



Dave Yost • Auditor of State

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet - Governmental Fund.....	13
Reconciliation of Total Governmental Fund Balance to Net Position of Governmental Activities	14
Statement of Revenues, Expenditures, and Change in Fund Balance Governmental Fund	15
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balance of Governmental Fund to the Statement of Activities	16
Notes to the Basic Financial Statements.....	17
Schedule of Federal Awards Expenditures	27
Notes to the Schedule of Federal Awards Expenditures	28
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	29
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	31
Schedule of Findings – OMB Circular A-133 § .505	33

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Area 16 Workforce Investment Board
Belmont County
310 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Area 16 Workforce Investment Board, Belmont County, Ohio (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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 16 Workforce Investment Board, Belmont County, Ohio, as of June 30, 2015, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended June 30, 2015, the Board presented the financial statements in accordance with Generally Accepted Accounting Principles. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's Discussion and Analysis* 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary Information

Our audit was conducted to opine on the Board's basic financial statements taken as a whole.

The Schedule of Federal Awards Expenditures (the Schedule) presents additional analysis as required by the 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 financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2016

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Area 16 Workforce Investment Board
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The discussion and analysis of the Area 16 Workforce Investment Board (the "Board") financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the Board's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Program specific revenues in the form of operating grants and contributions accounted for \$3,971,542 or 100 percent of total revenues.
- Total program expenses were \$3,790,549.
- In total, net position increased by \$993.
- The Board's major fund had \$3,791,542 in receipts and \$3,787,542 in disbursements. The fund balance increased \$4,000.

Using this Annual Financial Report

This discussion and analysis is intended to service as an introduction to the Board's basic financial statements. The Board's basic financial statements consist of the Statement of Net Position, the Statement of Activities, and the fund financial statements. These statements report information about the Board as a whole and about its activities.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the Board's finances on a full accrual basis of accounting, which is similar to a private-sector business. The statement of net position presents information on all of the Board's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Board is improving or deteriorating. The statement of activities presents information showing how the Board's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Board that are principally supported by intergovernmental revenues (governmental activities).

Area 16 Workforce Investment Board
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The governmental activities of the Board include the Workforce Investment Act activities for the following funding streams, administration, adult, dislocated workers, national emergency, rapid response, workforce innovation, youth, and other funding streams as available. There are no business-type activities reported for the Board.

Fund Financial Statements

The fund financial statements are used to report additional and detailed information about the Board. These statements focus on the major fund of the Board. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only governmental fund of the Board is a special revenue fund.

Governmental Funds

The Board's basic services are reported in its governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the Board's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the Board's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations in the financial statements.

Area 16 Workforce Investment Board
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

The Board as a Whole

Recall the Statement of Net Position provides the perspective of the Board as a whole:

Table 1 provides a summary of the Board's net position for 2015 compared to 2014:

Table 1
Net Position

	Governmental Activities	
	2015	2014
Assets		
Current and Other Assets	\$99,266	\$48,374
Capital Asset, Net	8,144	11,151
Total Assets	\$107,410	\$59,525
Liabilities		
Current Liabilities	75,266	28,374
Total Liabilities	75,266	28,374
Net Position		
Unrestricted	32,144	31,151
Total Net Position	\$107,410	\$59,525

The above table reflects an increase in net position of \$993 primarily due to an increase in intergovernmental receivables.

Area 16 Workforce Investment Board
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
Unaudited

Table 2 shows the changes in net position for fiscal year ended June 30, 2015. Since this is the first year the Board has prepared financial statements following GASB 34 under the accrual method, receipt and disbursement comparisons to fiscal year 2014 are not available. In future years, when prior year information is available, a comparative analysis of government-wide data will be presented.

