

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

**FINANCIAL AND
SINGLE AUDIT REPORTS**

June 30, 2023

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LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

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June 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

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, 2023, 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.

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, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lehigh Valley Workforce Investment Board, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lehigh Valley Workforce Investment Board, Inc.'s ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Lehigh Valley Workforce Investment Board, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lehigh Valley Workforce Investment Board, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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 21 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary 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, the supplemental schedule of expenditures of federal awards information and the schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for the purpose of additional analysis and are 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. The 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 and the supplemental schedule of expenditures of federal awards information have 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 them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2024 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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
January 24, 2024

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Management's Discussion and Analysis

Year Ended June 30, 2023

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, 2023. 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, 2023 were \$7,520,310, a increase of \$118,781 as compared to 2022 revenues of \$7,401,529.
- Total government-wide expenses of LVWIB for the year ended June 30, 2023 were \$7,520,308, a increase of \$103,126 as compared to 2022 expenses of \$7,417,182.
- Net capital assets of LVWIB decreased \$26,813 for the year ended June 30, 2023 compared to 2022.
- The LVWIB's net position as of June 30, 2023 totaled \$104,172, an increase of \$2 from 2022.

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 the modified accrual basis of 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, 2023

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>2023</u>	<u>2022</u>
ASSETS		
Operating assets	\$ 3,526,367	\$ 3,303,064
Capital and other assets	73,759	100,572
Right-to-use-assets	117,676	503,428
TOTAL ASSETS	<u>\$ 3,717,802</u>	<u>\$ 3,907,064</u>
LIABILITIES AND NET POSITION		
Operating liabilities	\$ 3,490,787	\$ 3,268,020
Lease liabilities	122,843	534,874
TOTAL LIABILITIES	<u>3,613,630</u>	<u>3,802,894</u>
Net investment in capital assets	35,592	67,572
Unrestricted	68,580	36,598
TOTAL NET POSITION	<u>104,172</u>	<u>104,170</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 3,717,802</u>	<u>\$ 3,907,064</u>

Statement of Net Position Analysis

The LVWIB has total assets of \$3,717,802 as of June 30, 2023, broken down between current assets such as cash, receivables and prepaid expenditures and capital assets and other assets.

The LVWIB has total liabilities of \$3,613,630 as of June 30, 2023, which consist of accounts payable, accrued expenses and unearned revenues. The net position of the LVWIB as of June 30, 2023 totals \$104,172, 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, 2023

Statements of Activities (Condensed Financial Information from Page 10)

The condensed statement of activities of the LVWIB for the years ended June 30, 2023 and 2022 is as follows:

	2023	2022
PROGRAM REVENUES		
Program operating grants	\$ 7,481,182	\$ 7,345,202
TOTAL PROGRAM REVENUES	<u>7,481,182</u>	<u>7,345,202</u>
GENERAL REVENUES		
Contributed revenue	955	2,834
Interest income	1,708	1,504
Other income	<u>36,465</u>	<u>51,989</u>
TOTAL GENERAL REVENUES	<u>39,128</u>	<u>56,327</u>
TOTAL REVENUES	<u>7,520,310</u>	<u>7,401,529</u>
EXPENSES		
Program	4,802,692	4,700,577
Administration	2,220,425	2,246,829
Amortization	454,389	431,510
Depreciation	15,201	19,353
Debt service	4,574	11,735
Loss on Disposals	<u>23,027</u>	<u>7,178</u>
TOTAL EXPENSES	<u>7,520,308</u>	<u>7,417,182</u>
CHANGE IN NET POSITION	2	(15,653)
BEGINNING NET POSITION	<u>104,170</u>	<u>119,823</u>
ENDING NET POSITION	<u>\$ 104,172</u>	<u>\$ 104,170</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 64% and 63% of the LVWIB's expenses were incurred for job training and their related supporting services for the years ended June 30, 2023 and 2022, respectively.

The LVWIB had a change in net position of \$2 for the year ended June 30, 2023.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Management's Discussion and Analysis Year Ended June 30, 2023

Capital Assets

The capital assets of the LVWIB are as follows:

	2023	2022
Equipment and fixtures	\$ 509,670	\$ 615,741
Less: accumulated depreciation	<u>468,911</u>	<u>548,169</u>
	<u><u>\$ 40,759</u></u>	<u><u>\$ 67,572</u></u>

The LVWIB's capital assets consist of primarily equipment, furniture, and fixtures used in the operations and grant administration of the 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, 2023 was \$143,878.

