

Kansas Local Area I Workforce Investment Board, Inc.

Salina, Kansas

Financial Statements and Supplementary Information
Year Ended June 30, 2017

Kansas Local Area I Workforce Investment Board, Inc.
Financial Statements and Supplementary Information
Year Ended June 30, 2017

Table of Contents

Independent Auditor’s Report..... 1

Financial Statements

 Statement of Financial Position 3

 Statement of Activities 4

 Statement of Functional Expenses 5

 Statement of Cash Flows..... 6

 Notes to Financial Statements 7

Supplementary Information

 Schedule of Expenditures of Federal Awards..... 12

Independent Auditor’s Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters 14

Independent Auditor’s Report on Compliance for Each Major Federal Program and
on Internal Control Over Compliance..... 16

Schedule of Findings and Questioned Costs..... 18



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, 2017, 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, 2017, 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 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 22, 2018, 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 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 the Kansas Local Area I Workforce Investment 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 Kansas Local Area I Workforce Investment Board, Inc.'s internal control over financial reporting and compliance.



Wipfli LLP

Madison, Wisconsin
February 22, 2018

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Financial Position

June 30, 2017

<i>Assets</i>	
Current assets:	
Cash	\$ 97,616
Grants receivable	320,463
Accounts receivable	25,800
Prepaid expenses	45,482
<hr/>	
Total current assets	489,361
<hr/>	
TOTAL ASSETS	\$ 489,361
<hr/>	
<i>Liabilities and Net Assets</i>	
Current liabilities:	
Accounts payable	\$ 121,049
Accrued payroll and related expenses	40,666
Accrued vacation	18,923
Deferred revenue	308,723
<hr/>	
Total current liabilities	489,361
<hr/>	
Net assets:	
Unrestricted	0
<hr/>	
Total net assets	0
<hr/>	
TOTAL LIABILITIES AND NET ASSETS	\$ 489,361
<hr/>	

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Activities

Year Ended June 30, 2017

Revenue:

Grant revenue	\$ 2,751,777
---------------	--------------

Expenses:

Program expenses	2,639,679
------------------	-----------

Management and general	112,098
------------------------	---------

Total expenses	2,751,777
----------------	-----------

Change in net assets	0
----------------------	---

Net assets - Beginning of the year	0
------------------------------------	---

Net assets - End of the year	\$0
------------------------------	-----

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Functional Expenses Year Ended June 30, 2017

	Program	Management & General	Total
Payroll and related benefits	\$1,380,900	\$47,818	\$1,428,718
Training	399,804	0	399,804
Supportive services	117,367	0	117,367
Work experience	178,736	0	178,736
Travel	163,565	16,221	179,786
Rent, utilities, janitorial	136,696	2,869	139,565
Paymaster fee	34,692	20,785	55,477
Equipment	164	16	180
Meetings and conferences	7,245	4,050	11,295
Materials and supplies	82,175	5,075	87,250
Communication	38,254	977	39,231
Insurance	9,177	1,903	11,080
Other participant costs	58,716	0	58,716
Professional fees	16,611	7,979	24,590
Dues and subscriptions	2,220	2,885	5,105
Information technology support	12,946	1,114	14,060
Miscellaneous	411	406	817
Total	\$2,639,679	\$112,098	\$2,751,777

Kansas Local Area I Workforce Investment Board, Inc.

Statement of Cash Flows

Year Ended June 30, 2017

Increase (decrease) in cash:

Cash flows from operating activities:

Change in net assets	\$	0
----------------------	----	---

Adjustments to reconcile change in net assets to net cash provided by operating activities:

Changes in operating assets and liabilities:

Grants receivable	(135,596)
Accounts receivable	(11,682)
Prepaid expenses	(12,389)
Accounts payable		35,481
Accrued payroll and related expenses	(17,532)
Accrued vacation		3,670
Deferred revenue		177,286

Net cash provided by operating activities	39,238
---	--------

Change in cash	39,238
Cash - Beginning of the year	58,378

Cash - End of the year	\$ 97,616
------------------------	-----------

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

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 80% 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

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, 2017, 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, 2017, 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

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 deferred revenue.

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 22, 2018 which is the date the financial statements were available to be issued.

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

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, 2017.

