

**WEST CENTRAL WISCONSIN WORKFORCE
DEVELOPMENT BOARD, INC.**

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2023

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	4
STATEMENT OF ACTIVITIES	5
STATEMENT OF FUNCTIONAL EXPENSES	6
STATEMENT OF CASH FLOWS	7
NOTES TO FINANCIAL STATEMENTS	8
SUPPLEMENTARY INFORMATION	
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	15
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS	17
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	18
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	20
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	23



INDEPENDENT AUDITORS' REPORT

Board of Directors
West Central Wisconsin Workforce Development Board, Inc.
Menomonie, Wisconsin

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of West Central Wisconsin Workforce Development Board, Inc., which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of West Central Wisconsin Workforce Development Board, as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of West Central Wisconsin Workforce Development Board and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2023, West Central Wisconsin Workforce Development Board adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all operating and finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about West Central Wisconsin Workforce Development Board's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of West Central Wisconsin Workforce Development Board's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about West Central Wisconsin Workforce Development Board's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration is presented for purposes of additional analysis and is not a required part of the 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 GAAS. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2024, on our consideration of West Central Wisconsin Workforce Development Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of West Central Wisconsin Workforce Development Board's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Central Wisconsin Workforce Development Board's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
April 8, 2024

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2023

ASSETS

CURRENT ASSETS

Prepaid Expenses	\$ 14,958
Security Deposit	1,105
Grants Receivable	351,417
Total Current Assets	<u>367,480</u>

OPERATING RIGHT OF USE ASSET

64,367

Total Assets

\$ 431,847

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 173,611
Checks Drawn in Excess of Cash	3,086
Operating Lease Liability	22,221
Accrued Payroll and Related Expenses	10,231
Accrued Vacation	29,476
Refundable Advance	46,392
Total Current Liabilities	<u>285,017</u>

OPERATING LEASE LIABILITY, LESS CURRENT PORTION

45,000

Total Liabilities

330,017

NET ASSETS

Without Donor Restrictions	<u>101,830</u>
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Total Liabilities and Net Assets

\$ 431,847

See accompanying Notes to Financial Statements.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023

REVENUE

Grant Revenue	\$ 2,889,167
Other Income	<u>5,571</u>
Total Revenue	2,894,738

EXPENSES

Program Services:	2,338,014
Management and General	<u>587,017</u>
Total Expenses	<u>2,925,031</u>

CHANGE IN NET ASSETS	(30,293)
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Net Assets - Beginning of Year	<u>132,123</u>
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NET ASSETS - END OF YEAR	<u><u>\$ 101,830</u></u>
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See accompanying Notes to Financial Statements.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2023

	Program Services	Management and General	Total
Salaries, Wages, and Employee Benefits	\$ 165,249	\$ 287,420	\$ 452,669
Insurance	1,750	-	1,750
Rental Expense	7,924	12,726	20,650
Training and Travel	4,641	9,574	14,215
Software and Technology	3,489	3,384	6,873
Conferences and Meetings	11,027	40	11,067
Dues and Subscriptions	623	8,094	8,717
Office Supplies and Expenses	2,812	2,159	4,971
Miscellaneous	1,431	5,720	7,151
Professional Services	104,496	257,900	362,396
Tuition, Housing, and Client Assistance	284,132	-	284,132
Subcontractor	1,750,440	-	1,750,440
	<u>1,750,440</u>	<u>-</u>	<u>1,750,440</u>
Total Expenses by Function	<u>\$ 2,338,014</u>	<u>\$ 587,017</u>	<u>\$ 2,925,031</u>

See accompanying Notes to Financial Statements.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES

Change in Net Assets	\$ (30,293)
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Amortization of Right to Use Asset	5,536
Changes in Operating Assets and Liabilities:	
Grants Receivable	165,049
Prepaid Expenses	(14,013)
Security Deposits	(1,105)
Accounts Payable	23,796
Checks Drawn in Excess of Cash	3,086
Accrued Expenses	(368,449)
Accrued Vacation	4,200
Refundable Advance	46,392
Operating Lease Liability	(2,682)
Net Cash Used by Operating Activities	<u>(168,483)</u>