General Fund Budgetary Highlights (From page 19)

The LVWIB annually adopts a budget for its general fund. Total program revenues were less than budget by \$1,016,391 for the year ended June 30, 2023. Expenditures were also less than budget by \$909,162 for the year ended June 30, 2023. The excess of revenues over expenditures in the amount of \$536 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, 2023

ASSETS	General Fund	Adjustments (Page 9)	Statement of Net Position
Cash	\$ 2,116,947	\$ -	\$ 2,116,947
Government receivables	997,955	-	997,955
Miscellaneous receivables	343,287	-	343,287
Prepaid expenditures	68,178	-	68,178
Security deposits	-	33,000	33,000
Capital assets, net of depreciation	-	40,759	40,759
Right-of-use asset building, net of amortization	-	71,918	71,918
Right-of-use asset software, net of amortization	-	45,758	45,758
TOTAL ASSETS	\$ 3,526,367	\$ 191,435	\$ 3,717,802
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts payable	\$ 930,044	\$ -	\$ 930,044
Accrued expenses and other liabilities	63,129	-	63,129
Lease liability	-	77,199	77,199
SBITA liability	-	45,644	45,644
Unearned revenue	2,497,614	-	2,497,614
TOTAL LIABILITIES	3,490,787	122,843	3,613,630
FUND BALANCE			
Nonspendable	68,178	(68,178)	-
Unassigned	(32,598)	32,598	-
TOTAL FUND BALANCE	35,580	(35,580)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,526,367	87,263	\$ 3,613,630
NET POSITION			
Net investment in capital assets	35,592	35,592	
Unrestricted	68,580	68,580	
TOTAL NET POSITION	104,172	104,172	
TOTAL LIABILITIES AND NET POSITION	\$ 191,435	\$ 3,717,802	

See Notes to Financial Statements.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.**Reconciliation of the Governmental Fund****Balance Sheet to the Statement of Net Position****June 30, 2023****TOTAL FUND BALANCE - GOVERNMENTAL FUNDS** \$ 35,580

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.

Security deposits	33,000
Capital assets	\$ 509,670
Less: accumulated depreciation	<u>468,911</u>
	40,759
Right-of-use asset building	\$ 934,938
Less: accumulated amortization	<u>863,020</u>
	71,918
Right-of-use asset software	\$ 68,637
Less: accumulated amortization	<u>22,879</u>
	45,758

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

Lease liability	(77,199)
SBITA liability	<u>(45,644)</u>

TOTAL NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 104,172

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, 2023"**

	General Fund	Adjustments (Page 11)	Statement of Activities
PROGRAM REVENUES			
Program operating grants	\$ 7,481,182	\$ -	\$ 7,481,182
TOTAL PROGRAM REVENUES	7,481,182	-	7,481,182
EXPENDITURES / EXPENSES			
Program expenses for training and supporting services	4,802,692	-	4,802,692
Administration:			
Personnel expenses	899,295	-	899,295
Materials and supplies	300,507	-	300,507
Occupancy	172,037	(11,415)	160,622
Services	688,387	-	688,387
Other	171,614	-	171,614
Expenditure - Software right-of-use assets	68,637	(68,637)	-
Debt service:			
Principal	480,668	(480,668)	-
Interest	4,574	-	4,574
Amortization	-	454,389	454,389
Depreciation	-	15,201	15,201
Loss on asset disposals	-	23,027	23,027
TOTAL EXPENSES	7,588,411	(68,103)	7,520,308
NET PROGRAM REVENUES (EXPENSES)	(107,229)	68,103	(39,126)
GENERAL REVENUES			
Contributed revenue	955	-	955
Interest income	1,708	-	1,708
Other income	36,465	-	36,465
Other financing source - SBITA financing	68,637	(68,637)	-
TOTAL GENERAL REVENUES	107,765	(68,637)	39,128
DEFICIT OF REVENUES OVER EXPENDITURES / CHANGE IN NET POSITION	536	(534)	2
FUND BALANCE / NET POSITION			
Beginning	35,044	69,126	104,170
FUND BALANCE / NET POSITION Ending	\$ 35,580	\$ 68,592	\$ 104,172
See Notes to Financial Statements.	10		

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, 2023

NET CHANGE IN FUND BALANCE - GOVERNMENTAL FUNDS	\$ 536
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Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlays	\$ 11,415
Depreciation expense	(15,201)
Loss on disposal of fixed assets	<u>(23,027)</u>
	(26,813)

Lease rental expense is reported in the governmental fund as an expenditure. However, in the statement of activities, right-of-use assets are recognized and amortized over the life of the lease. The right-of-use asset is recognized as an asset financing and the principal portion of the lease payment is offset against the lease liability.

Capital outlay - SBITA right-of-use asset	\$ 68,637
Amortization	(454,389)
SBITA lease financing	(68,637)
Lease principal payments	<u>480,668</u>
	<u>26,279</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	\$ 2
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LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

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.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

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 and right-of-use assets, are recorded as assets and depreciated over the lives of the assets and the related leases.