Table 2
Changes in Net Position

	Governmental Activities 2015
Receipts:	
Program Cash Receipts	
Operating Grants and Contributions	\$3,791,542
Total Receipts	3,791,542
Disbursements:	
Employment and Training Program Costs	3,790,549
Total Disbursements	3,790,549
Change in Net Position	993
Net Position, Beginning of Year	31,151
Net Position, End of Year	\$32,144

Governmental Activities

The primary revenue source that funds the Board's governmental activities is intergovernmental revenue in the form of operating grants and contributions. Intergovernmental revenue generated \$3,791,542 in 2015.

The Statement of Activities shows the cost of program services and the grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. Comparisons to 2014 have not been made since they are not available.

Area 16 Workforce Investment Board
 Management's Discussion and Analysis
 For the Fiscal Year Ended June 30, 2015
 Unaudited

Table 3
Total and Net Cost of Program Expenses
Governmental Activities

	Cost of Service 2015	Net Cost of Service 2015
Employment and Training Program Costs	\$3,790,549	\$993
<i>Total Disbursements</i>	\$3,790,549	\$993

Employment and training program services comprise 100 percent of governmental program expenses.

The Board's Fund

The Board's only governmental fund had total receipts of \$3,791,542 and disbursements of \$3,787,542. The fund balance increased by \$4,000.

Contacting the Board's Financial Management

This financial report is designed to provide our citizens, taxpayers, customer and creditors with a general overview of the Board's finances and to show the Board's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Vince Gianangeli, Director, Belmont County Department of Job and Family Services, 310 Fox-Shannon Place, St. Clairsville, Ohio 43950 at (740) 695-1074 extension 1173.

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**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**STATEMENT OF NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Governmental Activities</u>
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 20,000
Intergovernmental Receivable	79,266
Capital Assets, Net	<u>8,144</u>
TOTAL ASSETS	<u><u>107,410</u></u>
LIABILITIES	
Accounts Payable	<u>75,266</u>
TOTAL LIABILITIES	<u>75,266</u>
NET POSITION	
Net Investment in Capital Assets	8,144
Restricted for Grant Purposes	<u>24,000</u>
TOTAL NET POSITION	<u>32,144</u>
TOTAL LIABILITIES AND NET POSITION	<u><u>\$ 107,410</u></u>

The notes to the financial statements are an integral part of this statement.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Governmental Activities	Expenses	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Position
Human Services:			
Employment and Training Program Costs	\$ 3,790,549	\$ 3,791,542	\$ 993
Total Governmental Activities	\$ 3,790,549	\$ 3,791,542	993
		Net Position at Beginning of Year	31,151
		Net Position at End of Year	\$ 32,144

The notes to the financial statements are an integral part of this statement.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**BALANCE SHEET - GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Special Revenue
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 20,000
Intergovernmental Receivable	79,266
TOTAL ASSETS	99,266
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts Payable	75,266
Total Liabilities	75,266
FUND BALANCE	
Restricted for Grant Purposes	24,000
Total Fund Balance	24,000
TOTAL LIABILITIES AND FUND BALANCE	\$ 99,266

The notes to the financial statements are an integral part of this statement.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Total Governmental Fund Balance	\$ 24,000
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**Amount reported for governmental activities in the statement
of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund	<u>8,144</u>
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Net Position of Governmental Activities	<u><u>\$ 32,144</u></u>
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The notes to the financial statements are an integral part of this statement.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Special Revenue</u>
REVENUES	
Intergovernmental Revenue	<u>\$ 3,791,542</u>
Total Revenues	<u>3,791,542</u>
EXPENDITURES	
Human Services:	
Employment and Training Program	<u>3,787,542</u>
Total Expenses	<u>3,787,542</u>
Net Change in Fund Balance	4,000
Fund Balance at Beginning of Year	<u>20,000</u>
Fund Balance at End of Year	<u><u>\$ 24,000</u></u>

The notes to the financial statements are an integral part of this statement.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Net Change in Fund Balance - Total Governmental Funds	\$ 4,000
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period	
Current Year Depreciation	<u>(3,007)</u>
Change in Net Position of Governmental Activities	<u>\$ 993</u>

The notes to the financial statements are an integral part of this statement.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 1: REPORTING ENTITY

Area 16 Workforce Investment Board (the Board) was established in 2003 by the State of Ohio under the Ohio Revised Code. This regional council of government is eligible to receive and administer funds granted by the Governor of the State under the Workforce Investment Act (WIA) of 1998. Area 16 is a regional council of governments, including Belmont, Carroll, Harrison, and Jefferson counties.

