

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

FINANCIAL STATEMENTS WITH
SUPPLEMENTARY INFORMATION

June 30, 2019 and 2018

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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, 2019 and 2018, the related statements of activities and cash flows for the years then ended, and the related statement of functional expenses for the year ended June 30, 2019, 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Adoption of New Accounting Pronouncement

As discussed in Note 1 to the financial statements, Fox Valley Workforce Development Board, Inc. adopted the Financial Accounting Standards Board's Accounting Standards Update (ASU) No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. The requirements of the ASU have been applied retrospectively to all periods presented. Our opinion is not modified with respect to this matter.

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 December 13, 2019 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
December 13, 2019

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash	\$ 152,275	\$ 8,129
Grants receivable	236,781	375,832
Prepaid expenses	18,158	2,828
Security deposits	-	1,579
Total current assets	407,214	388,368
Property and equipment, net	17,623	499,268
Total assets	\$ 424,837	\$ 887,636
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 56,361	\$ 146,705
Accrued payroll and related expenses	36,836	55,255
Unearned revenue	58,599	51,181
Current portion of note payable	-	17,528
Total current liabilities	151,796	270,669
Long-term portion of note payable	-	563,412
Total liabilities	151,796	834,081
NET ASSETS		
Without donor restrictions	273,041	53,555
Total liabilities and net assets	\$ 424,837	\$ 887,636

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019	2018
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
REVENUES AND GAINS		
Grants	\$ 2,230,729	\$ 2,751,092
Rental revenue	7,121	75,572
Fee for service	343,799	144,850
Miscellaneous income	17,433	44,610
Gain on sale of property and equipment	283,694	-
Total revenues and gains without donor restrictions	2,882,776	3,016,124
EXPENSES		
Salaries	444,780	509,853
Payroll taxes	33,652	39,552
Retirement plan	18,343	21,220
Other benefits	23,090	58,484
Participants and support	467,432	296,330
Occupancy	140,541	129,822
Travel	20,377	26,037
Conferences	1,924	9,144
Supplies	38,798	50,079
Contracted services	383,546	-
Professional fees	114,553	158,333
Telephone	12,243	14,392
Printing and postage	3,237	9,270
Advertising	2,294	1,751
Depreciation	34,706	38,090
Other	25,105	29,650
Subgrantees	898,669	1,488,778
Total expenses	2,663,290	2,880,785
Change in net assets	219,486	135,339
Net assets (deficit) at beginning of year	53,555	(81,784)
Net assets at end of year	\$ 273,041	\$ 53,555

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2019

	Program Services						Total Expenses
	WIOA	Windows to Work	Fast Forward	SCSEP	Other Program Services	Management and General	
Salaries	\$ 204,673	\$ 54,230	\$ 4,525	\$ 19,603	\$ 51,923	\$ 109,826	\$ 444,780
Payroll taxes	15,586	4,211	351	1,495	3,937	8,072	33,652
Retirement plan	7,848	2,113	237	848	3,560	3,737	18,343
Other benefits	13,411	2,845	333	1,283	2,721	2,497	23,090
Participants and support	327,071	5,376	-	134,985	-	-	467,432
Occupancy	49,009	14,616	1,439	5,241	26,439	43,797	140,541
Travel	5,952	7,930	361	39	5,221	874	20,377
Conferences	667	787	-	15	377	78	1,924
Supplies	18,896	863	240	786	7,622	10,391	38,798
Contracted services	17,094	-	153,008	103	120,857	92,484	383,546
Professional fees	73	57	2	15	22	114,384	114,553
Telephone	5,001	2,560	179	617	1,735	2,151	12,243
Printing and postage	224	32	6	17	2,782	176	3,237
Advertising	260	-	-	-	1,976	58	2,294
Depreciation	-	-	-	-	-	34,706	34,706
Other	4,933	788	133	474	1,264	17,513	25,105
Subgrantees	898,669	-	-	-	-	-	898,669
Total expenses	\$ 1,569,367	\$ 96,408	\$ 160,814	\$ 165,521	\$ 230,436	\$ 440,744	\$ 2,663,290

