

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.

**Financial Statements, Supplementary Information
And Reports Required by Governmental Auditing
Standards and the uniform Guidance**

June 30, 2016

(WITH INDEPENDENT AUDITORS' REPORT THEREON)

Shenandoah Valley Workforce Development Board, Inc.
Notes to Financial Statements
June 30, 2016

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Shenandoah Valley Workforce Development Board, Inc. (SVWDB)

Report on the Financial Statements

We have audited the accompanying financial statements of SVWDB (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 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of SVWDB 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

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and audit Requirements for Federal Awards (Uniform Guidance), 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 of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2016, on our consideration of SVWDB'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 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 SVWDB's internal control over financial reporting and compliance.



Richmond, Virginia
September 20, 2016

Shenandoah Valley Workforce Development Board, Inc.
Statement of Financial Position
June 30, 2016

	Unrestricted	Temporarily Restricted	Total
Assets			
Current Assets			
Cash	\$ 203,898	\$ -	\$ 203,898
Accounts receivable	390,809	-	390,809
Prepaid expenses	12,694	-	12,694
Total Assets	\$ 607,401	\$ -	\$ 607,401
Liabilities and Net Assets			
Current Liabilities			
Accounts payable	\$ 560,981	\$ -	\$ 560,981
Payroll liabilities	3,385	-	3,385
Accrued annual leave	43,005	-	43,005
Total Liabilities	\$ 607,371	\$ -	\$ 607,371
Net Assets			
Unrestricted	\$ 30	\$ -	\$ 30
Temporarily restricted	-	-	-
Total Net Assets	\$ 30	\$ -	\$ 30
Total Liabilities and Net Assets	\$ 607,401	\$ -	\$ 607,401

Shenandoah Valley Workforce Development Board, Inc.
Statement of Activities
For the year ended June, 30 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Support and Revenue			
Revenue from government grants	\$ -	\$ 3,079,094	\$ 3,079,094
Other revenues	49	7,850	7,899
Satisfaction of program restrictions	3,086,944	(3,086,944)	-
Total Support and revenue	\$ 3,086,993	\$ -	\$ 3,086,993
Expenses			
Program Services			
Subcontractor services	\$ 1,992,326	\$ -	\$ 1,992,326
Personnel	319,342	-	319,342
Training service costs	224,364	-	224,364
Occupancy	23,627	-	23,627
Office	18,529	-	18,529
Technology	55,786	-	55,786
Professional fees	7,649	-	7,649
Travel and meetings	28,078	-	28,078
Program supplies	14,369	-	14,369
Program outreach	26,451	-	26,451
Program administration	141,739	-	141,739
Total Program Services	2,852,260	-	2,852,260
Support Services			
Administrative expenses	234,733	-	234,733
Total Expenses	\$ 3,086,993	\$ -	\$ 3,086,993
Change in Net Assets	-	-	-
Net Assets			
Beginning	30	-	30
Ending	\$ 30	\$ -	\$ 30

Shenandoah Valley Workforce Development Board, Inc.
Statement of Cash Flows
For the year ended June, 30 2016

Cash Flows from Operating Activities

Change in net assets	\$	-
Adjustments to reconcile change in net asset to net cash provided by (used in) operating activities:		
Change in assets and liabilities:		
(Increase) decrease in accounts receivable		151,058
(Increase) decrease in prepaid expenses		(194)
Increase (decrease) in accounts payable		57,903
Increase (decrease) in payroll liabilities		2,489
Increase (decrease) in accrued leave		10,332
Net cash provided by (used in) operating activities		221,588
Net increase (decrease) in cash and cash equivalents		221,588

Cash and Equivalents

Beginning		(17,690)
Ending	\$	203,898

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities: The Shenandoah Valley Workforce Development Board, Inc. (SVWDB) is a non-profit organized to establish programs to prepare youth and unskilled adults for entry into the labor force and to afford job training to those economically disadvantaged individuals and other individuals facing serious barriers to employment that are in special need of training to obtain productive employment.

A summary of SVWDB's significant accounting policies follows:

Basis of Accounting: The financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States; revenues and gains are recognized when earned, and expenses and losses are recognized when incurred.

