



FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION

June 30, 2010 and 2009

*DRAFT
For Management
Use Only*

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INDEPENDENT AUDITOR'S REPORT

To the Workforce Development Board Membership
Southwest Wisconsin Workforce Development Board, Inc.
Platteville, Wisconsin

We have audited the accompanying statements of financial position of Southwest Wisconsin Workforce Development Board, Inc. as of June 30, 2010 and 2009, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of Southwest Wisconsin Workforce Development Board, Inc.'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 the 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 Southwest Wisconsin Workforce Development Board, Inc. as of June 30, 2010 and 2009, 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 our report dated December 8, 2010 on our consideration of Southwest Wisconsin Workforce Development Board, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements. 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 important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and the State Single Audit Guidelines, 2001 revision, issued by the Wisconsin Department of Administration and the Appendix to the State Single Audit Guidelines for Programs from the Department of Workforce Development, 2008 revision, is presented for purposes of additional analysis 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.

Wegner LLP
Madison, Wisconsin
December 8, 2010

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
 June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
ASSETS		
Cash	\$ 376,607	\$ 303,641
Receivables	611,192	409,046
Prepaid expenses	16,844	16,453
Vehicle-net of depreciation	<u>1,235</u>	<u>8,648</u>
Total assets	<u><u>\$ 1,005,878</u></u>	<u><u>\$ 737,788</u></u>
LIABILITIES		
Accounts payable	\$ 448,578	\$ 371,400
Accrued expenses	17,894	16,138
Refundable advances	360,159	140,032
Funds held for future health benefits	<u>-</u>	<u>6,023</u>
Total liabilities	826,631	533,593
NET ASSETS		
Unrestricted	<u>179,247</u>	<u>204,195</u>
Total liabilities and net assets	<u><u>\$ 1,005,878</u></u>	<u><u>\$ 737,788</u></u>

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
REVENUES		
Government grants	\$ 6,801,626	\$ 5,122,230
Program service revenue	1,211	42,350
Other revenue	<u>2,427</u>	<u>1,275</u>
Total revenue	6,805,264	5,165,855
EXPENSES		
Program services		
Adult and dislocated workers programs	4,109,333	3,028,258
Youth activities	833,367	454,404
Human service and Job Center programs	575,618	549,424
Senior Community Service Employment Program	539,516	406,420
Other programs	198,032	301,326
Supporting activities		
Management and general	552,022	402,315
Grant writing	<u>22,324</u>	<u>19,282</u>
Total expenses	<u>6,830,212</u>	<u>5,161,429</u>
Change in net assets	(24,948)	4,426
Unrestricted net assets - beginning of year	<u>204,195</u>	<u>199,769</u>
Unrestricted net assets - end of year	<u><u>\$ 179,247</u></u>	<u><u>\$ 204,195</u></u>

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (24,948)	\$ 4,426
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities		
Depreciation	7,413	7,412
(Increase) decrease in assets		
Accounts receivable	(202,146)	(142,425)
Prepaid expenses	(391)	(2,728)
Increase (decrease) in liabilities		
Accounts payable	77,178	248,144
Accrued expenses	1,756	(781)
Refundable advances	220,127	129,983
Funds held for future health benefits	(6,023)	(3,747)
Net increase (decrease) in cash	72,966	240,284
Cash - beginning of year	<u>303,641</u>	<u>63,357</u>
Cash - end of year	<u>\$ 376,607</u>	<u>\$ 303,641</u>

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

Southwest Wisconsin Workforce Development Board, Inc. (a not-for-profit organization) is a collaboration of public and private leaders who oversee a workforce development system that (a) continuously identifies and addresses the needs of businesses and individuals, (b) equips individuals with the skills and knowledge that employers require, and (c) provides the support systems necessary for increased economic self-sufficiency. The Organization serves the counties of Grant, Green, Iowa, Lafayette, Richland, and Rock. Comprehensive services for employers and job seekers may be obtained through the Rock County Job Center in Janesville or the Job Center located at the Southwest Wisconsin Technical College in Fennimore. Services may also be obtained through the Agency's Virtual Job Center website. The Organizations' programs and activities are primarily funded by Workforce Investment Act (WIA) funds passed through the Wisconsin Department of Workforce Development (DWD).

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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.

