

**Audit Committee Meeting Minutes – Exit Conference**  
**December 7, 2018**  
**9:30 a.m. to 10:00 a.m.**

**Overture Center for the Arts**  
**201 State Street**  
**Madison, WI 53704**

**Members Present:** Paul Dietmann, Chair; Dave Branson, Kathy Cromey, Alan Langeteig

**Staff Present:** Pat Schramm, Seth Lentz, Lameece Tyne, Erin Bechen

**Guests Present:** Jean Christensen, WIPFLI

**Agenda Item 1 – Introductions and Announcements**

Dietmann welcomed everyone, called the meeting to order at 9:32 a.m., and noted that a quorum was present and the meeting was properly noticed.

**Agenda Item 2 – Review and Approval of the September 13, 2018 Meeting Minutes**

Dietmann asked for a motion to approve the minutes of the September 13, 2018 Audit Committee meeting as presented. Langeteig moved to approve the minutes as presented. Robinson offered the second. No discussion followed on this motion. The vote was unanimous in favor of the motion.

**Agenda Item 3 – Annual Agency-wide Audit Exit Conference**

Christensen reported that the audit went extremely well. She complimented Tyne on her hard work. She reviewed the audit documents.

Page 2 – Financial Statement

Christensen stated that the financial statements are in accordance with GAP. No new footnotes this year in the financial statements. This will change next year with new presentation. Staff tested the organization as a whole and controls across the organization. No findings in relation. Controls are operating as designed.

There is a report on compliance. WIOA cluster. No findings. Internal controls are being stressed during the review and are key in the processes.

She noted that 87% of federal dollars are audited for Workforce Innovation and Opportunity Act (WIOA) funds.



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## Operating Statistics

These are compared to other organizations. Revenue and expense – 1.6% up. In order to earn, you need to spend. Changes are across the board. WIOA is up 70K (DW and Adult), youth is down, foster care is up, reentry is up, Skills Wisconsin is down. Comparisons in 2017 column. Schramm shared that Skills WI was a statewide grant and we were the administrators. Expenses of the organization, program management, general, fundraising. Program is up this year and in line with other Workforce Development Boards. The South Central Board is active in fundraising initiatives. Management in general is an allocation and dependent on what people are doing in the organization and time contributed to that function. This amount went down a little this year; in years 2016-2017 there was an increase with staff salary reallocations.

Langeteig asked why is the rate higher with other boards. Unrestricted net assets are actually in cash. The WDB doesn't have cash. Schramm shared the difference is that we get close-out costs and most organizations do not. No obligation to have a reserve to close and you get 6 months' worth of money.

Cash is in the lower level and some organizations want better position if they want to try something new they have the flexibility – have the reserve to cover it.

Tyne shared if we earn income off programs, we have to use it first.

Federal programs include apprenticeship expansion program, Chaffee fund, and Skills program.

## WIOA Expenses

Loss \$3,404 due to depreciation; lease hold improvements done at Sauk.

Schramm shared we got DVR vendor status and primarily only the North Central WDB that has DVR vendor status. They earned 170k in 1 (one) year. The Boards in WI who operate these were required to move away from the Board and stay with the service provider. Schramm shared that with DVR vendor status – we will see an increase in unrestricted net assets. Schramm shared that we have diversified our income; what are the tools that make us whole. We are really trying to work the rapid response and additional assistance as that creates an income stream.

## Page 4 – Statement of Financial Position

Grants receivables is down due to the Skills WI grant ending and Fast Forward is down.

Accounts payable is down due to a check run at the end of the year.

Unrestricted net assets – net asset balance is cash.

## Page 5 – Statement of Activity

Grant revenue is up.



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Other revenue is up. We were using an undesignated fund.

We had a private pay with Middle College.

Expenses – AD/DW are up in WIOA. Youth is up because of other activities but not WIOA. Special projects is down due to Rapid Response decrease. Special projects – skills replaced with wages, etc.

Christensen noted that next year we will have a new foot note as they are changing the financial statement presentation. Reporting under a new standard. We will mention this in the opinion. Impact to the organization will be slim.

Expenses will be shown by category with a functional basis. Natural classifications. This will mirror our financial statement.

She stated there will be a new liquidity disclosure. Trying to see if nonprofit organizations are taking funds and using them for other purposes. Calculation and management approach for managing liquidity. How the organization views cash flow, liquidity, etc. May want to have a line-of-credit available. She suggested giving thought to what you want to put in financial statements for this. Restricted or net assets with donor restrictions. Shouldn't have an issue with this calculation. Tyne has printed the tools from Wipfli.

Results in changes to Financial Procedure manual.

No current or prior year management letter – outstanding prep for audit.

**MOTION:** Dietmann asked for a motion to accept the audit as presented. Langeteig moved to approve the motion as presented. Robinson offered the second. No discussion followed on this motion. The vote was unanimous in favor of the motion.

#### **Agenda Item 4 – Adjournment**

With no additional business for the Committee, Dietmann moved to adjourn at 10:01 a.m.

Adjourned: 10:01 a.m.

Respectfully Submitted:

Francis Langer

Board Secretary

Workforce Development Board of South Central Wisconsin, Inc.

Attachment for Board Records:

- Agenda
- Audit Committee Meeting Minutes from September 13, 2018
- Audit Materials



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