

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**

**FINANCIAL STATEMENTS WITH  
SUPPLEMENTARY INFORMATION**

**June 30, 2016 and 2015**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Fox Valley Workforce Development Board, Inc.  
Neenah, Wisconsin

### Report on the Financial Statements

We have audited the accompanying financial statements of Fox Valley Workforce Development Board, Inc., which comprise the statements of financial position as of June 30, 2016 and 2015, and the related statements of activities 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 from material misstatement.

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fox Valley Workforce Development Board, Inc. as of June 30, 2016 and 2015, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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**Other Matters**

**Supplementary 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 and state awards, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the *State Single Audit Guidelines* and is not a required part of the financial statements. The settlement of DHS cost reimbursement award is presented for purposes of additional analysis and is also 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 17, 2016 on our consideration of Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting and compliance.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
October 17, 2016

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 92,826	\$ 66,323
Grants receivable	164,764	277,260
Prepaid expenses	20,541	28,215
Security deposits	<u>1,579</u>	<u>1,579</u>
Total current assets	279,710	373,377
Property and equipment - net	<u>576,329</u>	<u>634,480</u>
<b>Total assets</b>	<u><u>\$ 856,039</u></u>	<u><u>\$ 1,007,857</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 121,078	\$ 208,375
Accrued payroll and related expenses	52,563	36,665
Funds held for others	-	6,562
Unearned revenue	15,727	53,372
Grant fund repayment	102,645	102,645
Current portion of note payable	<u>15,842</u>	<u>15,842</u>
Total current liabilities	307,855	423,461
Long-term portion of note payable	<u>598,451</u>	<u>613,424</u>
Total liabilities	906,306	1,036,885
<b>NET DEFICIT</b>		
Unrestricted		
Undesignated	(55,945)	(29,028)
Board designated	<u>5,678</u>	<u>-</u>
Total net deficit	<u>(50,267)</u>	<u>(29,028)</u>
<b>Total liabilities and net deficit</b>	<u><u>\$ 856,039</u></u>	<u><u>\$ 1,007,857</u></u>

See accompanying notes.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**STATEMENTS OF ACTIVITIES**  
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>UNRESTRICTED NET DEFICIT</b>		
<b>SUPPORT AND REVENUE</b>		
Grants	\$ 3,324,104	\$ 3,251,153
Rental revenue	73,733	72,435
Fee for service	17,418	20,350
Miscellaneous income	98	76
	<u>3,415,353</u>	<u>3,344,014</u>
<b>EXPENSES AND LOSSES</b>		
Salaries	540,209	549,259
Payroll taxes	48,336	53,281
Retirement plan	20,465	23,203
Other benefits	55,107	52,683
Participants and support	557,648	549,171
Occupancy	130,597	128,267
Travel	28,863	29,872
Conferences	9,932	18,017
Supplies	74,045	72,342
Professional fees	54,275	48,063
Telephone	21,297	21,130
Postage	1,977	1,778
Printing and publishing	6,850	4,864
Advertising	8,444	3,750
Equipment	336	899
Depreciation	58,151	68,704
Other	48,113	56,813
Subgrantees	1,771,947	1,710,341
	<u>3,436,592</u>	<u>3,392,437</u>
Total expenses	3,436,592	3,392,437
Loss on grant agreement	-	102,645
	<u>3,436,592</u>	<u>3,495,082</u>
Total expenses and losses	3,436,592	3,495,082
<b>Change in net deficit</b>	(21,239)	(151,068)
Net assets (deficit) - beginning of year	(29,028)	122,040
<b>Net deficit - end of year</b>	<u>\$ (50,267)</u>	<u>\$ (29,028)</u>

See accompanying notes.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**STATEMENTS OF CASH FLOWS**  
Years ended June 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net deficit	\$ (21,239)	\$ (151,068)
Adjustments to reconcile change in net deficit to net cash flows from operating activities		
Depreciation	58,151	68,704
Loss on grant agreement	-	102,645
(Increase) decrease in assets		
Grants receivable	112,496	(143,604)
Other receivables	-	762
Prepaid expenses	7,674	(7,343)
Security deposits	-	111
Increase (decrease) in liabilities		
Accounts payable	(87,297)	80,621
Accrued payroll and related expenses	15,898	163
Funds held for others	(6,562)	(600)
Unearned revenue	(37,645)	43,711
Net cash flows from operating activities	41,476	(5,898)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on note payable	(14,973)	(14,327)
<b>Change in cash</b>	26,503	(20,225)
Cash - beginning of year	66,323	86,548
<b>Cash - end of year</b>	<u>\$ 92,826</u>	<u>\$ 66,323</u>
<b>SUPPLEMENTAL DISCLOSURES</b>		
Cash paid for interest	\$ 31,718	\$ 32,347