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.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements June 30, 2023

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 and an acquisition value greater than \$2,500. 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 these unowned assets as of June 30, 2023 is \$143,878.

Right-of-Use Assets

Right-of-use leased assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the leases into service. The right-of-use leased assets are amortized on a straight-line basis over the life of the related leases.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

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, 2023.

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 2020, 2021 and 2022 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, 2023

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.

Recently Adopted Accounting Standard

For the year ended June 30, 2023, the financial statements include the adoption of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. The Organization has one software arrangement that requires recognition under GASB No. 96. The software amortization expense is included on the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance related to the Organization's intangible asset of a software system, which is included in Note 7 as Right-to-Use Software Arrangement. The Organization now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for the accounting software.

See Note 7 for additional information on the SBITA liability and related intangible asset.

Date of Management's Review

The Organization has evaluated subsequent events through January 24, 2024, 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, 2023, \$1,894,557 of the Organization's bank balance of \$2,144,557 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	127,950
Collateral held by pledging bank's trust		
department but not in the Organization's name		1,766,607
	\$	<u>1,894,557</u>

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

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements June 30, 2023

NOTE 4. CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2023 consisted of the following:

	Beginning Balance	Additions	Retirements	Ending Balance
Capital Assets, depreciable:				
Equipment and fixtures	\$ 615,741	\$ 11,415	\$ (117,486)	\$ 509,670
Less accumulated depreciation and amortization	<u>548,169</u>	<u>15,201</u>	<u>(94,459)</u>	<u>468,911</u>
	<u><u>\$ 67,572</u></u>	<u><u>\$ (3,786)</u></u>	<u><u>\$ (23,027)</u></u>	<u><u>\$ 40,759</u></u>

NOTE 5. GOVERNMENTAL FUND BALANCES

The details of governmental fund balances are presented below.

The General Fund has nonspendable fund balance in the amount of \$68,178 as of June 30, 2023.

The General Fund has unassigned fund balance of (\$32,598) as of June 30, 2023.

NOTE 6. LEASE ACTIVITIES

On September 1, 2013, the Lehigh Valley Workforce Investment Board, Inc. entered into a 10-year lease for a commercial building used in operations. Under the terms of the lease, the Organization is required to make monthly payments of \$38,000 until August 2022 and then monthly payments of \$38,625 from September 2022 through the end of the lease in September 2023.

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.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

Lease Payable

The change in lease payable during the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
Lease liability	\$ 534,874	\$ -	\$ 457,675	\$ 77,199

A summary of the lease payable is as follows:

	Due Within One Year	Due in More Than One Year	Total
Lease liability	\$ 77,199	\$ -	\$ 77,199

The aggregate future annual lease payments required to amortize the lease payable as of June 30, 2023, including total interest payments are as follows:

Year Ended June 30	Principal	Interest	Total
2024	\$ 77,199	\$ 51	\$ 77,250
	<u>\$ 77,199</u>	<u>\$ 51</u>	<u>\$ 77,250</u>

Right-of-Use-Asset

Right-of-use-asset activity for the year ended June 30, 2023 consisted of the following:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
<i>Governmental Activities</i>				
Right-to-use-asset:				
Commercial building	\$ 934,938	\$ -	\$ -	\$ 934,938
	<u>934,938</u>	<u>-</u>	<u>-</u>	<u>934,938</u>
Less accumulated amortization				
Commercial building	431,510	431,510	-	863,020
	<u>431,510</u>	<u>431,510</u>	<u>-</u>	<u>863,020</u>
Governmental activities right-to-use-asset, net	\$ 503,428	\$ (431,510)	\$ -	\$ 71,918
	<u>\$ 503,428</u>	<u>\$ (431,510)</u>	<u>\$ -</u>	<u>\$ 71,918</u>

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

NOTE 7. SBITA ACTIVITIES

SBITA right-of-use asset activity for the year ended June 30, 2023 consisted of the following:

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
<i>Governmental Activities</i>				
Right-to-use-asset:				
Software	\$ _____ -	\$ 68,637	\$ _____ -	\$ 68,637
	-	68,637	-	68,637
Less accumulated amortization				
Software	_____ -	22,879	_____ -	22,879
	-	22,879	-	22,879
Governmental activities				
right-to-use-asset, net	\$ _____ -	\$ 45,758	\$ _____ -	\$ 45,758

The Organization implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, as of July 1, 2022. The Organization has one software arrangement that requires recognition under GASB No. 96.

The accounting software subscription arrangement is an that runs through June 30, 2024 with a renewal option through June 30, 2025. The annual subscription cost is \$23,993 for the year ended June 30, 2023 and \$23,707 for the years ended June 30, 2024 and June 30, 2025. The Organization used a 2.54% discount rate based on the Organization's borrowing rate as of July 1, 2022.

