428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

Perry & Associates
Certified Public Accountants, A.C.

OHIO VALLEY EMPLOYMENT RESOURCE
WASHINGTON COUNTY
Single Audit
For the Year Ended June 30, 2015

Dave Yost · Auditor of State

Board of Directors
Ohio Valley Employment Resource
P. O. Box 181
Marietta, Ohio 45750

We have reviewed the *Independent Auditor's Report* of the Ohio Valley Employment Resource, Washington County, prepared by Perry & Associates, Certified Public Accountants, A. C., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ohio Valley Employment Resource is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

April 13, 2016

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OHIO VALLEY EMPLOYMENT RESOURCE
WASHINGTON COUNTY

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PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
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Parkersburg, WV 26101
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INDEPENDENT AUDITOR'S REPORT

January 8, 2016

Ohio Valley Employment Resource
Washington County
P.O. Box 181
Marietta, OH 45750

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of **Ohio Valley Employment Resource**, Washington County, Ohio (OVER) as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise OVER'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 OVER'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 OVER'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 Ohio Valley Employment Resource, Washington 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 1 to the financial statements, during 2015, OVER adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* and Governmental Accounting Standards Board Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding these matters.

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*, schedule of proportionate share of net pension liability, and schedule of contributions 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 and Other Information

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

The Schedule of Expenditures of Federal Awards 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 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 the 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 January 8, 2016, on our consideration of OVER'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 OVER's internal control over financial reporting and compliance.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Unaudited

The discussion and analysis of the Ohio Valley Employment Resource (OVER) financial performance provides an overall review of the OVER's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the OVER'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 the year ended June 30, 2015 are as follows:

- The assets and deferred outflows of the OVER were less than its liabilities by $38,054.
- Revenues decreased $1,134,022 or (48.11%) from the previous fiscal year.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Ohio Valley Employment Resource's basic financial statements. OVER's basic financial statements are comprised of three components: 1) government-wide statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the OVER'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 OVER'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 OVER is improving or deteriorating. The statement of activities presents information showing how the OVER'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 OVER that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the OVER include the Workforce Investment Act activities for the following funding streams, administration, adult, dislocated workers, jobs accelerator, rapid response, youth, and other funding streams as available. There are no business-type activities reported for the OVER.

Fund Financial Statements

The fund financial statements are used to report additional and detailed information about the OVER. These statements focus on the major fund of the OVER. 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. OVER, 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 OVER is a special revenue fund.

Governmental Funds

The OVER'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.

Governmental Funds (Continued)

The governmental fund statements provide a detailed short-term view of the OVER'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 OVER'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.

Notes to the Financial Statements

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

Change in Accounting Principle and Restatement of Net Position

During 2015, the OVER adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the OVER's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's net pension liability. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the OVER's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to all employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the OVER is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system as against the public employer. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the OVER's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's change in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the OVER is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014 from $9,226 to ($40,208).

OVER AS A WHOLE

Government-Wide Financial Analysis

The financial statements include all organizations, activities and functions for which OVER is financially accountable. The accounts of OVER are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, fund equity, revenues and expenditures.

The individual funds and account groups, which are used by OVER, are classified as Governmental Funds: Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

Our analysis below focuses on the net position (Table 1) and changes in net position (Table 2) of OVER's governmental type activities.

Unaudited

Table 1 – Net Position

			Restated				
		06/30/15		06/30/14		Change	% of Change
Assets							
Current and Other Assets	$	91,331	$	111,698	$	(20,367)	-18.23%
Net Pension Asset		1,962				1,962	
Capital Assets, Net		5,542		9,226		(3,684)	-39.93%
Deferred Outflow on Pension, GASB 68		7,063				7,063	
Total Assets & Deferred Outflows	**$**	**105,898**	**$**	**120,924**	**$**	**(15,026)**	**-12.43%**
Liabilities							
Current Liabilities	$	87,874	$	108,268	$	(20,394)	-18.84%
Non-Current Liabilities		54,581		52,864		1,717	3.25%
Deferred Inflow on Pension, GASB 68		1,497				1,497	
Total Liabilities & Deferred Inflows	**$**	**143,952**	**$**	**161,132**	**$**	**(17,180)**	**-10.66%**
Net Position							
Net Investment in Capital Assets	$	5,542	$	9,226	$	(3,684)	-39.93%
Unrestricted (Deficit)		(43,596)		(49,434)		5,838	
Total Net Position (Deficit)	**$**	**(38,054)**	**$**	**(40,208)**	**$**	**2,154**	**-5.36%**

