

# **Kansas Local Area I Workforce Investment Board, Inc.**

Salina, Kansas

Financial Statements and Supplementary Information  
Year Ended June 30, 2016

**Kansas Local Area I Workforce Investment Board, Inc.**  
Financial Statements and Supplementary Information  
Year Ended June 30, 2016

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## **Independent Auditor's Report**

Board of Directors  
Kansas Local Area I Workforce Investment Board, Inc.  
Salina, Kansas

### **Report on Financial Statements**

We have audited the accompanying financial statements of Kansas Local Area I Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses, and cash flows for the year 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; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Kansas Local Area I Workforce Investment Board, Inc. as of June 30, 2016, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## 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 awards as required by U.S. Office of Management and Budget Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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 February 10, 2017, on our consideration of Kansas Local Area I Workforce Investment 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 the 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 Kansas Local Area I Workforce Investment Board, Inc.'s internal control over financial reporting and compliance.

  
Wipfli LLP

Madison, Wisconsin  
February 10, 2017

# Kansas Local Area I Workforce Investment Board, Inc.

## Statement of Financial Position

June 30, 2016

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<i>Assets</i>	
Current assets:	
Cash	\$ 58,378
Grants receivable	184,867
Accounts receivable	14,118
Prepaid expenses	33,093
<hr/>	
Total current assets	290,456
<hr/>	
<b>TOTAL ASSETS</b>	<b>\$ 290,456</b>
<hr/>	
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 85,568
Accrued payroll and related expenses	58,198
Accrued vacation	15,253
Deferred revenue	131,437
<hr/>	
Total current liabilities	290,456
<hr/>	
Net assets:	
Unrestricted	0
<hr/>	
Total net assets	0
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<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 290,456</b>
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# Kansas Local Area I Workforce Investment Board, Inc.

Statement of Activities

Year Ended June 30, 2016

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Revenue:

Grant revenue	\$ 2,173,677
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Expenses:

Program expenses	2,048,213
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Management and general	125,464
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Total expenses	2,173,677
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Change in net assets	0
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Net assets - Beginning of the year	0
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Net assets - End of the year	\$0
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# Kansas Local Area I Workforce Investment Board, Inc.

## Statement of Functional Expenses Year Ended June 30, 2016

	Program	Management & General	Total
Payroll and related benefits	\$1,121,064	\$34,830	\$1,155,894
Training	371,956	0	371,956
Supportive services	92,957	0	92,957
Work experience	80,208	0	80,208
Travel	101,565	15,131	116,696
Rent, utilities, janitorial	127,758	2,793	130,551
Paymaster fee	10,054	37,176	47,230
Equipment	1,889	210	2,099
Meetings and conferences	5,295	7,765	13,060
Materials and supplies	45,099	1,396	46,495
Communication	38,849	1,360	40,209
Insurance	166	4,968	5,134
Other participant costs	43,981	0	43,981
Professional fees	2,528	14,300	16,828
Dues and subscriptions	0	1,712	1,712
Information technology support	3,053	221	3,274
Miscellaneous	1,791	3,602	5,393
<b>Total</b>	<b>\$2,048,213</b>	<b>\$125,464</b>	<b>\$2,173,677</b>

# Kansas Local Area I Workforce Investment Board, Inc.

## Statement of Cash Flows

Year Ended June 30, 2016

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Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets	\$	0
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Adjustments to reconcile change in net assets to net cash used in operating activities:

Changes in operating assets and liabilities:

Grants receivable	(	128,361)
Accounts receivable		22,082
Prepaid expenses	(	1,005)
Accounts payable		42,983
Accrued payroll and related expenses		8,768
Accrued vacation		128
Deferred revenue		46,404

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Net cash used in operating activities	(	9,001)
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Change in cash	(	9,001)
Cash - Beginning of the year		67,379

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Cash - End of the year	\$	58,378
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# Kansas Local Area I Workforce Investment Board, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies**

#### **Nature of Operations**

Kansas Local Area I Workforce Investment Board, Inc. (the “Organization”) was organized as a nonprofit corporation in 2001. The Organization was formed to assist in meeting the training and employment needs of workers and employers in 62 counties in Central and Western Kansas. The primary duties of the Organization are to manage federal job training funds, operate One-Stop Workforce Centers and coordinate the public workforce system within the region.