\$68,637 has been recorded as a right-of-use software agreement in the Statement of Net Position. Due to the implementation of GASB Statement No. 96, these arrangements for accounting software met the criteria of a SBITA; thus, requiring it to be recorded by the Organization as an intangible asset and a SBITA liability. The asset will be amortized over the lease term of three years since the related software agreement will expire at that time. There are no residual value guarantees in the arrangement provisions.

	Balance July 1, 2022	Additions	Decreases	Balance June 30, 2023
SBITA lease liability	\$ _____ -	\$ 68,637	\$ 22,993	\$ 45,644

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

A summary of the principal and interest amounts for the remaining arrangements includes the following principal and interest payments:

Year Ended	Principal	Interest	Total
June 30			
2024	\$ 22,532	\$ 1,175	\$ 23,707
2025	23,112	595	23,707
	<u>\$ 45,644</u>	<u>\$ 1,770</u>	<u>\$ 47,414</u>

NOTE 8. 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, 2023, LVWIB's matching contribution to the 401(k) plan amounted to \$38,345.

NOTE 9. 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 10. CONCENTRATION OF CREDIT RISK

Revenues

During the year ended June 30, 2023, LVWIB received 91% 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, 2023, LVWIB contracted with one vendor for 57% of the total expenditures of the Organization. As of June 30, 2023, LVWIB had accounts payable of \$794,062 to this subcontractor.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to the Financial Statements

June 30, 2023

NOTE 11. SUBSEQUENT EVENT

On October 31, 2023, the Organization entered into a new ten year lease for the office and training location that commences November 1, 2023 and expires on October 31, 2033. The monthly rental is \$37,829 for the first twelve months and \$34,667 for the next twelve months with a 1.75% increase annually at each anniversary starting with the third year.

The lease also contains the ability of the Organization to negotiate the space under the lease or terminate the lease in the event that LVWIB is notified of cancellation, recission or reduction of the governmental funding by either the United States Congress or the Commonwealth of Pennsylvania. This provision requires 30 days notice from the Organization.

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, 2023**

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Favorable (Unfavorable)
PROGRAM REVENUES				
Program grants	\$ 9,977,522	\$ 8,497,573	\$ 7,481,182	\$ (1,016,391)
Fees for services	-	-	-	-
TOTAL PROGRAM REVENUES	9,977,522	8,497,573	7,481,182	(1,016,391)
EXPENDITURES				
Program expenses for training and supporting services	6,899,629	5,450,292	4,802,692	647,600
Administration:				
Personnel expenses	1,109,086	946,335	899,295	47,040
Materials and supplies	245,050	367,300	300,507	66,793
Occupancy	661,582	670,498	172,037	498,461
Services	867,123	873,595	688,387	185,208
Other	195,052	189,553	171,614	17,939
Expenditure - Software right-of-use asset	-	-	68,637	(68,637)
Debt Service:				
Principal	-	-	480,668	(480,668)
Interest	-	-	4,574	(4,574)
TOTAL EXPENDITURES	9,977,522	8,497,573	7,588,411	909,162
NET PROGRAM REVENUES (EXPENDITURES)	-	-	(107,229)	(107,229)
GENERAL REVENUES				
Contributed revenue	1,000	1,000	955	(45)
Interest income	-	-	1,708	1,708
Other income	7,074	7,074	36,465	29,391
Other financing source - SBITA lease financing	-	-	68,637	68,637
TOTAL GENERAL REVENUES	8,074	8,074	107,765	99,691
EXCESS (DEFICIT) OF REVENUES OVER EXPENDITURES	8,074	8,074	536	(7,538)
FUND BALANCE, Beginning	35,044	35,044	35,044	-
FUND BALANCE, Ending	\$ 43,118	\$ 43,118	\$ 35,580	\$ (7,538)

See Notes to Financial Statements.

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LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

