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September 23, 2019

Board of Directors
Indiana Region 9 Workforce Board, Inc.
d/b/a Southeast Indiana Workforce Investment Board, Inc.
4555 Central Avenue
Columbus, IN 47203

We have reviewed the report prepared by Indiana Region 9 Workforce Board, Inc. d/b/a Southeast Indiana Workforce Investment Board, Inc. and opined upon by Comer, Nowling and Associates, PC, Independent Public Accountants, for the period July 1, 2017 to June 30, 2018. Per the *Independent Auditor's Report* the financial statements included in the report present fairly the financial condition of Indiana Region 9 Workforce Board, Inc. d/b/a Southeast Indiana Workforce Investment Board, Inc. as of June 30, 2018 and the results of its operations for the period then ended, on the basis of accounting described in the report.

In our opinion, Comer, Nowling and Associates, PC prepared all required independent auditor's reports in accordance with generally accepted auditing standards and guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.


Paul D. Joyce, CPA
State Examiner

**Southeast Indiana Workforce
Investment Board, Inc.**



**Financial Statements
For the Years Ended
June 30, 2018 and 2017
(With Single Audit Section)**

COMER  NOWLING

INDUSTRY ESTABLISHED | FOCUSED ON QUALITY

Certified Public Accountants

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
FINANCIAL STATEMENTS**

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR’S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards.....	14
Notes to Schedule of Expenditures of Federal Awards	16
Schedule of Expenditures for State and Local Awards	17
Summary Schedule of Prior Audit Findings.....	18
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19
Independent Auditor’s Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the <i>Uniform Guidance</i>	21
Schedule of Findings and Questioned Costs.....	23



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Southeast Indiana Workforce Investment Board, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Southeast Indiana Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, 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 audits. We conducted our audits 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 audits to obtain reasonable assurance about whether the financial statements are free of 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Southeast Indiana Workforce Investment Board, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements of Southeast Indiana Workforce Investment Board, Inc. as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statements. The schedule of expenditures of state and local awards is presented for purposes of additional analysis as required by the Indiana State Board of Accounts. 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated on January 9, 2019 our consideration of Southeast Indiana Workforce Investment Board, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 9, 2019

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

ASSETS

	2018	2017
CURRENT ASSETS:		
Cash	\$ 243,442	\$ 104,601
Accounts receivable	-	1,840
Grants receivable	255,664	454,783
Prepaid expenses	15,787	14,841
	514,893	576,065
Total current assets	514,893	576,065
Total assets	\$ 514,893	\$ 576,065

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable	\$ 286,645	\$ 337,028
Accrued expenses	32,676	20,380
Deferred revenue	162,720	126,844
	482,041	484,252
Total current liabilities	482,041	484,252
NET ASSETS:		
Unrestricted	27,427	19,578
Temporarily restricted	5,425	72,235
	32,852	91,813
Total net assets	32,852	91,813
Total liabilities and net assets	\$ 514,893	\$ 576,065

See accompanying notes to financial statements.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018		
	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Federal grant revenue	\$ 2,145,337	\$ -	\$ 2,145,337
Other grant revenue	785,180	3,500	788,680
Miscellaneous revenue	16,958	-	16,958
Total revenue and support	<u>2,947,475</u>	<u>3,500</u>	<u>2,950,975</u>
Net assets released from restrictions	<u>70,310</u>	<u>(70,310)</u>	<u>-</u>
Total revenue, support and net assets released from restrictions	<u>3,017,785</u>	<u>(66,810)</u>	<u>2,950,975</u>
EXPENSES			
Program activities	2,755,792	-	2,755,792
Management and general	254,144	-	254,144
Total expenses	<u>3,009,936</u>	<u>-</u>	<u>3,009,936</u>
CHANGE IN NET ASSETS	<u>7,849</u>	<u>(66,810)</u>	<u>(58,961)</u>
NET ASSETS, BEGINNING OF YEAR	<u>19,578</u>	<u>72,235</u>	<u>91,813</u>
NET ASSETS, END OF YEAR	<u>\$ 27,427</u>	<u>\$ 5,425</u>	<u>\$ 32,852</u>

See accompanying notes to financial statements.