Revenue Recognition

Revenue from cost-reimbursement grant agreements and similar programs is recognized to the extent of allowable expenses, not to exceed the maximum amount specified in the agreement and related addendums. Receivables include amounts for allowable costs incurred for which payment has not yet been received. Balances that are still outstanding are written off after management has used reasonable collection efforts and determined the receivable will not be collected. All receivables at June 30, 2010 are due in less than one year. Funding sources may periodically remit funds to the Organization based on estimated expenses. The excess of funds remitted over expenses incurred is recorded as refundable advances.

Financial awards received and expended are subject to review by the DWD, the United States Department of Labor (DOL), the United States Government Accountability Office (GAO), or other agencies providing direct or indirect funding pursuant to authority given by law or regulation. Such reviews could result in claims against the Organization for disallowed costs or noncompliance with the provisions of contracts and grant agreements. No provision has been made for any liabilities that may arise from such reviews since the amount, if any, cannot be presently determined.

Property and Equipment

All acquisitions of property and equipment of \$5,000 or more and all expenses for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (continued)

Funds Held for Future Health Benefits

Under the terms of an employment agreement with its former executive director, the Organization has agreed to pay for certain costs of health care. Such costs are not to exceed the unused amount of sick leave accrued at the time of retirement. The amount available for payment of benefits is reflected as a liability in the statement of financial position.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2). The Organization's federal exempt organization returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. With few exceptions, the Organization is no longer subject to such examinations for tax years before 2006.

Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program services and supporting activities benefited. The following program services and supporting activities are included in the accompanying financial statements:

Adult and dislocated workers programs—Programs for adults and dislocated workers seek to improve employment, retention, and earnings of WIA participants and increase their educational and occupational skill attainment, thereby improving the quality of the workforce, reducing welfare dependency, and enhancing national productivity and competitiveness.

Youth activities—Youth activities seek to increase the attainment of basic skills, work readiness, or occupational skills, and secondary diplomas or other credentials. A person is eligible to receive services under youth activities if they are between the ages of fourteen and twenty-one at the time of enrollment and demonstrate at least one of the following barriers to employment: deficient in basic literacy skills, a school dropout, homeless, a runaway, a foster child, pregnant or parenting, offender, or an individual who requires additional assistance to complete an educational program or to secure and hold employment.

Human service and Job Center program—The human service and Job Center programs provide the necessary and appropriate service to prepare individuals to work and to obtain and maintain viable, self-sustaining employment.

Senior Community Service Employment Program—The Senior Community Service Employment Program (SCSEP) provides, fosters, and promotes useful part-time work opportunities (usually twenty hours per week) in community service activities for low-income persons who are age fifty-five or older. To the extent feasible, the program assists and promotes the transition of program enrollees into unsubsidized employment.

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 1—SIGNIFICANT ACCOUNTING POLICIES (continued)

Other programs—Other programs include establishment of a Disability Program Navigator that serves as a vehicle for job seekers with disabilities to further connect with products and services that will support them in meeting their career objectives; operation of the Southwest Wisconsin Job Center Network that enhances the coordination of agencies providing employment and training services; development of the Wisconsin Virtual Job Center that provides an on-line one stop source for information and services about finding a job, hiring qualified workers, learning about the local economy, and exploring career training opportunities; and other job training, placement, and retention services.

Management and general—Management and general expenses include the costs necessary to ensure proper administrative functioning of the board membership, manage the financial and budgetary responsibilities of the Organization, and perform other administrative activities.

Grant writing—Grant writing expenses include the costs incurred in soliciting bequests and grants from foundations or other organizations or government grants reportable as contributions.

Estimates

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

Date of Management's Review

Management has evaluated subsequent events through December 8, 2010, the date which the financial statements were available to be issued.

NOTE 2—LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit, which was unused at June 30, 2010. Advances on the credit line are payable on demand and carry an interest rate of .50% over prime. The credit line is secured by substantially all assets of the Organization.

NOTE 3—ECONOMIC DEPENDENCY

The Organization receives most of its support from federal awards passed through the DWD and from agreements with county agencies. A substantial reduction in the level of this support could have a significant adverse affect on the Organization's programs and activities.