<u>Federal Grantor Project Title</u>	<u>Federal ALN</u>	<u>Pass Through Grantor's Numbers</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Passed Through To Subrecipients</u>	<u>Accrued or (Deferred) Revenues At July 1, 2022</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Deferred) Revenues At June 30, 2023</u>	
<u>U.S. Department of Agriculture</u>										
Passed through the Pennsylvania Department of Human Services Supplemental Nutrition Assistance Program	10.561	4100077279-70130	07/01/22 - 06/30/23	\$ 61,078	\$ 61,078	\$ 42,877	\$ -	\$ 61,078	\$ -	
Total U.S. Department of Agriculture	TOTAL	10.561								
<u>U.S. Department of Labor</u>										
Passed through the Pennsylvania Department of Labor and Industry										
Unemployment Insurance	17.225	202-22-1700	07/01/22 - 06/30/23	3,245	3,245	-	-	3,245	-	
Unemployment Insurance	17.225	202-22-1701	07/01/22 - 06/30/23	9,737	8,654	-	-	9,737	1,083	
Unemployment Insurance	17.225	202-21-1701	07/01/21 - 06/30/22	9,512	1,057	-	-	1,057	-	
	TOTAL	17.225			22,494	12,956	-	1,057	1,083	
Passed through the Pennsylvania Department of Labor and Industry Trade Adjustment Assistance	17.245	202-22-1009	07/01/22 - 06/30/23	84,470	73,962	3,540	-	83,019	9,057	
	TOTAL	17.245	07/01/21 - 06/30/22	158,461	77,702	3,540	7,702	83,019	9,057	
Passed through the Pennsylvania Department of Labor and Industry										
Workforce Innovation and Opportunity Act - Adult	17.258	070-22-300-1	07/01/22 - 06/30/24	282,039	-	253,300	-	282,039	282,039	
Workforce Innovation and Opportunity Act - Adult	17.258	070-22-301-1	10/01/22 - 06/30/24	1,260,387	-	149,163	-	149,163	149,163	
Workforce Innovation and Opportunity Act - Adult	17.258	070-21-300-1	07/01/21 - 06/30/23	287,999	287,999	-	287,999	-	-	
Workforce Innovation and Opportunity Act - Adult	17.258	070-21-301-1	10/01/21 - 06/30/23	1,357,370	1,357,370	803,792	72,011	1,285,359	-	
	TOTAL	17.258			3,187,795	1,645,369	1,206,255	360,010	1,716,561	431,202
Workforce Innovation and Opportunity Act - Youth	17.259	070-22-330-1	04/01/22 - 06/30/24	1,675,243	-	300,027	-	334,100	334,100	
Workforce Innovation and Opportunity Act - Youth	17.259	070-19-334-2	11/18/19 - 06/30/22	171,568	4,003	-	4,003	-	-	
Workforce Innovation and Opportunity Act - Youth	17.259	070-20-330-1	04/01/20 - 06/30/22	1,677,113	197,572	-	197,572	-	-	
Workforce Innovation and Opportunity Act - Youth	17.259	070-21-330-1	04/01/21 - 06/30/23	1,638,614	1,638,613	894,997	33,547	1,605,066	-	
	TOTAL	17.259			5,162,538	1,840,188	1,195,024	235,122	1,939,166	334,100
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	202-22-5552	07/01/22 - 06/30/23	32,858	27,501	-	-	31,752	4,251	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	202-21-5552	07/01/21 - 06/30/22	32,539	3,859	2,655	3,859	-	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-19-413-4	08/01/21 - 06/30/22	95,000	47,500	-	47,500	-	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-19-313-1	08/01/21 - 06/30/22	41,500	25,625	-	25,625	-	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-19-413-6	08/01/21 - 06/30/22	9,068	2,540	-	2,540	-	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-20-403-1	01/01/21 - 06/30/23	41,000	21,704	19,183	-	41,000	19,296	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-20-405-2	07/01/20 - 12/31/22	17,391	17,391	17,391	-	17,391	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-20-415-1	10/01/21 - 12/31/22	25,000	268	2,367	(2,099)	2,367	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-20-415-2	10/01/22 - 06/30/23	23,106	-	-	-	23,106	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-21-301-3	10/01/21 - 06/30/23	888,889	888,889	603,888	-	888,889	-	
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-21-400-1	07/01/21 - 06/30/23	355,383	145,811	58,228	297,155	297,155	-	

