

## **Audit Committee Meeting Minutes – Entrance Conference**

**September 18, 2017**

**8:30 a.m. to 9:30 a.m.**

**Workforce Development Board of South Central Wisconsin**

**3513 Anderson Street, Suite 104**

**Madison, WI 53704**

**Members Present:** Paul Dietmann, Chair

**Via Conference Call:** Kathy Cromey, Mel Bruins, Dave Robinson, Pam Christenson

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

**Guests Present:** Jean Christensen; WIPFLI

Dietmann called the meeting to order at 8:35 a.m. and noted that a quorum was present and the meeting was properly noticed.

### **Agenda Item 1 – Introductions and Announcements**

Dietmann welcomed everyone and everyone introduced themselves.

### **Agenda Item 2 – Review and Approval of the November 28, 2016 Meeting Minutes**

Dietmann asked for a motion to approve the minutes of the November 28, 2016 Audit Committee meeting as presented. Bruins 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 Entrance Conference**

Jean Christensen provided an update on the audit fieldwork; she noted that the upcoming audit is for year ending June 30, 2017. Wipfli has everything to conduct the audit so the Board is very prepared. The audit team will be here the week of October 2, 2017. Michelle Knutson and Bridget Amacher will be the auditing team from Wipfli.

She noted that the Workforce Innovation and Opportunity Act (WIOA) will be the major federal program audited as it is the primary funding received.

She stated that there are no new tests but they will be looking at the population being served more closely. She shared there is a new compliance supplement that comes out at the end of June and will be effective for June 30 year end audits forward. This supplement was finalized at the end of the August 2017.



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She reported that because we are in Wisconsin, the local youth apprenticeship program will also be tested.

Christensen shared that the prior year observation contained no findings or management letter comments.

Upcoming accounting changes:

### **NPO Financial Statement Presentation**

Effective for financial statements for fiscal years beginning after December 15, 2017. This will impact the Boards 6/30/19 Financial Statement. This is a new accounting standards that define how nonprofits define financial statements

She noted this will include how to report endowments (we don't have any) and classes of net assets. Right now there are three – unrestricted, temp restricted and permanently restricted. This will go down to two classes – unrestricted and restricted. This is so it is clearer. She shared that right now the Board only has unrestricted. Schramm shared that we may need to look at our financial procedures for this.

### **Revenue Recognition and Accounting for Grants/Contributions**

Effective for financial statements for fiscal years beginning after December 15, 2018. The Boards 6/30/20 Financial Statement.

Revenue Recognition – Impacting all companies and shows how revenue is being recognized, etc. This will be a major change for a lot of industries.

Grants and contributions – This is the way we have been accounting for our government grants; recognize revenue as we spend it. She noted there will be clear instruction moving forward.

Christensen stated that the other place you can get grants (i.e. Foundations) – if you have grants from other sources, we will need to take a look at them in more detail. The Federal Government does require you to repay that money if you don't spend it. The Foundations grants aren't as restrictive

Performance contracts – contracts where you can make a profit. These will also be looked at in detail. That standard is on a prospective basis so you don't go backwards.

These are things we can plan for even though they are several years away.

Dietmann asked how grants show up on our financials now. Tyne said as receivables.

There is a new lease standard; effective 6/30/20 audit. It means that if you have long term leases, you will be putting the lease on balance sheet as an asset and liability. This has been in discussion since 2010.

Schramm asked if the performance contracts apply to federal and state. Christensen stated yes.

Timeline for audit completion.

Wipfli will have draft in mid-October to end of October. The Committee discussed having the audit exit conference on November 2, 2017 at 9:30 a.m. and then Jean would present at the Board meeting following. Christensen said she would have draft by the 20<sup>th</sup> of October.

Schramm asked about the target groups and if that is the demographics mainly. Christensen said yes. Schramm said we will have that data for our Board meeting in a week if they would like more information on that.

Schramm asked if they could look at the Independent Living Grant because it is new. Christensen agreed that would be a good idea.

Christensen asked if there are any questions. The Committee presented none.

#### **Agenda Item 4 – Adjournment**

With no additional business for the Committee, Dietmann moved to adjourn at 8:52 a.m.

Adjourned: 8:52 a.m.

Respectfully Submitted:

Brian Pulford

Board Secretary

Workforce Development Board of South Central Wisconsin, Inc.

Attachment for Board Records:

- Agenda
- Audit Committee Meeting Minutes from November 28, 2016



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