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2010 and 2009

NOTE 4—LEASE

The Organization leases space for its administrative offices and program operations under operating leases that expire at various dates through January 31, 2012. These leases generally require the Organization to pay all executory costs such as maintenance and utilities. These leases also include a clause that allows the Organization to terminate or renegotiate the lease in the event the Organization's funding is substantially reduced. Rent expense for these leases was \$152,483 and \$100,460 for the years ended June 30, 2010 and 2009, respectively.

NOTE 5—RETIREMENT PLAN

The Organization has a defined contribution plan covering all employees that work a minimum of twenty hours per week and are age eighteen or older. The Organization makes a contribution to the plan each year equal to 4% of the participant's compensation. In addition, the Organization matches 50% of the participant's contributions up to 14% of the participant's compensation. Total expense for the years ended June 30, 2010 and 2009 was \$44,881 and \$70,825, respectively.

NOTE 6—SUBSEQUENT EVENT

In July of 2010, the Organization traded their vehicle in towards a new vehicle, which was paid for with a \$13,760 cash payment.

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year ended June 30, 2010

United States Department of Labor											
Pass-through Entity Identifying Number	Senior Community Service Employment Program	Workforce Investment Act (WIA) Cluster				Total WIA Cluster	Work Incentives Grant	Total			
		WIA Adult Program	WIA Youth Activities	WIA Dislocated Workers	Work Incentives Grant						
		CFDA 17.258	CFDA 17.259	CFDA 17.260	CFDA 17.266						
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
Direct programs											
Pass-through programs from Wisconsin Department of Health Services											
Title V--SCSEP	414,065	-	-	-	-	-	-	414,065			
Title V--SCSEP	131,869	-	-	-	-	-	-	131,869			
Wisconsin Department of Workforce Development											
WIA Title I Dislocated Worker	-	-	-	557,410	-	-	-	557,410			
WIA Title I National Emergency Grant-Auto Related	-	-	-	2,107,628	-	-	-	2,107,628			
WIA Title I National Emergency Grant-Statewide	-	-	-	1,204	-	-	-	1,204			
WIA Title I Youth	-	330,535	-	-	-	-	-	330,535			
WIA Title I Adult	-	274,167	-	-	-	-	-	274,167			
WIA Title I State Rapid Response	-	-	-	162,778	-	-	-	162,778			
WIA Title I State Rapid Response Retraining	-	-	-	189,287	-	-	-	189,287			
WIA Title I Disability Navigator	-	-	-	-	-	-	91,142	91,142			
WIA Title I Administration	-	-	-	-	-	-	-	-			
WIA Title I Opportunity Grants	-	-	-	1,344	-	-	-	1,344			
WIA Title I SW Manufacturing Skills Standard Certificate	-	-	-	380	-	-	-	380			
WIA Title I American Recovery and Re-investment Act											
Dislocated Worker	-	-	-	739,089	-	-	-	739,089			
Youth	-	502,832	-	-	-	-	-	502,832			
Adult	-	198,529	-	-	-	-	-	198,529			
Administration	-	-	-	-	-	-	-	-			
	545,934	472,696	833,367	3,759,120	5,312,295	91,142	5,949,371				
Total pass-through programs	\$ 545,934	\$ 472,696	\$ 833,367	\$ 3,759,120	\$ 5,312,295	\$ 91,142	\$ 5,949,371				
Total expenditures of federal awards	\$ 545,934	\$ 472,696	\$ 833,367	\$ 3,759,120	\$ 5,312,295	\$ 91,142	\$ 5,949,371				

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2010

NOTE 1—BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Southwest Wisconsin Workforce Development Board, Inc. 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*, and the *State Single Audit Guidelines*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2—WIA CLUSTER

During the year ended June 30, 2010, funds totaling \$247,112 were expended under certain grant agreements with the DWD. While the grant agreements indicate the source of the funds as the WIA cluster of programs, the DWD has not provided the Organization with the amount of funds for each federal CFDA number within this cluster of programs. Because the amount for each federal award within this cluster of programs is unknown, the amounts expended for these grant agreements are included only in the total column for the WIA cluster of programs in the accompanying schedule of expenditures of federal awards.

