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1310 Market Street, Suite 300
Wheeling, WV 26003
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Certified Public Accountants, A.C.

**SOUTH WESTERN WV REGION 2
WORKFORCE INVESTMENT BOARD, INC.
Single Audit
For the Year Ended June 30, 2017**

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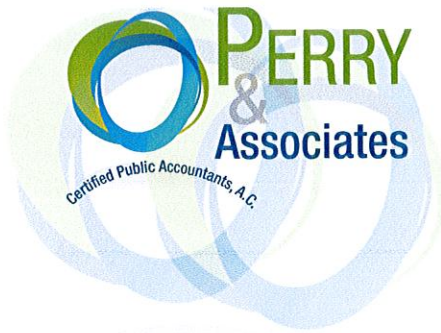
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SOUTH WESTERN WEST VIRGINIA REGION 2 WORKFORCE INVESTMENT BOARD, INC.

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INDEPENDENT AUDITOR'S REPORT

October 31, 2017

South Western West Virginia Region 2
Workforce Investment Board, Inc.
2699 Park Avenue, Suite 210
Huntington, WV 25704

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying statements of financial position of the **South Western West Virginia Region 2 Workforce Investment Board, Inc.** (a nonprofit organization), (the Board) as of June 30, 2017 and 2016, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements, which collectively comprise the Board's financial statements as listed in the table on contents.

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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Board as of June 30, 2017 and 2016, 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.

Other Matters

Other 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 is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2017, on our consideration of the Board'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. That report describes the scope of our internal control testing over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.



Perry & Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2017 AND 2016**

ASSETS

	<u>2017</u>	<u>2016</u>
Cash and Cash Equivalents	\$ 239,962	\$ 303,521
Accounts Receivable	7,908	3,000
Grants Receivable (Note 2)	154,817	139,814
Other Current Receivable	1,475	4,920
Prepaid Assets and Deposits	961	1,195
Capital Assets, Net	-	3,733
TOTAL ASSETS	<u><u>\$ 405,123</u></u>	<u><u>\$ 456,183</u></u>

LIABILITIES AND NET POSITION:

LIABILITIES:

Accounts Payable	\$ 71,767	\$ 96,666
Accrued Wages and Benefits	27,656	21,704
Accrued Expenses	64,887	62,847
Deferred Revenue	-	63,070

TOTAL LIABILITIES	<u>164,310</u>	<u>244,287</u>
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NET POSITION:

Unrestricted	<u>240,813</u>	<u>211,896</u>
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TOTAL NET POSITION	<u>240,813</u>	<u>211,896</u>
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TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 405,123</u></u>	<u><u>\$ 456,183</u></u>
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The notes to the financial statements are an integral part of this statement.

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUES:			
Adult	\$ -	\$ 583,198	\$ 583,198
Dislocated Workers	-	612,542	612,542
Youth	-	585,811	585,811
NEG-JD	-	133,695	133,695
NEG-SP	-	185,040	185,040
Bridging The Gap	-	46,634	46,634
ABAWD	-	205,826	205,826
EXCEL	-	864,016	864,016
Ticket To Work/Other Unrestricted	35,716	-	35,716
Net Assets Released from Restrictions	3,216,762	(3,216,762)	-
Total Operating Support and Revenue	3,252,478	-	3,252,478
OPERATING EXPENSES:			
Adult	583,198	-	583,198
Dislocated Workers	612,542	-	612,542
Youth	585,811	-	585,811
NEG-JD	133,695	-	133,695
NEG-SP	185,040	-	185,040
Bridging The Gap	46,634	-	46,634
ABAWD	205,826	-	205,826
EXCEL	864,016	-	864,016
Ticket To Work/Other Unrestricted	3,066	-	3,066
Administrative	1,294	-	1,294
Total Operating Expenses	3,221,122	-	3,221,122
Operating Income	31,356	-	31,356
Nonoperating Support and Revenue (Expenses)			
Interest and Miscellaneous Income	1,294	-	1,294
Depreciation	(3,733)	-	(3,733)
Total Nonoperating Revenue (Expense)	(2,439)	-	-
CHANGE IN NET POSITION	28,917	-	28,917
NET POSITION AT BEGINNING OF YEAR	211,896	-	211,896
NET POSITION AT END OF YEAR	\$ 240,813	\$ -	\$ 240,813

The notes to the financial statements are an integral part of this statement.