See accompanying notes.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016 and 2015

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Fox Valley Workforce Development Board, Inc. (FVWDB) was organized as a nonprofit corporation in 1983. FVWDB prepares youth, dislocated workers, and unskilled adults for entry into the workforce and provides economically disadvantaged individuals and others facing barriers to employment with job training in Waupaca, Fond du Lac, Green Lake, Wautoma, Winnebago, and Calumet counties in Wisconsin. FVWDB also provides services to businesses and community-based organizations.

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Presentation**

FVWDB reports 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. Board designated net assets at June 30, 2016 consisted of funds to be used for the Older Worker Fund and the Water Fund.

**Grants Receivables**

FVWDB considers all grants receivables to be fully collectible. Accordingly, no allowance for doubtful amounts has been developed. If grants receivable become uncollectible, they will be charged to operations when that determination is made.

**Property and Equipment**

Purchases of property and equipment in excess of \$5,000 are capitalized at cost. Depreciation is computed using the straight-line method. The land and building were not purchased with grant funds. The equipment has been purchased with grant funds from the Wisconsin Department of Workforce Development (DWD). FVWDB owns equipment acquired with grant funds while used in the programs for which they were purchased or in other future authorized programs. However, DWD has a reversionary interest in those assets. Their disposition, as well as any proceeds, is subject to DWD regulations.

**Government Grants**

The programs of FVWDB are primarily funded by grants from DWD. Revenue from these grants is based upon the actual cost of providing services up to the maximum amount specified in the grants. Costs are allocated to these grants in accordance with established procedures and are subject to audit by DWD. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

**Expense Allocation**

Directly identifiable expenses are charged to program services and supporting activities. Expenses related to more than one function are charged to program services and supporting activities on the basis of periodic time and expense studies. Management and general expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of FVWDB.

**Date of Management's Review**

Management has evaluated subsequent events through October 17, 2016, the date which the financial statements were available to be issued.



**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016 and 2015

**NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Estimates**

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could differ from those estimates.

**Income Tax Status**

FVWDB is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, FVWDB qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). However, income from certain activities not directly related to FVWDB's tax-exempt purpose is subject to taxation as unrelated business income.

**NOTE 2—PROPERTY AND EQUIPMENT**

Property and equipment at June 30, 2016 and 2015 consisted of the following:

	2016	2015
Land	\$ 127,363	\$ 127,363
Land improvements	121,969	121,969
Building	604,336	604,336
Leasehold improvements	38,713	38,713
Equipment	136,183	136,183
Property and equipment	1,028,564	1,028,564
Less accumulated depreciation	452,235	394,084
Property and equipment - net	\$ 576,329	\$ 634,480

**NOTE 3—NOTE PAYABLE**

FVWDB has a note payable that requires monthly payments of principal and interest of \$3,885, interest at a rate of 5%, and a final balloon payment due in August 2019. The note is secured by a real estate mortgage. Interest expense for the years ended June 30, 2016 and 2015 was \$31,718 and \$32,347.

Future minimum principal payments for years ending June 30 are as follows:

2017	\$ 15,842
2018	16,664
2019	17,528
2020	564,256

FVWDB has a \$50,000 line of credit with BMO Harris Bank through June 25, 2017. The interest rate is prime plus 3.25% (currently 4.8%) and is reviewed annually. There was no activity on the account during the year ending June 30, 2016 and 2015.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
 June 30, 2016 and 2015

**NOTE 4—OPERATING LEASES**

**Lessee**

FVWDB leases office space on a month-to-month or annual basis at various job centers for operation of their programs. They have three fixed term lease agreements. One requires monthly payments of \$115 and expires in June 2017. Another requires monthly payments of \$500 and expires in June 2017. The other lease requires monthly payments of \$3,644 and expires in January 2019. It includes options to extend for one four-month term and two one-year terms.

Rent expense for the years ended June 30, 2016 and 2015 was \$83,216 and \$88,548 reduced by inter-fund rents of \$6,498 and \$6,600 on the FVWDB owned real estate for a net reported rent expense of \$76,718 and \$81,948.

FVWDB also rents office equipment operating lease agreements. Only one of the leases has a fixed term. It requires monthly payments of \$228 plus additional usage charges and expires in September 2018.