The Organization is primarily supported through federal, state, and local grants. Approximately 90% of grant funding is federal funding from the U.S. Department of Labor, passed-through the State of Kansas Department of Commerce. A significant reduction in the level of funding from the U.S. Department of Labor could have an adverse effect on the Organization’s program services.

#### **Basis of Presentation**

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States.

#### **Use of Estimates**

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

#### **Accounts Receivable**

Accounts receivable represents costs shared with partner agencies for office spaces and other services that were requested for reimbursement. No estimate is made for doubtful receivables, as the Organization believes they are fully collectible.

#### **Property and Equipment**

Property and equipment are capitalized at cost and depreciated over their estimated useful lives using the straight-line method. The Organization considers property and equipment to be items with a cost of \$5,000 or more and a useful life of over one year. The Organization has not acquired fixed assets costing in excess of \$5,000. Furniture and fixtures below the capitalization threshold have been acquired by the Organization and reported as an expense in the year of acquisition. An inventory record is maintained by the Organization to control their physical existence and movement.

# Kansas Local Area I Workforce Investment Board, Inc.

## Notes to Financial Statements

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### Note 1 Summary of Significant Accounting Policies (Continued)

#### Property and Equipment (Continued)

Property and equipment purchased with grant funds are owned by the Organization while used in the program for which it was purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the equipment purchased with grant funds. Its disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations.

#### Classification of Net Assets

Net assets and revenue, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that may or may not be met, either by actions of the Organization and/or the passage of time. When a restriction expires, temporarily restricted net assets are transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. As of June 30, 2016, the Organization did not have any temporarily restricted net assets.

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of these assets permit the Organization to use all or part of the income earned on any related investments for general or specific purposes. As of June 30, 2016, the Organization did not have any permanently restricted net assets.

#### Revenue Recognition

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the statement of activities as contributions released from restriction.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Support funded by grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. The program activities and the related outlays are subject to audit and acceptance by the granting agency. Consequently, such audit may mandate adjustment. Grants are either recorded as contributions or exchange transactions based on criteria contained in the grant award.

# Kansas Local Area I Workforce Investment Board, Inc.

## Notes to Financial Statements

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### **Note 1      Summary of Significant Accounting Policies (Continued)**

#### **Revenue Recognition (Continued)**

##### **A. Grant Awards That Are Contributions**

Grants that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are reflected as grant funds received in advance.

##### **B. Grant Awards That Are Exchange Transactions**

Exchange transactions reimburse based on a predetermined rate for services performed. The revenue is recognized in the period the service is performed.

#### **Income Taxes**

The Organization is a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from Federal and Kansas income taxes.

The Organization is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. The Organization has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

#### **Cost Allocation**

Direct costs that can be identified specifically with a final cost objective are directly charged to the program benefited. Joint costs are allocated to benefiting programs using various allocation methods depending on the type of joint cost being allocated. Joint costs are those costs incurred for the common benefit of all of the Organization's programs, which cannot be readily identified with a final cost objective.

#### **Functional Expenses**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

#### **Subsequent Events**

Subsequent events have been evaluated through February 10, 2017, which is the date the financial statements were available to be issued.

# Kansas Local Area I Workforce Investment Board, Inc.

## Notes to Financial Statements

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### Note 2           **Concentration of Credit Risk**

The Organization maintains depository relationships with a single financial institution located in Wichita, Kansas. Balances are insured by Federal Deposit Insurance Corporation (FDIC) coverage up to \$250,000. At times, during the year, the balance in this account may exceed the insurance limits. Management believes the financial institution has a strong credit ratings and credit risk related to these deposits is minimal. There were no uninsured balances in excess of limits as of June 30, 2016.

### Note 3           **Grants Receivable**

Grants receivable at June 30, 2016, consisted of the following:

	Amount
Kansas Department of Commerce	\$150,190
Kansas Department of Corrections	8,086
Harvey County, KS	8,550
Hutchison/Reno Co. Chamber of Commerce	1,250
Kansas Department of Children & Families	10,066
Other	6,725
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Totals	\$184,867

### Note 4           **Operating Leases**

The Organization leases its corporate office space, One-Stop Workforce Centers and equipment for operation of its programs under operating lease agreements. The operating lease payments for the year ended June 30, 2016, were \$135,047. The future rental commitments under these leases having remaining terms in excess of one year as of June 30, 2015, are as follows:

	Amount
2017	\$87,996
2018	39,216
2019	7,240
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Totals	\$134,452

The Organization also subleases space at various locations. Sublease receipts for the year ended June 30, 2016, was \$20,432. The financial statement amounts are reported net of these receipts. Anticipated future minimum lease receipts on the Organization's subleases as of June 30, 2016, are \$15,872.

