

**WORKFORCE SOLUTIONS FOR NORTH CENTRAL
PENNSYLVANIA**

**Financial Statements and Supplemental Schedule
Together with Reports of Independent Public Accountants**

**For the Period of Commencement (February 1, 2017)
through June 30, 2017 and 2016**



S B & COMPANY, LLC
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JUNE 30, 2017

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors
Workforce Solutions for North Central Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Workforce Solution for North Central Pennsylvania (WFS), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and changes in net assets and cash flows for the period from commencement of operations (February 1, 2017) through June 30, 2017, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of WFS, as of June 30, 2017, and the respective changes in net assets and its cash flows thereof for the period from commencement of operations (February 1, 2017) through June 30, 2017 in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise WFS' basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated _____, 2017, on our consideration of WFS' 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 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 WFS' internal control over financial reporting and compliance.

Hunt Valley, Maryland
_____, 2017

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Statement of Financial Position As of June 30, 2017 and 2016

Assets	2017
Cash and cash equivalents	\$ 199,500
Restricted cash and cash equivalents	832,330
Accounts receivable	643,275
Total Assets	\$ 1,675,105
Liabilities and Net Assets	
Accounts payable	\$ 622,537
Accrued expenses	13,685
Unearned revenue	832,330
Total Liabilities	1,468,552
Net Assets	
Unrestricted	206,553
Total Liabilities and Net Assets	\$ 1,675,105

The accompanying notes are an integral part of this financial statement.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Statement of Activities and Changes in Net Assets

For the Period of Commencement (February 1, 2017) through June 30, 2017

	<u>2017</u>
Revenue, Gains and Other Support	
Grants, contracts, and contributions	\$ 1,657,910
Interest income	310
Total Revenues, Gains, and Other Support	<u>1,658,220</u>
Expenses	
Salaries, wages and benefits	142,316
Contracted services	81,091
Training	365,449
Space and utilities	15,296
Travel and meetings	30,259
Telephone	4,803
Maintenance and small equipment	8,957
Office supplies	27,965
Printing and publications	12,458
Subcontractor Expenses	759,396
Miscellaneous	3,677
Total Expenses	<u>1,451,667</u>
Change in net assets	206,553
Net Assets, beginning of year	-
Net Assets, End of Year	<u>\$ 206,553</u>

The accompanying notes are an integral part of this financial statement.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Statements of Cash Flows

For the Period of Commencement (February 1, 2017) through June 30, 2017

	<u>2017</u>
Cash Flows from Operating Activities	
Change in net assets	\$ 206,553
Effect of changes in non-cash operating assets and liabilities:	
Accounts receivable	(643,275)
Accounts payable	622,537
Accrued expenses	13,685
Deferred revenue	832,330
Net Cash from Operating Activities	<u>1,031,830</u>
Net increase in cash and cash equivalents	1,031,830
Cash and cash equivalents, beginning of year	-
Cash and Cash Equivalents, End of Year	<u>\$ 1,031,830</u>

The accompanying notes are an integral part of this financial statement.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements

June 30, 2017 and 2016

1. BACKGROUND ON THE ORGANIZATION

Workforce Solutions for North Central Pennsylvania (WFS) is a facilitator of workforce development system that meets the changing human capital needs of our employers and provides resources for our job seekers that maximizes their career potential and focuses on the customers' needs. WFS primarily serves the north central Pennsylvania counties of Cameron, Clearfield, Elk, Jefferson, McKean, and Potter.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements are presented in accordance with the accrual basis of accounting, whereby revenue is recognized when earned and expenses are recognized when incurred.

Basis of presentation

The accompanying financial statement presentation is presented in accordance with accounting principles generally accepted in the United States of America as established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). As required by the Not-for-Profit Topic of the FASB ASC, WFS is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Net Assets

Unrestricted net assets are the net assets that are neither permanently restricted nor temporarily restricted by donor-imposed stipulations.