Table 2 – Changes in Net Position

		06/30/15		06/30/14		Change	% of Change
Total Revenues	$	1,222,913	$	2,356,935	$	(1,134,022)	-48.11%
Total Expenses		1,220,759		2,360,620		(1,139,861)	-48.29%
Increase (Decrease) in Net Position	**$**	**2,154**	**$**	**(3,685)**	**$**	**5,839**	**-158.45%**

Governmental Program Revenues equaled expenses from governmental activities for the period except for depreciation expense and GASB68 pension reporting. Grant Revenue is not recognized as earned until the expenditure has occurred.

THE AGENCY'S FUNDS

As noted earlier, OVER uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of OVER's governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing OVER's requirements.

As of the end of the current fiscal year, OVER's governmental fund reported an ending fund balance of $3,457. As OVER only has one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliation statements and notes to the financial statements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

Unaudited

SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

OVER's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2015. OVER'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. Due to the nature of OVER's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

OVER's annual budget differs from that of a local government in two respects. First is the uncertain nature of grant awards from other entities, and second is conversion of grant budgets to a fiscal year basis. The resultant annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget and expected grant awards which fail to materialize.

OVER's annual budget for the Special Revenue fund is reviewed and approved by the Council of Governments.

Actual revenues and expenses for fiscal year 2015 were well within budgeted levels. As the fiduciary agent of taxpayer funds, OVER diligently searches for new and more efficient methods to reduce and/or contain operating expenses. On October 1, 2013, OVER and its partners were awarded a Make It In America challenge grant. OVER is the Department of Labor grantee for this grant and was awarded $1,299,956 for three years to provide incumbent worker training in Ohio Appalachian counties in the metal fabrication, polymers and chemicals, and wood furniture manufacturing industries. On June 30, 2014, OVER and its partners completed the National Emergency Grants, which is the primary reason for the substantial decrease in revenues.

OVER's goal is to continue to serve the maximum customers with the allocations available.

CAPITAL ASSET AND DEBT ADMINISTRATION

<u>Capital Assets</u>

At June 30, 2015, OVER had $5,542 invested in capital assets as reflected in the following table, which represents a net decrease of $3,684 from the previous period.

Table 3 – Capital Assets at Year-end (Net of Depreciation)

	06/30/15	06/30/14	Change	% of Change
Equipment and Furniture	$ 5,542	$ 9,226	$ (3,684)	-39.93%
Total Capital Assets	**$ 5,542**	**$ 9,226**	**$ (3,684)**	**-39.93%**

See Note 5 for additional information on capital assets.

<u>Debt</u>

OVER has no debt for the year ended June 30, 2015.

Unaudited

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Significant economic factors affecting OVER are as follows:

- Federal Workforce Investment Act funding through the U.S. Department of Labor
- National, State and Local Unemployment rates
- National, State and Local Poverty and Income Levels
- Inflationary pressure on training, services, supplies and other program and operational costs.

OVER's program allocations are calculated as a fixed percentage of each of the Area's County allocations, which are calculated by Ohio Department of Job & Family Services (ODJFS) based on a formula specified in the Workforce Investment Act. This formula considers various economic factors including income levels and unemployment rates.

The program allocations for the Area 15 WIA formula funding streams increased 13.5% from the year 7/1/13-6/30/14 to the year 7/1/2014-6/30/2015.

CONTACTING THE OVER'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customer and creditors with a general overview of the OVER's finances and to show the OVER's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact Rebecca Safko, Ohio Valley Employment Resource, via email: RSafko@JobsEtc.net.

