



*DRAFT
For Management
Use Only*

FINANCIAL STATEMENTS WITH
ADDITIONAL INFORMATION

June 30, 2011 and 2010

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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, 2011 and 2010, 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, 2011 and 2010, 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 November 23, 2011 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 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 audits.

Our audits were 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 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 the *State Single Audit Guidelines* and is not a required part of the basic financial statements. The accompanying schedule of revenues and expenses by funding source and by contract is presented for purposes of additional analysis and is also 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.

Wegner LLP
Madison, Wisconsin
November 23, 2011

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash	\$ 1,006,984	\$ 376,607
Receivables	420,461	611,192
Prepaid expenses	20,930	16,844
Vehicle (less accumulated depreciation of \$7,353 and \$21,002, respectively)	<u>14,707</u>	<u>1,235</u>
Total assets	<u><u>\$ 1,463,082</u></u>	<u><u>\$ 1,005,878</u></u>
LIABILITIES		
Accounts payable	326,764	448,578
Accrued expenses	20,007	17,894
Refundable advances	<u>962,307</u>	<u>360,159</u>
Total liabilities	1,309,078	826,631
NET ASSETS		
Unrestricted	<u>154,004</u>	<u>179,247</u>
Total liabilities and net assets	<u><u>\$ 1,463,082</u></u>	<u><u>\$ 1,005,878</u></u>

See accompanying notes

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
REVENUES		
Government grants	\$ 4,453,829	\$ 6,187,864
Leased employee revenue	685,475	613,762
Program service revenue	2,550	1,211
Other revenue	9,791	2,427
	<u>5,151,645</u>	<u>6,805,264</u>
EXPENSES		
Program services		
Adult and dislocated workers programs	2,849,354	4,109,333
Youth activities	402,910	833,367
Human service and Job Center programs	480,679	575,618
Senior Community Service Employment Program	777,563	539,516
Other programs	201,055	198,032
Supporting activities		
Management and general	441,075	552,022
Grant writing	24,252	22,324
	<u>5,176,888</u>	<u>6,830,212</u>
Change in net assets	(25,243)	(24,948)
Unrestricted net assets - beginning of year	<u>179,247</u>	<u>204,195</u>
Unrestricted net assets - end of year	<u>\$ 154,004</u>	<u>\$ 179,247</u>

See accompanying notes

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (25,243)	\$ (24,948)
Adjustments to reconcile change in net assets to net increase in cash		-
Depreciation	7,353	7,413
Gain on disposal of property	(7,064)	-
(Increase) decrease in assets		
Receivables	190,731	(202,146)
Prepaid expenses	(4,086)	(391)
Increase (decrease) in liabilities		
Accounts payable	(121,814)	77,178
Accrued expenses	2,113	1,756
Refundable advances	602,148	220,127
Funds held for future health benefits	-	(6,023)
Net cash flows from operating activities	<u>644,138</u>	<u>72,966</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of vehicle	<u>(13,761)</u>	<u>-</u>
Net increase (decrease) in cash	<u>630,377</u>	<u>72,966</u>
Cash - beginning of year	<u>376,607</u>	<u>303,641</u>
Cash - end of year	<u><u>\$ 1,006,984</u></u>	<u><u>\$ 376,607</u></u>

See accompanying notes

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

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 Organization's programs and activities are primarily funded by Workforce Investment Act (WIA) funds passed through the Wisconsin Department of Workforce Development (DWD).

NOTE 1—SUMMARY OF 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, 2011 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, 2011 and 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 2007.

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 programs—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.

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

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

Date of Management's Review

Management has evaluated subsequent events through November 23, 2011, the date which the financial statements were available to be issued.

NOTE 2—CONDITIONAL PROMISES TO GIVE

The Organization has numerous grants for which the grantor agencies' promises to give are conditioned upon the Organization incurring certain qualifying expenses under the grant programs. At June 30, 2011, these conditional promises to give totaled approximately \$5,200,000. These promises will be recognized as revenue when the respective conditions are met in future years.

NOTE 3—LINE OF CREDIT

The Organization has a \$50,000 revolving line of credit, which was unused at June 30, 2011. Advances on the credit line are payable on demand and carry the prime interest rate. The credit line is secured by substantially all assets of the Organization.

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 \$163,152 and \$152,483 for the years ended June 30, 2011 and 2010, respectively.

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
June 30, 2011 and 2010

NOTE 5—ECONOMIC DEPENDENCY

Approximately 80% of the Organization's funding is provided from grants from the DWD.

NOTE 6—RETIREMENT PLAN

The Organization sponsors 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, 2011 and 2010 was \$51,321 and \$44,881, respectively.