NOTE 3—SUBRECIPIENTS

Of the federal expenditures presented in the schedule, the Organization provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
WIA Adult Program	17.258	\$ 126,018
WIA Youth Activities	17.259	314,491
WIA Dislocated Workers	17.260	1,002,283
		<u>\$ 1,442,792</u>

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF REVENUES AND EXPENSES BY FUNDING SOURCE AND BY CONTRACT
Year Ended June 30, 2010

		Wisconsin Department of Workforce Development										
		WIA Title I Administration	WIA Title I Adult	WIA Title I Youth	WIA Title I Dislocated Worker	WIA Title I ARRA Administration	WIA Title I ARRA Adult	WIA Title I ARRA Youth	WIA Title I Dislocated Worker	WIA Title I National Emergency Grant	WIA Title I Disability Program Navigator	WIA Title I Slate Rapid Response
REVENUES												
Government grants	\$ 414,065	\$ 80,120	\$ 274,167	\$ 330,535	\$ 557,410	\$ 166,992	\$ 198,529	\$ 479,949	\$ 739,089	\$ 2,105,401	\$ 54,883	\$ 161,575
Program service revenue	-	-	-	-	-	-	-	-	-	2,227	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	414,065	80,120	274,167	330,535	557,410	166,992	198,529	479,949	739,089	2,107,628	54,883	161,575
EXPENSES												
Grants and allocations	-	-	126,018	142,099	174,403	-	-	172,393	40,000	748,346	-	39,533
Specific assistance to individuals	362,180	9,393	20,437	16,016	136,343	-	198,529	23,903	693,015	1,079,757	-	72,072
Salaries and wages	3,500	14,594	65,221	75,485	106,794	118,621	198,529	270,076	5,500	71,018	26,886	16,483
Employee benefits	26,929	5,145	7,755	8,598	14,201	8,305	14,201	629	153	42,123	6,956	9,379
Payroll taxes	844	10,792	6,630	16,209	11,212	5,317	11,212	12,948	421	10,236	2,716	2,934
Professional fees	1,004	2,338	2,346	1,999	5,998	9,857	1,999	1,640	-	7,789	-	843
Supplies	4,263	3,903	4,813	3,067	4,598	1,640	4,598	4,094	-	2,682	386	1,141
Telephone	340	952	483	7,705	10,700	1,731	4,094	944	-	19,174	1,729	2,450
Occupancy	2,165	6,259	12,592	16,715	9,682	15,944	15,944	-	-	753	60	723
Equipment rental and maintenance	44	29	56	85	56	-	-	-	-	44	35	27
Printing and publications	2,255	7,297	2,811	7,417	5,664	935	5,664	-	-	14,213	1,339	5,909
Travel	1,204	1,840	437	749	514	76	76	-	-	4,899	726	1,146
Conferences and meetings	8,436	17,578	21,969	33,447	75,770	472	-	-	-	15,700	8,286	3,447
Total expenses	414,065	80,120	274,167	330,535	557,410	166,992	198,529	479,949	739,089	2,107,628	54,883	161,575
Excess revenues (expenses)												
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

		Grant County Department of Social Services										
		IVE	SED	Parent Mentors	Safety Net	Gallatin CTS/IVE	Employment Center	W2	Let's TCM	Fraud	CMO Care Manager	Resource Manager
REVENUES												
Government grants	\$ 1,203	\$ 39,368	\$ 39,291	-	\$ 582	\$ 16,207	\$ 21,454	\$ 3,211	\$ 10,563	\$ 13,986	\$ 69,204	\$ 8,345
Program service revenue	-	-	-	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total revenues	1,203	39,368	39,291	-	582	16,207	21,454	3,211	10,563	13,986	69,204	8,345
EXPENSES												
Grants and allocations	-	-	-	-	-	-	-	-	-	-	-	-
Specific assistance to individuals	299	26,726	26,749	430	430	13,000	18,832	3,001	8,949	11,083	48,021	7,059
Salaries and wages	496	8,310	8,206	2	2	32	47	210	22	1,892	15,037	787
Employee benefits	23	2,356	2,358	56	56	1,485	2,505	-	1,155	1,011	3,928	489
Payroll taxes	-	-	-	-	-	-	-	-	-	-	-	-
Professional fees	6	-	-	-	-	-	-	-	-	-	-	-
Supplies	23	-	-	-	-	-	-	-	-	-	-	-
Telephone	13	-	-	-	-	-	-	-	-	-	-	-
Occupancy	-	-	-	-	-	-	-	-	-	-	-	-
Equipment rental and maintenance	-	-	-	-	-	-	-	-	-	-	-	-
Printing and publications	8	1,976	1,978	94	94	1,690	70	-	-	-	2,218	-
Travel	13	-	-	-	-	-	-	-	-	-	-	-
Conferences and meetings	322	-	-	-	-	-	-	-	-	-	-	-
Total expenses	1,203	39,368	39,291	-	582	16,207	21,454	3,211	10,563	13,986	69,204	8,345
Excess revenues (expenses)												
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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 Workforce Development Board Membership
Southwest Wisconsin Workforce Development Board, Inc.
Platteville, Wisconsin