CHANGE IN CASH (168,483)

Cash - Beginning of Year 168,483

CASH - END OF YEAR \$ -

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Right-of-Use Assets Obtained in Exchange for Operating Lease	
Liabilities	<u><u>\$ 69,903</u></u>

See accompanying Notes to Financial Statements.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

West Central Wisconsin Workforce Development Board, Inc. (the Organization) was organized as a nonprofit corporation as the local Workforce Development Board in accordance with the provision of the federal Workforce Innovation and Opportunity Act for the counties: Barron, Chippewa, Clark, Dunn, Eau Claire, Pepin, Polk, and St. Croix. West Central Wisconsin Workforce Development Board, Inc. is primarily supported through federal and state government grants. Approximately 86% of West Central Wisconsin Workforce Development Board, Inc.'s revenue is federal pass-through funds received from the state of Wisconsin, Department of Workforce Development (DWD) for the year ended June 30, 2023.

Basis of Presentation

The financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States (GAAP).

Use of Estimates

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

Classification of Net Assets

Net assets and revenue, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of West Central Wisconsin Workforce Development Board, Inc. are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other explicit donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Currently, West Central Wisconsin Workforce Development Board, Inc. does not have any net assets with donor restrictions.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions

Contributions, including promises to give, are considered conditional or unconditional, depending on the nature and existence of any donor or grantor conditions. A contribution or promise to give contains a donor or grantor condition when both of the following are present:

- An explicit identification of a barrier that is more than trivial, that must be overcome before the revenue can be earned and recognized
- An implicit right of return of assets transferred or a right of release of a donor or grantor's obligation to transfer assets promised, if the condition is not met

Conditional contributions received are recognized as a refundable advance liability until the barrier(s) to entitlement are overcome, at which point they are recognized as revenue. Unconditional contributions are recognized as revenue when received.

Contributions are considered available for use without donor restrictions unless specifically restricted by the donor. Contributions are recorded as support with or without donor restrictions, depending on the existence and nature of any donor restrictions. Unconditional promises to give cash or other assets are reported at fair value at the date the promise is received, less an allowance for promises to be uncollectible. Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restriction expires in the fiscal year in which the contributions are recognized.

Grants and Contracts

- Grant Awards that are Contributions – Unconditional grants are reported at fair value at the date the grant is received. Conditional grants are recognized only when the conditions on which they depend are substantially met and the grant becomes unconditional. Grants that qualify as conditional contributions are recorded as invoiced to the funding sources. Revenue is recognized in the accounting period when the related allowable expenses are incurred. Amounts received in excess of expenses are included in refundable advances in the accompanying statement of financial position.
- Grant Awards that are Exchanges – Exchange transactions are reimbursed based on a predetermined rate for services performed in accordance with the terms of the award and ASC 606. Revenue is recognized when control of the promised goods or services are transferred to the customer (grantor) in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Amounts received in excess of recognized revenue are reflected as a contract liability.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Allocation of Costs

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Personnel costs are allocated based on time and effort reporting and other expenses are allocated based on actual expenditures or based on personnel costs percentages.

Leases

The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Organization has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization has elected not to separate nonlease components from lease components and instead accounts for each separate lease component and the nonlease component as a single lease component.

In evaluating contracts to determine if they qualify as a lease, the Organization considers factors such as if the Organization has obtained substantially all of the rights to the underlying asset through exclusivity, if the Organization can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

The individual lease contracts do not provide information about the discount rate implicit in the lease. Therefore, the Organization has elected to use a risk-free discount rate determined using a period comparable with that of the lease term for computing the present value of lease liabilities.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Income Taxes

West Central Wisconsin Workforce Development Board, Inc. is a nonprofit corporation organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and Wisconsin franchise income taxes.