2017

Unrestricted	Temporarily Restricted	Total
\$ 2,533,343	\$ -	\$ 2,533,343
626,504	103,750	730,254
72,630	-	72,630
3,232,477	103,750	3,336,227
36,954	(36,954)	-
3,269,431	66,796	3,336,227
3,073,578	-	3,073,578
192,374	-	192,374
3,265,952	-	3,265,952
3,479	66,796	70,275
16,099	5,439	21,538
\$ 19,578	\$ 72,235	\$ 91,813

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING EXPENSES	<u>Program</u>	<u>Management and General</u>	<u>2018 Totals</u>
Salaries	\$ 97,710	\$ 101,142	\$ 198,852
Benefits	27,257	22,106	49,363
Travel	5,047	5,123	10,170
Facility expense	186,502	-	186,502
Communications	13,870	277	14,147
Office supplies	2,124	1,417	3,541
Office equipment	12,676	383	13,059
Professional fees	-	115,345	115,345
Liability insurance	-	6,174	6,174
Direct client expenses	(2,554)	-	(2,554)
Membership dues	-	2,177	2,177
Meeting expense	-	-	-
Outreach	12,995	-	12,995
Sub-contractor expenses	2,400,165	-	2,400,165
Total expenses	<u>\$ 2,755,792</u>	<u>\$ 254,144</u>	<u>\$ 3,009,936</u>

See accompanying notes to financial statements.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2017

OPERATING EXPENSES	<u>Program</u>	<u>Management and General</u>	<u>2017 Totals</u>
Facility expense	\$ 349,398	\$ -	\$ 349,398
Communications	21,891	-	21,891
Office supplies	5,903	-	5,903
Office equipment	11,190	-	11,190
Professional fees	-	114,202	114,202
Liability insurance	-	7,995	7,995
Direct client expenses	428,334	-	428,334
Membership dues	-	2,510	2,510
Meeting expense	-	5,214	5,214
Outreach	2,785	-	2,785
Sub-contractor expenses	<u>2,254,077</u>	<u>62,453</u>	<u>2,316,530</u>
Total expenses	<u>\$ 3,073,578</u>	<u>\$ 192,374</u>	<u>\$ 3,265,952</u>

See accompanying notes to financial statements.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (58,961)	\$ 70,275
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Increase (decrease) in cash from changes in:		
Accounts receivable	1,840	(1,840)
Grants receivable	199,119	(263,173)
Prepaid expenses	(946)	18,472
Accounts payable	(50,383)	87,090
Accrued expenses	12,296	(21,268)
Deferred revenue	35,876	83,115
	138,841	(27,329)
Net cash provided by (used in) operating activities	138,841	(27,329)
CASH, BEGINNING OF YEAR	104,601	131,930
CASH, END OF YEAR	\$ 243,442	\$ 104,601

See accompanying notes to financial statements.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

NATURE OF OPERATIONS

The Southeast Indiana Workforce Investment Board, Inc. (the “Organization”) is an Indiana non-profit corporation comprised of representatives from the private sector, labor, education, economic development and community-based organizations. The Organization provides policy guidance and oversight to the WorkOne system in Indiana's Region 9 Economic Growth Region. The Region 9 Economic Growth Region includes Bartholomew, Dearborn, Decatur, Franklin, Jackson, Jefferson, Jennings, Ohio, Ripley and Switzerland.

The Organization serves as a catalyst to promote collaborative relationships between business, education, labor, and service providers to support workforce development efforts and regional economic growth. The majority of the Organization’s financial support is received from federal and state government grants that originate with the U.S. Department of Labor and Indiana Department of Workforce Development.

The Organization’s financial management functions are contracted with Crowe, L.L.P., a private CPA firm, which serves as the fiscal agent for all funding sources.

BASIS OF ACCOUNTING

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

FINANCIAL STATEMENT PRESENTATION

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board. Per applicable requirements, Southeast Indiana Workforce Investment Board, Inc. 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.

A description of the unrestricted, temporarily and permanently restricted net asset classes follows:

Unrestricted net assets represent the portion of net assets of Southeast Indiana Workforce Investment Board, Inc. that is neither permanently restricted nor temporarily restricted by donor-imposed stipulations. Unrestricted net assets include expendable funds available for the support of the Organization.