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, 2023

<u>Federal Grantor Project Title</u>	<u>Federal ALN</u>	<u>Pass Through Grantor's Numbers</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Grant Amount</u>	<u>Total Received for Year</u>	<u>Passed Through To Subrecipients</u>	<u>Accrued or (Deferred) Revenues At July 1, 2022</u>	<u>Revenue Recognized/ Expenditures</u>	<u>Accrued or (Deferred) Revenues At June 30, 2023</u>
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-21-401-1	10/01/21 - 06/30/23	323,444	269,102	221,198	-	323,444	54,342
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-21-413-2	02/01/22 - 12/31/23	150,000	-	-	-	794	794
Workforce Innovation and Opportunity Act - Dislocated Workers	17.278	070-22-400-1	07/01/22 - 06/30/24	327,520	-	61,350	-	94,235	94,235
				2,362,698	1,682,868	1,073,843	-	1,720,133	172,918
				10,713,031	5,168,425	3,475,122	-	5,375,860	938,220
<i>Passed through the Pennsylvania Department of Labor and Industry</i>									
Apprenticeship USA Grants	17.285	070-22-220-6	01/01/23 - 06/30/24	183,333	16,836	15,320	-	22,718	5,882
Apprenticeship USA Grants	17.285	202-22-4101	07/01/22 - 06/30/23	14,588	12,216	1,180	-	14,107	1,891
Apprenticeship USA Grants	17.285	202-21-4101	07/01/21 - 06/30/22	7,486	1,714	-	-	-	-
				205,387	30,766	16,500	-	1,714	36,825
									7,773
<i>Passed through the Pennsylvania Department of Labor and Industry</i>									
Employment Service/Wagner-Peyser Funded Activities	17.207	202-22-5501	07/01/22 - 06/30/23	72,975	61,098	5,901	-	70,545	9,447
Employment Service/Wagner-Peyser Funded Activities	17.207	202-22-5502	07/01/22 - 06/30/23	14,588	12,216	1,180	-	14,107	1,891
Employment Service/Wagner-Peyser Funded Activities	17.207	202-21-5501	07/01/21 - 06/30/22	57,286	8,571	-	-	8,571	-
Employment Service/Wagner-Peyser Funded Activities	17.207	202-21-5502	07/01/21 - 06/30/22	14,386	1,715	-	-	1,715	-
				159,235	83,600	7,081	-	10,286	84,652
									11,338
<i>Passed through the Pennsylvania Department of Labor and Industry</i>									
Disabled Veterans' Outreach Program (DVOP)	17.801	202-22-2300	07/01/22 - 06/30/23	14,588	12,216	1,180	-	1,715	1,891
Disabled Veterans' Outreach Program (DVOP)	17.801	202-21-2301	07/01/21 - 06/30/22	14,386	1,715	-	-	1,715	-
				28,974	13,931	1,180	-	1,715	1,891
				188,209	97,531	8,261	-	12,001	98,759
									13,229
<i>Passed through the Pennsylvania Department of Labor and Industry</i>									
Local Veterans' Employment Representative Program	17.804	202-22-2200	07/01/22 - 06/30/23	14,588	12,216	1,180	-	14,107	1,891
Local Veterans' Employment Representative Program	17.804	202-21-2201	07/01/21 - 06/30/22	10,070	1,715	-	-	1,715	-
Total U.S. Department of Labor	17.804			24,658	13,931	1,180	-	14,107	1,891
				11,312,240	5,405,273	3,504,603	-	5,621,552	971,253
<i>U.S. Department of Education</i>									
Passed through the Pennsylvania Department of Labor and Industry									
Rehabilitation Services - Vocational Rehabilitation Grants to States - OVR	84.126	202-22-9005	07/01/22 - 06/30/23	11,480	9,650	932	-	11,145	1,495
Rehabilitation Services - Vocational Rehabilitation Grants to States - OVR	84.126	202-21-9002	07/01/21 - 06/30/22	8,491	1,354	-	-	1,354	-
				19,971	11,004	932	-	1,354	1,495
Total U.S. Department of Education	84.126			19,971	11,004	932	-	11,145	1,495

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, 2023

Federal Grantor Project Title	Federal ALN	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, 2022	Revenue Recognized/ Expenditures	Accrued or (Deferred) Revenues At June 30, 2023
<i>U.S. Department of Health and Human Services</i>									
Passed through the Pennsylvania Department of Human Services									
Temporary Assistance for Needy Families	93.558	410007729-70121	07/01/21 - 06/30/22	1,195,298	295,224	-	295,224	-	-
Temporary Assistance for Needy Families	93.558	410007729-70121	07/01/22 - 06/30/23	1,195,298	749,650	658,479	-	1,018,046	268,396
Temporary Assistance for Needy Families	93.558	70121 (P)	07/01/15 - 06/30/23	673,322	-	-	(500,791)	292	(500,499)
Temporary Assistance for Needy Families	93.558	70121 (P)	07/01/16 - 06/30/23	673,322	-	-	(444,400)	-	(444,400)
Temporary Assistance for Needy Families	93.558	70121 (P)	07/01/17 - 06/30/23	673,322	-	-	(424,500)	-	(424,500)
Temporary Assistance for Needy Families	93.558	70121 (P)	07/01/18 - 06/30/23	673,322	-	-	(398,200)	-	(398,200)
Temporary Assistance for Needy Families	93.558	70121 (P)	07/01/19 - 06/30/23	673,322	-	-	(306,800)	-	(306,800)
Passed through the Pennsylvania Department of Labor and Industry									
Temporary Assistance for Needy Families	93.558	070-20-336-1	07/01/20 - 06/30/23	525,390	382,533	91,398	131,361	251,172	-
Temporary Assistance for Needy Families	93.558	070-21-336-1	07/01/21 - 06/30/23	471,749	127,356	42,387	(4,249)	136,897	5,292
TOTAL	93.558			6,754,345	1,554,763	792,284	(1,652,355)	1,406,407	(11,800,711)
<i>Passed through the Pennsylvania Department of Labor and Industry</i>									
Community Services Block Grant	93.569	202-22-7890	07/01/22 - 06/30/23	12,170	11,156	-	-	12,170	1,014
Community Services Block Grant	93.569	202-24-7890	07/01/21 - 06/30/22	11,985	998	-	-	998	-
TOTAL	93.569			24,155	12,154	-	-	12,170	1,014
<i>Total U.S. Department of Health and Human Services</i>									
Total Federal Awards									
				\$ 18,171,789	\$ 7,044,272	\$ 4,340,676	\$ (895,029)	\$ 7,112,352	\$ (826,949)

See Notes to Schedule of Expenditures of Federal Awards.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Notes to Schedule of Expenditure of Federal Awards

June 30, 2023

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, 2023. 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.

