

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

June 30, 2017 and 2016

CONTENTS

Independent Auditor's Report	1
Statements of Financial Position.....	3
Statements of Activities.....	4
Statements of Cash Flows	5
Notes to Financial Statements	6
Schedule of Expenditures of Federal and State Awards	10
Notes to Schedule of Expenditures of Federal and State Awards.....	11
DHS Cost Reimbursement Award Schedule	12
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
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 <i>State Single Audit Guidelines</i>	15
Schedule of Findings and Questioned Costs.....	17



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, 2017 and 2016, 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, 2017 and 2016, 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 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 accompanying DHS Cost Reimbursement Award Schedule 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 20, 2017 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fox Valley Workforce Development Board, Inc.'s 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 20, 2017

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2017 and 2016

	2017	2016
ASSETS		
CURRENT ASSETS		
Cash	\$ 72,907	\$ 92,826
Grants receivable	219,009	164,764
Prepaid expenses	16,336	20,541
Security deposits	1,579	1,579
Total current assets	309,831	279,710
Property and equipment - net	537,358	576,329
Total assets	\$ 847,189	\$ 856,039
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 153,495	\$ 121,078
Accrued payroll and related expenses	50,920	52,563
Unearned revenue	45,532	15,727
Grant fund repayment	82,116	102,645
Current portion of note payable	16,664	15,842
Total current liabilities	348,727	307,855
Long-term portion of note payable	580,246	598,451
Total liabilities	928,973	906,306
NET DEFICIT		
Unrestricted		
Undesignated	(85,862)	(55,945)
Board designated	4,078	5,678
Total net deficit	(81,784)	(50,267)
Total liabilities and net deficit	\$ 847,189	\$ 856,039

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2017 and 2016

	2017	2016
UNRESTRICTED NET DEFICIT		
SUPPORT AND REVENUE		
Grants	\$ 2,601,926	\$ 3,324,104
Rental revenue	75,047	73,733
Fee for service	25,930	17,418
Miscellaneous income	90	98
Total support and revenue	2,702,993	3,415,353
EXPENSES		
Salaries	552,422	540,209
Payroll taxes	42,819	48,336
Retirement plan	20,651	20,465
Other benefits	70,103	55,107
Participants and support	322,582	557,648
Occupancy	127,800	130,597
Travel	25,992	28,863
Conferences	10,011	9,932
Supplies	46,891	74,045
Professional fees	18,823	54,275
Telephone	16,326	21,297
Postage	2,005	1,977
Printing and publishing	7,811	6,850
Advertising	2,376	8,444
Equipment	-	336
Depreciation	38,971	58,151
Other	41,401	48,113
Subgrantees	1,387,526	1,771,947
Total expenses	2,734,510	3,436,592
Change in net deficit	(31,517)	(21,239)
Net deficit - beginning of year	(50,267)	(29,028)
Net deficit - end of year	<u>\$ (81,784)</u>	<u>\$ (50,267)</u>

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net deficit	\$ (31,517)	\$ (21,239)
Adjustments to reconcile change in net deficit to net cash flows from operating activities		
Depreciation	38,971	58,151
(Increase) decrease in assets		
Grants receivable	(54,245)	112,496
Prepaid expenses	4,205	7,674
Increase (decrease) in liabilities		
Accounts payable	32,417	(87,297)
Accrued payroll and related expenses	(1,643)	15,898
Funds held for others	-	(6,562)
Unearned revenue	29,805	(37,645)
Grant fund repayment	<u>(20,529)</u>	<u>-</u>
Net cash flows from operating activities	(2,536)	41,476
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	<u>(17,383)</u>	<u>(14,973)</u>
Change in cash	(19,919)	26,503
Cash - beginning of year	<u>92,826</u>	<u>66,323</u>
Cash - end of year	<u>\$ 72,907</u>	<u>\$ 92,826</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 29,362	\$ 31,718

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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, 2017 and 2016 consisted of funds to be used for the Older Worker Fund and the Water Fund.

Grants Receivable

FVWDB considers all grants receivable to be fully collectible. Accordingly, no allowance for doubtful amounts has been developed. If amounts 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 20, 2017, the date which the financial statements were available to be issued.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 revenues and expenses. Actual results could differ from those estimates.

Income Tax Status

FWWDB is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, FWWDB 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 FWWDB's tax-exempt purpose is subject to taxation as unrelated business income.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2017 and 2016 consisted of the following:

	2017	2016
Land	\$ 127,363	\$ 127,363
Land improvements	121,969	121,969
Building	604,336	604,336
Leasehold improvements	38,713	38,713
Equipment	<u>136,183</u>	<u>136,183</u>
Property and equipment	1,028,564	1,028,564
Less accumulated depreciation	<u>491,206</u>	<u>452,235</u>
Property and equipment - net	<u>\$ 537,358</u>	<u>\$ 576,329</u>

NOTE 3—NOTE PAYABLE

FWWDB has a note 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, 2017 and 2016 was \$29,362 and \$31,718.