Temporarily restricted net assets represent contributions and other inflows of assets whose use by Southeast Indiana Workforce Investment Board, Inc. is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

FINANCIAL STATEMENT PRESENTATION – (continued)

Permanently restricted net assets represent contributions and other inflows of assets whose use by Southeast Indiana Workforce Investment Board, Inc. is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

As of June 30, 2018 and 2017, the Organization had \$5,425 and \$72,235 in temporarily restricted and no permanently restricted net assets, all respectively. See Note 5 for further information regarding temporarily restricted net assets.

EXPENSE ALLOCATION

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

GOVERNMENT GRANTS

Support funded by grants is recognized as the Organization performs the contracted services under grant agreements. Grant revenue is recognized as earned as the eligible expenses are incurred. No allowance for uncollectible grants has been recorded. Grant expenditures are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts required prior to expenditures being incurred are reflected as unearned revenue on the statement of financial position.

INCOME TAX STATUS

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

CONTRIBUTIONS

The Organization reports gifts of cash and other assets 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 a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as unrestricted.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

CONTRIBUTED SERVICES

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance non-financial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

No amounts have been reflected in the financial statements for donated services for the years ended June 30, 2018 and 2017.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses.

COST ALLOCATION

Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all agency programs, which cannot be readily identified with a final cost objective.

PROPERTY AND EQUIPMENT

As of June 30, 2018 and 2017, all property and equipment acquired by the Organization was purchased with funds provided by the State of Indiana and therefore owned by the State of Indiana. Expenditures for maintenance and repairs are expensed when incurred.

TAX BENEFITS

Effective July 1, 2009, the Organization adopted the accounting policy to recognize a tax benefit only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized will be the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the more-likely-than-not test, no tax benefit will be recorded.

The Organization has examined this issue and has determined there are no material contingent tax liabilities at June 30, 2018 and 2017. The Organization's federal Exempt Organization Income Tax Returns (Form 990) for 2015, 2016, and 2017 are subject to examination by the IRS, generally for three years after they were filed.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (continued)

SUBSEQUENT EVENTS

Subsequent events are evaluated by management through January 9, 2019, which is the date the financial statements were available to be issued.

NOTE 2 – GRANTS RECEIVABLE

Grants receivable as of June 30, 2018 and 2017, consisted of the following:

	<u>2018</u>	<u>2017</u>
Indiana Department of Workforce Development	<u>\$ 255,664</u>	<u>\$ 454,783</u>

NOTE 3 – CONCENTRATION OF CREDIT RISK

The Organization maintains a cash balance at a single bank. The account is insured by the Federal Deposit Insurance Corporation up to \$250,000 as of June 30, 2018 and 2017. At June 30, 2018 and 2017, the Organization had bank balances of \$18,878 and \$0, respectively, in excess of FDIC coverage.

The Organization receives a substantial amount of its support from federal and state governments. A significant reduction of the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

Financial awards from federal, state and local governmental entities in the form of grants are subject to financial and compliance audits by funding agencies. Such audits could result in claims against the Organization for disallowed costs or noncompliance with grantor restrictions. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

NOTE 4 – STATE OWNED PROPERTY AND EQUIPMENT

During the year ended June 30, 2016, the Indiana Department of Workforce Development changed its policies regarding reporting and tracking of State-owned equipment and furniture, increasing the value of assets required to be recorded and reported from \$500 to \$5,000. As a result, the total value of assets meeting the new State reporting threshold for the years ended June 30, 2018 and June 30, 2017 were \$107,158 and \$163,286, respectively. These assets were purchased with funds provided by the State of Indiana. Per contract and grant agreements, title to any assets purchased with State funds remains with the State and are reported as assets in the financial statements of the State of Indiana. Therefore, assets purchased with State funds are not reflected in the financial statements of the Organization.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018 AND 2017

NOTE 5 – TEMPORARILY RESTRICTED NET ASSETS

The restrictions on assets as of June 30, 2018 and 2017 relate to non-federal grants for donor specific assistance to the Organization and its programs. Those restrictions are considered to expire when specific payments made for the purpose of the donor grants are incurred.