Ohio Valley Employment Resource
STATEMENT OF NET POSITION
June 30, 2015

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	$ 3,862
Intergovernmental Receivable	85,930
Prepaid Expenses	1,540
Capital Assets, Net	5,542
TOTAL ASSETS	96,874
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow on Pension, GASB 68	7,063
TOTAL DEFERRED OUTFLOWS OF RESOURCES	7,063
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	$ 103,937
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 81,030
Accrued Wages and Benefits	6,845
Total Current Liabilities	87,875
Noncurrent Liabilities:	
Accrued Compensated Absences	3,457
Net Pension Liability	49,162
Total Noncurrent Liabilities	52,619
TOTAL LIABILITIES	140,494
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow on Pension, GASB 68	1,497
TOTAL DEFERRED INFLOWS OF RESOURCES	1,497
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	141,991
NET POSITION	
Net Investment in Capital Assets	5,542
Unrestricted (Deficit)	(43,596)
TOTAL NET POSITION (DEFICIT)	(38,054)
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	$ 103,937

The accompanying notes to the basic financial statements are an integral part of these statements.

Ohio Valley Employment Resource
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

	Expenses	Program Revenue: Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Position: Governmental Activities
Governmental Activities:			
Employment and Training Program Costs	$ 1,220,759	$ 1,222,902	$ 2,143
Total Governmental Activities	$ 1,220,759	$ 1,222,902	2,143
Miscellaneous Income			11
Change in Net Position			2,154
Net Position at Beginning of Year, Restated - See Note 3			(40,208)
Net Position at End of Year			$ (38,054)

The accompanying notes to the basic financial statements are an integral part of these statements.

Ohio Valley Employment Resource
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2015

		Special Revenue
ASSETS		
Equity in Pooled Cash and Cash Equivalents	$	3,862
Intergovernmental Receivable		85,930
Prepaid Expenses		1,540
TOTAL ASSETS	$	91,332
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$	81,030
Accrued Wages and Benefits		6,845
Total Liabilities		87,875
FUND BALANCE		
Nonspendable for Prepaid Expenses		1,540
Restricted for Grant Purposes		1,917
Total Fund Balance		3,457
TOTAL LIABILITIES AND FUND BALANCE	$	91,332

The accompanying notes to the basic financial statements are an integral part of these statements.

Ohio Valley Employment Resource
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2015

Total Governmental Fund Balance	$	3,457
Amount reported for governmental activities in the statement of net position are different because:		
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental fund		(3,457)
GASB 68 Pension calculations are not financial resources and therefore are not reported in the fund		(43,596)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund		5,542
Net Position of Governmental Activities	$	(38,054)

The accompanying notes to the basic financial statements are an integral part of these statements.

Ohio Valley Employment Resource
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2015

	Special Revenue
REVENUES	
Intergovernmental Revenue	$ 1,222,902
Program Income	11
Total Revenues	1,222,913
EXPENDITURES	
Human Services:	
Employment and Training Program	1,217,037
Net Pension Change	5,838
Program Income Expensed	11
Total Expenses	1,222,886
Net Change in Fund Balance	27
Fund Balance at Beginning of Year	3,430
Fund Balance at End of Year	$ 3,457

The accompanying notes to the basic financial statements are an integral part of these statements.

Ohio Valley Employment Resource
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2015

Net Change in Fund Balance - Total Governmental Funds	$	27
Amount reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated Absences		(27)
GASB 68 Net Pension		5,838
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		(3,684)
Change in Net Position of Governmental Activities	$	2,154

The accompanying notes to the basic financial statements are an integral part of these statements.

NOTE 1: REPORTING ENTITY

On August 7, 1998, President Clinton signed the Workforce Investment Act of 1998 (WIA), comprehensive reform legislation that superseded the Job Training Partnership Act (JTPA) and amends the Wagner-Peyser Act. WIA reforms Federal job training programs and creates a new, comprehensive workforce investment system. The system is intended to be customer-focused, to help American access the tools they need to manage their careers through information and high quality services, and to help U.S. companies find skilled workers.

