



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

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

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Dave Yost • 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 basic financial statements of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board), as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Board's management. Our responsibility is to express an opinion 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 opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Area 20/21 Workforce Investment Board, Ross County, Ohio, as of June 30, 2011, and the changes in its financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 9, during 2011, the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 29, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* and the *Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Special Revenue Fund* as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Board's basic financial statements taken as a whole. The federal awards expenditures schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditures schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 29, 2012

AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(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, 2011. 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 assets of Area 20/21 Workforce Investment Board exceeded its liabilities at June 30, 2011 by \$155,954.
- ▶ In total, net assets of governmental activities increased by \$131,523 which represents a 538.34 percent increase from 2010.
- ▶ Program specific revenues in the form of grants and contributions accounted for \$2,715,749 or 100 percent of total revenues.
- ▶ The Board had \$2,584,226 in expenses related to governmental activities; all of these expenses were offset by program specific grants or contributions.
- ▶ 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.

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 provide 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, 2011
(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.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for 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. The Board's sole fund is a 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

Recall that the statement of net assets provides the perspective of the Board as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the Board's net assets for fiscal year 2011 compared to fiscal year 2010.

Table 1
Net Assets at Year End

	<u>2011</u>	<u>2010</u>
<u>Assets:</u>		
Current and Other Assets	<u>\$222,305</u>	<u>\$248,897</u>
<i>Total Assets</i>	<u>222,305</u>	<u>248,897</u>
<u>Liabilities:</u>		
Current Liabilities	<u>66,351</u>	<u>224,466</u>
<i>Total Liabilities</i>	<u>66,351</u>	<u>224,466</u>
<u>Net Assets:</u>		
Restricted	<u>155,954</u>	<u>24,431</u>
<i>Total Net Assets</i>	<u><u>\$155,954</u></u>	<u><u>\$24,431</u></u>

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)*

Current and other assets decreased \$26,592 from fiscal year 2010 due to a decrease in intergovernmental receivables.

Current (other) liabilities decreased by \$158,115 or 70.44 percent due to a decrease in intergovernmental payables.

The net asset balance of \$155,954 is restricted. The restricted net assets represent resources that are subjected to external restrictions (i.e. grants) on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2011 and provides a comparison to fiscal year 2010.

Table 2
Changes in Net Assets

	2011	2010
<u>Revenues:</u>		
<i>Operating Grants:</i>		
Adult	\$529,504	\$1,297,307
Dislocated Worker	689,937	1,775,054
Youth	791,078	1,805,087
Rapid Response Grant	157,344	227,019
Administration	276,433	227,735
Workforce Services	0	1,523
One Stop Resource Sharing	50,663	13,541
State Grant	220,790	14,325
<i>Total Program Revenue</i>	2,715,749	5,361,591
<i>Total Revenues</i>	\$2,715,749	\$5,361,591

(Continued)

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)*

<u>Expenses:</u>		
<i>Workforce Development:</i>		
Adult	535,667	1,249,591
Dislocated Worker	679,754	1,671,132
Youth	790,282	1,641,356
Rapid Response Grant	82,914	336,895
Administration	219,799	279,913
One Stop Resource Sharing	50,319	13,541
State Grant	<u>225,491</u>	<u>2,445</u>
<i>Total Expenses</i>	<u>2,584,226</u>	<u>5,194,873</u>
<i>Change in Net Assets</i>	131,523	166,718
Net Assets – Beginning of Year	<u>24,431</u>	<u>(142,287)</u>
Net Assets – End of Year	<u>\$155,954</u>	<u>\$24,431</u>

The most significant expenses for the Board are Youth, Dislocated Worker and Adult. These programs account for 77.61 percent of the total governmental activities. Youth, which accounts for 30.58 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to youth. Dislocated Worker, which accounts for 26.30 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to dislocated workers. Adult, which accounts for 20.73 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to adults.

All of the funding for the Board is revenue received from Federal and State Grants.

Administration revenues represent 10.18 percent of the total allocation and are comprised of federal grant revenue.

Total program revenues decreased \$2,645,842 or 49.35 percent. This decrease is due to a decrease in formula and federal stimulus funds received as operating grants and contributions.

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.

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
(Unaudited)*

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 \$155,954, which is all reported in the Special Revenue Fund and reflects the excess of receipts over expenditures for the year.

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 2011, 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.

For the Board, the final budget basis revenue was \$2,771,602, representing an increase of \$308,128 from the original budget revenues of \$2,463,474. The final budget basis expenditures were \$2,771,602 representing an increase of \$308,128 from the original budget basis expenditures of \$2,463,474.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2011, the Board had no capital assets. All capital assets used by the Board are owned by Ross County.

Debt Administration

At June 30, 2011, 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.

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.