*For Management
Use Only*

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended June 30, 2011

		United States Department of Labor					
Pass-through Entity Identifying Number	Senior Community Service Employment Program	Workforce Investment Act (WIA) Cluster			Total WIA Cluster	Work Incentive Grants	Total
		WIA Adult Program	WIA Youth Activities	WIA Dislocated Workers			
	CFDA 17.235	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	777,563	-	-	-	-	777,563	
Wisconsin Department of Workforce Development							
WIA Title I Dislocated Worker	-	-	-	608,548	-	608,548	
WIA Title I National Emergency Grant-Auto Related	-	-	-	1,095,520	-	1,095,520	
WIA Title I National Emergency Grant-Statewide	-	-	-	149,505	-	149,505	
WIA Title I Youth	-	-	402,910	-	-	402,910	
WIA Title I Adult	-	381,115	-	-	-	381,115	
WIA Title I State Rapid Response	-	-	-	168,932	-	168,932	
WIA Title I State Rapid Response Retraining	-	-	-	2,529	-	2,529	
WIA Title I Disability Navigator	-	-	-	-	78,315	78,315	
WIA Title I Administration	-	-	-	-	-	203,648	
WIA Title I Opportunity Grants	-	-	2,054	-	-	2,054	
WIA Title I SW Manufacturing Skills Standard Certificate	-	-	14,370	-	-	14,370	
WIA Title I American Recovery and Reinvestment Act	-	-	-	-	-	-	
Dislocated Worker	-	-	-	52,519	-	52,519	
National Emergency Grant	-	-	-	360,601	-	360,601	
Adult	-	-	-	-	-	-	
Administration	-	-	-	-	-	-	
Total pass-through programs	777,563	381,115	419,334	2,438,154	78,315	4,298,129	
Total expenditures of federal awards	\$ 777,563	\$ 381,115	\$ 419,334	\$ 2,438,154	\$ 78,315	\$ 4,298,129	

See accompanying notes to schedule of expenditures of federal awards.

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

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. under programs of the federal government for the year ended June 30, 2010. 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*. Because the schedule presents only a selected portion of the operations of Southwest Wisconsin Workforce Development Board, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Southwest Wisconsin Workforce Development Board, Inc.

NOTE 2—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following cost principles contained in OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

