

**Upper Shore Workforce
Investment Board, Inc.**

Financial Statements and
Supplementary Information

June 30, 2016



BAKER TILLY

Candor. Insight. Results.

Upper Shore Workforce Investment Board, Inc.

Table of Contents

June 30, 2016

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5
Notes to Financial Statements	6
Supplementary Information	
Schedule of Functional Expenses	10
Schedule of Expenditures of Federal Awards	11
Notes to Schedule of Expenditures of Federal Awards	12
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	13
Independent Auditors' Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance	15
Schedule of Findings and Questioned Costs	17

Independent Auditors' Report

Board of Directors
Upper Shore Workforce Investment Board, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Upper Shore Workforce Investment Board, Inc. ("USWIB"), 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.

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.

Auditors' 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 USWIB 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.

Report on 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 on page 11, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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. The schedule of functional expenses on page 10 is presented for purposes of additional analysis and is not a required part of the basic 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 November 18, 2016 on our consideration of USWIB'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 USWIB's internal control over financial reporting and compliance.

Baker Tilly Viechow Krause, LLP

State College, Pennsylvania
November 18, 2016

Upper Shore Workforce Investment Board, Inc.

Statement of Financial Position

June 30, 2016

Assets

Due from grantors	\$	270,367
Prepaid expenses		<u>211</u>
Total assets	\$	<u><u>270,578</u></u>

Liabilities and Net Assets

Accounts payable	\$	10,119
Deferred revenue		16,607
Due to fiscal agent		<u>243,852</u>
Total liabilities		270,578
Unrestricted net assets		<u>-</u>
Total liabilities and net assets	\$	<u><u>270,578</u></u>

See notes to financial statements

Upper Shore Workforce Investment Board, Inc.

Statement of Activities

Year Ended June 30, 2016

Changes in Unrestricted Net Assets

Revenues:

Federal grants	\$ 1,144,577
State grants	30,311
Local grants	22,990
Net assets released from restriction	<u>9,610</u>

Total revenues 1,207,488

Expenses:

Program services	1,109,113
Management and general	<u>98,375</u>

Total expenses 1,207,488

Change in unrestricted net assets -

Change in Temporarily Restricted Net Assets

Net assets released from restriction (9,610)

Change in Net Assets (9,610)

Net Assets, Beginning of Year 9,610

Net Assets, End of Year \$ -

See notes to financial statements

Upper Shore Workforce Investment Board, Inc.

Statement of Cash Flows

Year Ended June 30, 2016

Cash Flows from Operating Activities

Cash received from grants	\$ 1,240,319
Payments to suppliers	(591,526)
Payments to employees	(604,055)
Payments to fiscal agent	(44,738)

Net cash provided by operating activities and change in cash -

Cash, Beginning -

Cash, Ending \$ -

Reconciliation of Change in Net Assets to Net Cash Flows from Operating Activities

Change in net assets	\$ (9,610)
Adjustments to reconcile changes in net assets to net change in cash from operating activities:	
Depreciation expense	9,610
Changes in assets and liabilities:	
Due from grantors	38,824
Prepaid expenses	(211)
Accounts payable	2,508
Deferred revenue	3,617
Due to fiscal agent	(44,738)

Net change in cash from operating activities \$ -

Upper Shore Workforce Investment Board, Inc.

Notes to Financial Statements

June 30, 2016

1. Nature of the Organization and Summary of Significant Accounting Policies

Upper Shore Workforce Investment Board, Inc. (“USWIB”) is a Maryland not-for-profit organization. USWIB implements job training grants and contracts in Caroline, Dorchester, Kent, Queen Anne’s and Talbot County, Maryland. USWIB is principally funded by the Workforce Investment Act (“WIA”) grants received from the federal government. The majority of USWIB’s expenditures are for scholarships and compensation costs related to the implementation of job training grants and contracts.

USWIB is governed by a 23 member board of directors and features a private sector majority. The private sector members are appointed by the County Councils and Commissions of the Upper Shore area. Other members are mandated by the Workforce Investment Act.

USWIB evaluated subsequent events for recognition or disclosure through November 18, 2016, the date the financial statements were available to be issued.

Basis of Presentation

The accompanying financial statements are presented on the accrual basis of accounting and in accordance with accounting principles generally accepted in the United States of America for Not-for-Profit Entities. Accordingly, USWIB reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. As of June 30, 2016, USWIB has only unrestricted net assets.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

USWIB does not maintain its own cash account because all receipts and disbursements are processed by its Fiscal Administrative Agent, Chesapeake College. Receipts in excess of USWIB’s expenditures are reflected as due from fiscal agent and disbursements in excess of USWIB’s receipts are reflected as due to fiscal agent.

Upper Shore Workforce Investment Board, Inc.