The Board carries out the purpose of WIA by assessing workforce needs, developing strategies, plans, programs and resources to provide employment, training and education, and related services to the citizens of the local area; and to provide oversight and evaluation of such efforts. These functions and tasks will be conducted within the framework of a public/private partnership. The purpose of WIA is to provide workforce investment activities through statewide and local workforce investment systems that increase the employment, retention, and earnings of participants and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

For financial reporting purposes, all departments and operations over which the Board exercises financial accountability are included in the reporting entity. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management and accountability for fiscal matters.

No governmental units other than the Board itself are included in the reporting entity. The Board does not have oversight responsibility over any other governmental unit. This is evidenced by the fact that, with respect to any other governmental unit, there is no financial interdependency and the Board does not select their governing authority, designate their management, exercise significant influence over their daily operations or maintain their accounting records.

The Workforce Investment Board is comprised of nine members from each county. The Board members are appointed by each county board of commissioners for two year terms. The Workforce Investment Board is required to consist of no less than fifty one percent business members.

The Board designated Belmont County Department of Job and Family Services (BCDJFS) as the fiscal agent for the Area 16. BCDJFS has the responsibility to disburse funds for the local area at the direction of the local Board. Funds flow from the State to BCDJFS and are passed onto the four individual counties based on allocations established by the State. The individual counties have responsibility for the administration of the adult, dislocated worker, and youth programs of their respective county.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Board.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

A. Basis of Presentation

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all Board activities and functions for which the Board is financially accountable. This report includes all activities considered by management to be part of the Board by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government body and either it is able to impose its will on those organizations or there is a potential for the organizations to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on organizations if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organizations. A financial benefit or burden relationship exists if the primary government a) is entitled to the organizations' resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organizations; or c) is obligated in some manner for the debt of the organizations.

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

Government-Wide Financial Statements The statement of net position and the statement of activities display information about the organization as a whole. These statements include the financial activities of the primary government. All activities of the Board are governmental activities.

The statement of net position 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 expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support 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 function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements Fund financial statements report detailed information about the organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The Board has only one fund which is major.

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 financial management by segregating transactions related to certain functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The only fund of the Board is a special revenue fund.

Governmental Funds 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 purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund asset and liabilities is reported as fund balance. The Board's major governmental fund is:

Special Revenue Fund – The Special Revenue Fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

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 Position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets, liabilities, and deferred inflows/outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances 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 therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. 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 inflows/outflows, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year.

Non-exchange transactions, in which the Board receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal 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 fiscal year when use is first permitted; matching requirements, in which the Board must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the revenue sources such as grants and investment earnings are considered to be both measurable and available at fiscal year-end.

Deferred Outflows/Inflows of Resources In addition to assets, the statement of financial position may report deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that time. On governmental fund financial statements, receivables that will not be collected within the available period have been reported as deferred outflow of resources. The Board had no deferred outflows as of June 30, 2015.

In addition to liabilities, the statement of financial position may report deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue is reported only on the governmental fund balance sheet and represents receivables which will not be collected within the available period. The Board had no deferred inflows as of June 30, 2015.

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. Allocations of cost, such as depreciation, are not recognized in governmental funds.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

E. Capital Assets

Capital Assets include furniture, fixtures, and equipment purchased by the Board. At the time of purchase, such assets are recorded as expenditures in the Governmental Funds.

These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

The Board's capitalization policy is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more per unit. Depreciation is computed using the straight-line method over the estimated useful life of three to ten years.

