

WORKFORCE INVESTMENT BOARD SDA-83, INC.**MONROE, LOUISIANA****JUNE 30, 2004**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 1-19-05

WORKFORCE INVESTMENT BOARD SDA-83, INC.

MONROE, LOUISIANA

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WORKFORCE INVESTMENT BOARD SDA-83, INC.

MONROE, LOUISIANA

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MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

Our discussion and analysis of the financial performance of Workforce Investment Board SDA-83, Inc. provides an overview of the Board's financial activities for the fiscal year ended June 30, 2004. Please read it in conjunction with the Board's financial statements, which begin on Page 3.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (on Pages 3 and 4) provide information about the activities of the Board as a whole. Fund financial statements start on Page 5. For governmental activities, these statements tell how these services were financed in the short-term as well as what remains for future spending. Fund financial statements also report the Board's operations in more detail than the government-wide statements by providing information about the Board's most significant funds. The accompanying financial statements present information only on the funds maintained by the Board.

Reporting the Funds Maintained by the Board as a Whole

The Statement of Net Assets and the Statement of Activities

These two statements report the Board's *net assets* and changes in them. The Board's net assets - the difference between assets and liabilities - is one way to measure the Board's financial health, or *financial position*. Over time, *increases or decreases* in the Board's net assets are one indicator of whether its financial health is improving or deteriorating.

In the Statement of Net Assets and the Statement of Activities, we record the activities in the funds maintained by the Board as governmental activities. These governmental activities consist of expenses related to, and resources provided for, workforce development of youth and adults under Federal Workforce Investment Act and Youth Opportunity Grant programs.

Reporting the Most Significant Funds Maintained by the Board

The fund financial statements provide detailed information about the most significant funds maintained by the Board - not necessarily the Board as a whole. The Board's funds use the following accounting approaches.

Governmental fund - All of the Board's expenses in workforce development are reported in a governmental fund, which focuses on how money flows into and out of this fund and the balances left at year-end that are available for spending. This fund is reported using an accounting method called *modified accrual basis*. The governmental fund statements provide a detailed *short-term view* of the Board's operations and the expenses paid from the fund. Governmental fund information can help you determine whether there are more or fewer financial resources that can be spent in the near future to finance certain Board expenses.

THE FUNDS MAINTAINED BY THE COUNCIL AS A WHOLE

The Board's total net assets changed from a year ago, decreasing from \$701,411 to \$530,031. This decrease amounted to \$171,380, and was entirely due to depreciation of capital assets during the year, net of capital assets acquired.

**Table 1
Net Assets**

	<u>Government-Wide Activities</u>	
	<u>2004</u>	<u>2003</u>
Current assets	835,307	609,801
Capital assets, net	<u>530,031</u>	<u>701,411</u>
Total assets	1,365,338	1,311,212
Current liabilities	<u>835,307</u>	<u>609,801</u>
Total liabilities	835,307	609,801
Net assets:		
Investment in capital assets	<u>530,031</u>	<u>701,411</u>
Total net assets	<u><u>530,031</u></u>	<u><u>701,411</u></u>

**Table 2
Changes in Net Assets**

	<u>Government-Wide Activities</u>	
	<u>2004</u>	<u>2003</u>
Revenues		
Federal Grants	6,341,134	7,291,681
Expenses		
General governmental-transportation planning	<u>6,512,514</u>	<u>7,480,780</u>
Decrease in net assets	<u>(171,380)</u>	<u>(189,099)</u>

All revenues of the Board are from Federal cost-reimbursement grants, which fund the workforce development programs administered by the Board. Therefore, the amount of revenues generated depends upon the amount of program costs (excluding depreciation, net of capital assets acquired) incurred during the year. Such revenues and costs declined during the year by \$950,547 from \$7,291,681 in 2003 to \$6,341,134 in 2004. Because all of the Board's revenues derive from cost-reimbursement grants, its net assets and changes therein are affected only by the change in its net capital assets.

CAPITAL ASSETS

At the end of 2004, the Board had invested \$1,781,423 in capital assets from those funds maintained by the Board.

Table 3
Capital Assets At Year End

	<u>Government-Wide Activities</u>	
	<u>2004</u>	<u>2003</u>
Furniture, equipment and vehicles	1,781,423	1,704,838
<u>Less-accumulated depreciation</u>	<u>(1,251,392)</u>	<u>(1,003,427)</u>
	<u>530,031</u>	<u>701,411</u>
The years' major additions included:		
Equipment and vehicles	<u>76,585</u>	<u>82,069</u>

FUTURE OPERATIONS

The Board expects operations under its workforce development programs to be relatively unchanged in 2005. In addition, it expects to administer job readiness activities under a TANF grant during fiscal year 2005.