Temporarily restricted net assets result from contributions whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organizations pursuant to these stipulations. Net assets may be temporarily restricted for various purposes, such as use in future periods or use for specified purposes. WFS had no temporarily restricted net assets as of June 30, 2017.

Permanently restricted net assets result from contributions whose use is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by WFS actions. WFS had no permanently restricted net assets as of June 30, 2017.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements

June 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 the reported amounts of assets and liabilities as of the reporting date, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include certain investments in highly liquid debt instruments purchased with an original maturity of three months or less.

Restricted Cash and Cash Equivalents

At times, various grantor agencies require certain grant funds and revolving loan funds to be deposited into segregated accounts and are restricted for revolving grant and loan purposes.

Revenue and Accounts Receivable

WFS records grant revenue when the related expenses are incurred or services are performed. All donor-restricted support is reported as an increase in temporarily restricted revenue. Grant expenses incurred as of year-end in excess of cash received is recorded as grants receivable. Accounts receivable relates primarily to WFS' grant receivables and are reported at net realizable value. Accounts written off when they are determined to be uncollectible based upon management's assessment of individual accounts. Management has determined that all accounts receivable, other are collectible, and no allowance for uncollectible accounts is necessary.

Government Grants/ Due from Grantors

Funds designated by governmental funding agencies for particular purposes are deemed to be earned and reported as revenues when WFS has incurred expenses in compliance with the contract.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements

June 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment is recorded at historical cost. Donated property and equipment is valued at their estimated fair value on the date donated. WFS maintains a capitalization threshold of \$5,000 for all property and equipment. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 to 30 years
Equipment	5 to 15 years

Impairment losses are recognized in the statement of activities as a component of operating income as they are determined. WFS reviews its long-lived assets, including assets held for sale, whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. In that event, WFS calculates the estimated future net cash flows to be generated by the asset. If those future net cash flows are less than the carrying value of the asset, an impairment loss is recognized for the difference between estimated fair value and the carrying value of the asset. There were no impairment losses recorded during the years ended June 30, 2017.

Deferred Revenue

Deferred revenue includes amounts for grants and other advance payments received prior to the incurrence of qualifying expenses.

Accrued Compensated Absences

Employees' right to receive paid time off upon termination or retirement for services already rendered is recorded as an accrued liability on the accompanying financial statements.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements

June 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income Taxes

WFS is a not-for-profit organization exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code and is recognized as such by the Internal Revenue Service.

The provisions included in accounting principles generally accepted in the United States of America provide consistent guidance for the accounting for uncertainty in income taxes recognized in an entity's financial statements and prescribe a threshold of "more likely than not" for recognition of tax positions taken or expected to be taken in a tax return. WFS performed an evaluation of uncertain tax positions as of June 30, 2017, and determined that there were no matters that would require recognition in the financial statements or, which may have any effect on its tax-exempt status. As of June 30, 2017, the statute of limitations for fiscal year 2017 remains open with the U.S. Federal jurisdiction or the various states and local jurisdictions in which WFS files tax returns. It is WFS's policy to recognize interest and/or penalties related to uncertain tax positions, if any, in income tax expense.

Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily or permanently restricted support, depending on the existence and/or nature of any donor imposed restrictions. Donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction.

Gifts of cash and other assets are reported as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when some stipulated time restriction ends or purpose of the restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities and changes in net assets as net assets released from restrictions.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements

June 30, 2017 and 2016

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying amount of notes payable approximates fair value because the interest rate on these instruments is based on current rates offered to WFS for debt with similar terms and maturities.

Subsequent Events

WFS evaluated the accompanying financial statements for subsequent events and transactions through _____, the date these financial statements were available for issue and have determined that no material subsequent events have occurred that would affect the information presented in the accompanying financial statements or require additional disclosure except as disclosed below.

3. CASH AND CASH EQUIVALENTS

The carrying amount of WFS's deposits was \$1,031,831 as of June 30, 2017, respectively. The bank balance totaled \$1,039,423 as of June 30, 2017, respectively. The difference represents outstanding checks and other reconciling items.

