



**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Area 20/21 Workforce Investment Board
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Workforce Investment Board:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board), as of and for the year ended June 30, 2008, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express opinions on these financial statements based on our audit.

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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio, as of June 30, 2008, and the respective changes in financial position for the year 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 March 27, 2009, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual provides additional information and is not a required part of the basic financial statements. The Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the basic financial statements. We subjected the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual and the Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 27, 2009

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

The discussion and analysis of the Area 20/21 Workforce Investment Board's (the Board) financial performance provides an overview and analysis of the Board's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Board's financial performance.

Financial Highlights

- ▶ The Board was formed July 1, 2007, with a carry-forward grant allocation of \$1,141,815 from the Ohio Department of Job and Family Services, as follows:

WIA Administration	\$103,872
WIA Adult	307,408
WIA Dislocated Worker	420,876
WIA Youth	309,659
Total Carry-Forward	<u>\$1,141,815</u>

- ▶ The Board's receipts are solely from support from Federal and State government agencies. The Federal receipts are designated for employment and training related activities.
- ▶ The Board's total grant allocations, including the carry-forward of \$1,141,815 during the program year were \$4,642,306.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provides information about the activities of the Board.

These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid. These two statements report the Board's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the Board as a whole, the financial position of the Board has improved or diminished. The cause of this change may be the result of many factors, some financial, some not. Non-financial factors include current laws in Ohio restricting revenue growth, and other factors.

AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Fund Financial Statements

Fund financial reports provide detailed information about the Board's major funds. The Board uses one fund to account for a multitude of financial transactions. The Board's major governmental fund is the General Fund.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated from specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Board are recorded in the governmental fund.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on inflows and outflows of spendable cash, as well as on balances of spendable cash available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Financial Analysis Governmental Activities

Table 1 provides a summary of the Board's net assets for fiscal year 2008. Since the Board was not in existence during fiscal year 2007, a comparative analysis has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

Table 1
Net Assets at Year End

	2008
<u>Assets:</u>	
Current and Other Assets	\$162,739
<i>Total Assets</i>	162,739
<u>Liabilities:</u>	
Current Liabilities	42,890
<i>Total Liabilities</i>	42,890
<u>Net Assets:</u>	
Restricted	119,849
<i>Total Net Assets</i>	\$119,849

AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Table 2 shows the changes in net assets for fiscal year 2008. Since this is the first year the Board has been in existence, comparisons to fiscal year 2007 are not available.

Table 2
Changes in Net Assets

	2008
<u>Revenues:</u>	
<i>Operating Grants:</i>	
Adult	\$846,985
Dislocated Worker	770,291
Youth	624,102
Rapid Response Grant	264,735
Administration	178,756
State Grant	13,016
<i>Total Program Revenue</i>	2,697,885
Earnings on Investments	473
Miscellaneous	36,736
<i>Total Revenues</i>	2,735,094

(Continued)

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

Expenses:

Workforce Development:

Adult	880,773
Dislocated Worker	724,443
Youth	488,297
Rapid Response Grant	230,880
Administration	114,413
State Grant	13,016
Miscellaneous	<u>163,423</u>
<i>Total Expenses</i>	2,615,245
<i>Change in Net Assets</i>	119,849
Net Assets – Beginning of Year	<u>0</u>
Net Assets – End of Year	<u>\$119,849</u>

The majority of the funding for the Board is revenue received from Federal and State Grants, which account for nearly 99 percent of total revenues.

Administration revenues represent less than 7% of the total allocation and are comprised of federal grant revenue.

Revenues and expenses for the year were largely for direct services by member counties for training, supportive, and employment related activities for both job seekers and employers within and outside of Area 20/21.

Financial Analysis Governmental Funds

As noted earlier, the Board used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Board's net resources available for spending at the end of the year.

As of the end of the current fiscal year, the Board's governmental funds reported an ending fund balance of \$119,849, which is all reported in the Special Revenue Fund and reflects the excess of receipts over expenditures for the year.

AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Budget Highlights

The Board's budget is reflected in the Schedule of Revenues, Expenditures and Changes in General Fund Balance – Budget (Non-GAAP Basis) and Actual and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During fiscal year 2008, the Board amended its budget to reflect changing circumstances. The budgeted receipts and disbursements are prepared on a multi-year program basis. Final budgeted receipts were in excess of final actual receipts due to this basis.

Final disbursements were budgeted at \$4,642,306 while actual disbursements were \$2,600,864. Actual receipts exceeded actual disbursements. The result is an increase in fund balance of \$162,073 for fiscal year 2008.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2008, the Board had no capital assets. All capital assets used by the Board are owned by Ross County.

Debt Administration

At June 30, 2008, the Board had no general obligation debt outstanding.

Current Issues

The Board entered into a Memorandum of Understanding with Ross County to provide services as fiscal agent, effective July 1, 2007. The Ross County Auditor and Treasurer provide financial processing and accountability services for the Board.

The Board entered into a contract with Integrated Service Systems and another contract with Pickaway County Community Action Organization, Inc., effective from March 1, 2008 through June 30, 2009, to provide youth services.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens and taxpayers with a general overview of the Board's finances and to show the Board's accountability for the money it received. If you have any questions about this report or need additional information, contact Paula Ogan, Fiscal Supervisor, Area 20/21 Workforce Investment Board, 475 Western Avenue Suite B P.O. Box 469, Chillicothe, Ohio 45601.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Statement of Net Assets

June 30, 2008

Assets:

Cash and Cash Equivalents With Fiscal Agents	\$162,073
Accrued Interest Receivable	473
Prepaid Items	<u>193</u>
<i>Total Assets</i>	<u>162,739</u>

Liabilities:

Contracts Payable	14,101
Intergovernmental Payable	<u>28,789</u>
<i>Total Liabilities</i>	<u>42,890</u>

Net Assets:

Restricted for:	
Other Purposes	<u>119,849</u>
<i>Total Net Assets</i>	<u><u>\$119,849</u></u>

See accompanying notes to the basic financial statements.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Balance Sheet

Special Revenue Fund

June 30, 2008

Assets:

Cash and Cash Equivalents With Fiscal Agents	\$162,073
Accrued Interest Receivable	473
Prepaid Items	193

<i>Total Assets</i>	<u>162,739</u>
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Liabilities and Fund Balances:

Liabilities:

Contracts Payable	14,101
Intergovernmental Payable	28,789

<i>Total Liabilities</i>	<u>42,890</u>
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Fund Balances:

Reported in:

Special Revenue Fund	119,849
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<i>Total Fund Balances</i>	<u>119,849</u>
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<i>Total Liabilities and Fund Balances</i>	<u>\$162,739</u>
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See accompanying notes to the basic financial statements.

AREA 20/21 WORKFORCE INVESTMENT BOARD
Statement of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

Revenues:

Operating Grants:

Adult	\$846,985
Dislocated Worker	732,994
Youth	624,102
Rapid Response Grant	264,735
Administration	178,756
Workforce Services Month	6,966
Workkeys Assessment	3,453
VSTP	1,878
Transition Funds	25,000
State Grant	13,016
Interest	473
Miscellaneous	36,736

<i>Total Revenues</i>	2,735,094
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Expenditures:

Workforce Development:

Adult	880,773
Dislocated Worker	724,443
Youth	488,297
Rapid Response Grant	230,880
Administration	114,413
State Grant	13,016
Miscellaneous	163,423

<i>Total Expenditures</i>	2,615,245
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<i>Net Change in Fund Balances</i>	119,849
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<i>Fund Balances at Beginning of Year</i>	0
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<i>Fund Balances at End of Year</i>	\$119,849
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See accompanying notes to the basic financial statements.

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**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 1 – DESCRIPTION OF THE ENTITY

Description of the Board

The Workforce Investment Act (WIA) is a federally funded program that provides employment and job training services to eligible adults, dislocated workers and youth. The United States Department of Labor (DOL) is the federal agency responsible for the program. The Ohio Department of Job and Family Services (ODJFS) is the oversight agency for the State of Ohio.