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
OPERATING SUPPORT AND REVENUES:			
Adult	\$ -	\$ 401,167	\$ 401,167
Dislocated Workers	-	495,122	495,122
Youth	-	587,404	587,404
NEG-JD	-	162,466	162,466
NEG-SP	-	58,082	58,082
Bridging The Gap	-	43,357	43,357
Ticket To Work	12,456	-	12,456
ABAWD	-	162,005	162,005
EXCEL	-	827,873	827,873
MCTC	-	2,000	2,000
Net Assets Released from Restrictions	2,739,476	(2,739,476)	-
Total Operating Support and Revenue	2,751,932	-	2,751,932
OPERATING EXPENSES:			
Adult	401,169	-	401,169
Dislocated Workers	495,120	-	495,120
Youth	587,404	-	587,404
ABAWD	162,005	-	162,005
EXCEL	827,873	-	827,873
Greenup Grant	9,928	-	9,928
MCTC	160	-	160
NEG-JD	162,466	-	162,466
NEG-SP	58,085	-	58,085
WVDE	1,780	-	1,780
Bridging The Gap	43,357	-	43,357
Ticket To Work	1,090	-	1,090
Administrative	20,194	-	20,194
Total Operating Expenses	2,770,631	-	2,770,631
Operating Income (Loss)	(18,699)	-	(18,699)
Nonoperating Support and Revenue (Expenses)			
Interest and Miscellaneous Income	20,196	-	20,196
Depreciation	(7,467)	-	(7,467)
Total Nonoperating Revenue (Expense)	12,729	-	12,729
CHANGE IN NET POSITION	(5,970)	-	(5,970)
NET POSITION AT BEGINNING OF YEAR	217,866	-	217,866
NET POSITION AT END OF YEAR	\$ 211,896	\$ -	\$ 211,896

The notes to the financial statements are an integral part of this statement.

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

	<u>2017</u>	<u>2016</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 28,917	\$ (5,970)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	3,733	7,467
Changes in:		
(Increase) Decrease in accounts receivable	(4,908)	1,704
(Increase) Decrease in grants receivable	(15,003)	43,191
(Increase) Decrease in other receivables	3,445	(4,920)
(Increase) Decrease in prepaid assets and deposits	234	58
Increase (Decrease) in accounts payable	(24,899)	(64,920)
Increase (Decrease) in accrued wages and benefits	5,952	(11,182)
Increase (Decrease) in accrued expenses	2,040	14,046
Increase (Decrease) in deferred revenue	<u>(63,070)</u>	<u>42,077</u>
Net Cash Provided by (Used in) Operating Activities	<u>(63,559)</u>	<u>21,551</u>
 Net Increase (Decrease in) Cash and Cash Equivalents	 (63,559)	 21,551
 Cash and Cash Equivalents, Beginning of Year	 <u>303,521</u>	 <u>281,970</u>
 Cash and Cash Equivalents, End of Year	 <u><u>\$ 239,962</u></u>	 <u><u>\$ 303,521</u></u>

The notes to the financial statements are an integral part of this statement.