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

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

We have performed the procedures enumerated below on the Supplemental Schedule of Expenditures of Federal Awards Information – Pennsylvania Department of Human Services of Lehigh Valley Workforce Investment Board, Inc. (the Schedule) for the year ended June 30, 2023. Lehigh Valley Workforce Investment Board, Inc.'s management is responsible for the Schedule.

Lehigh Valley Workforce Investment Board, Inc. has agreed to and acknowledged that the procedures performed are appropriate to meet the intended purpose of complying with grant requirements of the Pennsylvania Department of Human Services (DHS). This report may not be suitable for any other purpose. The procedures performed may not address all the items of interest to a user of this report and may not meet the needs of all users of this report and, as such, users are responsible for determining whether the procedures performed are appropriate for their purposes.

The procedures and associated findings are as follows:

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.

We were engaged by Lehigh Valley Workforce Investment Board, Inc. to perform this agreed-upon procedures engagement and conducted our engagement in accordance with attestation standards established by the AICPA. We were not engaged to and did not conduct an examination or review engagement, 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.

We are required to be independent of Lehigh Valley Workforce Investment Board, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our agreed-upon procedures engagement.

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.



Allentown, Pennsylvania
January 24, 2024

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.
 Supplemental Schedule of Expenditures of Federal Awards Information - Pennsylvania Department of Human Services
 Year Ended June 30, 2023

*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*

<i>(A)</i> <i>CFDA Name</i>	<i>(B)</i> <i>CFDA Number</i>	<i>(C)</i> <i>Federal Expenditures per the SEFA</i>	<i>(D)</i> <i>Federal Awards Received per the Audit</i>	<i>(E)</i> <i>Federal Confirmation</i>	<i>(F)</i> <i>Difference</i>	<i>(G)</i> <i>% Difference</i>	<i>Detailed Explanation of the Difference</i>
				<i>Reply from Pennsylvania</i>	<i>(C-D)</i>	<i>(E/D)</i>	
Supplemental Nutrition Assistance Program	10.561	\$ 61,078	\$ 61,078	\$ -	\$ -	0.00%	None.
Temporary Assistance for Needy Families	93,558	\$ 1,018,046	\$ 749,650	\$ 268,396	\$ 268,396	35.80%	Amount receivable at end of period not on state confirmation.

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.
Supplemental Schedule of Expenditure of Federal Award Information
Year Ended June 30, 2023

Title	CFDA #	Contract no.	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
As of 6/30/23						
WIOA Dislocated Worker Program	17.278	070-20-403-1	01/01/21-06/30/23	\$ 41,000.00	\$ 41,000.00	\$ -
WIOA Dislocated Worker Program	17.278	070-20-415-1	10/01/20-12/31/22	\$ 25,000.00	\$ 25,000.00	\$ -
WIOA Dislocated Worker Program	17.278	070-20-415-2	10/01/22-06/30/23	\$ 23,106.46	\$ 23,106.46	\$ -
WIOA Dislocated Worker Program	17.278	070-20-405-2	07/01/20-12/31/22	\$ 17,391.00	\$ 17,391.00	\$ -
Total				\$ 106,497.46	\$ 106,497.46	\$ -

Title	Contract Number	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
As of 6/30/22					
WIOA Youth Program	17.259	070-21-330-1	04/01/21-06/30/23	\$ 1,638,613.83	\$ 1,638,613.83
WIOA Adult Program	17.258	070-21-301-1	10/01/21-06/30/23	\$ 1,357,369.88	\$ 1,357,369.88
WIOA Dislocated Worker Program	17.278	070-21-413-2	02/01/22-12/31/23	\$ 150,000.00	\$ 794.04
WIOA Dislocated Worker Program	17.278	070-21-400-1	07/01/21-06/30/23	\$ 355,382.62	\$ 355,382.62
WIOA Dislocated Worker Program	17.278	070-21-401-1	10/01/21-06/30/23	\$ 323,443.92	\$ 323,443.92
WIOA Dislocated Worker Program	17.278	070-21-301-3	10/01/21-06/30/23	\$ 888,889.00	\$ 888,889.00
Total			\$ 4,713,699.25	\$ 4,564,493.29	\$ 149,205.96

