500	-	(287,000)	-	(424,500)
Temporary Assistance for Needy Families	93.558	70121 (P)	7/01/18 - 6/30/19	673,322	240,500	-	-	-	(240,500)
TOTAL									

See Notes to Schedule of Expenditures of Federal Awards.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2019

Federal Grantor Project Title	Federal CFDA#	Pass Through Grantor's Numbers	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Passed Through To Subrecipients	Accrued or (Deferred) Revenues At July 1, 2018	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2019
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Temporary Assistance for Needy Families	93.558	070-18-336-1	7/01/18 - 6/30/20	535,680	215,495	181,830	-	316,840	101,345
Temporary Assistance for Needy Families	93.558	070-17-336-1	7/01/17 - 6/30/19	558,988	330,447	72,842	125,696	204,751	-
TOTAL	93.558			<u>7,923,490</u>	<u>2,091,238</u>	<u>1,466,523</u>	<u>(1,787,887)</u>	<u>2,332,298</u>	<u>(1,546,827)</u>
<i>Passed through the Pennsylvania Department of Labor and Industry:</i>									
Community Services Block Grant	93.569	202-18-7890	7/01/18 - 6/30/19	11,473	10,516	-	-	11,473	957
Community Services Block Grant	93.569	202-17-7890	7/01/17 - 6/30/18	11,431	952	-	952	-	-
TOTAL	93.569			<u>22,904</u>	<u>11,468</u>	<u>-</u>	<u>952</u>	<u>11,473</u>	<u>957</u>
Total U.S. Department of Health and Human Services				<u>7,946,394</u>	<u>2,102,706</u>	<u>1,466,523</u>	<u>(1,786,935)</u>	<u>2,343,771</u>	<u>(1,545,870)</u>
Total Federal Awards				<u>\$ 20,177,363</u>	<u>\$ 6,852,376</u>	<u>\$ 3,299,045</u>	<u>\$ (1,320,884)</u>	<u>\$ 7,378,705</u>	<u>\$ (794,555)</u>

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to Schedule of Expenditure of Federal Awards

June 30, 2019

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of LVWIB under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of LVWIB, it is not intended to and does not present the financial position, changes in net assets, or cash flows of LVWIB.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3. INDIRECT COST RATE

LVWIB has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.



Certified Public Accountants | Business Consultants

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Board of Directors
Lehigh Valley Workforce Investment Board, Inc.
Bethlehem, Pennsylvania

We have performed the procedures enumerated below, which were agreed to by the management of Lehigh Valley Workforce Investment Board, Inc., on the Supplemental Schedule of Expenditures of Federal Awards Information (the Schedule) for the year ended June 30, 2019. Lehigh Valley Workforce Investment Board, Inc.'s management is responsible for the Schedule. The sufficiency of the procedures is solely the responsibility of the management of Lehigh Valley Workforce Investment Board, Inc.. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

We performed the following procedures on the Supplemental Schedule of Expenditures of Federal Awards Information for the year ended June 30, 2019:

- a) **Agree the expenditure amounts listed on the reconciliation schedule under the "Federal Expenditures per the SEFA" column C to the audited Schedule of Expenditures of Federal Awards (SEFA).**

Agreed without exception.

- b) **Agree the receipt amounts listed on the reconciliation schedule under the "Federal Awards Received per the audit confirmation reply from Pennsylvania" column D to the subrecipient Federal amounts that were reflected in the audit confirmation reply from the Office of Budget, Comptroller Operations.**

Agreed without exception.

- c) **Recalculate the amounts listed under the "Difference" column E and the "% Difference" column F.**

Recalculated without exception.

- d) **Agree the amounts listed under the "Difference" column E to the audited books and records of the entity.**

Agreed without exception.

- e) **Agree the "Detailed Explanation of the Differences" to the audited books and records of the entity.**

Agreed without exception.

- f) **Based on the procedures detailed in paragraphs (a) through (e) above, disclose any adjustments and/or findings which have not been reflected on the corresponding schedules (List each separately.).**

No additional findings noted.

This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. 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 the Schedule. 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.

This report is intended solely for the information and use of the Lehigh Valley Workforce Investment Board, Inc. and the Pennsylvania Department of Human Services and is not intended to be used and should not be used by anyone other than those specified parties.

Buckno Lisicky & Co PC

Allentown, Pennsylvania
March 17, 2020

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.
Supplemental Schedule of Expenditures of Federal Awards Information
Year Ended June 30, 2019

Reconciliation of Federal Awards Passed through the Pennsylvania Department of Human Services Expenditures per the SEFA to the Revenue Received per the Pennsylvania Audit Confirmation Reply

(A) CFDA Name	(B) CFDA Number	(C) Federal Expenditures per the SEFA	(D) Federal Awards Received per the Audit Confirmation Reply from Pennsylvania	(E) Difference (C-D)	(F) % Difference (E/D)	(G) Detailed Explanation of the Difference
Temporary Assistance for Needy Families	93.558	\$ 1,250,455	\$ 1,045,186	\$ 205,269	19.64%	EARN Cost Reimbursement contract (PY18) - The difference to the confirmed amount relates to expenditures incurred prior to June 30 that were paid after the end of the program year.
Temporary Assistance for Needy Families	93.558	177,836	177,836	-	0.00%	EARN Innovation contract (PY18) - There is no difference to the confirmed amount.
Temporary Assistance for Needy Families	93.558	-	240,500	(240,500)	-100.00%	EARN Performance contract (PY18) - Amounts received are not expensed in the current period. These receipts will be spent on a first in, first out basis along with previously received funds.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.**Cost Reimbursement Invoice Expenditure Detail Schedule****EARN 18-19 (Final)****Year Ended June 30, 2019**