# Kansas Local Area I Workforce Investment Board, Inc.

## Notes to Financial Statements

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### **Note 5 Retirement Plan**

The Organization maintains a 403(b) retirement plan that covers substantially all employees. Employer contributions are made at the discretion of the Board and are up to 4% of participating employee's annual compensation. The retirement benefit is immediately vested upon employee enrollment. The contribution for the year ended June 30, 2016, is \$36,090.

### **Note 6 Related Parties**

The Organization receives grants revenue and reimbursement of expenses for the shared office space, equipment and supplies from the Kansas Department of Commerce (KDOC). During the year the Organization received grant funds of approximately \$1,947,500 and reimbursement of sublease payments, utilities, supplies, One-Stop and other shared costs of approximately \$12,800 from KDOC.

During the year ended June 30, 2016, the Organization entered into contracts for training services with Hutchinson Community College and Barton County Community College. Officials of these entities also served as board members for the Organization through June 30, 2016. The contracts were awarded through a competitive bid process and the Organization's policies were strictly followed. The board members of the Organization were not involved in the selection process and no special consideration was given in awarding the contracts.

During the year ended June 30, 2016, the following fees were paid:

Hutchinson Community College	\$84,781
Barton County Community College	\$85,086

### **Note 7 Grant Commitments**

As of June 30, 2016, the Organization had commitments for future funding under various grant awards of \$1,543,040. The revenue relating to these grants is not recognized in the accompanying financial statements as the revenue recognition is conditional on the occurrence of expenditures or the performance of services in the future and availability of federal funding.

# **Supplementary Information**

# Kansas Local Area I Workforce Investment Board, Inc.

Schedule A-1

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF LABOR</b>					
<b>Passed through Kansas Department of Commerce</b>					
Disability Employment Initiative	17.207	FY14-DEI-001	10/01/14-03/31/18	\$0	\$72,135
<b><u>WIA/WIOA Cluster</u></b>					
WIA Adult Program	17.258	FY15-A-001	10/01/14-09/30/16	0	203,702
WIA/WIOA Adult Program	17.258	PY15-A-001	07/01/15-06/30/17	0	40,590
WIA/WIOA Adult Program	17.258	FY16-A-001	10/01/15-06/30/17	0	258,173
<b>Total Federal Expenditures - CFDA 17.258</b>				<b>0</b>	<b>502,465</b>
WIA Youth Program	17.259	PY14-Y-001	07/01/14-06/30/16	0	265,267
WIA/WIOA Youth Program	17.259	PY15-Y-001	07/01/15-06/30/17	0	331,457
<b>Total Federal Expenditures - CFDA 17.259</b>				<b>0</b>	<b>596,724</b>
WIA/WIOA Dislocated Worker Program	17.278	FY15-DW-001	10/01/14-09/30/16	0	82,327
WIA/WIOA Dislocated Worker Program	17.278	FY15-RR-001	10/01/14-09/30/15	0	7,059
WIA/WIOA Dislocated Worker Program	17.278	FY15-RR-1-001	10/01/15-09/30/16	0	22,534
WIA/WIOA Dislocated Worker Program	17.278	FY15-RRAA-1-001	06/01/15-06/30/16	0	32,012
WIA/WIOA Dislocated Worker Program	17.278	FY15-RR-2-001	07/01/15-06/30/16	0	76,427
WIA/WIOA Dislocated Worker Program	17.278	FY16-DW-001	10/01/15-06/30/17	0	119,708
WIA/WIOA Dislocated Worker Program	17.278	PY15-DW-001	07/01/15-06/30/17	0	62,510
<b>Total Federal Expenditures - CFDA 17.278</b>				<b>0</b>	<b>402,577</b>
<b>Total Federal Expenditures - WIA/WIOA Cluster (CFDA 17.258, 17.259, 17.278)</b>				<b>0</b>	<b>1,501,766</b>
H-1B Job Training Grants	17.268	12-H1B-001	11/14/11-11/30/15	0	65,365
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>				<b>0</b>	<b>1,639,266</b>