Basis of Presentation: The financial statements report amounts separately by classes of net assets as follows:

Unrestricted – Includes all resources that are expendable at the discretion of the SVWDB and have no grantor or donor imposed stipulation.

Temporarily Restricted – Includes resources whose use by the SVWDB is limited by grantor or donor imposed stipulation that either expire by passage of time or can be fulfilled and removed by actions of the SVWDB pursuant to those stipulations.

Cash and Cash Equivalents: For the purposes of the Statement of Cash Flows, the SVWDB considers all cash accounts that are not subject to withdrawal restrictions or penalties and all highly-liquid debt instruments purchased with a maturity of less than three months to be cash equivalents.

Accounts Receivables: Accounts receivables primarily consist of reimbursable expenditures incurred on federal grants. Accounts receivables are recorded when expenditures are made that are eligible for reimbursement by a particular grant less any estimate made for doubtful receivables based on a review of all outstanding amounts on a periodic basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Receivables are written off once deemed uncollectible. There was no provision for doubtful accounts at June 30, 2016.

Concentration of Credit Risk: The SVWDB maintains its cash in bank deposit accounts which may at times exceed federally insured limits. The SVWDB has not experienced such losses in such accounts and believes it is not exposed to any significant financial risk on cash.

The SVWDB is largely dependent on federal grant and flow-through revenues to sustain its operations; a reduction of federal funding would have a significant impact on the operations of SVWDB.

The SVWDB receives a majority of its revenue from U.S. government funded grants, all of which are subject to audit. The ultimate determination of amounts received under these programs is generally based upon allowable costs reported to and subject to audit by sponsoring agencies. There exists a contingency to refund any amounts received in excess of allowable costs. Management believes that disallowed costs, if any, will be immaterial to the financial statements.

Note 1. Nature of Activities and Significant Accounting Policies (Continued)

Revenue Recognition: Revenue from federal grants is recognized as related reimbursable expenses are incurred. Allowable expenses incurred in excess of cumulative reimbursements are reported within grant receivables.

Contribution revenue is recognized at the time an unconditional promise to give is received. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted revenue, depending on the existence and/or nature of any donor restrictions. No contribution revenue was recognized for the year ended June 30, 2016.

Functional Allocation of Expenses: The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Directly identifiable expenses are charged to program and support services. Expenses related to more than one function are charged to programs and support services based on the activity in each respective function.

Federal Income Tax: The Internal Revenue Service as determined the SVWDB as exempt from federal income taxes under section 501(c) (3) of the Internal Revenue Code. Accordingly, no provision has been made for federal income tax in the accompanying financial statements. In addition, the SVWDB has been determined by the Internal Revenue Service not to be a private foundation. Income which is not related to its exempt purpose, less applicable deductions, is subject to federal and state corporate income taxes. The SVWDB has no unrelated business income for the year ended June 30, 2016.

Management has evaluated the SVWDB's tax positions and concluded that the SVWDB has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. The SVWDB files income tax returns with the U.S. government and is subject to income tax examinations for the years ended June 30, 2013 to June 30, 2016.

Use of Estimates: The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support, revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Operating Leases

The SVWDB leases facilities and equipment under various operating lease agreements expiring June 2016 through December 2020. The SVWDB leases office space for its corporate office under an operating lease which expires in December 2020. The related rent expense for the year ended June, 30 2016 was \$20,300, which is included as occupancy expense on the Statement of Functional Expenses.

The SVWDB also leases space for the five workforce centers throughout the SVWDB's service region. The SVWDB also sublets a portion of the office space to other partner organizations. The related rent expense for the year ended June 30, 2016 was \$86,568, which is included as subcontractor expenses on the Statement of Functional Expenses. Rental receipts for the subleases were \$7,791 for the year ended June 30, 2016.

Shenandoah Valley Workforce Development Board, Inc.
Notes to Financial Statements
June 30, 2016

Note 2. Operating Leases (Continued)

Future minimum rental payments under these operating leases for each of the next five years are as follows:

Years Ending June 30,	Amount
2017	\$ 83,330
2018	49,453
2019	21,147
2020	21,570
2021	10,892
	<hr/>
	\$ 186,392

Note 3. Retirement Plan

The SVWDB provides eligible employees a defined contribution plan, which qualifies under Internal Revenue Code section 403(b). Under the plan, the SVWDB contributes to a participants account and amount equal to 11.11% of the participant's eligible compensation. Employees are eligible to contribute to the plan and all contributions are invested in various mutual funds as chosen by the participant. The SVWDB contribution to the plan for the year ended June 30, 2016 was \$46,249.