West Central Wisconsin Workforce Development Board, Inc. is required to assess whether it is more likely than not that a tax position will be sustained upon examination on the technical merits of the position assuming the taxing authority has full knowledge of all information. If the tax position does not meet the more likely than not recognition threshold, the benefit of that position is not recognized in the financial statements. West Central Wisconsin Workforce Development Board, Inc. has determined there are no amounts to record as assets or liabilities related to uncertain tax positions.

Adoption of Accounting Principles

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, *Leases* (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the requirements of the guidance effective July 1, 2022 and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available.

The Organization has elected to adopt the package of practical expedients available in the year of adoption. The Organization has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of the Organization's ROU assets.

The Organization elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

**NOTE 1 ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Subsequent Event

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 8, 2024, the date the financial statements were available to be issued.

NOTE 2 CONCENTRATION OF CREDIT RISK

West Central Wisconsin Workforce Development Board, Inc. maintains cash at one financial institution. Account balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year balances in this account may exceed the insurance limits. Management believes this financial institution has a strong credit rating and credit risk related to these deposits is minimal.

NOTE 3 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within 12 months of the statement of financial position date, are comprised of the following for West Central Wisconsin Workforce Development Board, Inc. as of June 30, 2023:

Cash	\$ -
Grants Receivable	351,417
Total	<u>\$ 351,417</u>

West Central Wisconsin Workforce Development Board, Inc. does not have a formal liquidity policy. West Central Wisconsin Workforce Development Board, Inc. can rely on lower balances of available financial assets as it is primarily funded with cost reimbursement grants. Under cost reimbursement grants, once expenses are incurred, an organization can request reimbursement from the funding source. West Central Wisconsin Workforce Development Board, Inc. has grant commitments for future expenses of approximately \$5,100,000 at June 30, 2023.

NOTE 4 GRANTS RECEIVABLE

Grants receivable at June 30, 2023 consisted of the following:

Department of Workforce Development (DWD)	\$ 287,717
Southwest Wisconsin Workforce Development Board	45,684
Northwest CEPTS	3,015
Department of Correction (DOC)	15,001
Total	<u>\$ 351,417</u>

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 5 PENSION PLAN

West Central Wisconsin Workforce Development Board, Inc. has established a retirement plan authorized under Section 401(k) of the Internal Revenue Code. Employee contributions are vested upon contribution to the plan. The total pension expense for the year ended June 30, 2023 was \$12,063.

NOTE 6 GRANT AWARDS

At June 30, 2023, West Central Wisconsin Workforce Development Board, Inc. had commitments for future funding under various grant awards of approximately \$5,100,000. The revenue relating to these grants are not recognized in the accompanying financial statements as the revenue recognition is conditional on the incurrence of expenditures or the performance of services in the future.

NOTE 7 SUBCONTRACTOR

West Central Wisconsin Workforce Development Board, Inc. contracts with Workforce Resource, Inc. as service provider for its grants. Workforce Resource, Inc. also leases space to West Central Wisconsin Workforce Development Board, Inc. During the year ended June 30, 2023, expenses incurred for subcontractor and rent were \$1,745,877 and \$14,131, respectively. At June 30, 2023, West Central Wisconsin Workforce Development Board, Inc. had payables to Workforce Resource, Inc. of \$158,747.

NOTE 8 LEASES – ASC 842

The Organization leases office space under a long-term, noncancelable lease agreement. The Organization entered into this lease for office space in April 2023. through March 2026. The lease provides one renewal option for additional three-year term.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 8 LEASES – ASC 842 (CONTINUED)

The following table provides quantitative information concerning the Organization's leases at June 30, 2023.