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AREA 20/21 WORKFORCE INVESTMENT BOARD

Statement of Net Assets

June 30, 2011

Assets:

Cash and Cash Equivalents With Fiscal Agent	\$9,650
Intergovernmental Receivable	212,462
Prepaid Items	<u>193</u>
<i>Total Assets</i>	<u>222,305</u>

Liabilities:

Contracts Payable	19,372
Intergovernmental Payable	<u>46,979</u>
<i>Total Liabilities</i>	<u>66,351</u>

Net Assets:

Restricted For Other Purposes	<u>155,954</u>
<i>Total Net Assets</i>	<u><u>\$155,954</u></u>

See accompanying notes to the basic financial statements and accountant's report.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Statement of Activities

For the Fiscal Year Ended June 30, 2011

	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Assets</u>
	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Expenses</u>		
<u>Governmental Activities:</u>		
<i>Workforce Development:</i>		
Adult	\$535,667	(\$6,163)
Dislocated Worker	679,754	10,183
Youth	790,282	796
Rapid Response Grant	82,914	74,430
Administration	219,799	56,634
One Stop Resource Sharing	50,319	344
State Grant	225,491	(4,701)
	<u>225,491</u>	<u>(4,701)</u>
<i>Total Governmental Activities</i>	<u>\$2,584,226</u>	<u>131,523</u>
		<u>0</u>
		131,523
		<u>24,431</u>
		<u>\$155,954</u>

See accompanying notes to the basic financial statements and accountant's report.

AREA 20/21 WORKFORCE INVESTMENT BOARD

*Balance Sheet
Special Revenue Fund
June 30, 2011*

Assets:

Cash and Cash Equivalents With Fiscal Agent	\$9,650
Intergovernmental Receivable	212,462
Prepaid Items	<u>193</u>
<i>Total Assets</i>	<u>222,305</u>

Liabilities and Fund Balances:

Liabilities:

Contracts Payable	19,372
Intergovernmental Payable	<u>46,979</u>
<i>Total Liabilities</i>	<u>66,351</u>

Fund Balances:

Non-Expendable	193
Restricted	<u>155,761</u>
<i>Total Fund Balances</i>	<u>155,954</u>

<i>Total Liabilities and Fund Balances</i>	<u><u>\$222,305</u></u>
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See accompanying notes to the basic financial statements and accountant's report.

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, 2011

Revenues:

Operating Grants:

Adult	\$529,504
Dislocated Worker	689,937
Youth	791,078
Rapid Response Grant	157,344
Administration	276,433
One Stop Resource Sharing	50,663
State Grant	220,790
	220,790

<i>Total Revenues</i>	2,715,749
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Expenditures:

Workforce Development:

Adult	535,667
Dislocated Worker	679,754
Youth	790,282
Rapid Response Grant	82,914
Administration	219,799
One Stop Resource Sharing	50,319
State Grant	225,491
	225,491

<i>Total Expenditures</i>	2,584,226
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<i>Net Change in Fund Balances</i>	131,523
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<i>Fund Balances at Beginning of Year</i>	24,431
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<i>Fund Balances at End of Year</i>	\$155,954
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See accompanying notes to the basic financial statements and accountant's report.

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

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, 2011*

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, 2011*

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, 2011*

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, 2011*

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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. Fund Balances

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources. Fund balances of the governmental funds are classified as follows:

Nonspendable – amounts that cannot be spent because they are either not in a spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because either (a) constraints imposed by law through constitutional provisions, charter requirements or enabling legislation; or (b) constraints that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action (resolution) of the Board – the highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the Board removes the specified use by taking the same type of action as when imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – amounts constrained by the Board’s “intent” to be used for specific purposes, but are neither restricted nor committed. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. In the general fund, assigned amounts represent intended uses established by policies of the Board, which includes giving the Business Administrator the authority to constrain monies for intended purposes.

Unassigned – this is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

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

I. 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 \$9,650 and reflected as Cash and Cash Equivalent with Fiscal Agent on the financial statements. The Ross County Treasurer is responsible for maintaining adequate depositor 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 2011, 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

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.

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, 2011 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
ROSS COUNTY**

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011*

NOTE 8 – SUBSEQUENT EVENTS

In July 2011, Vinton and Hocking Counties joined the Area 20/21 Workforce Investment Board to make it a five county Board. During fiscal year 2012, the Board will receive grants for and distribute funds to Vinton County and Hocking County to fund programs that provide employment and job training services to eligible adults, dislocated workers and youth.

In September 2011, the Board was awarded a NEG Grant through the United States Department of Labor in the amount of \$2.489 million. These grant funds will begin being received and disbursed in fiscal year 2012.

A plan is in place to merge the Job and Family Service Departments of Ross, Vinton, and Hocking Counties on July 1, 2012. This plan would call for these departments to merge into one new entity under Ohio Revised Code 329.40. These counties would then merge their services together and be under one administration. The reason for this merger is to streamline services, be more efficient and manage costs. The Job and Family Service Departments are working with the Auditor of State’s Office to establish this new entity and develop the guidelines for which it will follow.