WFS has deposits in financial institutions in excess of amounts insured by the Federal Deposit Insurance Corporation (FDIC) which are collateralized with additional collateral provided by the individual financial institutions. WFS has experienced no losses in such accounts, and management believes it is not exposed to any significant credit risk in cash.

4. RELATED PARTY TRANSACTIONS

Programs of WFS were formerly programs of North Central Regional Planning Commission (the Commission). Effective February 1, 2017, WFS became fully responsible for the operation of these programs. During the transition of operation of programs, the Commission provided certain management services on behalf of WFS.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements

June 30, 2017 and 2016

5. OPERATING LEASES

WFS has several non-cancelable operating leases, primarily for buildings and equipment that expire at various dates through June 30, 2020. Rent expense for operating leases was approximately \$15,000 during the period from commencement (February 1, 2017) through June 30, 2017, respectively. Future minimum lease payments, including payments to related parties, under operating leases that have remaining terms in excess of one year are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2018	\$ 204,073
2019	204,073
2020	204,073
Total	\$ 612,219

6. COMMITMENTS AND CONTINGENCIES

General

In the normal course of business, WFS may be subject to pending and threatened lawsuits in which claims for monetary damages could be asserted. In management's opinion, WFS's financial position and results of operations would not be materially affected by the outcome of such potential legal proceedings.

Grants

WFS has several grants from the U.S. Government. Revenue from such grants is recognized only to the extent that actual expenses incurred comply with grant terms. For government grants, revenue received in excess of expenses is shown as a liability, and expenses incurred in excess of funds collected are reflected as grants receivable.

Government grants are subject to final determination of allow ability by the government agency. Until such audits have been completed and final settlement reached, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Financial Statements June 30, 2017 and 2016

7. CONCENTRATIONS

Credit Risk

The majority of WFS' accounts receivable represents amounts due from Federal, state, and local governmental agencies for project and grant costs incurred and reimbursable by the grantor agencies.

Revenue

Federal and Commonwealth of Pennsylvania grant revenue represent approximately 99% of total revenue in 2017.

10. FUNCTIONAL EXPENSES

WFS provides program services to individuals within its geographic location. Expenses related to providing these services for the period of commencement (February 1, 2017) through June 30, 2017 are as follows:

	<u>2017</u>
Program services	\$ 1,344,562
General and administrative	<u>107,105</u>
	<u>\$ 1,451,667</u>

SUPPLEMENTARY INFORMATION



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS 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***

Board of Directors
Workforce Solutions for North Central Pennsylvania

We have audited, 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, the financial statements of the Workforce Solutions for North Central Pennsylvania (WFS) as of and for the period from commencement (February 1, 2017) through June 30, 2017, and the related notes to the financial statements, which collectively comprise WFS's basic financial statements, and have issued our report thereon dated _____, 2017.

Internal Control over Financial Reporting

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



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Compliance and Other Matters

As part of obtaining reasonable assurance about whether WFS' 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.

Hunt Valley, Maryland
_____, 2017



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**REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL
CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE**

Board of Directors
Workforce Solutions for North Central Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited the Workforce Solution for North Central Pennsylvania (WFS) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Commission's major Federal programs for the period of commencement (February 1, 2017) through June 30, 2017. WFS' major Federal programs are identified in the summary of independent public accountants' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of WFS' 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 (CFR) 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 WFS' 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 WFS' compliance.



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Opinion on Each Major Federal Program

In our opinion, WFS 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 period from commencement (February 1, 2017) through June 30, 2017.

Report on Internal Control over Compliance

Management of WFS 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 WFS' internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of WFS' 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.

