



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

November 20, 2009

Board of Directors
Workforce Development Group, Inc.
401 E. Colfax Ave., Ste. 307
South Bend, IN 46617

We have reviewed the audit report prepared by Jurgonski & Fredlake, CPAs, Independent Public Accountants, for the period July 1, 2007 to June 30, 2008. In our opinion, the audit report was prepared in accordance with the guidelines established by the State Board of Accounts. Per the Independent Public Accountants' opinion, the financial statements included in the report present fairly the financial condition of the Workforce Development Group, Inc., as of June 30, 2008, and the results of its operations for the period then ended, on the basis of accounting described in the report.

The Independent Public Accountants' report is filed with this letter in our office as a matter of public record.

STATE BOARD OF ACCOUNTS

WORKFORCE DEVELOPMENT GROUP, INC.

FINANCIAL AND COMPLIANCE REPORT

JUNE 30, 2008 AND 2007

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT ON THE FINANCIAL STATEMENTS	1
FINANCIAL STATEMENTS	
Statements of financial position	2
Statements of activities	3
Statements of functional expenses	4-5
Statements of cash flows	6
Notes to financial statements	7-9
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	10-11
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>	12
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	13-14
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	15
SUMMARY OF PRIOR AUDIT FINDINGS	16

Jurgonski & Fredlake CPAs

418 W. Jefferson Blvd., South Bend, Indiana 46601

Office (574) 251-1414

Fax (574) 251-1477

Greg Jurgonski

John A. Fredlake

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Workforce Development Group, Inc.
South Bend, Indiana

We have audited the accompanying statements of financial position of Workforce Development Group, Inc. (a not for profit organization) (the Organization) as of June 30, 2008 and 2007, and the related statements of activities, functional expenses and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Workforce Development Group, Inc. as of June 30, 2008 and 2007, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2008 on our consideration of Workforce Development Group, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were performed for the purpose of forming an opinion on the basic financial statements of Workforce Development Group, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



South Bend, Indiana
October 24, 2008

WORKFORCE DEVELOPMENT GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
ASSETS		
CURRENT ASSETS		
Cash	\$ 98,794	\$ 51,273
Grants receivable	671,295	809,160
Accounts receivable	38,912	21,987
Prepaid expenses	<u>11,458</u>	<u>11,432</u>
Total current assets	<u>820,459</u>	<u>893,852</u>
Total assets	<u>\$ 820,459</u>	<u>\$ 893,852</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	582,662	610,802
Accrued payroll and related expenses	<u>\$ 43,279</u>	<u>\$ 46,670</u>
Total current liabilities	<u>625,941</u>	<u>657,472</u>
NET ASSETS		
Unrestricted net assets	<u>194,518</u>	<u>236,380</u>
Total net assets	<u>194,518</u>	<u>236,380</u>
Total liabilities and net assets	<u>\$ 820,459</u>	<u>\$ 893,852</u>

WORKFORCE DEVELOPMENT GROUP, INC.

STATEMENTS OF ACTIVITIES

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
REVENUE		
Grant revenue	<u>\$ 5,418,499</u>	<u>\$ 4,528,320</u>
Total revenue	<u>5,418,499</u>	<u>4,528,320</u>
EXPENSES		
Adult	1,771,064	1,258,398
Dislocated Worker	1,042,785	1,412,191
Youth	1,315,654	1,246,117
Strategic Skills Initiative	614,537	467,721
TAG grants	388,081	
Management and general	<u>328,240</u>	<u>133,257</u>
Total expenses	<u>5,460,361</u>	<u>4,517,684</u>
Change in net assets	(41,862)	10,636
Net assets at beginning of year	<u>236,380</u>	<u>225,744</u>
Net assets at end of year	<u><u>\$ 194,518</u></u>	<u><u>\$ 236,380</u></u>

WORKFORCE DEVELOPMENT GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2008

	Adult	Dislocated Worker	Youth	Strategic Skills Initiative	TAG Grants	Management and General	Total
Salaries	\$ 227,599	\$ 163,939	\$ 294,680	\$ 37,284	\$ 6,421	\$ 59,966	\$ 789,889
Employee benefits	69,859	53,768	92,409	16,120	1,831	19,550	253,537
Travel and staff development	18,969	17,974	26,686	8,640	1,271	37,217	110,757
Subcontract expenses	1,235,220	594,314	713,062	514,348	360,350		3,417,294
Building rent	56,431	44,738	33,175	15,519	592	28,150	178,605
Telephone and internet	22,433	27,342	18,805	2,177	663	14,496	85,916
Office supplies	44,880	20,098	43,614	2,891	3,793	18,367	133,643
Computer software and hardware	74,951	101,781	55,220	225		25,305	257,482
Fiscal agent and consultants	4,576	3,172	809	14,998	10,830	106,533	140,918
Insurance	3,350	2,692	2,289	1,413	1,425	4,594	15,763
Other expenses	12,796	12,967	34,905	922	905	14,062	76,557
Total functional expenses	\$ 1,771,064	\$ 1,042,785	\$ 1,315,654	\$ 614,537	\$ 388,081	\$ 328,240	\$ 5,460,361