Note 4. Subsequent Events

The SVWDB evaluated subsequent events through September 20, 2016, the date the financial statements were available to be issued.

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the year ended June, 30 2016

	Program Services			
	WIOA Adult	WIOA Dislocated	WIOA Out of School Youth	WIOA In School Youth
Subcontractor services	\$ 587,229	\$ 434,947	\$ 541,944	\$ 101,347
Personnel	20,600	34,223	15,018	7,298
Training service costs	-	61,969	-	-
Occupancy	6,124	8,940	870	173
Office	6,969	10,326	1,031	203
Technology	27,445	14,062	12,182	1,359
Professional fees	2,562	3,816	378	80
Travel and meetings	4,298	4,193	2,048	288
Program supplies	296	6	385	30
Program outreach	10,868	10,415	1,683	274
Program administration	37,751	63,091	27,523	13,374
	\$ 704,142	\$ 645,988	\$ 603,062	\$ 124,426

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the year ended June, 30 2016

Program Services

	WIOA		Dislocated	
	Transitions	H-1B OJT Grant	Worker NEG	Job Driven NEG
Subcontractor services	\$ -	\$ 69,692	\$ -	\$ 242,615
Personnel	1,800	99,279	15,712	95,417
Training service costs	-	90,159	29,123	39,179
Occupancy	-	-	-	-
Office	-	-	-	-
Technology	-	-	-	-
Professional fees	-	813	-	-
Travel and meetings	1,189	3,352	1,285	5,192
Program supplies	-	8,353	-	1,581
Program outreach	75	3,136	-	-
Program administration	-	-	-	-
	\$ 3,064	\$ 274,784	\$ 46,120	\$ 383,984

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the year ended June, 30 2016

	Program Services		
	H-1B AAI Grant	DEI Grant	Other
Subcontractor services	\$ -	\$ 14,199	\$ 353
Personnel	29,995	-	-
Training service costs	3,934	-	-
Occupancy	-	692	6,828
Office	-	-	-
Technology	-	69	669
Professional fees	-	-	-
Travel and meetings	6,233	-	-
Program supplies	3,718	-	-
Program outreach	-	-	-
Program administration	-	-	-
	\$ 43,880	\$ 14,960	\$ 7,850

Shenandoah Valley Workforce Development Board, Inc.
Statement of Functional Expenses
For the year ended June, 30 2016

	Program Services	Support Services	Total
	Total Program Services	Administrative Expenses	Total Expenses
Subcontractor services	\$ 1,992,326	\$ -	\$ 1,992,326
Personnel	319,342	126,159	445,501
Training service costs	224,364	-	224,364
Occupancy	23,627	26,037	49,664
Office	18,529	12,165	30,694
Technology	55,786	30,386	86,172
Professional fees	7,649	18,323	25,972
Travel and meetings	28,078	19,445	47,523
Program supplies	14,369	-	14,369
Program outreach	26,451	2,218	28,669
Program administration	141,739	-	141,739
	<u>\$ 2,852,260</u>	<u>\$ 234,733</u>	<u>\$ 3,086,993</u>