CONTACTING THE BOARD'S FINANCIAL MANAGEMENT

This financial report is designed to provide our readers with a general overview of the finances for those funds maintained by the Board and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Workforce Investment Board SDA-83, Inc. at 1504 Stubbs Avenue, Monroe, Louisiana 71201.

AUDITED FINANCIAL STATEMENTS

**HEARD
McELROY
& VESTAL**
LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
SHREVEPORT, LA
71165-1607

PARTNERS
J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H. Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDRIDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
A. D. JOHNSON, JR., CPA
RON W. STEWART, CPA, APC

OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

October 21, 2004

Workforce Investment Board SDA-83, Inc.
Monroe, Louisiana

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Workforce Investment Board SDA-83, Inc., as of and for the year ended June 30, 2004, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Workforce Investment Board SDA-83, Inc.'s management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Workforce Investment Board SDA-83, Inc. as of June 30, 2004, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1.a., the Board has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis-For State and Local Governments*, as of June 30, 2004.

The accompanying required supplementary information, consisting of management's discussion and analysis on Pages i through iii, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

Our audit was made for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Workforce Investment Board SDA-83, Inc. The supplementary financial information listed in the table of contents for Pages 17 through 19 is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2004 on our consideration of Workforce Investment Board SDA-83, Inc.'s internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts and grants. 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.

Heard, McElroy & Ventral, LLP

WORKFORCE INVESTMENT BOARD SDA-83, INC.
GOVERNMENT WIDE STATEMENT OF NET ASSETS
AT JUNE 30, 2004

	<u>Governmental Activities</u>
<u>Assets:</u>	
Cash	303,944
Grants receivable	528,695
Other assets	2,668
Capital assets, net of accumulated depreciation	<u>530,031</u>
Total assets	1,365,338
<u>Liabilities:</u>	
Overdraft	174,362
Accrued salaries and expenses	228,340
Deferred revenue	311,750
Accrued compensated absences	<u>120,855</u>
Total liabilities	<u>835,307</u>
<u>Net assets:</u>	
Investment in capital assets, net of debt	<u>530,031</u>
Total net assets	<u><u>530,031</u></u>

The accompanying notes are an integral part of the financial statements.

WORKFORCE INVESTMENT BOARD SDA-83, INC.
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2004

	<u>Expenses</u>	<u>Program Revenues- Federal Grants</u>	<u>Net Revenue (Expense) and Change in Net Assets</u>
<u>Programs</u>			
<u>Workforce Investment Act</u>			
Adult	1,137,175	1,142,885	5,710
Dislocated worker	1,140,753	1,159,018	18,265
Youth	847,710	874,539	26,829
Youth opportunity	3,121,791	3,147,535	25,744
Other	<u>17,120</u>	<u>17,157</u>	<u>37</u>
	<u>6,264,549</u>	<u>6,341,134</u>	76,585
<u>General expense</u>			
Depreciation			<u>(247,965)</u>
Change in net assets			(171,380)
Net assets-beginning of year			<u>701,411</u>
Net assets-end of year			<u>530,031</u>

The accompanying notes are an integral part of the financial statements.

WORKFORCE INVESTMENT BOARD SDA-83, INC.

BALANCE SHEET-GOVERNMENTAL FUNDS

AT JUNE 30, 2004

<u>ASSETS</u>	<u>Workforce Investment Act Adult</u>	<u>Workforce Investment Act Dislocated Worker</u>	<u>Workforce Investment Act Youth</u>
Cash	14,420	43,225	2
Due from grantor-Note 2	169,421	41,995	189,965
Due from other funds	170,776	-	-
Other assets	<u>2,668</u>	<u>-</u>	<u>-</u>
Total assets	<u>357,285</u>	<u>85,220</u>	<u>189,967</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities:</u>			
Cash overdraft	174,362	-	-
Accrued salaries and expenses	50,810	29,894	59,902
Payroll deductions payable	652	-	-
Due to other funds	113,380	24,507	16,548
Deferred revenue	11,428	24,089	103,350
Accrued compensated absences	<u>6,653</u>	<u>6,730</u>	<u>10,167</u>
Total liabilities	357,285	85,220	189,967
Fund balances	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities and fund balances	<u>357,285</u>	<u>85,220</u>	<u>189,967</u>

The accompanying notes are an integral part of the financial statements.

<u>Youth Opportunity Grant</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
243,602	2,695	303,944
93,602	33,712	528,695
-	74,495	245,271
-	-	<u>2,668</u>
<u>337,204</u>	<u>110,902</u>	<u>1,080,578</u>

-	-	174,362
84,229	2,853	227,688
-	-	652
12	90,824	245,271
172,883	-	311,750
<u>80,080</u>	<u>17,225</u>	<u>120,855</u>
337,204	110,902	1,080,578
-	-	-
<u>337,204</u>	<u>110,902</u>	<u>1,080,578</u>

Total fund balances -

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

- Capital assets used in governmental activities are not financial resources and therefore not reported in the funds 530,031

Net assets of governmental activities 530,031

WORKFORCE INVESTMENT BOARD SDA-83, INC.