Title	Contract Number	Agreement Period	Authorized Budget	Cumulative Expenditures	(Over) Under
As of 6/30/22					
WIOA Youth Program	17.259	070-22-330-1	04/01/22-06/30/24	\$ 1,675,242.51	\$ 334,100.19
WIOA Adult Program	17.258	070-22-300-1	07/01/22-06/30/24	\$ 282,039.39	\$ 282,039.39
WIOA Adult Program	17.258	070-22-301-1	10/01/22-06/30/24	\$ 1,260,387.06	\$ 149,162.93
WIOA Adult Program	17.278	070-22-301-2	06/01/23-06/30/24	\$ 150,000.00	\$ 150,000.00
WIOA Dislocated Worker Program	17.278	070-22-400-1	07/01/22-06/30/24	\$ 327,520.11	\$ 94,234.80
WIOA Dislocated Worker Program	17.278	070-22-401-1	10/01/22-06/30/24	\$ 1,310,440.10	\$ -
Apprenticeship USA Grant	17.285	070-22-220-6	01/01/23-03/31/26	\$ 183,333.00	\$ 22,717.98
Total			\$ 5,188,962.17	\$ 882,255.29	\$ 4,306,706.88
Grand Total			\$ 10,009,158.88	\$ 5,553,246.04	\$ 4,455,912.84

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Cost Reimbursement Invoice Expenditure Detail Schedule

EARN 22-23 (Final)

Year Ended June 30, 2023

	BUDGETED AMOUNT	CUMULATIVE YTD ACTUAL EXPENSES	BALANCE OF BUDGETED AMOUNT
ADMINISTRATION COSTS			
A. PERSONNEL			
Staff Salaries	\$ 59,116.71	\$ 57,653.51	\$ 1,463.20
Staff Fringe Benefits	16,784.93	13,496.24	3,288.69
Total Salaries/Fringe Benefits	75,901.64	71,149.75	4,751.89
B. EQUIPMENT AND SUPPLIES	2,599.60	1,223.94	1,375.66
C. OPERATING EXPENSES	47,136.36	26,910.24	20,226.12
TOTAL ADMINISTRATION COSTS	125,637.60	99,283.93	26,353.67
PROGRAM COSTS (Direct Training)			
A. PERSONNEL			
Staff Salaries	14,547.36	14,547.36	-
Staff Fringe Benefits	3,557.06	3,557.06	-
Total Personnel	18,104.42	18,104.42	-
B. EQUIPMENT AND SUPPLIES	188.00	180.93	7.07
C. OPERATING EXPENSES	280,004.95	275,976.40	4,028.55
D. OTHER PROGRAM EXPENSES	-	-	-
TOTAL SUBCONTRACTED EXPENSES	832,441.03	685,578.88	146,862.15
TOTAL PROGRAM COSTS	1,130,738.40	979,840.63	150,897.77
TOTAL CONTRACT AMOUNT	\$ 1,256,376.00	\$ 1,079,124.56	\$ 177,251.44

**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, 2023, 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 January 24, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

Report on 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 financial statements. 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
January 24, 2024

**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

Opinion on Each Major Federal Program

We have audited Lehigh Valley Workforce Investment Board, Inc.'s compliance with the types of compliance requirements identified as subject to audit 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, 2023. Lehigh Valley Workforce Investment Board, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Lehigh Valley Workforce Investment Board, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Lehigh Valley Workforce Investment Board, Inc.'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Lehigh Valley Workforce Investment Board, Inc.'s federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Lehigh Valley Workforce Investment Board, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Lehigh Valley Workforce Investment Board, Inc.'s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Lehigh Valley Workforce Investment Board, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Lehigh Valley Workforce Investment Board, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Lehigh Valley Workforce Investment Board, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not

identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of 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
January 24, 2024

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Schedule of Findings and Questioned Cost

Year Ended June 30, 2023

Section I: Summary of Auditors' Results

Financial Statements:

Type of auditors' report issued:	Unmodified	
Internal control over financial reporting:		
* Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
* Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	none <input checked="" type="checkbox"/> reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Federal Awards:

Internal control over major programs:		
* Material weaknesses identified?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no
* Significant deficiencies identified that are not considered to be material weaknesses?	<input type="checkbox"/> yes	none <input checked="" type="checkbox"/> reported
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)?	<input type="checkbox"/> yes	<input checked="" type="checkbox"/> no

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
17.258, 17.259 & 17.278	Workforce Innovation and Opportunity Act Cluster
93.568	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

LEHIGH VALLEY WORKFORCE INVESTMENT BOARD, INC.

Schedule of Findings and Questioned Cost

Year Ended June 30, 2023

Section II: Financial Statement Findings

No findings to be reported.

Section III: Federal Award Findings

No findings to be reported.