	<u>BUDGETED AMOUNT</u>	<u>CUMULATIVE YTD ACTUAL EXPENSES</u>	<u>BALANCE OF BUDGETED AMOUNT</u>
ADMINISTRATION COSTS			
A. PERSONNEL			
Staff Salaries	\$ 72,586.67	\$ 72,586.67	\$ -
Staff Fringe Benefits	<u>28,646.62</u>	<u>28,646.62</u>	<u>-</u>
Total Salaries/Fringe Benefits	101,233.29	101,233.29	-
B. EQUIPMENT AND SUPPLIES	2,116.77	2,116.77	-
C. OPERATING EXPENSES	<u>57,342.97</u>	<u>57,342.97</u>	<u>-</u>
TOTAL ADMINISTRATION COSTS	<u>160,693.03</u>	<u>160,693.03</u>	<u>-</u>
PROGRAM COSTS (Direct Training)			
A. PERSONNEL			
Staff Salaries	19,693.09	19,693.09	-
Staff Fringe Benefits	<u>3,550.25</u>	<u>3,550.25</u>	<u>-</u>
Total Personnel	23,243.34	23,243.34	-
B. EQUIPMENT AND SUPPLIES	339.20	339.20	-
C. OPERATING EXPENSES	330,384.65	330,384.65	-
D. OTHER PROGRAM EXPENSES	-	-	-
TOTAL SUBCONTRACTED EXPENSES	<u>735,794.78</u>	<u>735,794.78</u>	<u>-</u>
TOTAL PROGRAM COSTS	<u>1,089,761.97</u>	<u>1,089,761.97</u>	<u>-</u>
TOTAL CONTRACT AMOUNT	<u>\$ 1,250,455.00</u>	<u>\$ 1,250,455.00</u>	<u>\$ -</u>

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Cost Reimbursement Invoice Expenditure Detail Schedule

EARN Innovations 18-19 (Final)

Year Ended June 30, 2019

	<u>BUDGETED AMOUNT</u>	<u>CUMULATIVE YTD ACTUAL EXPENSES</u>	<u>BALANCE OF BUDGETED AMOUNT</u>
PROGRAM COSTS (Direct Training)			
A. PERSONNEL			
Staff Salaries	\$ -	\$ -	\$ -
Staff Fringe Benefits	-	-	-
Total Personnel	-	-	-
B. EQUIPMENT AND SUPPLIES	133,800.00	95,008.51	38,791.49
C. OPERATING EXPENSES	30,000.00	-	30,000.00
D. OTHER PROGRAM EXPENSES	-	-	-
TOTAL SUBCONTRACTED EXPENSES	<u>124,200.00</u>	<u>82,827.93</u>	<u>41,372.07</u>
TOTAL PROGRAM COSTS	<u>288,000.00</u>	<u>177,836.44</u>	<u>110,163.56</u>
TOTAL CONTRACT AMOUNT	<u>\$ 288,000.00</u>	<u>\$ 177,836.44</u>	<u>\$ 110,163.56</u>



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

To the Board of Directors
Lehigh Valley Workforce Investment Board, Inc.
Allentown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Lehigh Valley Workforce Investment Board, Inc., as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Lehigh Valley Workforce Investment Board, Inc.'s basic financial statements, and have issued our report thereon dated March 17, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lehigh Valley Workforce Investment Board, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lehigh Valley Workforce Investment Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Lehigh Valley Workforce Investment Board, Inc.'s internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Lehigh Valley Workforce Investment Board, Inc.'s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Buckno Lisicky + Company

Allentown, Pennsylvania
March 17, 2020



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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Lehigh Valley Workforce Investment Board, Inc.
Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Lehigh Valley Workforce Investment Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lehigh Valley Workforce Investment Board, Inc.'s major federal programs for the year ended June 30, 2019. Lehigh Valley Workforce Investment Board, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Lehigh Valley Workforce Investment Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control over Compliance

Management of Lehigh Valley Workforce Investment Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Lehigh Valley Workforce Investment Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Lehigh Valley Workforce Investment Board, Inc.'s internal control over compliance.

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

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

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

Buckno Lisicky + Company

Allentown, Pennsylvania
March 17, 2020

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

**Schedule of Findings and Questioned Cost
Year Ended June 30, 2019**

Section I: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

* Material weaknesses identified? ___yes Xno

* Significant deficiencies identified that are not considered to be material weaknesses? ___yes Xreported none

Noncompliance material to financial statements noted? ___yes Xno

Federal Awards:

Internal control over major programs:

* Material weaknesses identified? ___yes Xno

* Significant deficiencies identified that are not considered to be material weaknesses? ___yes Xreported none

Type of auditors' report issued for compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___yes Xno

Identification of major programs:

CFDA Number

17.258, 17.259 & 17.278

Name of Federal Program

Workforce Innovation and Opportunity Act Cluster

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

\$750,000

Auditee qualified as low-risk auditee?

Xyes ___no

Section II: Financial Statement Findings

No findings to be reported.

Section III: Federal Award Findings

No findings to be reported.