The Area 20/21 Workforce Investment Board (the Board), is designated as a local Workforce Investment Area under WIA 116 and its geopolitical span includes Ross, Pickaway, and Fairfield counties. The grant recipient is a consortium of elected officials from the counties within the local area. The functions of the consortium are carried out by a Board of Governors, which consists of the Chief Elected Official (CEO) of each participating sub area.

In accordance with WIA 117, the consortium established a local Workforce Investment Board (WIB) to set policy for the local workforce investment system. The local board has no employees. The Fiscal Agent and Administrative Entity perform administrative functions for the board and are employees of Ross County Department of Job and Family Services.

The grant recipient designated Ross County as the fiscal agent for the local area. The County Auditor has the responsibility to disburse funds for the local area at the direction of the local board. Funds flow from the State to the Board and are passed onto the individual counties based on allocations established by the State. The individual counties have responsibility for the administration of the adult and dislocated worker programs for their respective county. The Board has responsibility for the administration of the youth programs, training, and employment programs.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Board consists of all funds, departments, boards, and agencies that are not legally separate from the Board. The Board's financial statements include Adult, Dislocated Worker, Youth, Rapid Response Grant, and Administrative programs.

Component units are legally separate organizations for which the Board is financially accountable. The Board is financially accountable for an organization if the Board appoints a voting majority of the organization's governing board and (1) the Board is able to significantly influence the programs or services performed or provided by the organization; or (2) the Board is legally entitled to or can otherwise access the organization's resources; the Board is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Board is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Board in that the Board approves the budget, the issuance of debt, or the levying of taxes. The Board has no component units.

Management believes the financial statements included in this report represent all of the financial activity of the Board over which the Board is financially accountable.

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Board also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the Board's accounting policies are described below.

A. Basis of Presentation

The Board's basic financial statement consists of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Board as a whole. These statements include the financial activities of the Board.

The statement of net assets presents the financial condition of the governmental activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Board's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include grants that are restricted to meeting the operational requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental program is self-financing.

Fund Financial Statements

During the year, the Board segregates transactions related to certain Board functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The focus of governmental fund financial statements is on major funds rather than reporting by type. The special revenue fund is presented in a separate column.

B. Fund Accounting

The Board uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Board utilizes the governmental category of funds.

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Governmental Funds

Governmental funds are those through which most governmental functions of the Board are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The special revenue fund is the Board's only fund.

Special Revenue Fund - This fund is the operating fund of the Board and is used to account for all financial resources. The Special Revenue Fund is available to the Board for any purpose provided it is expended or transferred according to the general laws of Ohio.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Board are included on the statement of net assets. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of economic resources measurement focus. With this measurement focus, only current assets and current liabilities are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements include a reconciliation, if necessary, with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Board's government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Revenues – Nonexchange Transactions

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include grants. On an accrual basis, revenue from grants is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the Board, available means expected to be received within thirty days of year-end.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: accrued interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis, as applicable to the Board's basis of accounting.

E. Cash

The Ross County Treasurer is the custodian for the Board's cash. The Board's assets are held in Ross County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2008, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets are reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

H. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 – CASH AND DEPOSITS

The Ross County Treasurer maintains a cash pool used by all of the County's funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At fiscal year-end, the carrying amount of the Board's deposits with the Ross County Treasurer was \$162,073 and reflected as Cash with Fiscal Agent on the financial statements. The Ross County Treasurer is responsible for maintaining adequate depository collateral for all funds in the County's pooled cash and deposit accounts.

NOTE 4 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2008, the Board contracted with United States Liability Insurance Company for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Coverage</u>
Directors and Officer Liability	\$1,000,000
Employment Practices Liability	\$1,000,000

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 5- CONTRACTED SERVICES

The Board does not have any employees. They contract for accounting, administrative, use of facility and management services from other governmental agencies.

NOTE 6 – CONTRACTUAL OBLIGATIONS

The Board entered into a Memorandum of Understanding with Ross County to provide services as fiscal agent, effective July 1, 2007. The Ross County Auditor and Treasurer provide financial processing and accountability services for the Board.