Note 3: Grants Receivable

Grants receivable at June 30, 2017, consisted of the following:

	Amount
Kansas Department of Commerce	\$51,209
Kansas Department of Corrections	7,716
Hutchinson/Reno Co. Chamber of Commerce	2,500
Kansas Department of Children & Families	242,338
Saint Francis Community Services	16,700
Totals	\$320,463

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, 2017, were \$155,409. The future rental commitments under these leases having remaining terms in excess of one year as of June 30, 2017, are as follows:

	Amount
2018	\$132,669
2019	66,676
2020	6,232
Totals	\$205,577

The Organization also subleases space at various locations. Sublease receipts for the year ended June 30, 2017, was \$20,801. The financial statement amounts are reported net of these receipts. Anticipated future minimum lease receipts on the Organization's subleases as of June 30, 2017, are \$34,316.

Kansas Local Area I Workforce Investment Board, Inc.

Notes to Financial Statements

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, 2017, is \$45,444.

Note 6: Related Parties

During the year ended June 30, 2017, 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, 2017. 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, 2017, the following fees were paid:

Hutchinson Community College	\$74,058
Barton County Community College	\$83,977

Note 7: Grant Commitments

As of June 30, 2017, the Organization had commitments for future funding under various grant awards of \$1,516,592. 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, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR					
Passed through Kansas Department of Commerce					
Disability Employment Initiative	17.207	FY14-DEI-001	10/01/14-03/31/18	\$0	\$116,359
WIA/WIOA Cluster					
WIA Adult Program	17.258	FY16-A-001	10/01/15-06/30/17	0	286,459
WIA/WIOA Adult Program	17.258	PY16-A-001	07/01/16-06/30/18	0	126,583
WIA/WIOA Adult Program	17.258	FY17-A-001	10/01/16-06/30/18	0	264,752
Total Federal Expenditures - CFDA 17.258				0	677,794
WIA Youth Program	17.259	PY15-Y-001	07/01/15-06/30/17	0	231,423
WIA/WIOA Youth Program	17.259	PY16-Y-001	07/01/16-06/30/18	0	343,043
Total Federal Expenditures - CFDA 17.259				0	574,466
WIA/WIOA Dislocated Worker Program	17.278	FY16-DW-001	10/01/15-09/30/17	0	186,595
WIA/WIOA Dislocated Worker Program	17.278	FY16-RR-001	10/01/16-09/30/17	0	17,938
WIA/WIOA Dislocated Worker Program	17.278	FY15-RR-1-001	10/01/15-09/30/16	0	7,466
WIA/WIOA Dislocated Worker Program	17.278	FY15-RRAA-2-001	07/01/15-06/30/16	0	135,560
WIA/WIOA Dislocated Worker Program	17.278	FY15-RR-2-001	07/01/15-06/30/16	0	5,000
WIA/WIOA Dislocated Worker Program	17.278	FY17-DW-001	10/01/16-06/30/18	0	14,897
Total Federal Expenditures - CFDA 17.278				0	367,456
Total Federal Expenditures - WIOA Cluster (CFDA 17.258, 17.259, 17.278)				0	1,619,716
TOTAL U.S. DEPARTMENT OF LABOR				0	1,736,075
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through Kansas Department of Commerce					
ACA Health Profession Opportunity Grants	93.093	KHPOP Impact Study	11/01/15-09/25/17	0	6,483
ACA Health Profession Opportunity Grants	93.093	FY16-KHPOP-001	09/30/15-09/29/16	0	147,238
ACA Health Profession Opportunity Grants	93.093	FY17-KHPOP-001	09/30/16-09/29/17	0	309,525
Total Federal Expenditures - CFDA 93.093				0	463,246

Kansas Local Area I Workforce Investment Board, Inc.

Schedule A-2

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2017

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	CFDA Number	Pass-Through Entity Identifying Number	Program Year	Passed Through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (Continued)					
Passed through Kansas Department of Children and Families					
Temporary Assistance for Needy Families	93.558	FY16-CSS-WorkForSuccess	07/01/15-06/30/16	0 (1,150)
Total Federal Expenditures - TANF Cluster CFDA 93.558				0 (1,150)
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				0	462,096
Total federal award expenditures				\$0	\$2,198,171

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, 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). 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, 2017, 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 22, 2018.

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 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 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 organization'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.

Handwritten signature of Wipfli LLP in cursive script.

Wipfli LLP

Madison, Wisconsin
February 22, 2018



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, 2017. 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 of 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.

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, 2017.

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 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 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 22, 2018

Kansas Local Area I Workforce Investment Board, Inc.

Schedule of Findings and Questioned Costs

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>
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