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUND TYPES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Workforce Investment Act- Adult</u>	<u>Workforce Investment Act- Dislocated Worker</u>	<u>Workforce Investment Act- Youth</u>
<u>Revenues:</u>			
Federal grants	1,142,885	1,159,018	874,539
<u>Expenses:</u>			
Administration	91,455	177,524	118,908
Program costs	<u>1,051,430</u>	<u>981,494</u>	<u>755,631</u>
Total expenses	<u>1,142,885</u>	<u>1,159,018</u>	<u>874,539</u>
<u>Excess of revenues over expenses</u>	-	-	-
<u>Fund balances at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balances at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>

The accompanying notes are an integral part of the financial statements.

<u>Youth Opportunity Grant</u>	<u>Nonmajor Funds</u>	<u>Totals</u>
3,147,535	17,157	6,341,134
275,097	-	662,984
<u>2,872,438</u>	<u>17,157</u>	<u>5,678,150</u>
<u>3,147,535</u>	<u>17,157</u>	<u>6,341,134</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>

Excess of revenues over expenses-total governmental funds -

Governmental funds report capital outlays as expenses. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (247,965) exceeds capital outlay (76,585)

(171,380)

Change in net assets of governmental activities

(171,380)

WORKFORCE INVESTMENT BOARD SDA-83, INC.

CHANGES IN FIDUCIARY NET ASSETS

AGENCY FUND

FOR THE YEAR ENDED JUNE 30, 2004

<u>A S S E T S</u>	Balance <u>July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2004</u>
Investment in deferred compensation	<u>665,563</u>	<u>305,220</u>	<u>175,694</u>	<u>795,089</u>
 <u>LIABILITIES</u>				
Liability for deferred compensation	<u>665,563</u>	<u>305,220</u>	<u>175,694</u>	<u>795,089</u>

The accompanying notes are an integral part of the financial statements.

WORKFORCE INVESTMENT BOARD SDA-83, INC.

NOTES TO THE FINANCIAL STATEMENTS

AT JUNE 30, 2004

1. Summary of Significant Accounting Policies

The Workforce Investment Board SDA-83, Inc. (formerly Private Industry Council SDA-83, Inc.), is a nonprofit organization that originally was formed on January 29, 1988, to administer the Job Training Partnership Act (JTPA) Program in Service Delivery Area (SDA) Eighty-Three which is composed of the parishes of Caldwell, East Carroll, Franklin, Jackson, Madison, Richland, and Tensas. With the replacement of JTPA programs with the Workforce Investment Act, as mandated by federal law, Private Industry Council changed its name in 2000 to Workforce Investment Board SDA-83, Inc. Workforce Investment Board also administers the Welfare to Work Program and Youth Opportunity Grant. Service Delivery Area 83 is comprised of two elements:

- Workforce Investment Board (WIB) - which consists of 21 members representing a cross-section of the SDA population. Board members are appointed by the chief elected official from recommendations by the seven parish police juries which comprise SDA-83 and other interested organizations and serve without benefit of compensation. The WIB is responsible for providing program guidance. The WIB serves as its own administrative entity and as such is responsible for administering the program.
- Designated Chief Elected Official - this is a police jury president elected by his peers from the Eighty-Third Planning District. His responsibilities include appointment of Board members, providing guidance for program development, and monitoring the operations of the administrative entity.

Although organized as a nonprofit organization, the Board follows governmental reporting standards, as set by the Governmental Accounting Standards Board, because Board members are appointed by a member of local government.

The Franklin Parish Police Jury is the designated grant recipient for the SDA. As grant recipient, the Franklin Parish Police Jury (1) has accepted full responsibility for funds expended under the grant, (2) has assured the Louisiana Department of Labor that all funds provided will be expended according to limitations set forth in federal and state regulations, and the approved job training plan, and (3) will reimburse the Louisiana Department of Labor for any questioned costs which are ultimately disallowed by the United States Department of Labor.

a. Presentation of Statements:

The Board's statements are prepared in accordance with accounting principles generally accepted (GAAP) in the United States of America as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements.

1. Summary of Significant Accounting Policies (Continued)

The Board has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds; however, the Board has chosen not to do so because it does not have any business-type activities or enterprise funds. The more significant accounting policies established in GAAP and used by the Board are discussed below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- For the first time the financial statements include:
 - A Management Discussion and Analysis (MD&A) section providing an analysis of the Board's overall financial position and results of operations.
 - Governmental-Wide Financial statements prepared using full accrual accounting for all of the Board's activities.
- A change in the fund financial statements to focus on the major funds.