The State of Ohio Department of Job and Family Services is the State Agency designated as the State Workforce Investment Board to oversee the state plan in implementing the WIA program. The Governor designated Monroe, Morgan, Noble and Washington Counties as Workforce Investment Area fifteen, a single service delivery area to serve economically disadvantaged individuals and individuals facing barriers to employment. The chief elected officials of Monroe, Morgan, Noble and Washington Counties have established the Ohio Valley Employment Resource (OVER) to develop and implement programs under the Workforce Investment Act. Any liabilities incurred by the programs are ultimately the responsibility of the county commissioners.

Ohio Valley Employment Resource is a Regional Council of Governments consisting of Monroe, Morgan, Noble and Washington Counties. Prior to July 1, 2004, the four county area was part of a larger Ohio Option Workforce Investment Area (Area 7). Each county served as its own Workforce Investment Act Fiscal Agent. OVER was contracted to serve as the Administrative Entity of the Council of Government and the Workforce Investment Board for the four counties. On July 1, 2004, the workforce area structure changed, the four county Workforce Investment Areas separated from the Ohio Option Area (Area 7) and became a legally separate Workforce Investment Area (Area 15), as defined by the WIA Act. OVER was named the grant recipient and fiscal agent for the four county areas. Effective July 1, 2004, all of WIA funding flows from the State of Ohio Department of Job and Family Service to OVER. OVER competitively procured the services of the Workforce Development Agencies for each of the four counties. OVER continued the role of Administrative Entity of the Council of Government and for the Workforce Investment Board for the Area 15.

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 OVER.

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 OVER, activities and functions for which the OVER is financially accountable. This report includes all activities considered by management to be part of the OVER 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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 OVER 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 OVER are governmental activities.

The statement of net position presents the financial condition of the governmental activities of the OVER at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the OVER'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. 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 OVER, 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 OVER.

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. OVER has only one fund which is major.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

OVER 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 OVER 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. OVER'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 OVER 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.

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. For the OVER, available means expected to be received within 60 days of fiscal year end.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting (Continued)

Non-exchange transactions, in which OVER 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 OVER must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to OVER 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. OVER had $7,063 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. OVER had $1,497 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.

E. Capital Assets

Capital Assets include furniture, fixtures, and equipment purchased by OVER. 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.

OVER'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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process

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

OVER'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 OVER'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:

Increases/decreases in actual grant awards from those estimated;
Changes in grant periods;
Unanticipated grant awards not included in the budget; and
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.

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

To improve cash management, all cash received by OVER is pooled in a central bank account. Monies for all funds are maintained in the account or temporarily used to purchase short term investments. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

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 OVER 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Fund Balance Designation

Fund Balance is divided into five classifications based primarily on the extent to which OVER 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.

Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Commissioners. The committed amounts cannot be used for any other purpose unless the Board of Commissioners 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 OVER 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 of Commissioners.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Designation (Continued)

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.

OVER 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.

L. Net Position

Net position represents the difference between all other elements on the statement of position. 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 OVER or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

OVER applies restricted resources when an expense is incurred for purposes for which both net position restricted and unrestricted are available.

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, the OVER has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27”, Statement No. 69, “Government Combinations and Disposals of Government Operations”, and Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68.”

GASB Statement No. 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. The implementation of GASB 68 resulted in an overall restatement of beginning net position, as previously reported.

GASB Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. The Statement requires the use of carrying values to measure the assets and liabilities in a government merger. It also requires measurements of assets acquired and liabilities assumed to be based upon their acquisition values. This Statement also provides guidance for transfers of operations that do not constitute entire legally separate entities and in which no significant consideration is exchanged. The Statement also provides accounting and financial reporting guidance for disposals of government operations that have been transferred or sold. Disclosures about government combinations and disposals of government operations are required to enable financial statement users to evaluate the nature and financial effects of those transactions. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of OVER.

NOTE 3: CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION(CONTINUED)

A. Change in Accounting Principles (Continued)

GASB Statement No. 71 addresses an issue regarding application of the transition provisions of Statement No. 68. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or non-employer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability. The implementation of GASB Statement No. 71 resulted in a restatement of net position as reflected in note 3B.