As of June 30, 2018 and 2017, temporarily restricted net assets for grants with specific donor purposes are:

	<u>2018</u>	<u>2017</u>
Duke Energy Foundation Grant	\$ 250	\$ 250
United Way of Franklin County	1,922	3,733
Seymour Community School Corporation	-	65,000
Lawrenceburg Community School Corporation	3,253	3,252
	<u>\$ 5,425</u>	<u>\$ 72,235</u>

NOTE 6 – OPERATING LEASES

The Organization leases space for operation of its programs. Rent expense for the years ended June 30, 2018 and 2017, was \$189,991 and \$326,975, respectively. Future minimum lease payments on leases with terms beyond June 30, 2018, are as follows:

	<u>Amount</u>
2019	\$ 119,870
2020	-
2021	-
2022	-
2023	-
Thereafter	-
	<u>\$ 119,870</u>

NOTE 7 – RELATED PARTIES

The Organization has obtained services from related parties for service provider expenses, training, and annual membership fees. Of these related parties, all represent companies or organizations affiliated with board members. During the years ended June 30, 2018 and 2017, these organizations were paid \$73,052 for rent and \$206,825 for client training, respectively.

SUPPLEMENTARY INFORMATION

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Federal Awards (in dollars \$)	Federal Expenditure	Sub-recipient Pass-through
U.S. Department of Labor					
Indiana Department of Workforce Development (DWD)					
Workforce Investment Act (WIA) Cluster					
WIOA Adult Program (PY16 Program)	17.258	WIB 6-09	466,549	\$ 127,759	\$ 103,455
WIOA Adult Program (PY16 Admin)	17.258	WIB 6-09	51,838	29,023	9,413
WIOA Adult Program (PY17 Program)	17.258	WIOA 7-09	390,615	277,749	230,672
WIOA Adult Program (PY17 Admin)	17.258	WIOA 7-09	43,401	43,401	35,462
WIOA Adult Program - Business Consultant	17.258	BC 7-09	36,000	36,000	36,000
			-	<u>513,932</u>	<u>415,002</u>
WIOA Youth Activities (PY16 Program)	17.259	WIB 6-09	485,050	88,358	67,677
WIOA Youth Activities (PY16 Admin)	17.259	WIB 6-09	53,894	51,579	-
WIOA Youth Activities (PY17 Program)	17.259	WIOA 7-09	405,106	267,701	240,815
WIOA Youth Activities (PY17 Admin)	17.259	WIOA 7-09	45,011	3,872	-
				<u>411,510</u>	<u>308,492</u>
WIOA Dislocated Worker Formula Grants (PY16 Program)	17.278	WIB 6-09	398,301	53,336	28,902
WIOA Dislocated Worker Formula Grants (PY16 Admin)	17.278	WIB 6-09	44,255	44,255	-
WIOA Dislocated Worker Formula Grants (PY17 Program)	17.278	WIOA 7-09	348,059	287,279	247,886
WIOA Dislocated Worker Formula Grants (PY17 Admin)	17.278	WIOA 7-09	38,673	38,673	-
WIA Dislocated Worker Formula Grants - Business Consultant	17.278	RR 5-09	40,000	22,867	22,867
WIA Dislocated Worker Formula Grants - Rapid Response	17.278	RR 6-09	132,000	48,228	47,578
WIA Dislocated Worker Formula Grants - Rapid Response	17.278	RR 7-09	54,318	15,807	15,807
WIA Dislocated Worker Formula Grants - Rapid Response	17.278	BC 7-09	44,000	44,000	44,000
				<u>554,445</u>	<u>407,040</u>
Subtotal for WIA Cluster passed through DWD				<u>1,479,887</u>	<u>1,130,534</u>
Employment Service Cluster					
Employment Service/Wagner-Peyser Funded Activities	17.207	BC 7-09	40,000	40,000	40,000
Employment Service/Wagner-Peyser Funded Activities	17.207	IFA 7-09	44,003	41,579	25,000
				<u>81,579</u>	<u>65,000</u>
Disabled Veterans' Outreach Program (DVOP)	17.801	IFA 7-09	15,383	14,306	-
Local Veterans' Employment Representative (LVER) Program	17.804	IFA 7-09	9,614	8,942	-
Subtotal for Employment Service Cluster passed through DWD				<u>104,827</u>	<u>65,000</u>
Unemployment Insurance Recovery					
Unemployment Insurance Recovery	17.225	IFA 7-09	7,307	7,307	-
Unemployment Insurance Recovery	17.225	RESEA 6-09	185,300	167,046	133,305
Unemployment Insurance Recovery	17.225	RESEA 7-09	173,000	14,578	14,384
Subtotal Unemployment Insurance Recovery				<u>188,931</u>	<u>147,689</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Agency Pass-Through Entity Cluster Title/Program	Federal CFDA Number	Grant Identifying Number	Federal Awards (in dollars \$)	Federal Expenditure	Sub-recipient Pass-through
U.S. Department of Labor (continued)					
Indiana Department of Workforce Development (DWD) (continued)					
Trade Adjustment Assistance	17.245	TAA CM 7-09	22,050	\$ 22,050	\$ 21,000
Trade Adjustment Assistance	17.245	IFA 7-09	9,692	8,304	-
				<u>30,354</u>	<u>21,000</u>
Total for U.S. Department of Labor				<u>1,803,999</u>	<u>1,364,223</u>
U.S. Department of Health and Human Services					
Indiana Department of Workforce Development (DWD)					
Temporary Assistance for Needy Families	93.558	JAG TANF 5-09	399,556	130,076	120,764
Temporary Assistance for Needy Families	93.558	JAG TANF 7-09	358,500	186,223	156,089
Temporary Assistance for Needy Families	93.558	WIN TANF 7-09	60,000	25,040	25,040
				<u>341,339</u>	<u>301,893</u>
Total for U.S. Department of Health and Human Services				<u>341,339</u>	<u>301,893</u>
Total passed through DWD				<u>2,145,338</u>	<u>1,666,116</u>
Total Expenditures of Federal Awards				<u>\$ 2,145,338</u>	<u>\$ 1,666,116</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of Southeast Indiana Workforce Investment Board, Inc. under programs of the federal government for the year ended June 30, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Because the Schedule presents only a selected portion of the operations of Southeast Indiana Workforce Investment Board, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Southeast Indiana Workforce Investment Board, Inc.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) 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. Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Southeast Indiana Workforce Investment Board, Inc. has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF STATE AND LOCAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018**