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 1 NATURE OF OPERATIONS

The South Western West Virginia Region 2 Workforce Investment Board, Inc. (the "Board") is a 501(c) 3 non-profit organization located in Huntington, West Virginia. The Board was established in September 2000, as a non-profit, non-stock corporation under the laws of the State of West Virginia. The primary purpose of the Board is to provide policy guidance for and exercise oversight with respect to activities under the Workforce West Virginia System for its service delivery area in partnership with the provisions of the Workforce Innovation and Opportunity Act of 2014; to work to increase the involvement of the business and labor community in the employment and training system; and to increase private and public sector employment opportunities for eligible participants. For the years ended June 30, 2017 and 2016, the Board's revenues derived from grants from Workforce West Virginia were approximately 65 and 62 percent, respectively.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Board prepares and maintains their financial statements and accounts on the accrual basis of accounting.

Cash Equivalents

For purposes of the Statement of Cash Flows the Board considers all highly liquid investment instruments purchased with a maturity of three months or less to be cash equivalents. There were no cash equivalents as of June 30, 2017 and 2016.

Property and Equipment

The cost of property and equipment is depreciated over the estimated useful lives of the related assets. The useful lives for the purposes of computing depreciation are:

Equipment and furniture	3 to 5 years
-------------------------	--------------

The funding source holds a reversionary interest in all property and equipment whereby, if the Board ceases to operate under the present grant agreements.

Grants Receivable and Revenue

Amounts received from funding agencies under cost-reimbursable grants are recognized as support only to the extent that related expenses have been incurred. Grants receivable at June 30, 2017 and 2016 were \$154,817 and \$139,814, respectively.

Temporarily Restricted Net Assets

The Board reports grants and other assets as restricted support if they are received with donor stipulations. When grantee or donor restrictions expire, that is, when a stipulated time restriction ends or the restricted purpose is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Financial Position.

Deferred Revenue

Deferred revenue consists of grant funds received by the Board but not yet expended for qualifying expenses. Deferred revenue at June 30, 2017 and 2016 was \$0 and \$63,070, respectively.

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Tax Status

Under provisions of the Internal Revenue Code, Section 501(c)(3), and the applicable income tax regulations of the State of West Virginia, the Board is exempt from taxes on income other than unrelated business income. Since the Board had no net unrelated business income during the years ended June 30, 2017 and 2016, no provision for income taxes has been made.

Accounting principles generally accepted in the United States require management to evaluate tax positions taken and recognize a tax liability (or asset) if an uncertain tax position has been taken that more likely than not would not be sustained upon examination by the Internal Revenue Service (IRS). Management has concluded that as of June 30, 2017, there are no uncertain positions taken or expected to be taken by the Board that would require recognition of a liability (or asset) or disclosure in the financial statements. The Board is subject to routine audits by taxing jurisdictions, however, there are currently no audits for any tax periods in progress. The Board's Federal Return of Organization Exempt from Income Tax (Form 990) for 2014, 2015 and 2016 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates

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

NOTE 3 CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2017, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ended</u>
Equipment being depreciated:				
Equipment	\$ 323,496	\$ -	\$ -	\$323,496
Total property being depreciated	323,496	-	-	323,496
Less accumulated depreciation for:				
Equipment	(319,763)	(3,733)	-	(323,496)
Total accumulated depreciation	(319,763)	(3,733)	-	(323,496)
Total equipment being depreciated, net	<u>\$ 3,733</u>	<u>\$ (3,733)</u>	<u>\$ -</u>	<u>\$ -</u>

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	<u>Beginning</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ended</u>
Equipment being depreciated:				
Equipment	\$ 323,496	\$ -	\$ -	\$323,496
Total property being depreciated	323,496	-	-	323,496
Less accumulated depreciation for:				
Equipment	(312,296)	(7,467)	-	(319,763)
Total accumulated depreciation	(312,296)	(7,467)	-	(319,763)
Total equipment being depreciated, net	<u>\$ 11,200</u>	<u>\$ (7,467)</u>	<u>\$ -</u>	<u>\$ 3,733</u>

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.**

**NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 4 OPERATING LEASES

The Board leases facilities for Workforce Investment Centers under operating leases. The lease agreements are one to five year periods. For the years ended June 30, 2017 and 2016, total costs amounted to approximately \$235,516 and \$220,360, respectively, recorded in the financial statements in accordance with grant budgets. All leases may be cancelled in writing by either party with thirty day notice.