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

2018	\$ 16,664
2019	17,528
2020	562,718

FWWDB has a \$50,000 line of credit with the State Bank of Chilton through June 9, 2020. The interest rate is prime plus 1.00% (currently 5.00%) and is reviewed annually. There was no activity on the account during the year ending June 30, 2017 and 2016.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

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 five fixed term lease agreements. One requires monthly payments of \$117 and expires in June 2018. It includes an option to extend for one year. Another requires monthly payments of \$500 and expires in June 2022. It includes an option to extend for one year. Another 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. Another requires monthly payments of \$313 and expires June 2018. It includes five one-year options to extend. The final lease requires monthly payments of \$1,654 and expires in June 2018. It includes five one-year options to extend.

Rent expense for the years ended June 30, 2017 and 2016 was \$83,963 and \$83,216 reduced by inter-fund rents of \$6,512 and \$6,498 on the FVWDB owned real estate for a net reported rent expense of \$77,451 and \$76,718.

FVWDB also rents office equipment under 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:

2018	\$	71,072
2019		32,199
2020		6,240

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:

2018	\$	75,026
2019		6,221

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, 2017 and 2016 was \$20,651 and \$20,465.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2017 and 2016

NOTE 6—ECONOMIC DEPENDENCY

FVWDB receives approximately 85% of its support from DWD.

NOTE 7—FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for years ended June 30, 2017 and 2016 are as follows:

	<u>2017</u>	<u>2016</u>
Program services		
Employment and training	\$ 322,582	\$ 557,648
Subgrantee employment and training	1,387,526	1,771,947
Other program services	<u>775,989</u>	<u>772,959</u>
Total program services	2,486,097	3,102,554
Supporting activities		
Administration	<u>248,413</u>	<u>334,038</u>
Total expenses	<u>\$ 2,734,510</u>	<u>\$ 3,436,592</u>

NOTE 8—GRANT FUND REPAYMENT

FVWDB has grant funds owed to the Wisconsin Department of Workforce Development (DWD) as a result of an audit performed by the US Department of Labor. The results of that audit included improper building usage charges owed at June 30, 2017 and 2016 in the amount of \$82,116 and \$102,645.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2017

<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>
WIOA Cluster				
Department of Labor				
Wisconsin Department of Workforce Development—WIA/WIOA Adult Program	17.258	3576, 3577, 3579, 3580, 3581, 3594,	\$ 442,840	\$ 745,251
Wisconsin Department of Workforce Development—WIA/WIOA Youth Activities	17.259	3595, 3598, 3621, 3622,	461,815	735,773
Wisconsin Department of Workforce Development—WIA/WIOA Dislocated Worker Formula Grants	17.278	3624, 3627, 3628, 3629, 3639, 3640, 3641, 3646a	<u>455,920</u>	<u>760,364</u>
Total WIOA Cluster			1,360,575	2,241,388
Other Programs				
Department of Labor				
Wisconsin Department of Health Services—Senior Community Service Employment Program	17.235	560410	-	256,075
Wisconsin Department of Workforce Development—H-1B Job Training Grants	17.268	3631A	-	35,433
Wisconsin Department of Workforce Development—WIOA National Dislocated Worker Grants/WIA National Emergency Grants	17.277	3547, 3585 3608	-	<u>9,636</u>
Total expenditures of federal awards			<u>\$ 1,360,575</u>	<u>\$ 2,542,532</u>
<u>State Grantor/Program</u>		<u>State Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total State Expenditures</u>
Wisconsin Department of Corrections				
Windows to Work Pre and Post Release Programming		410.101 410.111 410.112	\$ -	<u>\$ 59,777</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, 2017

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, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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.

NOTE 3—INDIRECT COST RATE

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
DHS COST REIMBURSEMENT AWARD SCHEDULE
Year ended June 30, 2017

DHS identification number	CARS 560410
Award amount	\$256,075
Award period	7/1/16-6/30/17
Period of award within audit period	<u>7/1/16-6/30/17</u>
A. Expenditures reported to DHS for payment	\$ 256,075
B. Total costs of award	
1 Employee Salaries and Wages	33,788
2 Employee Fringe Benefits	5,312
3 Payroll Taxes	2,508
4 Professional Services	820
5 Employee Travel	3,469
6 Conferences, Meetings or Education	101
7 Supplies	2,966
8 Telephone	1,591
9 Utilities	1,703
10 Insurance	457
11 Other	203,360
Total Operating Costs of Award	<u>256,075</u>
C. Less disallowed costs	-
D. Less program revenue and other offsets to costs	<u>-</u>
G. Total Allowable Costs	<u><u>\$ 256,075</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, 2017, 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 20, 2017.

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 20, 2017



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, 2017. 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, 2017.

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 20, 2017

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

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, 2017

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

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

Name and signature of partner



Scott R. Haumersen, CPA

Date of report

October 20, 2017