B. Restatement of Prior Year Net Position

Net position June 30, 2014	$	9,226
Adjustments:		
Net Pension Liability		(49,434)
Restated Net Position June 30, 2014	$	(40,208)

NOTE 4: DEPOSITS AND INVESTMENTS

State statutes classify monies held by OVER into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the OVER treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of OVER's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by OVER or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

NOTE 4: DEPOSITS AND INVESTMENTS (Continued)

Deposits - At fiscal year end, the carrying amount of the OVER deposits was $3,862 and the bank balance was $27,768. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of June 30, 2015, the entire bank balance was covered by the federal deposit insurance.

Custodial credit risk is the risk that in the event of bank failure OVER will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the Ohio Revised Code, is held in single financial institution collateral pool at the Federal Reserve Banks or at member banks of the Federal Reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of OVER.

Investments – OVER had no investments as of June 30, 2015.

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2015, follows:

	Balance 6/30/2014	Additions	Deletions	Balance 6/30/2015
Government Activities				
Capital Assets being Depreciated:				
Furniture and Equipment	$ 67,954	$ -	$ 21,922	$ 46,032
Total Capital Assets being Depreciated	67,954	-	21,922	46,032
Less Accumulated Depreciation:				
Furniture and Equipment	(58,728)	(3,684)	(21,922)	(40,490)
Total Accumulated Depreciation	(58,728)	(3,684)	(21,922)	(40,490)
Total Capital Assets being Depreciated	$ 9,226	$ (3,684)	$ -	$ 5,542

NOTE 6: DEFINED BENEFIT PENSION PLAN

A. Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had an effect on beginning net position as reported at June 30, 2014 (see Note 3). The net pension liability has been disclosed below.

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

A. Net Pension Liability (Continued)

Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the OVER's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the OVER's obligation for this liability to annually required payments. The OVER cannot control benefit terms or the manner in which pensions are financed; however, the OVER does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. Ohio Public Employees Retirement System (OPERS).

OVER participates in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans as described below:

1. The Traditional Pension Plan – a cost-sharing, multiple-employer defined benefit pension plan.

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

B. Ohio Public Employees Retirement System (OPERS) (Continued)

2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

3. The Combined Plan – a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014 member and employer contribution rates were consistent across all three plans. For 2014 member and employer contribution rate were 10% and 14%, respectively, of covered payroll. 12% was the portion used to fund pension obligations.

Total required employer contributions for all plans are equal to 100% of employer charges. The OVER required contributions to OPERS for the years ended June 30, 2015, 2014, and 2013 were $7,785, $7,619, and $6,942, respectively. The full amount has been contributed for 2015. All required contributions for the two previous years have been paid.

C. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The OVER's proportion of the net pension liability was based on the OVER's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	Traditional	Combined	Total
Proportionate Share of the Net Pension Liability/(Asset)	$51,124	($1,962)	$49,162
Proportion of the Net Pension Liability/(Asset)	0.000424%	0.005096%	
Pension Expense	$5,582	$1,304	$6,886

At June 30, 2015, the OVER reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

	Traditional	Combined	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	$2,728	$120	$2,848
OVER contributions subsequent to the measurement date	3,126	1,090	4,216
Total Deferred Outflows of Resources	$5,854	$1,210	$7,063
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$898	$599	$1,497

The $4,216 reported as deferred outflows of resources related to pension resulting from OVER contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined	Total
Fiscal Year Ending June 30:			
2016	$268	($42)	$226
2017	440	(41)	399
2018	647	(41)	606
2019	341	(56)	285
2020	0	(157)	(157)
Thereafter	0	(121)	(121)
Total	$1,696	($458)	$1,238

Actuarial Assumptions - PERS

PERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2014, are presented below:

Wage Inflation	3.75%
Future Salary Increases, Including Inflation	4.25% - 10.05% (traditional), 4.25%-8.05% (combined)
COLA or Ad hoc COLA	3% Simple
Investment Rate of Return	8.0%
Actuarial Cost Method	Individual Entry Age

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.28 %

NOTE 6: DEFINED BENEFIT PENSION PLAN (CONTINUED)

C. Pension Liabilities, Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the OVER's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.0 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.0 percent), or one percentage point higher (9.0 percent) than the current rate.