Notes to Financial Statements

June 30, 2016

Revenue Recognition and Net Assets

Grants are reported as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor stipulated restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions, except when such restrictions are met in the same period as the contribution, in which case revenue is recognized as unrestricted revenue and support. All Federal and State grants are cost-reimbursement contracts whereby funding is received only for costs expended. Accordingly, revenue and related receivables (due from grantor) are recognized as expenditures are incurred. Amounts received in advance of expenditures under cost-reimbursement grants are recorded as deferred revenue, and grant disbursements in excess of receipts are recognized as due from grantors.

Equipment

Equipment is recorded at cost (in excess of \$2,000), if purchased, or fair value, if donated. Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Maintenance and repairs are charged to expense as incurred; major improvements that increase the lives of the assets are capitalized. Upon sale or retirement, the costs and related accumulated depreciation are eliminated from the respective accounts and the resulting gain or loss is included in revenue. As of June 30, 2016, property and equipment consisted of one piece of equipment with a cost of \$201,800 and accumulated depreciation of \$201,800.

Functional Allocation of Expenses

Allocation of costs by function is based principally on specific identification of costs to either program or management and administration. Non-specifically identified costs are based on management's allocation of time requirements for the various functions based on its analysis of historical activities.

Income Tax Status

USWIB is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on its exempt income under Section 501(a) of the Internal Revenue Code; however, some of its income may be subject to taxation as unrelated business income.

USWIB accounts for uncertainty in income taxes using a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authority. Measurement of the tax uncertainty occurs if the recognition threshold is met. Management determined there were no tax uncertainties that met the recognition threshold.

New Accounting Standards

In May 2014, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 supercedes the revenue recognition requirements in *Topic 605, Revenue Recognition*, and most industry-specific guidance. Under the requirements of ASU 2014-09, the core principle is that entities recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. USWIB will be required to retrospectively adopt the guidance in ASU 2014-09 for its year ending June 30, 2020. ASU 2014-09 is not expected to have a material impact on USWIB’s financial statements.

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958) Presentation of Financial Statements of Not-for-Profit Entities*. ASU 2016-14 was issued to improve presentation and disclosures to help not-for-profits provide more relevant information about their resources to donors, grantors, creditors, and other users. The provisions of ASU 2016-14 simplifies and improves how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, financial performance, and cash flows. USWIB will be required to prospectively adopt the guidance in ASU 2016-01 for years beginning after December 15, 2018, with early application permitted. USWIB has not yet determined the impact of adoption of ASU 2016-14 on its financial statements.

2. Risks and Uncertainties

USWIB is funded principally through Federal awards under the Workforce Investment Act (“WIA”) in the form of pass-through grants from the Maryland Department of Labor, Licensing and Regulation. Congressional and Presidential budget actions may adversely impact USWIB staffing and programs due to the large percentage of USWIB budget derived from Workforce Investment Act funds, and such impact could be material.

Under the terms of certain grants, periodic audits may occur and certain revenues and expenses may be questioned as not being appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. USWIB’s management believes that disallowances for 2016, if any, would be immaterial.

3. Pension and Retirement Plans

Professional and classified employees of USWIB are covered by The Teachers' Retirement System of the State of Maryland (the "System"), which provides pension, death and disability benefits to plan members and beneficiaries and is administered by the State Retirement Agency (the "Agency") which issued a publicly available financial report that includes financial statements and required supplementary information for the System.

That report may be obtained by writing to the Office of Legislative Audits, State Office Building, 301 West Preston Street, Baltimore, Maryland 21201, by calling (410) 946-5900, or by accessing the website, www.ola.state.md.us.

The State Personnel and Pension Article requires active members to contribute to the System at the rate of 7% of their covered salary depending upon the retirement option selected. For the year ended June 30, 2016, USWIB's required and actual contributions were equal to the annual pension cost of \$66,237, and USWIB employees contributed approximately \$29,514. This required contribution was determined as part of the June 30, 2015, actuarial valuation using the entry age actuarial cost method. The actuarial assumptions include (a) 7.55% investment rate of return, compounded annually; (b) projected salary increases of 3.30%-9.20% for service prior to July 1, 2011 and including wage inflation of 2.7% for service after June 30, 2011. The asset valuation method is a 5-year straight line amortization of each year's investment gain or loss with final value not more than 120% nor less than 80% of market. The unfunded actuarial accrued liability is being amortized as a level percentage of projected payrolls on a closed basis. The remaining amortization period at June 30, 2015, was 25 years. No additional liability resides with USWIB as the Maryland Higher Education Commission contributes directly to the System on USWIB's behalf.