Lease Costs:	
Operating Lease Costs	\$ 6,170
Short-Term Lease Costs	14,480
Total Lease Costs	<u>\$ 20,650</u>
Other Information:	
Right-of-Use Assets Obtained in Exchange for New Operating Lease Liabilities	69,903
Weighted-Average Remaining Lease Term - Operating Leases	2.8 years
Weighted-Average Discount Rate - Operating Leases	3.73%

The Organization classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2024	\$ 24,310
2025	26,520
2026	19,890
Undiscounted Cash Flows	<u>70,720</u>
Less: Imputed Interest	<u>(3,499)</u>
Total Present Value	<u>\$ 67,221</u>

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing (AL) Number	Contract Number	Pass-Through Entity Identifying Number (P.O./COMET)	Program Year	Grant Award	Pass-Through to Subrecipient	Federal Expenses
Department of Labor							
WIOA Cluster:							
Passed through State of Wisconsin Department of Workforce Development (DWD):							
WIOA - Administration	17.258	5921	7874 / 44500ET08201_22	04/01/21 - 06/30/23	68,869	\$ -	\$ 33,182
WIOA - Administration	17.258	6729	7874 / 44500ET08201_23	04/01/22 - 06/30/24	59,802	-	59,802
WIOA - Adult	17.258	5915	7874 / 44500ET08208_22	07/01/21 - 06/30/23	532,840	332,668	363,998
WIOA - Adult	17.258	6813	7874 / 44500ET08208_23	07/01/22 - 06/30/24	456,342	42,008	51,506
Total AL 17.258						374,676	508,488
Passed through State of Wisconsin Department of Workforce Development (DWD):							
WIOA - Administration	17.259	5921	7874 / 44500ET08201_22	04/01/21 - 06/30/23	68,869		33,182
WIOA - Administration	17.259	6729	7874 / 44500ET08201_23	04/01/22 - 06/30/24	59,802		59,802
WIOA - Youth	17.259	5802	7874 / 44500ET08206_22	04/01/21 - 06/30/23	693,161	431,742	469,803
Total AL 17.259						431,742	562,787
Passed through State of Wisconsin Department of Workforce Development (DWD):							
WIOA - Administration	17.278	5921	7874 / 44500ET08201_22	04/01/21 - 06/30/23	68,869		33,181
WIOA - Administration	17.278	6729	7874 / 44500ET08201_23	04/01/22 - 06/30/24	59,802		59,801
WIOA - Dislocated Worker Program	17.278	5935	7874 / 44500ET08210_22	07/01/21 - 06/30/23	633,518	120,872	214,047
WIOA - Rapid Response (RR) Annual	17.278	6931	RRG21/22 Annual / 6931 / 44500ET08106_22	07/01/22 - 06/30/23	68,919	54,070	68,919
Total AL 17.278						174,942	375,948
Total WIOA Cluster						981,360	1,447,223

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing (AL) Number	Contract Number	Pass-Through Entity Identifying Number (P.O./COMET)	Program Year	Grant Award	Pass-Through to Subrecipient	Federal Expenses
Department of Labor (Continued)							
Passed through Northwest Wisconsin Workforce Investment Board:							
H-1 B Job Training Grants	17.268		N/A	2/1/21-1/31/25	253,246	\$ 32,206	\$ 114,045
Total AL 17.268						32,206	114,045
Passed through Southwest Wisconsin Workforce Development Board:							
Reentry Employment Opportunities	17.270		N/A	07/1/21-12/31/24	249,188	71,674	179,751
Total AL 17.270						71,674	179,751
Passed through State of Wisconsin Department of Workforce Development (DWD):							
Employment Recovery DWG	17.277	6865		4/1/22-9/30/23	275,000	266,933	275,000
Opioid Grant	17.277	5321	8083 / 44500ET05112_21	09/01/20 - 08/31/24	732,299	185,985	271,284
Total AL 17.277						452,918	546,284
Total Department of Labor						1,538,158	2,287,303
Department of Treasury							
Passed through State of Wisconsin Department of Workforce Development (DWD):							
Coronavirus State and Local Fiscal Recovery Funds	21.027	6272		10/1/21-11/30/23	1,940,000	133,622	494,573
Total Federal Expenditures						\$ 1,671,780	\$ 2,781,876
State Programs							
Passed through State of Wisconsin Department of Corrections:							
Windows to Work - Pipeline	N/A	N/A	N/A	07/01/22 - 06/30/23	\$ -	\$ 78,660	\$ 107,291
Total State Programs						\$ 78,660	\$ 107,291
Total Program Activity						\$ 1,750,440	\$ 2,889,167

See accompanying Notes to the Schedule of Expenditures of Federal and State Awards.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the Schedule) includes the federal and state grant activity of West Central Wisconsin Workforce Development Board, Inc. under programs of the federal and state government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)* and the *Wisconsin State Single Audit Guidelines*. Because the schedule presents only a selected portion of the operations of West Central 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 West Central 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 the cost principles contained in the Uniform Guidance, 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.