	1% Decrease (7.0%)	Current Discount Rate (8.0%)	1% Increase (9.0%)
OVER's Proportionate Share of the Net Pension Liability:			
Traditional	$ 94,081	$ 51,124	$ (149,714)
Combined	$ 11,308	$ (1,962)	$ (17,994)

NOTE 7: POST-EMPLOYMENT BENEFITS

A. Plan Description

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post

NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

A. Plan Description (Continued)

Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible benefit recipients. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, state and local employers contributed at a rate of 14.00% of earnable salary and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund the OPEB Plan.

OPERS' Post-employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code section 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains at 2.0% for both plans, as recommended by OPERS' actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

C. Contributions to OPERS

OVER actual contributions for the years ended June 30, 2015, 2014, and 2013, which were used to fund post-employment benefits, were $363, $737, and $2,138 respectively.

D. OPERS Board of Trustees Adopt Changes to the Health Care Plan

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOTE 8: COMPENSATED ABSENCES

All employees of OVER earn vacation and sick leave at varying rates depending on length of service. All accumulated, unused vacation time is paid upon separation if the employee has at least six months of service with OVER. The following schedule details earned vacation leave based on length of service:

Years of Employment	Vacation Leave
1 – 3 years	10 days
4 – 9 years	15 days
9+ years	20 days

Employees earn 4.62 hours per of sick leave per each completed 80 hours of service. All accumulated, unused vacation time is paid upon separation if the employee has at least six months of service with OVER per Employee Handbook. In accordance with GASB Statement No. 16, Accounting for Compensated Absences, vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

As of June 30, 2015, the liability for unpaid, compensated absences was $3,457 for OVER.

A summary of changes in long-term compensated absences liability during the year ended June 30, 2015 follows:

	Balance 6/30/2014	**Additions**	**Reductions**	**Balance 6/30/2015**
Accrued Compensated Absences	$ 3,430	$ 27	$ -	$ 3,457
Total	$ 3,430	$ 27	$ -	$ 3,457

NOTE 9: 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.

NOTE 9: CONTINGENT LIABILITIES (Continued)

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.

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 Ohio Valley Employment Resource.

NOTE 10: INSURANCE AND RISK MANAGEMENT

OVER 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 2015, OVER contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible
Old Republic Surety Company	Bond-Public Employees	$ 0.00
Cincinnati Insurance Company	Non-Profit Director & Officials Liability/Errors & Omissions	$ 0.00
	Employment Practices	$ 100.00

OVER pays the State Worker's Compensation system a premium based on a rate per $100 of salaries. This rate is calculated based on accident history and administrative costs.

OVER continues to carry commercial insurance for other risks of loss. Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past three years. There has been no material change in coverage from the prior year.

Ohio Valley Employment Resource
Required Supplementary Information
Schedule of Proportionate Share of Net Pension Liability
Public Employees Retirement System of Ohio
For the Years 6/30/15 and 6/30/14 (1)

	Traditional Plan 2015	Combined Plan 2015	Total Pension Plan 2015
OVER's Proportion of the Net Pension Liability	0.00042387%	0.00509572%	
OVER's Proportion of the Net Pension Liability	(51,124)	1,962	(49,162)
OVER's Covered-Employee Payroll	51,968	18,046	70,014
OVER's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	-98.38%	10.87%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	114.83%	

	Traditional Plan 2014	Combined Plan 2014	Total Pension Plan 2014
OVER's Proportion of the Net Pension Liability	0.00042387%	0.00509572%	
OVER's Proportion of the Net Pension Liability	(49,969)	535	(49,434)
OVER's Covered-Employee Payroll	36,634	18,383	55,017
OVER's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	-136.40%	2.91%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (1)	NA	NA	

(1) Information prior to 2014 is not available.
Amounts presented as of OVER's measurement date (12/31 of Fiscal Year); OPERS information as of calendar end 2014.