Shenandoah Valley Workforce Development Board, Inc.
Schedule of Expenditures of Federal Awards
For the year ended June, 30 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Catalog of Assistance Number	Federal Contract Number	Pass Through Entity Identifying Number	Federal Expenditures	Amounts Provided to Subrecipients
Department of Labor					
Pass-Through Awards:					
Virginia Community College System					
<i>Workforce Innovation and Opportunity (WIOA) Cluster</i>					
WIA/WIOA Adult Program	17.258	AA-25384-14-55-A-51	LWA 4-14-04Tn	\$ 494,312	\$ 380,947
WIA/WIOA Adult Program	17.258	AA-26810-15-55-A-51	LWA 4-15-03	238,527	218,523
WIA/WIOA Dislocated Worker Program	17.278	AA-25384-14-55-A-51	LWA 4-14-04Tn	618,013	408,418
WIA/WIOA Dislocated Worker Program	17.278	AA-26810-15-55-A-51	LWA 4-15-03	76,117	16,396
WIA/WIOA Dislocated Worker Program	17.278	AA-25384-14-55-A-51	LWA 4-14-04Tn	4,006	-
WIA/WIOA Youth Program	17.259	AA-25384-14-55-A-51	LWA 4-14-04Tn	567,785	425,067
WIA/WIOA Youth Program	17.259	AA-26810-15-55-A-51	LWA 4-15-03	190,787	165,414
WIA/WIOA National Emergency Grants (NEG)	17.277	EM-24471-13-60-A-51	LWIA 4 MOU 2-2014	54,109	-
WIA/WIOA National Emergency Grants (NEG)	17.277	EM-25880-14-60-A-51	LWIA 4 JD NEG MOU 1	434,253	242,615
<i>Total Workforce Innovation and Opportunity (WIOA) Cluster</i>				<u>2,677,909</u>	<u>1,857,380</u>
Virginia Department of Aging and Rehabilitative Services					
<i>Employment Service Cluster</i>					
Employment Service/Wagner-Peyser Funded Activities	17.207	MI-25170-13-75-A-51	MOU-14-275	14,960	-
Total Pass-Through Awards				<u>2,692,869</u>	<u>1,857,380</u>
Direct Awards:					
<i>Research & Development Cluster</i>					
H-1B Technical Skills Training Grant	17.268	HG-22721-12-60-A-51	N/A	326,592	69,692
H-1B Technical Skills Training Grant	17.268	AP-28027-15-60-A-51	N/A	59,682	-
Total Direct Awards				<u>386,274</u>	<u>69,692</u>
Total				<u>\$ 3,079,143</u>	<u>\$ 1,927,072</u>

Note 1. Basis of Presentation and Summary of Significant Accounting Policies

Basis of Presentation: The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards*.

Summary of Significant Accounting Policies: The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Guidance, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The SVWDB has not elected to use the 10-percent de minimis indirect cost rate.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Directors
Shenandoah Valley Workforce Development Board, Inc. (SVWDB)

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of SVWDB (a nonprofit organization), which comprise the statement of financial position as of June 30, 2016, 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

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered SVWDB'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 SVWDB's internal control. Accordingly, we do not express an opinion on the effectiveness of SVWDB's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

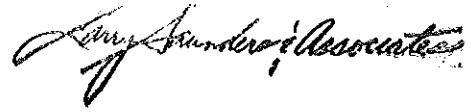
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether SVWDB'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* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in cursive script that reads "Amy Anderson".

Richmond, Virginia
September 20, 2016

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE AND REPORT ON SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
Shenandoah Valley Workforce Development Board, Inc. (SVWDB)

Report on Compliance for Each Major Federal Program

We have audited SVWDB's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of SVWDB's major federal programs for the year ended June 30, 2016. SVWDB'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 SVWDB'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 of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). 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 SVWDB'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 a legal determination of SVWDB's compliance.

Opinion on Each Major Federal Program

In our opinion, SVWDB 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 SVWDB 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 SVWDB's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 SVWDB's internal control over compliance.

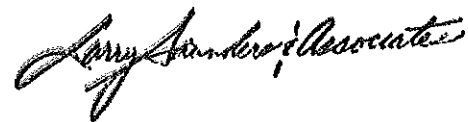
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of SVWDB as of and for the year ended June 30, 2016, and have issued our report thereon dated September 20, 2016, which contained an unmodified opinion on those financial statements. 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 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.



Richmond, Virginia
September 20, 2016

SHENANDOAH VALLEY WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the (general purpose) financial Statements of Shenandoah Valley Workforce Investment Board, Inc. (SVWDB)
2. No instances of noncompliance material to the financial statements of SVWDB were Disclosed during the audit.
3. The auditor's report on compliance for the major federal award program for SVWDB expresses An unmodified opinion.
4. The program tested as a major program included: WIOA cluster H-1B.
5. The threshold for distinguishing Type A and B program were \$750,000 Type A and \$500,00 for Type B.
6. SVWDB was determined to be a low-risk auditee.

B. FINDINGS AND QUESTIONED COST

None noted

PRIOR YEAR AUDIT FOLLOW-UP

There were no prior year findings to be cleared up.