These and other changes are reflected in the accompanying financial statements (including notes to financial statements). The Board has elected to implement the general provisions of the GASB Statement 34 in the current year.

b. Basic Financial Statements - Government-Wide Statements:

The Board's basic financial statements include both Government-Wide (reporting the Board as a whole) and fund financial statements (reporting the Board's major funds). Both the Government-Wide and Fund Financial Statements categorize primary activities as either governmental or business type. The Board's functions and programs have been classified as governmental activities. The Board does not have any business-type activities. Accordingly, the Government-Wide financial statements do not include any of these activities or funds.

In the Government-Wide Statement of Net Assets, the governmental type activities column is presented on a consolidated basis by column, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Board's net assets are reported in three parts (if applicable) - *invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets*. Invested in capital assets, net of related debt consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. Restricted net assets consist of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. Unrestricted net assets include all other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

1. **Summary of Significant Accounting Policies** (Continued)

The Government-Wide Statement of Activities reports both the gross and net cost of each of the Board's functions and significant programs. The Statement of Activities begins by presenting expenses, and then reduces the expenses by related program revenues, such as operating grants, to derive the net cost of each function or program. The net cost of all programs is then reduced by depreciation expense. Program revenues must be directly associated with the function or program to be used to directly offset its cost. Operating grants include operating-specific grants.

The Board allocates its indirect costs among various functions and programs in accordance with OMB Circular A-87.

The Government-Wide Statements focus upon the Board's ability to sustain operations and the change in its net assets resulting from the current year's activities.

c. **Basic Financial Statements - Fund Financial Statements:**

The financial transactions of the Board are reported in individual funds in the Fund Financial Statements. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, equity, revenues, and expenditures. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent and the means by which spending activities are controlled. The various funds are reported by generic classification within the financial statements.

The Board uses governmental fund types. The focus of the governmental funds' measurement (in the fund statements) is on determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than on net income. An additional emphasis is placed on major funds within the governmental fund types. A fund is considered major if it is the primary operating fund of the Board or if its total assets, liabilities, revenues, or expenditures are at least 10% of the corresponding total for all funds of that category or type.

Governmental fund equity is called the fund balance. Fund balance is further classified as reserved and unreserved, with unreserved being further split into designated and undesignated. Reserved means that the fund balance is not available for expenditure because resources have already been expended (but not consumed), or a legal restriction has been placed on certain assets that makes them only available to meet future obligations. Designated fund balances result when management tentatively sets aside or earmarks certain resources to expend in a designated manner. In contrast to reserved fund balances, designated amounts can be changed at the discretion of management.

The assets, liabilities, and fund balances of the Board are reported in five self-balancing special revenue funds as follows:

Major Special Revenue Funds

Workforce Investment Act Youth

The Workforce Investment Act Youth Fund accounts for funds used in the new WIA program. This program plans to implement major reforms of the job training system to help increase employment, earnings and retention of participants, and reduce welfare dependency. A key component of this program is the One-Stop service delivery system.

1. **Summary of Significant Accounting Policies** (Continued)

Workforce Investment Act Adults and Dislocated Workers

This group of funds also accounts for funds used in the new WIA program. Programs included in these funds seek to improve employment, retention, and earnings of WIA participants and increase their educational and occupational skill attainment, and reduce welfare dependency.

Youth Opportunity Grant

The Youth Opportunity Grant Fund accounts for funds used to increase the long-term employment of youth who live in empowerment zones, enterprise communities and high-poverty areas.

Fiduciary Fund

Agency Fund

The agency fund is used to account for the accumulation of contributions to the employee deferred compensation plan. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

d. Measurement Focus and Basis of Accounting:

Basis of accounting refers to when revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

i. Accrual Basis - Government-Wide Financial Statements (GWFS):

The Statement of Net Assets and the Statement of Activities display information about the Board as a whole. Both of these statements have been prepared using the economic measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

ii. Modified Accrual Basis - Fund Financial Statements (FFS):

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., when they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. The Board considers all revenues "available" if they are collected within 60 days after year-end. Expenditures are generally recorded under the modified accrual basis of accounting when the related liability is incurred.