F. Budgetary Process

The Board's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30.

The Board's primary funding source is federal and state grants, which have grant periods that may or may not coincide with the agency's fiscal year. These grants normally are for a twenty-four month period, with a fiscal year ending June 30th.

Due to the nature of the Board's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The annual budget differs from that of a local government in two respects:

1. The uncertain nature of grant awards from other entities;
2. Conversion of grant budgets to a fiscal year basis.

The resultant annual budget is subject to constant change within the fiscal year due to:

1. Increases/decreases in actual grant awards from those estimated;
2. Changes in grant periods;
3. Unanticipated grant awards not included in the budget; and
4. Expected grant awards, which fail to materialize.

The Council of Governments formally approved the annual budget, but greater emphasis is placed on complying with the grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Although the annual budget for the Special Revenue fund is reviewed and approved by the Council of Governments, it is not a legally adopted budget and it is not subject to the budget procedures that are followed by the County Budget Commission.

G. Estimates

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

H. Cash and Cash Equivalents

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the Board are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2015 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

J. Fund Balance Designation

Fund Balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon use of the resources in governmental funds. The classifications are as follows:

Nonspendable - The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used by the Board for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board.

Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Board first applies restricted resources when expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

K. Accrued Liabilities

All payables are reported in the government-wide financial statements. In general, governmental fund payables that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds.

L. Net Position

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use, either through the 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 when an expense is incurred for purposes for which both net position restricted and unrestricted are available.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

NOTE 3: CONVERSION OF BASIS OF PRIOR YEAR

To provide a better understanding of the Board's financial reporting, the Board moved to accrual basis audit reporting for the year ended June 30, 2015. The prior year financials have been converted to provide a comparison basis for the reader.

NOTE 4: DEPOSITS AND INVESTMENTS

The Belmont County Treasurer is the custodian for the Board's cash. The Board's cash is held in the Belmont County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. The Board had a cash balance of \$20,000 at June 30, 2015.

NOTE 5: RECEIVABLES

Receivables at June 30, 2015 consisted of intergovernmental receivables arising from grants. Intergovernmental receivable at June 30, 2015 was \$79,266. Management believes all receivables are fully collectible.

NOTE 6: INSURANCE AND RISK MANAGEMENT

Commercial Insurance

The Board is insured for the following risks:

- General Liability including errors and omissions - \$1,000,000.

This is through CORSA, the County Risk Sharing Authority.

NOTE 7: CONTINGENT LIABILITIES

There are no expenditures recommended for disallowance. Costs recommended for disallowance are those involving expenditures for which existing documentary evidence leads the auditor to conclude that the expenditures were in violation of legislative or regulatory requirements. These costs are disallowed by the Grantor unless the grantee is able to convince the Grantor that they were made in accordance with legal or regulatory requirements.

There are no expenditures listed as questionable. Questionable costs are those involving the lack of or inadequacy of documentary support. Findings containing questionable costs do not necessarily mean that the costs were for improper purposes; but there was insufficient documentary evidence to allow a determination of their eligibility.

AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. Management believes disallowances, if any, will be immaterial.

Management is not aware of any pending litigation outstanding against the Board.

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**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor Program / Cluster Title	Federal CFDA Number	Pass-Through Entity Number	Expenditures
U.S. Department of Labor			
<i>Pass-Through from the Ohio Department of Job & Family Services:</i>			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258	(A)	\$415,517
WIA Adult Program - Administration		(A)	<u>38,155</u>
Total WIA Adult			453,672
WIA Youth Activities	17.259	(A)	240,667
WIA Youth Activities - Administration		(A)	<u>30,847</u>
Total WIA Youth Activities			271,514
WIA Dislocated Worker Formula Grants	17.278	(A)	372,740
WIA Dislocated Workers - Administration		(A)	10,702
Rapid Response		(A)	<u>1,636,530</u>
Total Dislocated Worker Formula Grants			<u>2,019,972</u>
Total Workforce Investment Act Cluster			2,745,158
Workforce Investment Act (WIA) National Emergency Grants:			
WIA National Emergency Grant, NEG OH27	17.277	(A)	235,853
<i>Pass-Through from the Workforce Initiative Association (WIA Area 6):</i>			
Workforce Innovation Fund - Business Resource Network	17.283	PY12-WIF-1204	<u>253,281</u>
Total U.S. Department of Labor			<u>3,234,292</u>
U.S. Department of Health & Human Services			
<i>Pass-Through the Ohio Department of Job and Family Services:</i>			
Temporary Assistance for Needy Families	93.558		<u>254,022</u>
Total U.S. Department of Health & Human Services			<u>254,022</u>
Total Federal Awards Expenditures			<u><u>\$3,488,314</u></u>