STATE/LOCAL GRANTOR AGENCY Program Title	Grant or Identifying Number	State and Local Awards (in dollars \$)	State and Local Expended
Indiana Department of Workforce Development:			
Jobs for Amerian Graduates	JAG 6-09	230,318	\$ 40,675
Jobs for Amerian Graduates	JAG 7-09	356,164	238,069
Jobs for Amerian Graduates	JAGM 7-09	15,000	9,069
WorkINdiana	WIN 6-09	406,551	61,379
WorkINdiana	WIN 7-09	477,743	<u>434,930</u>
Total Expenditures of State and Local Awards			<u>\$ 784,122</u>

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the year ended June 30, 2017.

Section III – Federal Awards Findings and Questioned Costs

There were no federal award findings for the year ended June 30, 2017.



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

To the Board of Directors
Southeast Indiana Workforce Investment Board, Inc.

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 Southeast Indiana Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 9, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Southeast Indiana Workforce Investment Board, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Southeast Indiana Workforce Investment Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the organization'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 organization's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.

Indianapolis, Indiana

January 9, 2019



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

To the Board of Directors
Southeast Indiana Workforce Investment Board, Inc.

Report on Compliance for Each Major Federal Program

We have audited Southeast Indiana Workforce Investment Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Southeast Indiana Workforce Investment Board, Inc.'s major federal programs for the year ended June 30, 2018. Southeast Indiana Workforce Investment Board, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Southeast Indiana 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, 2018.

Report on Internal Control over Compliance

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

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

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

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

Comer, Nowling And Associates, P.C.

Comer, Nowling And Associates, P.C.
Indianapolis, Indiana
January 9, 2019

**SOUTHEAST INDIANA WORKFORCE INVESTMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2018**

Section II – Financial Statement Findings

There were no financial statement findings for the current year ended June 30, 2018.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings for the current year ended June 30, 2018.