WORKFORCE DEVELOPMENT GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2007

	Adult	Dislocated Worker	Youth	Strategic Skills Initiative	Management and General	Total
Salaries	\$ 175,995	\$ 209,874	\$ 300,467	\$ 73,996	\$ 6,545	\$ 766,877
Employee benefits	59,191	71,480	99,352	32,504	2,206	264,733
Travel and staff development	21,539	23,264	66,875	3,860	6,551	122,089
Subcontract expenses	864,879	934,451	615,840	333,082		2,748,252
Building rent	36,667	46,326	43,817	9,301	14,921	151,032
Telephone and internet	18,113	24,026	19,966	2,904	11,310	76,319
Office supplies	41,559	50,644	56,937	3,597	11,848	164,585
Computer software and hardware	15,040	21,081	14,251	4,497	3,367	58,236
Fiscal agent and consultants	5,654	7,572	5,078	867	71,418	90,589
Insurance	3,748	5,220	3,212	1,205	3,346	16,731
Other expenses	16,013	18,253	20,322	1,908	1,745	58,241
Total functional expenses	\$ 1,258,398	\$ 1,412,191	\$ 1,246,117	\$ 467,721	\$ 133,257	\$ 4,517,684

WORKFORCE DEVELOPMENT GROUP, INC.

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ <u>(41,862)</u>	\$ <u>10,636</u>
ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES:		
CHANGES IN ASSETS (INCREASE) DECREASE:		
Grants receivable	137,865	(569,454)
Accounts receivable	(16,925)	20,049
Prepaid expenses	(25)	(701)
CHANGES IN LIABILITIES INCREASE (DECREASE):		
Accounts payable	(28,140)	227,922
Accrued payroll and related expenses	<u>(3,392)</u>	<u>580</u>
Net cash provided by (used in) operating activities	<u>89,383</u>	<u>(321,604)</u>
Cash, beginning of year	<u>51,273</u>	<u>362,241</u>
Cash, end of year	<u><u>\$ 98,794</u></u>	<u><u>\$ 51,273</u></u>

WORKFORCE DEVELOPMENT GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities - The Workforce Development Group, Inc. (the Organization) was originally organized in 1984 to oversee federal job training programs in St. Joseph County, Indiana under the federal Job Training Partnership Act. At that time, the agency was known as the St. Joseph County Private Industry Council, Inc. In June 2000, the Organization was renamed the Northern Indiana Workforce Investment Board, Inc. as a requirement of the Workforce Investment Act of 1998 and Indiana Public Law 197 of 1999. Finally in July 2006, upon the establishment of a new regional workforce board, the Northern Indiana Workforce Board, Inc., the Workforce Development Group Inc., emerged from the Northern Indiana Workforce Investment Board, Inc., the predecessor agency, as the contracted regional operator.

The Organization is under contract with the Northern Indiana Workforce Board, Inc. to take the primary responsibility for regional strategic planning for economic and workforce development, financial management and the oversight of the workforce development system in Elkhart, Kosciusko, Marshall, St. Joseph, and Fulton Counties. The Organization's financial management functions are contracted with Crowe Horwath LLP, a private public accounting firm, which serves as the fiscal agent for all funding sources.

The Organization receives the majority of its financial support from federal, state and local government grants.

Significant Accounting Policies

Basis of Accounting – The Organization's operations are accounted for on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation – Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, Financial Statements of Not-for-Profit Organizations. Under SFAS No. 117, the Organization is required to report 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.

Income Tax Status - The Organization operates as a not for profit corporation under the Internal Revenue Code Section 501(c)(3) and a similar section of the Indiana tax law, which provides exemption from federal and state income taxes.

Grants Receivable – The Organization receives grants for reimbursement of expenses incurred. A receivable for the reimbursement of allowable program expenditures due from grantors has been recorded at June 30, 2008 and 2007. No allowance for uncollectible grants has been recorded.

Accounts Receivable – Accounts receivable are recorded at the amount the Organization expects to collect on balances outstanding at year-end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are not collectible. No allowance for doubtful accounts has been recorded.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

WORKFORCE DEVELOPMENT GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

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

Contributions - Contributions received are considered to be available for unrestricted use unless specifically restricted by the donor. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a 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 as net assets released from restrictions.