The Board sub-leases a portion of two main leases to three entities for a total of approximately \$2,550 per month with the leases renewing on a monthly basis unless cancelled in writing by either party thirty days before the end of the current lease period. Income recognized from these lease transactions as of June 30, 2017 and 2016, was \$31,600 and \$26,600, respectively, and the expected future rental income from these sub-leases is \$121,350 and \$118,950, respectively.

NOTE 5 RISK CONCENTRATIONS

The Board maintains cash balances in two checking accounts at a local financial institution. The accounts at this institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At various times throughout the year, the Board had balances in one of the accounts exceeding the FDIC insured limits. The Board does have collateral for deposits that exceed the FDIC limit.

The Board receives the majority of its funding from the U.S. Department of Labor. A significant reduction in this level of support could have an adverse effect on the Board.

NOTE 6 RELATED PARTY TRANSACTIONS

The Board was established to operate the Workforce Investment Program within this region of the State of West Virginia. Its Board of Directors is made up of numerous individuals within this region who are employed by companies, service providers, and institutions. The Board has entered into various contracts with these service providers and institutions to help operate its programs. The Board has adopted a conflict of interest policy, which all board members and employees are requested to sign. The policy states, "No member, employee, or agent shall cast a vote on any matter which would provide direct financial benefit to that member." Additionally, where there is a conflict, that person shall disclose all material facts of the conflict and abstain from voting on the action.

NOTE 7 CONTINGENT LIABILITIES

The Board's programs are generally funded from federal and state sources, principal of which are programs of the U.S. Department of Labor. Federal and state grants received for specific purposes are subject to audit and review by grantor agencies. Such audits and reviews could result in requests for reimbursements to grantor agencies for expenditures disallowed under the terms of the grants. The amount, if any, of expenditures which may be disallowed by grantor agencies cannot be determined at this time, although management believes such amounts, if any, to be immaterial.

NOTE 8 SUBSEQUENT EVENTS

Subsequent events have been evaluated through October 31, 2017, which is the date the financial statements were available to be issued.

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed through West Virginia Department of Health and Human Resources</i>					
Supplemental Nutrition Assistance Program	10.561	G160555	\$ 46,610	\$	\$ 46,610
Supplemental Nutrition Assistance Program	10.561	G170508	159,216		159,216
Total Supplemental Nutrition Assistance Program			<u>205,826</u>		<u>205,826</u>
Total U.S. Department of Agriculture			<u>205,826</u>		<u>205,826</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
<i>Passed through West Virginia Department of Health and Human Resources</i>					
TANF Subsidized Employment	93.558	G170181	864,016		864,016
Total U.S. Department of Health & Human Resources			864,016		864,016
U.S DEPARTMENT OF LABOR					
<i>Passed through Workforce West Virginia: WIOA Cluster</i>					
Adult	17.258	PY-15-W2-A1	425,479		425,479
Adult	17.258	PY-16-W2-A1	157,719		157,719
Total Adult			<u>583,198</u>	26,436	<u>583,198</u>
Youth	17.259	PY-15-W2-A1	396,492		396,492
Youth	17.259	PY-16-W2-A1	189,319		189,319
Total Youth			<u>585,811</u>	411,318	<u>585,811</u>
Dislocated Workers	17.278	PY-15-W2-A1	519,997		519,997
Dislocated Workers	17.278	PY-16-W2-A1	92,545		92,545
Total Dislocated Workers			<u>612,542</u>	26,436	<u>612,542</u>
Total WIOA Cluster			<u>1,781,551</u>	464,190	<u>1,781,551</u>
National Emergency Grant	17.277	PY14-NEG-02	133,695	11,500	133,695
National Emergency Grant	17.277	EM-27369-15-60-A-54	185,040		185,040
Total National Emergency Grant			<u>318,735</u>	11,500	<u>318,735</u>
TAACCCT Grant	17.282	TC-24977-13-60-A-54	46,634		46,634
Total TAACCCT Grant			<u>46,634</u>		<u>46,634</u>
Total U.S.Department of Labor			<u>2,146,920</u>	475,690	<u>2,146,920</u>
Total Expenditures of Federal Awards			<u>\$ 3,216,762</u>	<u>\$ 475,690</u>	<u>\$ 3,216,762</u>