NOTE 3 INDIRECT COST RATE

West Central Wisconsin Workforce Development Board, Inc. has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.



**INDEPENDENT AUDITOR'S 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***

Board of Directors
West Central Wisconsin Workforce Development Board, Inc.
Menomonie, Wisconsin

We have audited, in accordance with the 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, the financial statements of West Central Wisconsin Workforce Development Board (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 8, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Central Wisconsin Workforce Development Board's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Central Wisconsin Workforce Development Board's internal control. Accordingly, we do not express an opinion on the effectiveness of West Central Wisconsin Workforce Development Board's internal control.

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 a 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Central Wisconsin Workforce Development Board's financial statements are free from 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 financial statements. 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*.

West Central Wisconsin Workforce Development Board's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the West Central Wisconsin Workforce Development Board's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. West Central Wisconsin Workforce Development Board's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Eau Claire, Wisconsin
April 8, 2024



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE AND STATE SINGLE AUDIT GUIDELINES**

Board of Directors
West Central Wisconsin Workforce Development Board, Inc.
Menomonie, Wisconsin

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited West Central Wisconsin Workforce Development Board's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *State Single Audit Guidelines* that could have a direct and material effect on each of West Central Wisconsin Workforce Development Board's major federal programs for the year ended June 30, 2023. West Central Wisconsin Workforce Development Board's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, West Central Wisconsin Workforce Development Board complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the *State Single Audit Guidelines*, issued by the Wisconsin Department of Administration. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of West Central Wisconsin Workforce Development Board and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of West Central Wisconsin Workforce Development Board's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to West Central Wisconsin Workforce Development Board's federal and state programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on West Central Wisconsin Workforce Development Board's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and State Single Audit will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about West Central Wisconsin Workforce Development Board's compliance with the requirements of each major federal and state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, and *State Single Audit Guidelines*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding West Central Wisconsin Workforce Development Board's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of West Central Wisconsin Workforce Development Board's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, and the *State Single Audit Guidelines* but not for the purpose of expressing an opinion on the effectiveness of West Central Wisconsin Workforce Development Board's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.


Report on 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 program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and *State Single Audit Guidelines*. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Eau Claire, Wisconsin
April 8, 2024

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? x yes no
 - Significant deficiency(ies) identified? yes x none reported
3. Noncompliance material to financial statements noted? yes x no

Federal and State Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? yes x no
 - Significant deficiency(ies) identified? yes x none reported
2. Type of auditors' report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a) and *State Single Audit Guidelines*, as applicable? yes x no

Identification of Major Federal and State Programs

Assistance Listing Number(s)

17.258/17.259/17.278

Name of Federal Program or Cluster

Workforce Innovation and Opportunity Act (WIOA) Cluster

Name of State Program or Cluster

N/A

Workforce Innovation and Opportunity Act (WIOA) Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 yes x no

**WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

Finding 2023-001: Material Adjusting Journal Entries

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: During our audit, the following matters were noted in relation to West Central Wisconsin Workforce Development Board, Inc.'s accounting records:

- The auditors proposed and West Central Wisconsin Workforce Development Board, Inc. agreed with and recorded journal entries to adjust various accounts at year end.

Criteria or Specific Requirement: Uniform Guidance 200.302(b)(4) states each nonfederal entity must provide for “*effective control over, and accountability for, all funds, property, and other assets.*”

Effect: A deficiency in internal control over financial reporting exists due to failure to completely reconcile accounts which led to adjusting journal entries being identified during the audit process. These matters contributed to the audit not being completed in a timely manner.