The Organization uses the allowance method to determine uncollectible unconditional promises receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

Contributed Services - A number of unpaid volunteers have made significant contributions of their time to the Organization. During the years ended June 30, 2008 and 2007, the value of contributed time is not reflected in the accompanying financial statements since the volunteers' time does not meet the requirements for recognition under Statement of Financial Accounting Standards No. 116 "Accounting for Contributions Received and Contributions Made".

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. Accordingly, certain costs have been allocated among the programs and supporting management and general expense.

Property and Equipment - As of June 30, 2008 all property and equipment acquired by the Organization was purchased with funds provided by the State of Indiana and therefore owned by the State of Indiana. Any future assets acquired with the Organization's general funds would be recorded at cost and depreciated. When the Organization's property and equipment is sold, retired or otherwise disposed of, the related cost and accumulated depreciation would be eliminated from the accounts and any resulting gain or loss would be reflected in the statement of activities. Maintenance and repairs are charged to expense as incurred while major renewals and betterments are capitalized.

Property and equipment received as a donation is recorded at fair market value as of the date received. These donations of property and equipment are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

WORKFORCE DEVELOPMENT GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

Note 2. Lease Commitments

The Organization leases office equipment and various facilities for operation of its programs with a monthly commitment of approximately \$10,600 with initial terms ranging from 38 to 60 months. Rent expense for the years ended June 30, 2008 and 2007 was \$141,677 and \$125,103, respectively. Future minimum lease payments on leases having noncancelable terms of greater than one year at June 30, 2008 are as follows:

2009	\$ 127,632
2010	97,529
2011	<u>60,084</u>
	<u>\$ 285,245</u>

Note 3. Retirement Plan

The Organization maintains a qualified pension plan under section 403(b) of the Internal Revenue Code. All full time employees may participate in this plan and may make elective contributions up to limits imposed by the Internal Revenue Code section 403(b). For each employee with at least one year of service, the Organization contributes 8% of their annual compensation. Retirement expense was \$62,299 and \$60,450 for the years ended June 30, 2008 and 2007, respectively.

Note 4. Support from Governmental Units / Concentration of Credit Risk

The Organization places its cash with a high credit quality financial institution. However, the amount of credit exposure to a financial institution occasionally is in excess of the insurance limits established by law or \$250,000.

The Organization receives a substantial amount of its support from federal, state and local governments. A significant reduction of the level of support, if this were to occur, may have a significant effect on the Organization's programs and activities.

WORKFORCE DEVELOPMENT GROUP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2008

<u>Federal Grantor / Pass-Through Grantor / Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass- through Number</u>	<u>Disbursements/ Expenditures</u>
U.S. Department of Labor			
<u>Passed-through from the Indiana Department of Workforce Development</u>			
Integrated Services-WP	17.207	IS-6-02	\$ 34,411
Integrated Services-DVOP	17.207	IS-6-02	305
Integrated Services-LVER	17.207	IS-6-02	517
Integrated Services-UI	17.225	IS-6-02	<u>37,632</u>
Subtotal Integrated Services			<u>72,865</u>
Navigator	17.266	NAV-6-02	<u>36,861</u>
WL Incentive	17.267	WL-702	<u>15,021</u>
Workforce Investment Act Cluster			
Adult	17.258	RWB-6-02	164,223
Adult	17.258	RWB-7-02	<u>1,325,765</u>
			<u>1,489,988</u>
Administration	17.258	RWB-6-02	86,210
Administration	17.258	RWB-7-02	<u>77,716</u>
			<u>163,926</u>
Youth	17.259	RWB-6-02	254,426
Youth	17.259	RWB-6-02	<u>766,278</u>
			<u>1,020,704</u>
Dislocated Worker	17.260	RWB-6-02	(52,713)
Dislocated Worker	17.260	RWB-7-02	482,028
Rapid Response	17.260	RWB-6-02	95,000
Rapid Response	17.260	RRS-6-02	356,785
BC Rapid Response	17.260	BC-7-02	32,337
Incentive Award	17.260	RWB-7-02	<u>55,262</u>
			<u>968,698</u>
Subtotal for cluster			<u>3,643,316</u>
Total for U.S. Department of Labor			<u>3,768,063</u>
U.S. Department of Agriculture			
Rural Business Development Grant	10.769		<u>286</u>

WORKFORCE DEVELOPMENT GROUP, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
For the Year Ended June 30, 2008

U.S. Department Education

Passed-through from the Office of 21st Century Scholars

21 st Century Scholars Program	94.006	2690/171500	<u>202,979</u>
Total Federal Awards			<u>\$ 3,971,328</u>

The Workforce Development Group, Inc. provided federal awards to subrecipients as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Workforce Investment Act:		
Adult	17.258	\$ 1,088,395
Youth	17.259	709,189
Dislocated Worker	17.260	592,946
Navigator	17.266	<u>36,225</u>
		<u>\$ 2,426,755</u>

The above schedule of expenditures of federal awards includes the federal grant activity of the Organization and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

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
Workforce Development Group, Inc.
South Bend, Indiana

We have audited the financial statements of Workforce Development Group, Inc. (the Organization) as of and for the year ended June 30, 2008, and have issued our report thereon, dated October 24, 2008. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Workforce Development Group, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Workforce Development Group, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the Organization's financial statements that is more than inconsequential will not be prevented or detected by the Organization's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Organization's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Development Group, Inc.'s financial statements are free of 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*.

