



October 29, 2007

To the Finance Committee  
Southwest Wisconsin Workforce Development Board, Inc.  
Platteville, Wisconsin

We have audited the financial statements of Southwest Wisconsin Workforce Development Board, Inc. for the year ended June 30, 2007, and have issued our report thereon dated October 19, 2007. 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 and OMB Circular A-133**

As stated in our engagement letter dated August 31, 2007, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance about whether 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 an audit is designed to provide reasonable, but not absolute, assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Southwest Wisconsin Workforce Development Board, Inc.'s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Southwest Wisconsin Workforce Development Board, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Southwest Wisconsin Workforce Development Board, Inc.'s compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Southwest Wisconsin Workforce Development Board, Inc.'s compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination of Southwest Wisconsin Workforce Development Board, Inc.'s compliance with those requirements.

**Significant Accounting Policies**

Management is responsible for the 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 Southwest Wisconsin Workforce Development Board, Inc. are described in Note A to the financial statements. No



new accounting policies were adopted and the application of existing policies was not changed during the year. 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 affecting the financial statements was the allocation of expenses by function.

Management's estimate of the allocation of expenses by function is based on an analysis of the hours and resources spent on the Organization's program services and supporting activities. We evaluated the key factors and assumptions used to develop the allocation in determining that it is reasonable in relation to the financial statements taken as a whole.

### **Audit Adjustments**

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. An audit adjustment may or may not indicate matters that could have a significant effect on the Organization's financial reporting process (that is, cause future financial statements to be materially misstated). In our judgment, none of the adjustments we proposed, whether recorded or unrecorded by the Organization, either individually or in the aggregate, indicate matters that could have a significant effect on the Organization's financial reporting process.

The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

This information is intended solely for the use of the finance committee, board membership, and management of Southwest Wisconsin Workforce Development Board, Inc. and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Wegner LLP  
CPAs & Consultants

A handwritten signature in black ink, appearing to read "Scott R. Haumersen".

Scott R. Haumersen, CPA  
Partner

Southwest Wisconsin Workforce Development Board, Inc.  
 Summary of Audit Differences  
 Year Ended June 30, 2007

Description (Nature) of Audit Difference	Known or Likely	Cause	Financial Statements Effect—Amount of Over (Under) Statement of:					
			Total Assets	Total Liabilities	Net Assets	Revenues	Expenses	Change in Net Assets
Organization's share of Virtual Job Center operations charge to WIA grants	Known	Amounts charged to grants in advance of events that cause recognition as expenses in accordance with generally accepted accounting principles	\$ -	\$ -	\$ -	\$ 10,000	\$ 10,000	\$ -
Adjust grant revenue and receivables for reversal of Organization's share of Virtual Job Center operations charge to WIA grants	Known	Amounts charged to grants in advance of events that cause recognition as expenses in accordance with generally accepted accounting principles	10,000	-	10,000	10,000	-	10,000
Effect of unadjusted audit differences—prior years						(8,000)	(8,000)	-
Net audit differences			<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 10,000</u>	<u>\$ 12,000</u>	<u>\$ 2,000</u>	<u>\$ 10,000</u>
Financial statement caption totals			\$ 411,433	\$ 257,346	\$ 154,087	\$ 3,856,731	\$ 3,799,077	\$ 57,654
Net audit differences as % of financial statement captions			2.43%	0.00%	6.49%	0.31%	0.05%	17.34%