Future minimum lease payments for years ending June 30 are:

	2017	\$	47,872
	2018		46,466
	2019		26,079

**Lessor**

FVWDB subleases 76% of its office space to two parties. One lease is for 74% of the building. It expires in July 2018 and includes an option to extend the lease for an additional one-year period. Rental payments increase at a rate of 1.8% per year. The other lease is for 2% of the building. It was renewed in October 2016 and expires in September 2017. The lease includes five one-year renewal options with increases in rental payments of 1.5% per year. Future minimum lease revenue for the years ending June 30 are:

	2017	\$	75,156
	2018		75,026
	2019		6,221
	<b>Total</b>	<b>\$</b>	<b><u>156,403</u></b>

**NOTE 5—RETIREMENT PLAN**

FVWDB sponsors a 401(k) retirement plan. Employees are eligible to participate in the plan after one year of service and at least 21 years of age. Employer contributions are determined at the discretion of the board of directors and vest with the employee over three years. Retirement expense for the years ended June 30, 2016 and 2015 was \$20,465 and \$23,203.

**NOTE 6—ECONOMIC DEPENDENCY**

FVWDB receives approximately 85% of its support from DWD.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
June 30, 2016 and 2015

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**NOTE 7—FUNCTIONAL CLASSIFICATION OF EXPENSES**

Expenses by function for years ended June 30, 2016 and 2015 are as follows:

	<u>2016</u>	<u>2015</u>
Program services		
Employment and training	\$ 557,648	\$ 549,170
Subgrantee employment and training	1,771,947	1,710,341
Program services	<u>772,959</u>	<u>874,136</u>
Total program services	3,102,554	3,133,647
Supporting activities		
Administration	<u>334,038</u>	<u>258,790</u>
Total expenses	<u>\$ 3,436,592</u>	<u>\$ 3,392,437</u>

**NOTE 8—CONTINGENCY**

FWWDB was audited as part of the Wisconsin Department of Workforce Development (DWD) by the US Department of Labor. The results of that audit included improper building usage charges in the amount of \$102,645. DWD is appealing the decision to the Department of Labor.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year ended June 30, 2016

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
<b>Department of Labor Pass-Through Programs from Wisconsin Department of Workforce Development</b>				
WIA/WIOA Adult Program	17.258	500, 504, 508,	\$ 426,971	\$ 861,801
WIA/WIOA Youth Activities	17.259	512, 623,	486,065	730,853
WIA/WIOA Dislocated Worker Formula Grants	17.278	624,626, 630	<u>618,295</u>	<u>1,023,221</u>
<b>Total WIA/WIOA Cluster</b>			1,531,331	2,615,875
<b>WIOA National Dislocated Worker Grants/WIA National Emergency Grants</b>				
	17.277	260/264	37,730	70,439
<b>Department of Labor Pass-Through Program from Northwest Wisconsin CEP, Inc. H-1B Job Training Grants</b>				
	17.268		-	67,708
<b>Department of Labor Pass-Through Program from Workforce Development Board of South Central Wisconsin, Inc. Workforce Innovation Fund</b>				
	17.283	12-523-2013	-	12,216
<b>Department of Labor Pass-Through Program from Wisconsin Department of Health Services Senior Community Service Employment Program</b>				
	17.235	560410	-	<u>269,724</u>
<b>Total expenditures of federal awards</b>				<u><u>\$ 3,035,872</u></u>
<u>State Grantor/Program</u>	<u>State Identifying Number</u>		<u>Passed Through to Subrecipients</u>	<u>Total State Expenditures</u>
<b>Wisconsin Department of Workforce Development Fast Forward</b>				
	445.109		\$ 202,885	\$ 224,819
<b>Wisconsin Department of Corrections Windows to Work Pre and Post Release Programming</b>				
	410.101			
	410.111			
	410.112		-	<u>61,500</u>
<b>Total expenditures of state awards</b>				<u><u>\$ 202,885</u></u>
				<u><u>\$ 286,319</u></u>

See accompanying notes to schedule of expenditures of federal and state awards.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
Year ended June 30, 2016

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**NOTE 1—BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state award activity of Fox Valley Workforce Development Board, Inc. under programs of the federal government and state agencies for the year ended June 30, 2016. 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) and the *State Single Audit Guidelines*. Because the Schedule presents only a selected portion of the operations of Fox Valley Workforce Development Board, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fox Valley Workforce Development Board, Inc.

**NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in Office of Management and Budget Circular A-122, *Cost Principles for Non-Profit Organizations*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Fox Valley Workforce Development Board, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**TITLE V--SCSEP: SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM**  
**SETTLEMENT OF DHS COST REIMBURSEMENT AWARD**  
Year ended June 30, 2016

DHS identification number	CARS 560410
Award amount	\$282,735
Award period	7/1/15-6/30/16
Period of award within audit period	<u>7/1/15-6/30/16</u>
A. Expenditures reported to DHS for payment	\$ 269,724
B. Actual allowable cost of award	
Program expenses	
2. Grants and other assistance to individuals in the United States	214,497
7. Other salaries and wages	21,763
8. Pension plan contributions	854
9. Other employee benefits	2,240
10. Payroll taxes	1,555
13. Office expenses	1,988
14. Information technology	2,352
16. Occupancy	1,219
17. Travel	2,481
19. Conference and meetings	<u>213</u>
Total program services	249,162
Management and general expenses allocated to program	
7. Other salaries and wages, allocation based on timesheets	12,243
8. Pension plan contributions, allocation based on timesheets	480
9. Other employee benefits, allocation based on timesheets	1,259
10. Payroll taxes, allocation based on timesheets	875
11b Legal	22
11c Accounting	713
13. Office expenses, allocation based on square footage	1,118
14. Information technology, allocation based on square footage	1,323
16. Occupancy, allocation based on square footage	686
17. Travel, allocation based on timesheets	1,396
23 Insurance	<u>447</u>
Total management and general expenses allocated to program	20,562
C. Less program revenue and other offsets to costs	<u>-</u>
F. Total allowable costs	<u><u>\$ 269,724</u></u>



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  
Fox Valley Workforce Development Board, Inc.  
Neenah, Wisconsin

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 Fox Valley Workforce Development Board, Inc., which comprise the statement of financial position as of June 30, 2016, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 17, 2016.

### Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fox Valley Workforce Development Board, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'s internal control.

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

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

### Compliance and Other Matters

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

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**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
October 17, 2016





## Wegner CPAs

### INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR MAJOR FEDERAL PROGRAM AND MAJOR STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE STATE SINGLE AUDIT GUIDELINES

To the Board of Directors  
Fox Valley Workforce Development Board, Inc.  
Neenah, Wisconsin

#### Report on Compliance for Major Federal Program and Major State Program

We have audited Fox Valley Workforce Development Board, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the *State Single Audit Guidelines* (the Guidelines) that could have a direct and material effect on Fox Valley Workforce Development Board, Inc.'s major federal program and its major state program for the year ended June 30, 2016. Fox Valley Workforce Development Board, Inc.'s major federal program is 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 and state statutes, regulations, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

#### Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Fox Valley Workforce Development Board, Inc.'s major federal program and its major state program 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; 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), and the *Guidelines*. Those standards, the Uniform Guidance, and the *Guidelines* 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 or major state program occurred. An audit includes examining, on a test basis, evidence about Fox Valley Workforce Development Board, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program and the major state program. However, our audit does not provide a legal determination of Fox Valley Workforce Development Board, Inc.'s compliance.

#### Opinion on Major Federal Program and Major State Program

In our opinion, Fox Valley Workforce Development Board, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program and its major state program for the year ended June 30, 2016.

#### Report on Internal Control Over Compliance

Management of Fox Valley Workforce Development Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements

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referred to above. In planning and performing our audit of compliance, we considered Fox Valley Workforce Development Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program and its major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and its major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the *Guidelines*, 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 Fox Valley Workforce Development Board, Inc.'s internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state 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 or state 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 or state 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 and the *Guidelines*. Accordingly, this report is not suitable for any other purpose.

*Wegner CPAs LLP*

Wegner CPAs, LLP  
Madison, Wisconsin  
October 17, 2016

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 Year ended June 30, 2016

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**Section I—Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major federal programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
17.258, 17.259, 17.278	WIA/WIOA Cluster

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

Auditee qualified as low-risk auditee? Yes

**Section II—Financial Statement Findings**

No matters were reported

**Section III—Federal and State Award Findings and Questioned Costs**

No matters were reported

**FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
Year ended June 30, 2016

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**Section IV—Other Issues**

Does the auditor's report or the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e., material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue, or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines* :

Department of Health Services	No
Department of Workforce Development	No
Department of Corrections	No

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Name and signature of partner



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Scott R. Haumersen, CPA

Date of report

October 17, 2016