NOTE 9 – FUND BALANCES

During fiscal year 2011 the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This did not result in restatement of beginning fund balance. Fund balance is classified as nonexpendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

<u>Non-Expendable</u>	
Prepays	\$193
<u>Restricted</u>	
Grants	155,761
	<hr/>
Total Fund Balance	\$155,954
	<hr/>

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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, 2011

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
<i>Operating Grants:</i>				
Adult	\$474,191	\$493,113	\$526,607	\$33,494
Dislocated Worker	869,870	918,623	717,866	(200,757)
Youth	603,693	704,123	693,508	(10,615)
Rapid Response Grant	120,466	120,466	199,891	79,425
Administration	219,480	219,480	330,467	110,987
One Stop Resource Sharing	84,618	84,618	50,663	(33,955)
State Grant	90,526	230,549	220,790	(9,759)
Miscellaneous	630	630	0	(630)
<i>Total Revenues</i>	2,463,474	2,771,602	2,739,792	(31,810)
<u>Expenditures:</u>				
<i>Workforce Development:</i>				
Adult	640,675	659,597	569,927	89,670
Dislocated Worker	543,533	592,286	736,994	(144,708)
Youth	587,019	687,449	864,855	(177,406)
Rapid Response Grant	315,000	315,000	82,914	232,086
Administration	291,999	291,999	217,592	74,407
One Stop Resource Sharing	84,618	84,618	50,609	34,009
State Grant	0	140,023	218,312	(78,289)
Interest and Fiscal Charges	630	630	0	630
<i>Total Expenditures</i>	2,463,474	2,771,602	2,741,203	30,399
<i>Excess of Revenues Over (Under) Expenditures</i>	0	0	(1,411)	(1,411)
<i>Fund Balance at Beginning of Year</i>	11,061	11,061	11,061	0
<i>Fund Balance at End of Year</i>	\$11,061	\$11,061	\$9,650	(\$1,411)

See accompanying notes to the supplemental information.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2011

NOTE 2 – BUDGETARY SCHEDULE

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 Ross County Commissioners 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 Ross County Commissioners may amend the budget throughout the year with the restriction that the budget may not exceed WIA grant allocations. The amounts reported as the final budget represent the final budget the Ross County Commissioners passed during the year.

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	\$131,523
Net revenue accruals	24,043
Net expenditure accruals	<u>(156,977)</u>
Net Change in Fund Balance per the Budgetary Schedule	<u><u>(\$1,411)</u></u>

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

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor Agency/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>		
<i>Passed Through Ohio Department of Job & Family Services, Entity Number G-89-15-0562</i>		
ARRA Employment Service/Wagner-Payser Funded Activities	17.207	\$ 39,328
Workforce Investment Act Cluster:		
Adult Program	17.258	483,751
Adult Administration	17.258	93,989
ARRA - Adult Program	17.258	15,048
One Stop Resource Sharing - Multiple Grants	17.258	344
Stimulus Ohio Learning Accts	17.258	3,358
ARRA - Special Project	17.258	18,845
Special Project	17.258	14,319
Total - Adult Program		629,654
Youth Program	17.259	544,534
Youth Administration	17.259	49,365
ARRA - Youth Program	17.259	51,890
Stimulus Ohio Learning Accts	17.259	17,828
ARRA - Special Project	17.259	100,025
Special Project	17.259	76,005
Total - Youth Program		839,647
Dislocated Worker Program	17.260	589,959
Dislocated Worker Administration	17.260	76,446
ARRA - Dislocated Worker Program	17.260	24,819
Rapid Response Program	17.260	22,658
ARRA - Rapid Response Program	17.260	60,256
NEG OH-21 ARRA OJT	17.260	14,404
Stimulus Ohio Learning Accts	17.260	4,651
ARRA - Special Project	17.260	26,094
Special Project	17.260	19,827
Total - Dislocated Worker Program		839,114
Disabled Veterans' Outreach Program	17.801	10,249
Local Veterans' Employment Representative Program	17.804	743
		\$ 2,358,735

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
FISCAL YEAR ENDED JUNE 30, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board's) federal award programs' disbursements. The schedule has been prepared on the accrual basis of accounting.

NOTE B - SUBRECIPIENTS

The Board passes certain federal awards received from Ohio Department of Job & Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the Board reports expenditures of Federal awards to subrecipients when the obligation occurs.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



Dave Yost • 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, 2011, which collectively comprise the Board's basic financial statements and have issued our report thereon dated February 29, 2012, wherein we noted the Board adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and timely corrected.

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

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*.

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

www.ohioauditor.gov

We noted certain matters not requiring inclusion in this report that we reported to the Board's management in a separate letter dated February 29, 2012.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

February 29, 2012



Dave Yost • Auditor of State

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

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

To the Board of Directors:

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 could directly and materially affect the Area 20/21 Workforce Investment Board's major federal program for the year ended June 30, 2011. 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 each major federal program. Our responsibility is to opine on the Board's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the Area 20/21 Workforce Investment Board, Ross County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2011.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the Board's management in a separate letter dated February 29, 2012.

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



Dave Yost
Auditor of State

February 29, 2012

**AREA 20 WORKFORCE INVESTMENT BOARD
ROSS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

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 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?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	ARRA/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?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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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
MARCH 20, 2012**