This report is intended solely for the information and use of Management, the Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jurgonski & Fredlake CPAs

South Bend, Indiana
October 24, 2008

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE
WITH OMB CIRCULAR A-133**

To the Board of Directors
Workforce Development Group, Inc.
South Bend, Indiana

Compliance

We have audited the compliance of Workforce Development Group, Inc. with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2008. Workforce Development Group, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of Workforce Development Group, Inc.'s management. Our responsibility is to express an opinion on Workforce Development Group, Inc.'s compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Workforce Development Group, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Workforce Development Group, Inc.'s compliance with those requirements.

In our opinion, Workforce Development Group, Inc. complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Workforce Development Group, Inc. is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Workforce Development Group, Inc.'s internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of Workforce Development Group, Inc.'s internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Workforce Development Group, Inc.'s internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affect the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness, as defined above.

This report is intended solely for the information and use of Management, the Board of Directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Jugowski & Fredlake CPAs

South Bend, Indiana

October 24, 2008

WORKFORCE DEVELOPMENT GROUP, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

1. Summary of Auditors' results:
 - a. The auditors' report expresses an unqualified opinion on the financial statements of the Workforce Development Group, Inc. for the year ended June 30, 2008.
 - b. No significant deficiencies relating to the audit of the financial statements are reported in this schedule.
 - c. No instances of noncompliance material to the financial statements of the Workforce Development Group, Inc. were disclosed during the audit.
 - d. No significant deficiencies relating to the audit of the major federal award program is reported in this schedule.
 - e. The auditors' report on compliance for the major federal award program for the Workforce Development Group, Inc. expresses an unqualified opinion on the major federal programs.
 - f. The programs tested as a major program: Workforce Investment Act – CFDA #17.258, 17.259 and 17.260.
 - g. The threshold used for distinguishing between Type A and Type B programs was \$300,000.
 - h. Workforce Development Group, Inc. was determined to be a low-risk auditee.
 - i. There were no audit findings required to be disclosed under OMB Circular A-133 Section 510(a).
2. Findings related to the financial statements which are required to be reported in accordance with GAGAS:

None
3. Findings and questioned costs for federal awards including audit findings as defined in OMB Circular A-133 Section 510(a):

None

WORKFORCE DEVELOPMENT GROUP, INC.

SUMMARY OF PRIOR AUDIT FINDINGS

For the Year Ended June 30, 2008

Workforce Development Group, Inc. did not have any prior year audit findings.

**Memorandum of Advisory Comments and
Other Required Communications**

WORKFORCE DEVELOPMENT GROUP, INC.

October 24, 2008

Jurgonski & Fredlake CPAs

418 W. Jefferson Blvd., South Bend, Indiana 46601

Office (574) 251-1414
Fax (574) 251-1477

Greg Jurgonski
John A. Fredlake

To the Board of Directors
Workforce Development Group, Inc.
South Bend, Indiana

In planning and performing our audit of the financial statements of the Workforce Development Group, Inc. (the Organization) as of and for the year ended June 30, 2008, in accordance with the auditing standards generally accepted in the United States of America, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with accounting principles generally accepted in the United States of America such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

Required Communications

We have audited the financial statements of the Organization, for the year ended June 30, 2008 and have issued our report thereon dated October 24, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Auditing Standards Generally Accepted in the United States of America

As stated in our engagement letter dated July 16, 2008, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with accounting principles generally accepted in the United States of America. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Organization. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by the Organization are described in Note 1 to the financial statements. We noted no transactions entered into by the Organization during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate is the allocation of expenses among program and supporting services.

Significant Audit Adjustments

For purposes of this letter, professional standards define a significant audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. We proposed no adjustments during our audit.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Issues Discussed Prior to Retention of Independent Auditors

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

We were pleased to serve the Organization as its independent auditors for 2008 and look forward to our continued relationship. We provide the above information to assist you in performing your oversight responsibilities and would be pleased to discuss this letter or any matters further, should you desire.

This report is intended solely for the information and use of the Board of Directors, the Organization's management, and others within the Organization and is not intended to be and should not be used by anyone other than these specified parties.

Jurgonski & Fredlake CPAs



South Bend, Indiana
October 24, 2008