

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

AMSTERDAM, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

PHILIP BECKETT CPA, P.C.
132 East State Street, Gloversville, New York 12078

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.
Amsterdam, New York

Report on the Financial Statements

We have audited the accompanying financial statements of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, changes in net assets, 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain 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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INDEPENDENT AUDITOR'S REPORT
(continued)

Opinion

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

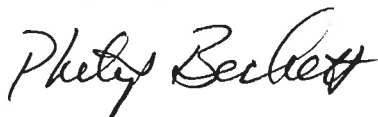
Other matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis 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 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 October 2, 2018, on our consideration of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control over financial reporting and compliance.



Gloversville, New York
October 2, 2018

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Financial Position
As of June 30, 2018 and 2017

- ASSETS -

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 10,495	\$ 13,285
Grants and accounts receivable	34,806	45,192
Prepaid expenses	16,524	22,305
Total current assets	<u>\$ 61,825</u>	<u>\$ 80,782</u>
PROPERTY AND EQUIPMENT		
Office equipment	\$ 239,190	\$ 239,190
Computer software	62,607	62,607
Leasehold improvements	34,400	34,400
Total property and equipment	336,197	336,197
Accumulated depreciation	<u>(301,802)</u>	<u>(286,466)</u>
Property and equipment - net	<u>\$ 34,395</u>	<u>\$ 49,731</u>
TOTAL ASSETS	<u>\$ 96,220</u>	<u>\$ 130,513</u>

- LIABILITIES AND NET ASSETS -

CURRENT LIABILITIES		
Accounts payable	\$ 5,264	\$ 35,369
Deferred revenue	16,524	28,514
Accrued expenses	7,220	7,409
Total current liabilities	<u>\$ 29,008</u>	<u>\$ 71,292</u>
LONG-TERM LIABILITIES		
Long term debt	0	0
Total liabilities	<u>\$ 29,008</u>	<u>\$ 71,292</u>
NET ASSETS:		
Unrestricted	\$ 0	\$ 0
Temporarily restricted	67,212	59,221
NET ASSETS	<u>\$ 67,212</u>	<u>\$ 59,221</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 96,220</u>	<u>\$ 130,513</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Activities

For the years ended June 30, 2018 and 2017

	2018		2017	
Revenue	Temporarily Restricted	Unrestricted	Temporarily Restricted	Unrestricted
	<u>Totals</u>	<u>Totals</u>	<u>Totals</u>	<u>Totals</u>
Federal and State Grants	\$ 1,326,319	\$ 0	\$ 1,435,690	\$ 0
Other income	0	0	311	0
MOU income	115,359	0	112,171	0
Fund balances released from restrictions	<u>(1,433,687)</u>	<u>1,433,687</u>	<u>(1,565,260)</u>	<u>1,565,260</u>
Total Revenue	<u>\$ 7,991</u>	<u>\$ 1,433,687</u>	<u>\$ (17,088)</u>	<u>\$ 1,565,260</u>
Expenses - see schedule page 5.				
Total Expenses	<u>\$ 0</u>	<u>\$ 1,433,687</u>	<u>\$ (2)</u>	<u>\$ 1,565,258</u>
INCREASE (DECREASE) IN NET ASSETS FOR THE YEAR	<u>\$ 7,991</u>	<u>\$ 0</u>	<u>\$ (17,086)</u>	<u>\$ 0</u>
STATEMENTS OF CHANGES IN NET ASSETS				
Net assets - beginning of the year	\$ 59,221	\$ 0	\$ 76,307	\$ 0
Increase (decrease) for the year	<u>7,991</u>	<u>0</u>	<u>(17,086)</u>	<u>0</u>
NET ASSETS AT END OF YEAR	<u>\$ 67,212</u>	<u>\$ 0</u>	<u>\$ 59,221</u>	<u>\$ 59,221</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Functional Expenses
For the years ended June 30, 2018 and 2017