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 National Emergency Grant	WIA Title I National Emergency Grant-State	WIA Title I National Emergency Replenishment	WIA Title I Disability Program Navigator	WIA Title I State Rapid Response	
REVENUES										
Government grants	\$ 203,648	\$ 381,115	\$ 402,910	\$ 608,548	\$ 1,092,794	\$ 360,601	\$ 149,505	\$ 78,314	\$ 2,529	
Leased employee revenue	-	-	-	-	-	-	-	-	-	
Program service revenue	-	-	-	-	-	-	-	-	-	
Other revenue	-	-	-	-	2,726	-	-	-	-	
Total revenues	203,648	381,115	402,910	608,548	1,095,520	360,601	149,505	78,314	2,529	
EXPENSES										
Grants and allocations	-	156,076	190,485	167,064	398,822	243,552	-	-	-	
Specific assistance to individuals	-	133,863	27,308	222,990	456,479	81,841	149,505	-	2,529	
Salaries and wages	109,480	69,452	105,398	20,606	72,901	19,761	-	58,282	-	
Employee benefits	24,965	14,415	12,488	19,640	27,230	5,144	-	16,506	-	
Payroll taxes	12,450	6,567	7,277	11,175	8,682	1,790	-	578	-	
Professional fees	11,833	7,716	14,652	47,540	6,550	1,601	-	-	-	
Supplies	1,647	1,969	2,027	4,022	4,368	470	-	-	-	
Telephone	6,803	4,041	7,611	14,347	12,882	354	-	876	-	
Occupancy	940	460	532	917	814	107	-	1,548	-	
Equipment rental and maintenance	24,840	15,201	12,061	30,067	87,197	3,766	-	-	-	
Printing and publications	-	-	-	7,425	-	-	-	-	-	
Travel	7,265	2,514	3,732	7,244	6,879	804	-	524	-	
Conferences and meetings	1,042	712	605	1,585	1,710	184	-	-	-	
Other	12,974	29,548	18,734	53,926	11,006	1,227	-	-	-	
Total expenses	214,239	442,534	402,910	608,548	1,095,520	360,601	149,505	78,314	2,529	
Excess revenues (expenses)	\$ (10,591)	\$ (61,419)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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				ARRA ARRA Rapid Response	Wisconsin Department of Health Services Title V--SCSEP	Wisconsin Department of Corrections	Rock County Department of Human Services	
	WIA Title I		Formula Error Funds	Maintenance				Facility Manager	
	WIA Title I Opportunity	WIA Title I Manufacturing Skills Standard Certificate							
REVENUES									
Government grants	\$ 63,019	\$ 14,370	\$ 105,913	\$ 52,519	\$ 777,562	\$ 45,398	\$ -	\$ 25,009	-
Leased employee revenue	-	-	-	-	-	-	-	-	-
Program service revenue	-	-	-	-	-	-	-	-	-
Other revenue	-	-	-	-	-	-	-	-	-
Total revenues	63,019	14,370	105,913	52,519	777,562	45,398	12,960	25,009	-
EXPENSES									
Grants and allocations	-	14,370	-	-	-	-	-	-	-
Specific assistance to individuals	28,297	-	33,903	52,519	51,837	390	11,654	-	-
Salaries and wages	33,612	-	-	-	625,955	30,243	62	22,176	-
Employee benefits	569	-	-	-	9,439	5,055	1,244	55	-
Payroll taxes	272	-	-	-	50,654	1,613	-	2,503	-
Professional fees	-	-	-	-	3,294	836	-	-	-
Supplies	2	-	-	-	2,822	543	-	-	-
Telephone	-	-	-	-	6,075	648	-	-	-
Occupancy	-	-	-	-	443	164	-	-	-
Equipment rental and maintenance	248	-	-	-	9,154	3,699	-	-	-
Printing and publications	19	-	-	-	-	-	-	-	-
Travel	-	-	-	-	7,321	1,484	-	275	-
Conferences and meetings	-	-	-	-	1,448	76	-	-	-
Other	-	-	-	-	9,120	647	-	-	-
Total expenses	63,019	14,370	33,903	52,519	777,562	45,398	12,960	25,009	-
Excess revenues (expenses)	\$ -	\$ -	\$ 72,010	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Iowa County Department of Social Services				Grant County Department of Social Services				Richland County Department of Health and Human Services				Total
	Construction Advisor	Health Educator	ADRC Positions	Taber LTE	IVE	Assistant	DVR	Other	Total				
REVENUES													
Government grants	\$ 25,895	\$ 11,686	\$ 124,092	\$ 2,102	\$ 208,331	\$ 272,347	\$ 3,054	\$ 113,030	\$ 4,453,829				
Leased employee revenue	-	-	-	-	-	-	-	-	685,476				
Program service revenue	-	-	-	-	-	-	-	2,550	2,550				
Other revenue	-	-	-	-	-	-	-	7,064	9,790				
Total revenues	25,895	11,686	124,092	2,102	208,331	272,347	3,054	122,644	5,151,645				
EXPENSES													
Grants and allocations	-	-	-	-	-	-	-	-	1,170,369				
Specific assistance to individuals	-	-	-	-	4,731	-	-	12,411	1,272,311				
Salaries and wages	22,880	10,221	90,998	1,845	139,166	209,906	2,844	5,400	1,651,188				
Employee benefits	130	54	16,503	5	24,953	33,394	7	1,628	213,424				
Payroll taxes	2,693	1,411	10,285	252	14,893	20,656	203	942	154,896				
Professional fees	-	-	-	-	-	-	-	12,252	106,274				
Supplies	-	-	-	-	477	-	-	78,352	96,699				
Telephone	-	-	-	-	-	-	-	-	53,637				
Occupancy	-	-	-	-	-	-	-	-	4,377				
Equipment rental and maintenance	-	-	-	-	117	-	-	2,086	189,984				
Printing and publications	-	-	-	-	-	-	-	425	7,869				
Travel	184	-	4,360	-	23,994	4,783	-	2,187	73,550				
Conferences and meetings	-	-	-	-	-	306	-	3,000	10,668				
Other	8	-	1,946	-	-	3,302	-	29,205	171,643				
Total expenses	25,895	11,686	124,092	2,102	208,331	272,347	3,054	147,888	5,176,889				
Excess revenues (expenses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (25,244)	\$ (25,244)				

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, 2011, and have issued our report thereon dated November 23, 2011. 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 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 internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we considered to be material weaknesses, as defined above.

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 and state 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
November 23, 2011

DRAFT
For Management
Use Only

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 OMB 2010 *Circular A-133 Compliance Supplement* and the *State Single Audit Guidelines* that are applicable to each of its major federal and major state programs for the year ended June 30, 2011. 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 and major state 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*, and the *State Single Audit Guidelines*. Those standards, 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 and major state 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 each of its major federal and major state programs for the year ended June 30, 2011.

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 and major state 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 over compliance 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 and state 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
November 23, 2011

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For Management
Use Only

SOUTHWEST WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

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
Significant deficiency identified?	None reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major programs -	
Material weakness identified?	No
Significant deficiency identified?	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>Name of Federal Program or Cluster</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 FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2011

Section IV - Other Issues

Does the auditor's report on the notes to the financial statements include disclosure with regard to substantial doubt as to the auditee's ability to continue as a going concern? No

Does the audit report show audit issues (i.e. material non-compliance, non-material non-compliance, questioned costs, material weakness, significant deficiency, management letter comment, excess revenue or excess reserve) related to grants/contracts with funding agencies that require audits to be in accordance with the *State Single Audit Guidelines*?

Department of Health Services	N/A
Department of Workforce Development	No
Department of Corrections	N/A

Was a management letter or other document conveying audit comments issued as a result of this audit? No

Signature of Partner in Charge

Name of Partner in Charge

Date of report

Scott R. Haumersen, CPA

November 23, 2011