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 219,486	\$ 135,339
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Depreciation	34,706	38,090
Gain on sale of property and equipment	(283,694)	-
(Increase) decrease in assets		
Grants receivable	139,051	(156,823)
Prepaid expenses	(15,330)	13,508
Security deposits	1,579	-
Increase (decrease) in liabilities		
Accounts payable	(90,344)	(6,790)
Accrued payroll and related expenses	(18,419)	4,335
Unearned revenue	7,418	5,649
Grant fund repayment	-	(82,116)
Net cash flows from operating activities	(5,547)	(48,808)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(7,149)	-
Proceeds from sale of property and equipment	737,782	-
Net cash flows from investing activities	730,633	-
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on note payable	(580,940)	(15,970)
Change in cash	144,146	(64,778)
Cash at beginning of year	8,129	72,907
Cash at end of year	<u>\$ 152,275</u>	<u>\$ 8,129</u>
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	\$ 25,859	\$ 30,714

See accompanying notes.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

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 Calumet, Fond du Lac, Green Lake, Waupaca, Waushara and Winnebago counties in Wisconsin. FVWDB also provides services to businesses and community-based organizations.

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Grants Receivable

FVWDB considers 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 and carried at cost. Depreciation is computed using the straight-line method. Certain 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

Certain programs of FVWDB are primarily funded by government grants. 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 programs in accordance with established procedures and are subject to audit by government agencies. No determination has been made regarding the effect, if any, such audits could have on the financial statements.

Expense Allocation

The financial statements report certain categories of expenses that are attributable to more than one program service or supporting activity. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. All expenses except for participants and support, printing and postage, professional fees, contracted services, depreciation, and subgrantees are allocated on the basis of estimates of time and effort.

The following program services and supporting activities are included in the accompanying financial statements:

Workforce Innovation and Opportunity Act (WIOA)—Adult and dislocated workers programs seek to improve employment, retention, and earnings of WIOA participants and increase their educational and occupational skill attainment, thereby improving the quality of the workforce, reducing welfare dependency, and enhancing national productivity and competitiveness.

Windows to Work—A pre and post-release program designed to address criminogenic needs that can lead to recidivism, including: employment, education, anti-social cognition, anti-social personality, and anti-social companions.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fast Forward—Is an innovative talent development solution driven by Wisconsin businesses to train and retain highly skilled workers. Grant funds support short-term and medium-term employer-led worker training projects that: Encourage increased collaboration between Wisconsin businesses and workforce training partners. Fill current and ongoing skill requirements of Wisconsin employers. Place workers in long-term positions with opportunities for professional growth and economic advancement.

Senior Community Service Employment Program (SCSEP)—A training for employment program for unemployed, low-income, older adults who are 55 years of age and older. The program is dual-focused, providing both community service opportunities which benefit the general welfare of the community, and providing paid, temporary training-for-employment which is designed to assist older adults to enhance existing skills or develop new ones, and to gain work experience, all of which helps when transitioning into unsubsidized employment.

Other program services—Include job fairs and job center partnerships.

Management and general—Includes the costs necessary to ensure proper administrative functioning of the board of directors, manage the financial and budgetary responsibilities of the development board, and perform other administrative tasks.

Adoption of New Accounting Pronouncement

FWWDB adopted the Financial Accounting Standards Board's Accounting Standards Update No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, as of and for the year ended June 30, 2019. This update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The changes required by the update have been applied retrospectively to all periods presented. A key change required by the update are the net asset classes used in these financial statements. Amounts previously reported as unrestricted net assets are now reported as net assets without donor restrictions and amounts previously reported as temporarily restricted net assets and permanently restricted net assets, if applicable, are now reported as net assets with donor restrictions.

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.

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.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Date of Management's Review

Management has evaluated subsequent events through December 13, 2019, the date which the financial statements were available to be issued.

NOTE 2—PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2019	2018
Land	\$ -	\$ 127,363
Land improvements	-	121,969
Building	-	567,020
Leasehold improvements	76,029	76,029
Equipment	77,163	136,183
Property and equipment	153,192	1,028,564
Less accumulated depreciation	135,569	529,296
Property and equipment, net	\$ 17,623	\$ 499,268

NOTE 3—DEBT

FWWDB had a note that required 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 was secured by a real estate mortgage. This note was paid off upon the sale of the building and land in April 2019. Interest expense for the years ended June 30, 2019 and 2018 was \$25,859 and \$30,714, respectively.

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 5.25%) and is reviewed annually. There was no activity on the credit line during the years ended June 30, 2019 and 2018.

NOTE 4—RETIREMENT PLAN

FWWDB 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.