Cause: The entity had an outsourced accounting firm doing the accounting during the fiscal year. After the fiscal year end that accounting firm was unable to continue to do the accounting for the entity and had not finished adjusting all statement of financial position accounts in accordance with generally accepted accounting principles prior to the start of the audit.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2022-001.

Recommendation: We recommend West Central Wisconsin Workforce Development Board, Inc.'s implement systems, procedures, and training to ensure accounts are reconciled timely and accurately.

View of Responsible Officials and Planned Corrective Actions: Management agrees with the finding and has developed and begun implementation of a corrective action plan.

2023 – 002 – Annual Reporting Under Generally Accepted Accounting Principles (GAAP)

Type of Finding:

- Material Weakness in Internal Control over Financial Reporting

Condition: The entity does not have an internal control policy in place over annual financial reporting that would enable management to prepare its annual financial statements and related footnote disclosures and determine they are complete and presented in accordance with GAAP.

**WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings (Continued)

2023 – 002 – Annual Reporting Under Generally Accepted Accounting Principles (GAAP)

Criteria or Specific Requirement: Management is responsible for establishing and maintaining internal controls and for the fair presentation of the financial statements including the related disclosures, in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Effect: The potential exists that a material misstatement of the annual financial statements could occur and not be prevented or detected by the entity's internal controls.

Cause: The entity relies on the audit firm to prepare the annual financial statements and related footnote disclosures. However, they have reviewed and approved the annual financial statements and the related footnote disclosures.

Repeat Finding: No

Recommendation: Management should continue to evaluate their internal staff capacity to determine if an internal control policy over the annual financial reporting is beneficial.

Views of Responsible Officials and Planned Corrective Actions: The entity will continue to rely upon the audit firm to prepare the financial statements and related footnote disclosures and will review and approve these prior to issuance of the annual financial statements.

Section III - Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

Section IV - Summary of Prior Year Findings

Finding 2022-001: Account Reconciliations

Condition

During our audit, the following matters were noted in relation to West Central Wisconsin Workforce Development Board, Inc.'s accounting records:

- The auditors proposed and West Central Wisconsin Workforce Development Board, Inc. agreed with and recorded journal entries to adjust revenue and expense for items noted in the audit.
- Additionally, it was noted that not all expenditures of federal awards were included in the preliminary schedule of expenditures of federal awards. The auditors proposed and West Central Wisconsin Workforce Development Board, Inc. agreed to these changes.

WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

Section IV – Summary of Prior Year Findings (Continued)

Finding 2022-001: Account Reconciliations (Continued)

Criteria

Uniform Guidance 200.302(b)(4) states each nonfederal entity must provide for “*effective control over, and accountability for, all funds, property, and other assets.*”

Cause

The switch from an in-house CFO position to outsourced accounting firm after year-end resulted in some payables not being recorded in account payables and accounts payable items not being recorded on the schedule of expenditures of federal awards and included in accounts receivable.

Effect

A significant deficiency in internal control over financial reporting exists due to failure to completely reconcile accounts which led to adjusting journal entries being identified during the audit process. These matters contributed to the audit not being completed in a timely manner.

Recommendation

We recommend West Central Wisconsin Workforce Development Board, Inc.’s implement systems, procedures and training to ensure accounts are reconciled timely and accurately.

Current Year Status

While West Central Wisconsin Workforce Development Board, Inc. did hire a contracted accounting firm for the fiscal year ending June 30, 2023. The accounting firm did not complete all the year-end schedules and adjustments for the audit. The auditors adjusted accounts receivable, reversed prior year accrual entries, and adjusted accrued liabilities. Additionally, adjusted beginning net assets for prior year audit entries not recorded. The finding was repeated in the current year as finding 2023-001.

**WEST CENTRAL WISCONSIN WORKFORCE DEVELOPMENT BOARD, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section V – Other Issues

Does the auditor's report or 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 related to grants/contracts with funding agencies that require audits to be in accordance with the Wisconsin *State Single Audit Guidelines*?

Wisconsin Department of Workforce Development
Wisconsin Department of Corrections

No

No

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

No

Name and Signature of Signing Director:



Date of Report

April 8, 2024