Ohio Valley Employment Resource
Required Supplementary Information
Schedule of Contributions
Public Employees Retirement System of Ohio
For the Last Ten Fiscal Years, Ended June 30, 2015

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	$ 7,785	$ 7,619	$ 6,942	$ 6,836	$ 9,491	$ 10,246	$ 9,929	$ 10,485	$ 13,164	$ 14,915
Contributions in Relation to the Contractually Required Contribution	(7,785)	(7,619)	(6,942)	(6,836)	(9,491)	(10,246)	(9,929)	(10,485)	(13,164)	(14,915)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OVER's Covered-Employee Payroll	$ 64,882	$ 64,801	$ 54,037	$ 67,755	$ 98,454	$ 119,209	$ 141,511	$ 143,221	$ 146,399	$ 109,468
Contributions as a Percentage of of its Covered-Employee Payroll	12%	12%	13%	10%	10%	9%	7%	7%	9%	14%

Ohio Valley Employment Resource
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2015

Federal Grantor/ Pass Through Grantor/ Program or Cluster Title	CFDA Number	Pass-Through Entity Number	Expenditures
U.S. Department of Labor:			
Pass-Through Ohio Department of Job and Family Services:			
Workforce Investment Act (Cluster)			
WIA Adult	17.258	G-1213-15-5118	$ 226,950
WIA Adult - Administration	17.258	G-1213-15-5118	20,058
Total WIA Adult (17.258)			247,008
WIA Youth	17.259	G-1213-15-5118	246,685
Total WIA Youth (17.259)			246,685
Rapid Response	17.260	G-1213-15-5118	12,267
Total WIA Dislocated Worker (17.260)			12,267
WIA Dislocated Worker	17.278	G-1213-15-5118	252,843
WIA Dislocated Worker - Administration	17.278	G-1213-15-5118	24,688
Rapid Response	17.278	G-1213-15-5118	128,141
Total Dislocated Worker (17.278)			405,672
Total Workforce Investment Act (Cluster)			911,632
Jobs Accelerator	17.268	JA-24969-13-60-A-39	226,269
Total Jobs Accelerator (17.268)			226,269
Total U.S. Department of Labor			**1,137,901**
Total Expenditures of Federal Awards			**$ 1,137,901**

See Accompanying Notes to this Schedule

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of Ohio Valley Employment Resource's federal awards programs. The schedule has been prepared on the accrual basis of accounting.

PERRY & Associates
Certified Public Accountants, A.C.

428 Second St.
Marietta, OH 45750
740.373.0056

1035 Murdoch Ave.
Parkersburg, WV 26101
304.422.2203

104 South Sugar St.
St. Clairsville, OH 43950
740.695.1569

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

January 8, 2016

Ohio Valley Employment Resource
Washington County
P.O. Box 181
Marietta, Ohio 45750

To the Board of Directors:

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 **Ohio Valley Employment Resource**, Washington County, (OVER) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise OVER's basic financial statements and have issued our report thereon dated January 8, 2016, wherein we noted OVER adopted Governmental Accounting Standard Board Statement No. 68*, Accounting and Reporting for Pensions – an amendment of GASB Statement No. 27 and* Governmental Accounting Standards Board Statement No. 71*, Pension Transition for Contributions Made Subsequent to the Measurement Date.*

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered OVER's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of OVER'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 a 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 OVER'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. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether OVER'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*.

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 OVER's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering OVER's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

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Parkersburg, WV 26101
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St. Clairsville, OH 43950
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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

January 8, 2016

Ohio Valley Employment Resource
Washington County
P.O. Box 181
Marietta, Ohio 45750

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the **Ohio Valley Employment Resource's** (OVER) 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 OVER's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of audit findings identifies OVER's major federal program.

Management's Responsibility

OVER's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to opine on OVER's compliance for OVER'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 OVER'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 OVER's major program. However, our audit does not provide a legal determination of OVER's compliance.

Opinion on the Major Federal Program

In our opinion, Ohio Valley Employment Resource 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

OVER'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 OVER'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 OVER'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 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.

Perry & Associates CPA's A.C.

Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

Ohio Valley Employment Resource
Washington County

Schedule of Audit Findings
OMB Circular A -133 § .505
For the Year Ended June 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	WIA Cluster: WIA Adult - CFDA #17.258, WIA Youth - CFDA# 17.259, WIA Dislocated Worker CFDA #17.260 and WIA Dislocated Worker - CFDA # 17.278
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO VALLEY EMPLOYMENT RESOURCE

WASHINGTON 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