NOTE 5—LEASES

FWWDB leases office space on a month-to-month or annual basis at various job centers for operation of its programs. It has five fixed term lease agreements. One requires monthly payments of \$117 and expired in August 2018. 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 \$3,753 and expires in June 2022. However, the lease was mutually ended on

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 5— LEASES (continued)

September 30, 2019. Another requires monthly payments of \$397 and expires June 2020. It includes three one-year options to extend. Another requires monthly payments of \$1,154 and expires in June 2020. It includes three one-year options to extend. The final lease requires monthly payments of \$2,326 and expires June 2020.

FWWDB 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 expired in September 2018.

Rent expense for the years ended June 30, 2019 and 2018 was \$97,855 and \$74,620, respectively.

Future minimum lease payments for years ended June 30 are:

2020	\$	68,453
2021		12,507
2022		12,627

NOTE 6—ECONOMIC DEPENDENCY

FWWDB receives approximately 80% of its support from DWD.

NOTE 7—LIQUIDITY AND AVAILABILITY

FWWDB's financial assets available within one year of the date of the statement of financial position for general expenditures are as follows:

Cash	\$	152,275
Grants receivable		<u>236,781</u>
	\$	<u><u>389,056</u></u>

As part of FWWDB's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. As further discussed in Note 3, FWWDB has a line of credit that it can draw upon when cash is needed to meet current obligations.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE 8—FUNCTIONAL CLASSIFICATION OF EXPENSES

Expenses by function for the year ended June 30, 2018 are as follows:

WIOA	\$ 2,062,361
Windows to Work	100,988
Fast Forward	3,106
SCSEP	209,284
Other programs	216,239
Management and general	<u>288,807</u>
Total expenses	<u>\$ 2,880,785</u>

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2019

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Provided 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, 3595, 3598,	\$ 278,657	\$ 704,756
Wisconsin Department of Workforce Development—WIA/WIOA Youth Activities	17.259	3621, 3622, 3624, 3627, 3628, 3629,	341,544	559,527
Wisconsin Department of Workforce Development—WIA/WIOA Dislocated Worker Formula Grants	17.278	3639, 3640, 3641, 3646a	<u>278,467</u>	<u>474,300</u>
Total WIOA Cluster			898,668	1,738,583
Other Programs				
Department of Labor				
Wisconsin Department of Health Services—Senior Community Service Employment Program	17.235	560410	-	182,544
Wisconsin Department of Workforce Development—H-1B Job Training Grants	17.268	3631A	<u>-</u>	<u>35,011</u>
Total expenditures of federal awards			<u>\$ 898,668</u>	<u>\$ 1,956,138</u>
<u>State Grantor/Program</u>		<u>State Identifying Number</u>	<u>Provided to Subrecipients</u>	<u>Total State Expenditures</u>
Wisconsin Department of Workforce Development Fast Forward		445.109	\$ -	\$ 184,650
Wisconsin Department of Corrections Windows to Work Pre and Post Release Programming		410.101 410.111 410.112	<u>-</u>	<u>99,000</u>
Total expenditures of state awards			<u>\$ -</u>	<u>\$ 283,650</u>

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

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
Year Ended June 30, 2019

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, 2019. 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 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.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2019

There were no prior audit findings.

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
DHS COST REIMBURSEMENT AWARD SCHEDULE
TITLE V-SCSEP: SENIOR COMMUNITY SERVICE EMPLOYMENT PROGRAM
Year Ended June 30, 2019

DHS identification number	CARS 560410
Award amount	\$185,000
Award period	7/1/18-6/30/19
Period of award within audit period	<u>7/1/18-6/30/19</u>
A. Expenditures reported to DHS or revenue received	\$ 182,544
B. Total operating costs of award	
1 Employee Salaries and Wages	24,715
2 Employee Fringe Benefits	2,640
3 Payroll Taxes	1,921
4 Professional Services	7,066
5 Employee Travel	52
6 Conferences, Meetings or Education	15
7 Supplies	1,098
8 Telephone	791
9 Utilities	317
10 Insurance	1,151
11 Other	142,778
Total operating costs of award	<u>182,544</u>
C. Less disallowed costs	-
D. Less program revenue and other offsets to costs	<u>-</u>
E. Total allowable costs	<u><u>\$ 182,544</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, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2019.

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*.

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
December 13, 2019

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, 2019. 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, 2019.

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

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 a 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
Madison, Wisconsin
December 13, 2019

FOX VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2019

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	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, 2019

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

December 13, 2019