Hunt Valley, Maryland
_____, 2017

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Schedule of Expenditures of Federal Awards For the Period of Commencement (February 1, 2017) through June 30, 2017

Federal Grantor Agency/Program Title	Federal CFDA Number	Pass-through Grant Number	Grant Period Beginning/Ending Date	Grant Amount	Received for the Year	(Deferred) Revenue July 01,2016	Revenue Recognized	Expenditures	(Deferred) Revenue July 01,2017
Department of Labor Employment Training Administration									
WIA/WIOA Cluster									
WIA/WIOA Adult Program	17.258	Various	Various	\$ 449,680	\$ 192,551	\$ -	\$ 292,288	\$ 292,288	\$ 99,737
WIA/WIOA Youth Activities	17.259	Various	Various	438,912	89,862	-	145,009	145,009	55,147
WIA/WIOA Dislocated Worker Formula Grants	17.278	Various	Various	667,189	478,747	-	552,984	552,984	74,237
Total WIA/WIOA Cluster					761,160	-	990,281	990,281	229,121
WIA National Emergency Grant	17.277	Various	Various	55,954	108,989	-	31,653	31,653	(77,336)
Total Department of Labor Employment Training Administration					870,149	-	1,021,934	1,021,934	151,785
Department of Health & Human Services Administration for Children & Families:									
Temporary Assistance for Needy Families	93.558	Various	Various	551,430	998,821	-	280,370	280,370	(718,451)
Total Expenditures of Federal Awards					<u>\$ 1,868,970</u>	<u>\$ -</u>	<u>\$ 1,302,304</u>	<u>\$ 1,302,304</u>	<u>\$ (566,666)</u>

The accompanying notes are an integral part of this schedule.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Notes to the Schedule of Expenditures of Federal Awards For the Period of Commencement (February 1, 2017) through June 30, 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

All Federal grant operations of Workforce Solutions for North Central Pennsylvania (WFS) are included in the scope of Title 2 U.S. Code of Federal Regulations part 200, Uniform Administration Requirement, Cost Principles, and Audit Requirements for Federal Awards (the Single Audit). The Single Audit was performed in accordance with the provisions of the OMB Compliance Supplement (the Compliance Supplement). Compliance testing of all requirements, as described in the Compliance Supplement, was performed for the grant program noted below. This program represents Federal award programs for fiscal year 2017 cash and non-cash expenditures to ensure coverage of at least 20% of federally granted funds. Actual coverage is 76% of total cash and non-cash Federal award program expenditures.

Expenditures reported on the Schedule of expenditures of Federal awards are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Commission has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

<u>Major Program</u>	<u>CFDA Numbers</u>	<u>Federal Expenditures</u>
WIA/WIOA Cluster	17,258 & 17,259 & 17,278	\$ 990,281

2. BASIS OF PRESENTATION

The accompanying schedule of expenditures of Federal awards (the "Schedule") includes the federal award activity of Workforce Solutions for North Central Pennsylvania (WFS) under programs of the federal government for the year ended June 30, 2017. 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 the Commission, it is not intended to and does not present the financial position, changes in net assets, or cash flows of WFS.

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Schedule of Findings and Questioned Costs

For the Period of Commencement (February 1, 2017) through June 30, 2017

Section I- Summary of Independent Public Accountants' Results

Financial Statements

Type of Report of Independent Public Accountants' report issued	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Noncompliance material to the financial statements noted?	No

Federal Awards

Type of Report of Independent Public Accountants' report issued on compliance for major programs	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None Reported
Any audit findings disclosed that are required to be reported in accordance with 2 CFR200.516(a)?	No

Identification of Major Programs:

Major Program	Federal CFDA Number	Federal Expenditures
WIA/WIOA Cluster	17,258 & 17,259 & 17,278	990,281

Dollar threshold used to distinguish between type A and B programs:	\$ 750,000
Did the organization qualify as a low risk auditee?	No

WORKFORCE SOLUTIONS FOR NORTH CENTRAL PENNSYLVANIA

Schedule of Findings and Questioned Costs

For the Period of Commencement (February 1, 2017) through June 30, 2017

Section II –Financial Statement Findings

None noted

Section III –Federal Award Findings

None Noted

Prior Year Findings

Not Applicable