The Board entered into a contract with Integrated Service Systems and another contract with Pickaway County Community Action Organization, Inc., effective from March 1, 2008 through June 30, 2009, to provide youth services.

NOTE 7 - CONTINGENCIES

Grants - The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2008 will not have a material adverse effect on the Board.

Litigation – The Board is involved in no litigation as either plaintiff or defendant.

AREA 20/21 WORKFORCE INVESTMENT BOARD
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
<i>Operating Grants:</i>				
Adult	\$721,134	\$1,138,911	\$846,985	(\$291,926)
Dislocated Worker	989,491	1,065,499	732,994	(332,505)
Youth	846,993	846,993	624,102	(222,891)
Rapid Response Grant	0	700,000	264,735	(435,265)
Administration	206,421	206,421	178,756	(27,665)
Workforce Services Month	0	0	6,966	6,966
Workkeys Assessment	0	0	3,453	3,453
VSTP	0	0	1,878	1,878
Transition Funds	18,752	18,752	25,000	6,248
State Grant	0	437,742	13,016	(424,726)
Interest	900	900	0	(900)
Miscellaneous	227,088	227,088	65,052	(162,036)
<i>Total Revenues</i>	<u>3,010,779</u>	<u>4,642,306</u>	<u>2,762,937</u>	<u>(1,879,369)</u>
<u>Expenditures:</u>				
<i>Workforce Development:</i>				
Adult	721,134	1,138,911	880,773	258,138
Dislocated Worker	989,491	1,065,499	724,443	341,056
Youth	846,993	846,993	488,297	358,696
Rapid Response Grant	0	700,000	230,880	469,120
Administration	206,421	206,421	114,413	92,008
State Grant	0	437,742	13,016	424,726
Miscellaneous	245,840	245,840	149,042	96,798
Interest and Fiscal Charges	900	900	0	900
<i>Total Expenditures</i>	<u>3,010,779</u>	<u>4,642,306</u>	<u>2,600,864</u>	<u>2,041,442</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	162,073	162,073
<i>Fund Balance at Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$162,073</u>	<u>\$162,073</u>

See accompanying notes to the supplemental information.

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

*Notes to the Supplementary Information
For the Fiscal Year Ended June 30, 2008*

NOTE 1 – BUDGETARY PROCESS

Ross County (the fiscal agent) required the Board to budget all funds. The major documents prepared are the budget based on the WIA grant allocation. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The WIA grant allocation establishes a limit on the amounts the Board may budget. The budget is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the object level as its legal level of control. Individual grants are limited to their approved budget.

The amounts reported as the original budget in the budgetary statements reflect the amounts in the WIA grant allocation when the Board adopted the original budget. The amounts reported as the final budget in the budgetary statements reflect the amounts in the WIA grant allocation in effect at the time of the final budget.

The Board may amend the budget throughout the year with the restriction that the budget may not exceed WIA grant allocations. The amounts reported as the original budget reflect the first budget for a fund covering the entire fiscal year. The amounts reported as the final budget represent the final budget the Board passed during the year.

NOTE 2 – BUDGETARY SCHEDULE

Adjustments necessary to convert the results of operations at end of year on the modified accrual basis (GAAP) to the budget basis:

Net Change in Fund Balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance	\$119,849
Net revenue accruals	27,843
Net expenditure accruals	<u>14,381</u>
Net Change in Fund Balance per the Budgetary Schedule	<u><u>\$162,073</u></u>

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor Agency/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through Ohio Department of Job & Family Services</i>			
Employment Service/Wagner-Peyser Funded Activities		17.207	\$ 6,860
Workforce Investment Act Cluster:			
Adult Program	G-89-15-0562	17.258	\$ 887,340
Adult Administration	G-89-15-0562	17.258	12,411
Total for CFDA 17.258			<u>899,751</u>
Youth Program	G-89-15-0562	17.259	494,283
Youth Administration	G-89-15-0562	17.259	64,241
Total for CFDA 17.259			<u>558,524</u>
Dislocated Worker Program	G-89-15-0562	17.260	1,099,333
Dislocated Worker Administration	G-89-15-0562	17.260	37,761
Total for CFDA 17.260			<u>1,137,094</u>
Total Workforce Investment Act Cluster			<u>2,595,369</u>
Total Federal Awards Expenditures			<u><u>\$ 2,602,229</u></u>

The accompanying notes are an integral part of this schedule.