	2018		2017			
	<u>Program Expense</u>	<u>Management and General</u>	<u>Totals</u>	<u>Program Expense</u>	<u>Management and General</u>	<u>Totals</u>
Expenses						
Contract services	\$ 840,098	\$ 812	\$ 840,910	\$ 948,399	\$ 2,993	\$ 951,392
Salaries and wages	116,521	57,077	173,598	124,823	64,526	189,349
Payroll taxes and fringes	17,215	14,025	31,240	24,056	11,538	35,594
Operating supplies and expenses	9,623	1,186	10,809	9,125	636	9,761
Marketing expenses	3,721	91	3,812	6,825	231	7,056
Meeting and conferences	4,720	(63)	4,657	9,634	1,004	10,638
Rent expense	133,952	11,247	145,199	137,835	12,365	150,200
Leased equipment	8,688	541	9,229	10,285	666	10,951
Utilities	14,642	1,264	15,906	15,691	1,801	17,492
Repairs and maintenance	28,402	2,566	30,968	28,493	3,459	31,952
Insurance	9,107	701	9,808	6,954	2,073	9,027
Legal and professional	0	10,825	10,825	0	10,825	10,825
Telephone and internet	27,311	2,719	30,030	27,700	4,009	31,709
Information technology	89,799	9,844	99,643	68,902	10,154	79,056
Printing and photography	560	0	560	923	0	923
Postage	1,141	16	1,157	1,299	37	1,336
Depreciation	13,457	1,879	15,336	15,794	2,203	17,997
Total Expenses	<u>\$ 1,318,957</u>	<u>\$ 114,730</u>	<u>\$ 1,433,687</u>	<u>\$ 1,436,738</u>	<u>\$ 128,520</u>	<u>\$ 1,565,258</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Statements of Cash Flows

	<u>Years ended June 30,</u>	
	<u>2018</u>	<u>2017</u>
Cash flows from operating activities:		
Change in net assets	\$ 7,991	\$ (17,086)
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	\$ 15,336	\$ 17,997
Accounts receivable	10,386	(17,830)
Prepaid expenses	5,781	2,665
Accounts payable	(30,104)	21,559
Accrued expenses	(189)	(6,974)
Deferred revenue	(11,990)	(36,045)
Total adjustments	<u>(10,780)</u>	<u>(18,628)</u>
Net cash from (used in) operating activities	\$ <u>(2,789)</u>	\$ <u>(35,714)</u>
Cash flows from (used in) investing activities:		
Capital expenditures	\$ (1)	\$ (2)
Net cash (used in) investing activities	\$ (1)	\$ (2)
Cash flows from (used in) financing activities:		
New borrowings	\$ 0	\$ 0
Net cash from financing activities	\$ 0	\$ 0
Net increase (decrease) in cash	\$ (2,790)	\$ (35,716)
Cash at the beginning of the year	<u>13,285</u>	<u>49,001</u>
Cash at the end of the year	\$ <u>10,495</u>	\$ <u>13,285</u>

See accompanying footnotes.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Organization was incorporated on July 22, 1997 under the Not-for-Profit Corporation Law of the State of New York. The corporation is organized exclusively for charitable purposes, more specifically to carry out and administer the Workforce Investment Act of 1998 (WIA), and currently the Workforce Innovation and Opportunity Act (WIOA) by accessing all the resources within the counties of Fulton, Montgomery and Schoharie, New York to assist local employers to become or stay competitive in a global economy, as well as to assist individuals attain the life skills necessary for employment in family sustaining positions. Support consists primarily of federal funding received from the United States Department of Labor, and through the New York State Department of Labor and the participating counties.

General

These financial statements have been prepared under the accrual method of accounting in accordance with generally accepted accounting principles (GAAP) of the United States of America. The accounting principles under GAAP are defined by the Financial Accounting Standards Board (FASB) under the Accounting Standards Codification (ASC) as updated by Accounting Standards Updates (ASU).