4. Agency Agreement

USWIB has entered into a Fiscal Administrative Agency Agreement (the "Agreement") with Chesapeake College (the "College"), whereby the College provides various administrative and financial services to USWIB including, but not limited to, collection of USWIB receipts and disbursement of USWIB expenditures as well as various personnel functions. In addition, USWIB rents its office facilities from the College on an annual basis and reimburses the College for other operating expenses, including audit fees, insurance and other miscellaneous operating costs incurred by the College in its role as Fiscal Agent. The total charges incurred by USWIB under the Agreement were \$98,375 during 2016 and are included in the respective natural expense classification based on comparative percentage of program expenditures to total expenditures.

Upper Shore Workforce Investment Board

Schedule of Functional Expenses

Year Ended June 30, 2016

	Program Services	Management and General	Total
Expenses			
Salaries and wages	\$ 364,737	\$ 64,887	\$ 429,624
Scholarships	302,393	-	302,393
Employee benefits	174,430	-	174,430
Other	137,543	329	137,872
Professional fees	120,400	13,659	134,059
Occupancy	-	19,500	19,500
Depreciation	9,610	-	9,610
	<u>\$ 1,109,113</u>	<u>\$ 98,375</u>	<u>\$ 1,207,488</u>

Upper Shore Workforce Investment Board, Inc

Schedule of Expenditures of Federal Award
Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Identifying Number	Federal CFDA Number	Federal Expenditures	Amounts Passed-Through to Sub-Recipients
U.S. Department of Labor				
Maryland Department of Labor, Licensing & Regulation				
Workforce Investment Act - Cluster				
Workforce Investment Act - Adult Program	P00P5400551-A P00P64US011-A P00P64US041-A	17.258	\$ 273,218	\$ -
Workforce Investment Act - Youth Activities	P00P5400001-B P00P64US011-B	17.259	325,503	-
Workforce Investment Act - Dislocated Worker Formula Grant	P00P5400551-C P00P64US011-C P00P64US041-C	17.278	475,365	-
Workforce Investment Act - Rapid Response	P00B440075	17.278	50,863	-
Total Workforce Investment Act Cluster			1,124,949	-
Workforce Investment Act - JD NEG Grant	P00P5400607	17.277	19,628	-
Total U.S. Department of Labor and expenditures of federal award			<u>\$ 1,144,577</u>	<u>\$ -</u>

See notes to the schedule of expenditures of federal awards

Upper Shore Workforce Investment Board, Inc.

Notes to Schedule of Expenditures of Federal Awards

June 30, 2016

1. General

The accompanying Schedule of Expenditures of Federal Awards (the “schedule”) presents the activity of all federal programs of Upper Shore Workforce Investment Board, Inc. (“USWIB”).

2. Basis of Accounting

The accompanying schedule is presented on the accrual basis of accounting.

3. Relationship to the Financial Statements

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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements. The schedule presents only a selected portion of the operations of USWIB and is not intended to and does not present the financial position, change in net assets or cash flows of USWIB.

4. Program Clusters

The following programs in the accompanying schedule are considered to be a cluster of programs 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). The Workforce Investment Act (“WIA”) program cluster includes the WIA Adult Program CFDA No. 17.258, the WIA Youth Activities CFDA No. 17.259, WIA Dislocated Worker Formula Grant CFDA No. 17.278, and WIA Rapid Response CFDA No. 17.278.

5. Indirect Cost

USWIB has not elected to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

**Independent Auditors' 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**

Board of Directors
Upper Shore Workforce Investment Board, Inc.

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 Upper Shore Workforce Investment Board, Inc. ("USWIB"), 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 November 18, 2016.

Internal Control Over Financial Reporting

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

Baker Tilly Viechow Krause, LLP

State College, Pennsylvania
November 18, 2016

Independent Auditors' Report on Compliance for the Major Federal Program and Report on Internal Control over Compliance Required by the Uniform Guidance

Board of Directors
Upper Shore Workforce Investment Board, Inc.

Report on Compliance for the Major Federal Program

We have audited Upper Shore Workforce Investment Board, Inc.'s ("USWIB") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on USWIB's major federal program for the year ended June 30, 2016. USWIB's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for USWIB's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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 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 USWIB's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, USWIB's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of USWIB 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 USWIB's internal control over compliance with types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 USWIB'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.

Baker Tilly Viechow Krause, LLP

State College, Pennsylvania
November 18, 2016

Upper Shore Workforce Investment Board, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over major program:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance for major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance? _____ yes X no

Identification of major program:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
17.258	Workforce Investment Act Cluster:
17.259	WIA Adult Program
17.278	WIA Youth Activities
17.278	WIA Dislocated Worker Formula Grant
17.278	WIA Rapid Response

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

Auditee qualified as low-risk auditee? X yes _____ no

Upper Shore Workforce Investment Board, Inc.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2016

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

Section IV - Summary Schedule of Prior Audit Findings

None.