## U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed through Kansas Department of Commerce

ACA Health Profession Opportunity Grants	93.093	KHPOP Impact Study	01/01/13-12/31/14	0 (	2,063)
ACA Health Profession Opportunity Grants	93.093	KHPOP Impact Study	11/01/15-09/25/17	0	2,975
ACA Health Profession Opportunity Grants	93.093	KHPOP Impact Study	(not provided)	0	14,580
ACA Health Profession Opportunity Grants	93.093	15-KHPOP-001	09/30/14-09/29/15	0	98,070
ACA Health Profession Opportunity Grants	93.093	FY16-KHPOP-001	09/30/15-09/29/16	0	234,712
<b>Total Federal Expenditures - CFDA 93.093</b>				<b>0</b>	<b>348,274</b>

# Kansas Local Area I Workforce Investment Board, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2016

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)</b>					
<b>Passed through Kansas Department of Children and Families</b>					
Temporary Assistance for Needy Families	93.558	FY14 FBCI	04/21/14-04/20/15	0	1,985
Temporary Assistance for Needy Families	93.558	FY16-CSS-WorkForSuccess	07/01/15-06/30/16	0	88,077
<b>Total Federal Expenditures - CFDA 93.558</b>				<b>0</b>	<b>90,062</b>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<b>0</b>	<b>438,336</b>
<b>Total Federal award expenditures</b>				<b>\$0</b>	<b>\$2,077,602</b>

## Notes to the Schedule of Expenditures of Federal Awards

### Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Kansas Local Area I Workforce Investment Board, Inc. under programs of the federal government 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). Because the schedule presents only a selected portion of the operations of Kansas Local Area I Workforce Investment Board, Inc., it is not intended to and does not present the financial position, changes in net assets or cash flows of Kansas Local Area I Workforce Investment 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

### Note 3 - Indirect Cost Rate

Kansas Local Area I Workforce Investment Board, Inc. did not elect to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters**

Board of Directors  
Kansas Local Area I Workforce Investment Board, Inc.  
Salina, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States 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 Kansas Local Area I Workforce Investment Board, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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 February 10, 2017.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Kansas Local Area I Workforce Investment 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 Kansas Local Area I Workforce Investment Board, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Kansas Local Area I Workforce Investment 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 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 the 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 Kansas Local Area I Workforce Investment 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* and in considering Kansas Local Area I Workforce Investment Board, Inc.'s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Wipfli LLP

Madison, Wisconsin  
February 10, 2017



## **Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance**

Board of Directors  
Kansas Local Area I Workforce Investment Board, Inc.  
Salina, Kansas

### **Report on Compliance for Each Major Federal Program**

We have audited Kansas Local Area I Workforce Investment Board, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016. Kansas Local Area I Workforce Investment Board, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Kansas Local Area I Workforce Investment Board, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Kansas Local Area I Workforce Investment 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 each major federal program. However, our audit does not provide legal determination Kansas Local Area I Workforce Investment Board, Inc.'s compliance with those requirements.

## Opinion on Each Major Program

In our opinion, Kansas Local Area I Workforce Investment 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 each of its major federal programs for the year ended June 30, 2016.

## Report on Internal Control Over Compliance

Management of Kansas Local Area I Workforce Investment 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 Kansas Local Area I Workforce Investment Board, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kansas Local Area I Workforce Investment 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 program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Wipfli LLP

Madison, Wisconsin  
February 10, 2017

# Kansas Local Area I Workforce Investment Board, Inc.

## Schedule of Findings and Questioned Costs

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### Section I - Summary Schedule of Findings and Questioned Costs

#### Financial Statements

Type of auditor's report issued?	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	No
Noncompliance material to financial statements noted?	No

#### Federal Awards

Internal control over major federal programs:	
Material weaknesses identified?	No
Significant deficiencies identified?	No

Type of auditor's report issued on compliance for major program Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance [2 CFR 200.516(a)] No

Identification of major federal programs:

<u>Name of Federal Major Program or Cluster</u>	<u>CFDA No.</u>
WIA/WIOA Cluster	17.258, 17.259, 17.278

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

Auditee qualified as low-risk auditee? Yes

### Section II - Financial Statement Findings

None

### Section III - Federal Award Findings and Questioned Costs

None

### Section IV – Summary Schedule of Prior Year Findings

None