Activities, Programs, and Services

The **Dislocated Worker** program provides activities that increase re-employment/attachment to the workforce, earnings of participants and increases education and occupation skill attainment in order to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the local economy. To qualify as a dislocated worker, a participant needs to have been terminated, laid off or received a notice of termination or layoff from employment and is unlikely to return to a previous industry or occupation. Participants must meet the eligibility guidelines specified in the Workforce Investment Act and the Workforce Innovation and Opportunity Act.

The **Title I Adult and Youth** programs provide activities that increase employment retention, earnings of participants and increases education and occupation skill attainment in order to improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the local economy. Participants must meet the eligibility guidelines specified in the Workforce Investment Act and the Workforce Innovation and Opportunity Act.

The **Summer Youth Employment** program provides full wage subsidy summer employment opportunities and educational experience to eligible youth under the Temporary Assistance to Needy Families legislation.

The **Trade Adjustment Assistance (TAA)** program provides funding to assist individuals who become unemployed because of increased imports from, or shifts in production, to foreign countries. The program also provides training-related services to Trade Act impacted customers or other eligible dislocated workers.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Accounting Method

The accompanying financial statements of the organization are prepared on the accrual basis of accounting in accordance with principles generally accepted in the United States of America.

Financial Statement Presentation

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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. In addition, the organization is required to present a statement of cash flows. As permitted, the organization has replaced the use of fund accounting and has, accordingly, reclassified the financial statements to present the classes of net assets required.

Support that is restricted by the donor or grantee is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. The government grants and contracts have time and purpose restrictions, which the organization complies with. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statements of Activities as fund balances released from restrictions.

Advertising and Marketing

Advertising and marketing costs are expensed as incurred. Advertising and marketing expenses are detailed in the statements of functional expenses.

Donations

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

Support and Revenue

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. receives its contract support from the New York State Department of Labor and the United States Department of Labor. Any expenditure inconsistent with grant or contract provisions and unused grant or contract funds are subject to repayment to the grantor or contractor. The final determination of allowability of any grant or contract expense is made by the government agencies.

Deferred Revenue

Funds received from grantors that have not been expended for a program are recorded as liabilities until the expenditure has been made. Grant revenue is recognized when expenditures have been made.

Income Tax Status

The corporation is exempt from income tax by the Internal Revenue Service under Section 501(c)(3) of the Internal Revenue Code effective February 17, 2005.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2018 and 2017

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Statement Classification

The financial statements for the year ended June 30, 2017 have been presented in conformity with the June 30, 2018 format.

Subsequent Events

The organization has evaluated subsequent events through October 2, 2018, the date on which the financial statements were available to be issued. No subsequent events have been recognized or disclosed.

FINANCIAL INSTRUMENTS AND CONCENTRATIONS OF CREDIT RISK

The carrying values of cash, grants and accounts receivable, accounts payable and accrued expenses approximate fair market value due to the short-term nature of these financial instruments. Financial instruments that potentially subject the organization to a concentration of credit risk consist primarily of cash and accounts and grants receivable. The organization maintains its cash with established financial institutions. Concentration of credit risk with respect to grants and accounts receivable is limited to program sponsors and customers with whom the organization periodically makes contracts and from whom the organization receives its revenue. To reduce its credit risk, the organization routinely assesses the financial strength of its sponsors and maintains an allowance for potential credit losses.

COMMITMENTS AND CONTINGENT LIABILITIES

Contract audits

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. participates in State and Federal assistance programs. These programs are subject to financial and compliance audits by the government or their representatives, the purpose of which is to ensure compliance with conditions precedent to the contracts. Certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such questioned costs could lead to reimbursement to the grantor agencies. Management believes that it would be able to provide support acceptable to the grantor and that any disallowed costs would not be material. There are no accrued liabilities for any potential adjustment, which may arise as the result of these audits.