1. Summary of Significant Accounting Policies (Continued)

e. Budgets:

Revenue and expense of Workforce Investment Board SDA-83, Inc. consists solely of Federal grant funds. These funds are accounted for in various special revenue funds according to the program or the function of the grant. Such grants cover multiple fiscal years, and are budgeted for on that basis. As a result, the Board has no annual, legally adopted budget; consequently, no budgetary comparison schedules are presented in this report.

f. Capital Assets:

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets that have been purchased or acquired with an original cost of at least \$250 and that have an estimated useful life of greater than one year. When purchased or acquired, these assets are recorded as capital assets in the Government-Wide Statement of Net Assets. In contrast, in the Fund Financial Statements, capital assets are recorded as expenditures of the fund that provided the resources to acquire the asset. If the asset was purchased, it is recorded in the books at its cost. If the asset was donated, then it is recorded at its estimated fair market value at the date of donation.

For capital assets recorded in the Government-Wide Financial Statements, depreciation is computed and recorded using the straight-line method for the asset's estimated useful life. The estimated useful lives of the various classes of depreciable capital assets are as follows:

Furniture and equipment	3-7 years
Vehicles	5 years

Salvage values have not been estimated by management when calculating how much of an asset's cost needs to be depreciated except for vehicles.

Depreciation is not computed or recorded on capital assets for purposes of the Fund Financial Statements.

g. Cash and Cash Equivalents:

Cash includes amounts in demand deposits and petty cash.

At June 30, 2004, the Board had cash (book balances) as follows:

Demand deposits	303,744
Petty cash	<u>200</u>
	303,944
Cash overdraft	<u>(174,362)</u>
Total	<u><u>129,582</u></u>

Cash (bank balances) at June 30, 2004, were secured as follows:

1. Summary of Significant Accounting Policies (Continued)

Bank balances	<u>251,832</u>
Federal deposit insurance	100,000
Pledged securities (at approximate fair value)	<u>202,916</u>
Total secured	<u>302,916</u>
Excess security	<u>51,084</u>

It is the policy of the Board to require that fiscal agent banks pledge securities to cover bank deposits in excess of federal deposit insurance. The pledged securities are the market value of investment debt securities held by a custodial bank in the name of the fiscal agent bank, rather than in the name of the Board. However, the fiscal agent bank receives authorization from the Board before pledged securities are released.

h. Accrued Compensated Absences:

Employees of the Workforce Investment Board SDA-83, Inc. earn from 12 to 15 days of annual leave each year, depending on length of service. A maximum of 30 days of annual leave may be accumulated. Employees who have been employed for more than six months will be paid for accumulated annual leave up to 30 days upon termination of employment.

Employees earn 12 days of sick leave each year. Unused sick leave may be accumulated to a maximum of 60 days. Employees are not paid for accumulated sick leave upon termination of employment.

At June 30, 2004, employees have accumulated and vested approximately \$121,000 in employee leave benefits computed in accordance with FASB Statement 43. The cost of leave privileges is recognized as a current-year expense when the leave is earned.

i. Prepaid Expenses:

Expenditures for insurance that extend over more than one accounting period are expensed as incurred.

j. Interfund Activity:

Loans between funds are reported as interfund receivables and payables, and are subject to elimination upon consolidation.

k. Allocation of Indirect Expenses:

The Board reports all direct expenses by function and programs of functions in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function or program. Indirect expenses are allocated to the various functions based primarily on relative personnel time.

1. **Summary of Significant Accounting Policies** (Continued)

l. Management's Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

m. Deferred Revenues:

The Board reports deferred revenues on its Statements of Net Assets and on the balance sheet of the Fund Financial Statements. Deferred revenues arise when the Board receives resources before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In subsequent periods, when the Board has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and the revenue is recognized.

2. **Due from Grantor**

Due from grantor at June 30, 2004, in the amount of \$528,695, consists of reimbursements for expenses incurred mainly under the various Department of Labor programs.

3. **Deferred Compensation Plan**

Workforce Investment Board, SDA-83, Inc. offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. All employees of the Board are eligible to participate in the Master Deferred Compensation Plan for Planning and Economic Development Organizations. Employees may defer up to 6% of their gross salary until future years which the Board will match as an employer contribution. They may also elect to defer additional amounts, which will not be matched by the Board. Employer's contributions to the plan for the year ended June 30, 2004, totaled approximately \$71,000.

Although the Board does not administer the plan or maintain custody of plan assets, all amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) solely the property and rights of the Board (without being restricted to the provisions of benefits under the plan), subject only to the claims of the Board's general creditors. Participants' rights under the plan are equal to those of general creditors of the Board in an amount equal to the fair market value of the deferred account for each participant. Deferred compensation amounts are administered and invested in debt mutual funds by a professional trustee.