**SOUTH WESTERN WEST VIRGINIA
REGION 2 WORKFORCE INVESTMENT BOARD, INC.**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEARS ENDED JUNE 30, 2017 AND 2016**

NOTE 1 BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of the South Western West Virginia Region 2 Workforce Investment Board, Inc. under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared 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 the Board, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Board.

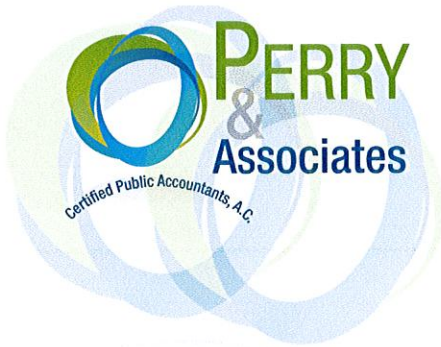
NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 SUBRECIPIENTS

The Board passes certain federal awards received from the U.S. Department of Labor to other not-for-profit agencies (subrecipients). As Note 2 describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

October 31, 2017

South Western West Virginia Region 2
Workforce Investment Board, Inc.
2699 Park Avenue Suite 210
Huntington, WV 25704

To the Board of Directors:

We have audited, 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, the financial statements of **South Western West Virginia Region 2 Workforce Investment Board, Inc.** (a nonprofit organization), (the Board), which comprise the statement of financial position as of June 30, 2017, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 31, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered South Western WV Region 2 Workforce Investment Board'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 South Western WV Region 2 Workforce Investment Board's internal control. Accordingly, we do not express an opinion on the effectiveness of South Western WV Region 2 Workforce Investment Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. *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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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Compliance and Other Matters

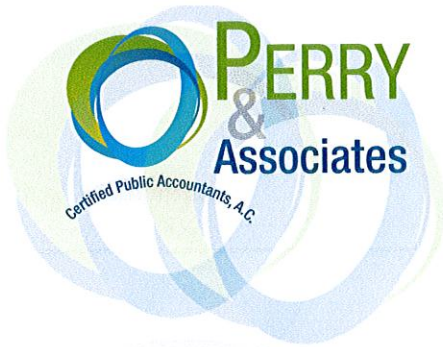
As part of obtaining reasonable assurance about whether South Western WV Region 2 Workforce Investment Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with 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.



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

October 31, 2017

South Western WV Region 2 Workforce Investment Board, Inc.
2699 Park Avenue Suite 210
Huntington, WV 25704

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the **South Western WV Region 2 Workforce Investment Board Inc.'s**, (a nonprofit organization), (the Board) compliance with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on the South Western WV Region 2 Workforce Investment Board's major federal program for the year ended June 30, 2017. South Western WV Region 2 Workforce Investment Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of audit findings.

Management's Responsibility

The Board's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

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Opinion on the Major Federal Program

In our opinion, the Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

SOUTH WESTERN WV REGION 2 WORKFORCE INVESTMENT BOARD, INC.
SCHEDULE OF AUDIT FINDINGS
2 CFR § 200.515
FOR THE YEAR ENDED JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Program's Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	WIOA Cluster; CFDA # 17.258 WIOA Adult Program CFDA # 17.259 WIOA Youth Activities CFDA # 17.278 WIOA Dislocated Workers Formula Grants.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS FOR FEDERAL AWARDS

None