Compensated absences

The organization has unrecorded compensated absences consisting of unused vacation time, sick leave, personal leave, and floating holidays totaling \$18,036 and \$17,654 as of June 30, 2018 and 2017 respectively. Since the funds have not been requested, the expense has not been accrued on the books of the organization.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

Notes to Financial Statements
June 30, 2018 and 2017

COMMITMENTS AND CONTINGENT LIABILITIES (continued)

Operating leases

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. is obligated under three lease agreements for the rental of its operational and administrative facilities. The monthly base rents for each facility at June 30, 2018 are as follows:

Amsterdam	\$ 6,953	1 year term expires December 31, 2018
Gloversville	683	1 year term expires June 30, 2018
Cobleskill	<u>4,512</u>	5 year term expires November 30, 2020
Total	<u>\$ 12,148</u>	

The Amsterdam lease agreement has not been renewed beyond December 31, 2014, but continues on a month to month basis with annual modifications; the Gloversville lease agreement contains annual renewals and was recently modified to reduce the space to the original square footage; and the Cobleskill lease agreement was extended under a long-term lease modification agreement.

Total future minimum rental obligations are as follows:

2018 - 2019	95,862
2019 - 2020	22,560
2020 - 2021	-0-

RETIREMENT PLAN

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. maintain a retirement plan covering substantially all of its employees. Pension costs totaled \$3,597 and \$4,249 for the 2018 and 2017 fiscal year ends, respectively. In January, 2006, the organization established a Simple IRA retirement plan, replacing the prior retirement plan. Under the Simple IRA plan, the organization contributes up to a maximum of 3% of each eligible employee's salary as determined by the Board of Directors. The organization had contributed 6% of eligible compensation to a retirement account selected by each individual employee prior to establishing the Simple IRA plan.

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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

Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.

Amsterdam, New York

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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 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 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and

**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***
(continued)

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*.

We noted certain matters that we reported to management of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. in a separate letter dated October 29, 2018.

Purpose of the 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.



Gloversville, New York
October 2, 2018

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

To the Board of Directors
Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.
Amsterdam, New York

Report on Compliance for Each Major Federal Program

We have audited Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.'s major federal programs for the year ended June 30, 2018. Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties,

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

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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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.



Gloversville, New York
October 2, 2018

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2018

<u>Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Labor WIOA Cluster Pass-through programs from: New York State Department of Labor			
WIOA Title I Dislocated Worker Formula Grants	17.278	\$ 375,009	\$ 178,083
WIOA Title I Adult Program	17.258	392,941	192,690
WIOA Title I Youth Activities	17.259	394,841	202,011
Total WIOA Cluster		<u>1,162,791</u>	<u>572,784</u>
U.S. Department of Health and Human Services TANF Cluster Pass-through program from: New York State Office of Temporary Disability Assistance			
TANF Summer Youth	93.558	<u>255,561</u>	<u>254,071</u>
Total TANF Cluster		<u>255,561</u>	<u>254,071</u>
 TOTAL FEDERAL EXPENDITURES		 <u>\$ 1,418,352</u>	 <u>\$ 826,855</u>

Note (1) The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, 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 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 Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc.

Note (2) Expenditures reported on this Schedule are presented 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) Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note (4) The management and general expenditures for the Title I WIOA funds have been allocated to the Dislocated Worker, Adult, and Youth programs proportionately to their expenditures for the Title I program funds.

WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2018

SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the financial statements are reported in the 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*. No material weaknesses are reported.
3. No instances of noncompliance material to the financial statements of Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs include:

WIOA Adult Program	17.258
WIOA Youth Activities	17.259
WIOA Dislocated Worker Formula Grants	17.278
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Workforce Development Board of Fulton, Montgomery and Schoharie Counties, Inc. was determined to be a low-risk auditee.

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2018**

Section 2 – Finding of financial statement audit

None

Section 3 – Finding of major federal awards programs

None

**WORKFORCE DEVELOPMENT BOARD OF FULTON,
MONTGOMERY AND SCHOHARIE COUNTIES, INC.**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2018**

Finding Number

Condition/Status

None reported for year ended June 30, 2017.