4. **Leases**

The Board leases its facilities space and certain equipment under agreements that have expiration dates on monthly or an annual basis. Rent expense under all leases totaled approximately \$277,000 for the year ended June 30, 2004. Future minimum rentals as of June 30, 2004 are as follows:

June 30, 2005	44,850
June 30, 2006	<u>12,600</u>
	<u>57,450</u>

5. **Third Party Reimbursements**

The Board receives all of its funding from third party reimbursements under contracts with the Louisiana Department of Labor and the U.S. Department of Labor for services provided as described in Note 1. *In order to receive funding, the Board must comply with contract provisions.*

6. **Income Tax Status**

Workforce Investment Board SDA-83, Inc. is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and as an organization that is not a private foundation as defined in Section 509(a) of the Code. Accordingly, no provision for income taxes has been made in these financial statements.

7. **Fair Values of Financial Instruments**

The Board's financial instruments consist of cash, receivables, and current payables. Because such instruments are generally short-term in nature, their market values approximate their book values.

8. **Risk Management**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Board has purchased commercial insurance to cover or reduce the risk of loss that might arise should one of these incidents occur. No settlements were made during the year that exceeded the Board's insurance coverage.

9. **Board of Directors' Compensation**

The Board of Directors is a voluntary board; therefore, no compensation is paid to any member. However, board members are reimbursed for any necessary out-of-town travel expenses incurred.

10. **Federally Assisted Programs**

All of the Board's programs are federally assisted programs. These programs are audited in accordance with the Single Audit Act, as amended in 1996. Audits of prior years have not resulted in any disallowed costs; however, grantor agencies may provide for further examinations. Based on prior experience, the Board's management believes that further examinations would not result in any significant disallowed costs.

In accordance with the Single Audit Act, as amended in 1996, and the Office of Management and Budget Circular A-133 (revised), a schedule of expenditures of federal awards is presented in the supplementary financial information portion of this report.

11. **Economic Dependency**

The Board receives all of its revenue from funds provided through grants administered by the federal government. The grant amounts are appropriated each year by the federal and state governments. If significant budget cuts are made at the federal and/or state level, the amount of the funds the Board receives could be reduced significantly and have an adverse impact on its operations. Management is not aware of any actions that will adversely affect the amount of funds the Board will receive in the next fiscal year.

12. Changes in Capital Assets

A summary of changes in capital assets is as follows:

	<u>Balance</u> <u>6-30-03</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6-30-04</u>
General fixed assets, at cost:				
Furniture and equipment	1,416,252	13,029	-	1,429,281
Vehicles	<u>288,586</u>	<u>63,556</u>	<u>-</u>	<u>352,142</u>
	1,704,838	76,585	-	1,781,423
 Accumulated depreciation	 <u>1,003,427</u>	 <u>247,965</u>	 <u>-</u>	 <u>1,251,392</u>
 Net capital assets	 <u><u>701,411</u></u>	 <u><u>(171,380)</u></u>	 <u><u>-</u></u>	 <u><u>530,031</u></u>

13. Changes in Compensated Absences

The following is a summary of transactions relating to the Board's accrued compensated absences during the year.

	<u>Balance</u> <u>6-30-03</u>	<u>(Decrease)</u>	<u>Balance</u> <u>6-30-04</u>
Accrued compensated absences	<u>134,446</u>	<u>(13,591)</u>	<u>120,855</u>

SUPPLEMENTARY FINANCIAL INFORMATION

WORKFORCE INVESTMENT BOARD SDA-83, INC.

COMBINED SCHEDULE OF EXPENSES, OBJECT BASIS

SPECIAL REVENUE FUNDS

FOR THE YEAR ENDED JUNE 30, 2004

	Workforce Investment Act <u>Adult</u>	Workforce Investment Act Dislocated <u>Worker</u>	Workforce Investment Act <u>Youth</u>
<u>Expenses:</u>			
Accounting/auditing	7,489	4,408	3,129
Advertising, dues, etc.	1,273	(264)	1,064
Child care participants	74,076	11,527	10,400
Computer and consulting fees	2,218	14,128	1,538
Contract payments	327,843	464,510	363,932
Equipment maintenance	2,842	9,036	2,564
Capital outlay	5,709	18,265	26,829
Insurance-liability	10,755	59,490	1,131
Janitorial	3,802	3,248	2,391
Legal	334	3,377	459
Needs based payments	152,144	36,491	36,078
Office supplies	6,826	18,941	5,327
Other operating expenses	3,461	10,809	2,609
Participant supplies	80,639	15,911	20,516
Postage	492	2,161	549
Rentals and leases	26,884	43,679	13,730
Salaries and related benefits	94,362	278,494	149,220
Stipends-participants	-	-	8,480
Telephone	15,460	30,164	1,808
Travel and meetings	9,301	29,789	15,833
Tuition-participants	208,797	56,068	102,384
Utilities	5,944	8,653	11,902
Wages-participants	<u>102,234</u>	<u>40,133</u>	<u>92,666</u>
Total expenses	<u>1,142,885</u>	<u>1,159,018</u>	<u>874,539</u>