(A) Project number not known or applicable.

The Notes to the Schedule of Federal Awards Expenditures is an integral part of this Schedule.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Board's federal award programs disbursements. 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.



Dave Yost • Auditor of State

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

Area 16 Workforce Investment Board
Belmont County
310 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Area 16 Workforce Investment Board, Belmont County, Ohio (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated April 5, 2016, wherein we noted the Board presented the financial statements in accordance with Generally Accepted Accounting Principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings that we consider a material weakness. We consider Finding 2015-001 to be a material weakness.

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, opining 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*.

Board's Response to Finding

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2016



Dave Yost • Auditor of State

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

Area 16 Workforce Investment Board
Belmont County
310 Fox-Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

Report on Compliance for the Major Federal Program

We have audited the Area 16 Workforce Investment Board's, Belmont County, Ohio (the Board), compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Board's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying Schedule of Findings identifies the Board's major federal program.

Management's Responsibility

The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for the Board's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for 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 us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on the Major Federal Program

In our opinion, the Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine 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's applicable 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2016

**AREA 16 WORKFORCE INVESTMENT ACT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	Yes
<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	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list): <ul style="list-style-type: none"> • Workforce Investment Act Cluster – CFDA #'s 17.258, 17.259, and 17.278 	
<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. FINDING RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2015-001

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statements.

The management of each local public office is responsible for the assertions underlying the information in the public office's financial statements. The accounting system should assure that the following assertion is achieved for all transaction types and account balances applicable to the local public office's operations, considering the basis of accounting applicable to it:

Presentation and disclosure: That financial statement elements are accurately reported and appropriate disclosures are made as required by generally accepted accounting principles, or as prescribed by the auditor of state for entities that do not follow generally accepted accounting principles.

**AREA 16 WORKFORCE INVESTMENT ACT
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2015
(Continued)**

2. FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
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FINDING NUMBER 2015-001 (Continued)

Material Weakness (Continued)

At June 30, 2015, the Board reported intergovernmental receivable and accounts payable on their basic financial statements. During the conversion of the financial statements in accordance with generally accepted accounting principles (GAAP), the amount for intergovernmental receivable was overstated by \$179,003 and accounts payable was overstated by \$203,003.

Also, the Board did not properly reflect its June 30, 2015 fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement Number 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*.

The Board did not classify the fund balance of \$24,000 at June 30, 2015 as Restricted for Grant Purposes in accordance with GASB 54.

The adjustments, with which management agree, were posted to the accounting records and are reflected in the accompanying financial statements.

The Board should establish procedures to help ensure transactions are accurately reported on the GAAP financial statements.

Officials' Response: We understand that we did not accurately report the receivables and payables at June 30, 2015. We mistakenly looked at the individual county activity as opposed to the Area when booking these transactions. What is considered a receivable and payable to the counties is not considered a receivable and payable to the Area. We will follow proper accounting procedures in reporting these transactions next year if we decide to file the same type of statements.

3. FINDINGS FOR FEDERAL AWARDS

None



Dave Yost • Auditor of State

AREA 16 WORKFORCE INVESTMENT BOARD

BELMONT 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
APRIL 26, 2016**