We have audited the financial statements of Southwest Wisconsin Workforce Development Board, Inc. as of and for the year ended June 30, 2010, and have issued our report thereon dated December 8, 2010. 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 Southwest Wisconsin Workforce Development Board, 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 Southwest Wisconsin Workforce Development Board, Inc.'s internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Southwest Wisconsin Workforce Development Board, Inc.'s internal control over financial reporting.

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 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control that might be significant deficiencies, significant deficiencies or material weaknesses.

Compliance and Other Matters

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 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 membership, others within the entity, 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.

Wegner LLP
Madison, Wisconsin
December 8, 2010

DRAFT
For Management
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND
THE STATE SINGLE AUDIT GUIDELINES

To the Workforce Development Board Membership
Southwest Wisconsin Workforce Development Board, Inc.
Platteville, Wisconsin

Compliance

We have audited the compliance of Southwest Wisconsin Workforce Development Board, Inc. with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement and the State Single Audit Guidelines* that are applicable to each major federal program for the year ended June 30, 2009. Southwest Wisconsin Workforce Development Board, Inc.'s major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Southwest Wisconsin Workforce Development Board, Inc.'s management. Our responsibility is to express an opinion on Southwest Wisconsin Workforce Development Board, 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, and the *Guidelines* 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 Southwest Wisconsin Workforce Development Board, 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 Southwest Wisconsin Workforce Development Board, Inc.'s compliance with those requirements.

In our opinion, Southwest Wisconsin Workforce Development Board, Inc. complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2010.

Internal Control Over Compliance

Management of Southwest Wisconsin Workforce Development Board, Inc. is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal and state programs. In planning and performing our audit, we considered Southwest Wisconsin Workforce Development Board, Inc.'s internal control over compliance with the 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 and the *State Single Audit Guidelines*, 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 Southwest Wisconsin Workforce Development Board, Inc.'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 or state 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 or state program will not be prevented, or detected and corrected, on a timely basis.

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

This report is intended solely for the information and use of management, the board membership, others within the entity, 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.

Wegner LLP
Madison, Wisconsin
December 8, 2010

DRAFT
For Management Use Only

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FEDERAL FINDINGS AND QUESTIONED COSTS
 Year ended June 30, 2010

Section I - Summary of Auditor's Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unqualified
Internal control over financial reporting -	
Material weakness identified?	No
Reportable condition identified and not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs -	
Material weakness identified?	No
Reportable condition identified and not considered a material weakness?	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs -

<u>Federal Program Name</u>	<u>CFDA Number</u>
WIA Cluster	
WIA Adult Program	17.258
WIA Youth Activities	17.259
WIA Dislocated Workers	17.260

Dollar threshold used to distinguish between type A and type B programs	\$ 300,000
Auditee qualified as low-risk auditee?	Yes

Section II - Financial Statement Findings

No matters were reported

Section III - Federal Award Findings and Questioned Costs

No matters were reported

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF STATE FINDINGS AND QUESTIONED COSTS
Year ended June 30, 2010

Section IV - Other Issues

Does the auditor have substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show an audit issue (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, reportable condition, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *Provider Agency Audit Guide*?

Department of Health and Family Services	N/A
Department of Workforce Development	Yes
Department of Corrections	N/A
Dane County	N/A

Was a management letter or other document conveying audit comments issued as a result of this audit? Yes

Signature of Partner in Charge

Name of Partner in Charge

Date of report

Scott R. Haumersen, CPA

December 8, 2010

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF PRIOR-YEAR FINDINGS
Year Ended June 30, 2010

2009-1 Period-end Financial Reporting Process

Status: This finding has been resolved.

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