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Board's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The Board passes-through certain Federal assistance received from the Ohio Department of Job and Family Services to other governments (subrecipients). As described in Note A, the Board records expenditures of Federal awards to subrecipients when paid in cash.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Board is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Area 20/21 Workforce Investment Board
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Workforce Investment Board:

We have audited the financial statements of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board) as of and for the year ended June 30, 2008, which collectively comprise the Board's basic financial statements and have issued our report thereon dated March 27, 2009. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Board's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Board's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Board's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted a certain internal control matter that we reported to the Board's management in a separate letter dated March 27, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain noncompliance or other matter that we reported to the Board's management in a separate letter dated March 27, 2009.

We intend this report solely for the information and use of the finance committee, management, the Workforce Investment Board, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 27, 2009



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Area 20/21 Workforce Investment Board
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Workforce Investment Board:

Compliance

We have audited the compliance of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Board's major federal program. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal program. Our responsibility is to express an opinion on the Board's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Board's compliance with those requirements.

As described in finding 2008-001 in the accompanying schedule of findings, the Board did not comply with requirements regarding subrecipient monitoring applying to the Workforce Investment Act Cluster Program. Compliance with this requirement is necessary, in our opinion, for the Board to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Area 20/21 Workforce Investment Board, Ross County, Ohio complied, in all material respects, with the requirements referred to above applying to its major federal program for the year ended June 30, 2008.

Internal Control over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 the Board's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Board's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Board's ability to administer a federal program such that there is more than a remote likelihood that the Board's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as finding 2008-001 to be a significant deficiency.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the Board's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. We consider finding 2008-001 to be a material weakness.

The Board's response to the finding we identified is described in the accompanying schedule of findings. We did not audit the Board's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the finance committee, management, the Workforce Investment Board, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

March 27, 2009

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act Cluster (CFDA #17.258, 17.259, 17.260)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

**AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	2008-001
CFDA Title and Number	Workforce Investment Act Cluster 17.258, 17.259, 17.260
Federal Award Number / Year	G-89-15-0562
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Jobs and Family Services

Subrecipient Monitoring – Material Noncompliance/Significant Deficiency/Material Weakness

20 C.F.R. 667.400(c)(1) provides that each recipient and subrecipient must continuously monitor grant-supported activities in accordance with the uniform administrative requirements at 29 C.F.R parts 95 and 97, as applicable, including the applicable cost principles indicated at 29 C.F.R. 97.22(b) or 29 C.F.R. 95.27, for all entities receiving WIA title I funds.

20 C.F.R. 667.410 further clarifies the roles and responsibilities for all recipients and subrecipients of funds under WIA title I in general. Each recipient and subrecipient must conduct regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to:

- Determine that expenditures have been made against the cost categories and within the cost limitations specified in the Act and the regulations in this part;
- Determine whether or not there is compliance with other provisions of the Act and the WIA regulations and other applicable laws and regulations; and
- Provide technical assistance as necessary and appropriate.

The Board had no controls in place to monitor its subrecipients and did not perform subrecipient monitoring of its subrecipients. This could result in subrecipients receiving and expending Workforce Investment Act funding for unallowable purposes.

We recommend the Board develop procedures to facilitate subrecipient monitoring to provide assurance that subrecipients are in compliance with the provisions of the act and applicable laws and regulations.

Officials' Response and Corrective Action Plan:

Subrecipient monitoring is being procured as of this date; it was not completed due to the timeframes of the newly-constituted WIA Area 20/21.

Anticipated Completion Date: March 27, 2009
Responsible Contact Person: Robert Gallagher, Director



Mary Taylor, CPA
Auditor of State

AREA 20/21 WORKFORCE INVESTMENT BOARD

ROSS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 12, 2009**