<u>Youth Opportunity Grant</u>	<u>STEP</u>	<u>Totals</u>
9,974	-	25,000
3,359	8	5,440
63,788	-	159,791
43,824	231	61,939
45,551	14,825	1,216,661
29,122	65	43,629
25,744	11	76,558
107,063	-	178,439
11,619	48	21,108
175	-	4,345
2,450	7	227,170
31,188	157	62,439
144,950	-	161,829
136,557	50	253,673
5,215	7	8,424
191,844	580	276,717
1,797,819	711	2,320,606
17,500	-	25,980
86,459	400	134,291
79,987	-	134,910
97,578	-	464,827
54,333	57	80,889
<u>161,436</u>	<u>-</u>	<u>396,469</u>
<u>3,147,535</u>	<u>17,157</u>	<u>6,341,134</u>

WORKFORCE INVESTMENT BOARD SDA-83, INC.

COMBINED SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN

FUND BALANCE, BY PARISH, BY COST CATEGORY

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Caldwell</u>	<u>East Carroll</u>	<u>Franklin</u>	<u>Jackson</u>
<u>Revenues:</u>				
Federal grants	372,456	888,748	427,611	295,797
<u>Expenses:</u>				
Administration	-	18	-	-
Program costs	<u>372,456</u>	<u>888,730</u>	<u>427,611</u>	<u>295,797</u>
Total expenses	<u>372,456</u>	<u>888,748</u>	<u>427,611</u>	<u>295,797</u>
<u>Excess of revenues over expenses</u>	-	-	-	-
<u>Fund balance at beginning of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund balance at end of year</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

<u>Madison</u>	<u>Richland</u>	<u>Tensas</u>	<u>Unallocated</u>	<u>Totals</u>
1,047,302	436,596	489,867	2,382,757	6,341,134
-	-	-	662,966	662,984
<u>1,047,302</u>	<u>436,596</u>	<u>489,867</u>	<u>1,719,791</u>	<u>5,678,150</u>
<u>1,047,302</u>	<u>436,596</u>	<u>489,867</u>	<u>2,382,757</u>	<u>6,341,134</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-

WORKFORCE INVESTMENT BOARD SDA-83, INC.

SCHEDULE OF INSURANCE IN FORCE (UNAUDITED)

FOR THE YEAR ENDED JUNE 30, 2004

<u>Insurer</u>	<u>Assets Covered</u>	<u>Limits of Coverage</u>	<u>Deductible</u>	<u>Expiration Date</u>
Fairmont	Data processing equipment	895,394	1,000	6/28/04
Fairmont	Employee theft	50,000	500	6/28/04
Fairmont	Business automobile:			
	Liability	1,000,000	N/A	6/28/04
	Medical payments	5,000	N/A	
	Uninsured motorists	1,000,000	N/A	
	Comprehensive		1,000	
	Collision		1,000	
Louisiana Workers' Compensation	Louisiana Workers' Compensation	500/500/500	N/A	5/01/04
Fairmont	Umbrella	1,000,000	10,000	6/28/04
Fairmont	Property (contents):		500	6/28/04
	Administrative office	154,300	Contents	
	Tensas office	11,125	Contents	
	Tensas rec center	40,000	Contents	
	Richland office	11,125	Contents	
	Caldwell office	11,125	Contents	
	Madison office and rec center	500,000	Building	
		100,000	Contents	
	Franklin office	35,000	Contents	
		47,000	Betterments	
	Jackson office	11,125	Contents	
	East Carroll office and rec center	86,125	Contents	
Fairmont	General liability:		N/A	6/28/04
	Each occurrence	1,000,000		
	Aggregate	3,000,000		
	Personal injury	1,000,000		
	Fire damage legal	100,000		
	Medical	15,000		
Fairmont	Professional liability:		N/A	6/28/04
	Aggregate	1,000,000		
Travelers	Directors and officers:		5,000	7/01/04
	Aggregate	2,000,000		

WORKFORCE INVESTMENT BOARD SDA-83, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Federal Grantor/ Pass-Through Grantor Name/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>
United States Department of Labor: Passed through Louisiana Department of Labor:			
Workforce Investment Act-Adult Program	17.258	1,142,885	1,142,885
Workforce Investment Act-Youth Activities	17.259	874,539	874,539
Workforce Investment Act-Dislocated Workers	17.260	<u>1,159,018</u>	<u>1,159,018</u>
Total Employment Services Cluster		3,176,442	3,176,442
 United States Department of Labor: Direct Program:			
Youth Opportunity Grant Program	17.263	3,147,535	3,147,535
 United States Department of Health and Human Services: Passed through Louisiana Department of Labor:			
Temporary Assistance for Needy Families	93.558	<u>17,157</u>	<u>17,157</u>
 Total Federal Awards		<u>6,341,134</u>	<u>6,341,134</u>

The accompanying note is an integral part of this schedule.

WORKFORCE INVESTMENT BOARD SDA-83, INC.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

1. Basis of Presentation:

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Workforce Investment Board SDA-83, Inc. and is presented on the accrual basis of accounting, which is the same basis of accounting used for the presentation of the financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*.

Workforce Investment Board SDA-83, Inc. did not pass through any of its federal awards to a subrecipient during the fiscal year, nor did it expend any federal awards in the form of noncash assistance.

**HEARD
McELROY
& VESTAL**
LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
SHREVEPORT, LA
71165-1607

PARTNERS
J. PETER GAFFNEY, CPA, APC
SPENCER BERNARD, JR., CPA
H.Q. GAHAGAN, JR., CPA, APC
GERALD W. HEDGCOCK, JR., CPA, APC
TIM B. NIELSEN, CPA, APC
JOHN W. DEAN, CPA, APC
MARK D. ELDRIDGE, CPA
ROBERT L. DEAN, CPA
STEPHEN W. CRAIG, CPA

ROY E. PRESTWOOD, CPA
A. D. JOHNSON, JR., CPA
RON W. STEWART, CPA, APC

OF COUNSEL
GILBERT R. SHANLEY, JR., CPA
C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

October 21, 2004

Workforce Investment Board SDA-83, Inc.
Monroe, Louisiana

Report on Compliance and on Internal Control Over Financial Reporting
Based on an Audit of Financial Statements Performed in
Accordance with Government Auditing Standards

We have audited the basic financial statements of Workforce Investment Board SDA-83, Inc., as of and for the year ended June 30, 2004, and have issued our report thereon dated October 21, 2004. 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.

Compliance

As part of obtaining reasonable assurance about whether Workforce Investment Board's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of basic 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Workforce Investment Board's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the basic financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Heard, McElroy & Vestal, LLP

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY
WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

**HEARD
McELROY
& VESTAL**
LLP
CERTIFIED PUBLIC ACCOUNTANTS

333 TEXAS STREET
15TH FLOOR
SHREVEPORT, LA 71101
318 429-1525
318 429-2070 FAX
POST OFFICE BOX 1607
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C. CODY WHITE, JR., CPA, APC
WILLIAM L. HIGHTOWER, CPA

October 21, 2004

Workforce Investment Board SDA-83, Inc.
Monroe, Louisiana

Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Workforce Investment Board SDA-83, Inc. with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2004. Workforce Investment Board's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Workforce Investment Board's management. Our responsibility is to express an opinion on Workforce Investment Board's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Investment Board'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. Our audit does not provide a legal determination on Workforce Investment Board's compliance with those requirements.

In our opinion, Workforce Investment Board SDA-83, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2004.

HMV

A PROFESSIONAL SERVICES FIRM
SHREVEPORT • BOSSIER CITY
WEST MONROE

hmv@hmvcpa.com E-MAIL
www.hmvcpa.com WEB ADDRESS

Internal Control Over Compliance

The management of Workforce Investment Board SDA-83, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Workforce Investment Board's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the board of directors, management, federal awarding agencies and pass-through entities, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

Heard McElroy + Vester, LLP

WORKFORCE INVESTMENT BOARD SDA-83, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

A. Summary of Audit Results

1. The auditor's report expresses an unqualified opinion on the basic financial statements of Workforce Investment Board SDA-83, Inc.
2. No reportable conditions relating to the audit of the basic financial statements are reported.
3. No instances of noncompliance material to the basic financial statements of Workforce Investment Board SDA-83, Inc. were disclosed during the audit.
4. No reportable conditions relating to the audit of a major federal award program are reported.
5. The auditor's report on compliance for the major federal award programs for Workforce Investment Board SDA-83, Inc. expresses an unqualified opinion.
6. There were no audit findings relative to major federal award programs for Workforce Investment Board SDA-83, Inc.
7. The programs tested as major programs included:

<u>Program</u>	<u>CFDA No.</u>
Workforce Investment Act-Adult Program	17.258
Workforce Investment Act-Youth Activities	17.259
Workforce Investment Act-Dislocated Workers	17.260
Youth Opportunity Grant	17.263

8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Workforce Investment Board SDA-83, Inc. was determined to be a low-risk auditee.

B. Findings - Financial Statement Audit

None

C. Findings and Questioned Costs - Major Federal Award Programs

None

WORKFORCE INVESTMENT BOARD SDA-83, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2004

No findings were reported as a result of the prior year's audit.

WORKFORCE INVESTMENT BOARD SDA-83, INC.

MANAGEMENT'S CORRECTIVE ACTION PLAN

FOR THE YEAR ENDED JUNE 30, 2004

No findings were reported for the current year.