

Area 20/21 Workforce Investment Board  
Ross County  
Single Audit  
For the Fiscal Year Ended June 30, 2016



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# Dave Yost • Auditor of State

Board of Governors  
Area 20/21 Workforce Investment Board  
475 Western Avenue Ste B  
Chillicothe, OH 45601

We have reviewed the *Independent Auditor's Report* of the Area 20/21 Workforce Investment Board, Fairfield County, prepared by Millhuff-Stang, CPA, Inc., for the audit period July 1, 2015 through June 30, 2016. 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 Area 20/21 Workforce Investment Board is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 15, 2017

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**Area 20/21 Workforce Investment Board**  
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*For the Fiscal Year Ended June 30, 2016*

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**Independent Auditor's Report**

Members of the Board  
Area 20/21 Workforce Investment Board  
475 Western Avenue, Suite B  
Chillicothe, Ohio 45601

**Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board), as of and for the year ended June 30, 2016, 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 the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Board's basic financial statements. The budgetary comparison schedule and Federal Awards Expenditures Schedule, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and Federal Awards Expenditures Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule and federal awards expenditures schedule are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2017 on our consideration of the Board's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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, appearing to read "Robyn Roush". The signature is written in a cursive, flowing style.

Robyn Roush, CPA, CITP  
Vice-President/Owner  
Millhuff-Stang, CPA, Inc.  
Chillicothe, Ohio

February 23, 2017



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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)*

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The discussion and analysis of the Area 20/21 Workforce Investment Board's (the Board) financial performance provides an overview and analysis of the Board's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Board's financial performance.

**Financial Highlights**

- ▶ The assets of Area 20/21 Workforce Investment Board exceeded its liabilities at June 30, 2016 by \$144,759.
- ▶ In total, net position of governmental activities decreased by \$111,575 which represents a 43.53 percent decrease from 2015.
- ▶ Program specific revenues in the form of grants and contributions accounted for \$2,143,591 or 100.00 percent of total revenues.
- ▶ The Board had \$2,255,166 in expenses related to governmental activities; program revenues of \$2,143,591 offset expenses.
- ▶ The Board's receipts are mostly support from Federal government agencies. The Federal receipts are designated for employment and training related activities.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34.

**Report Components**

The Statement of Net Position and the Statement of Activities provide information about the activities of the Board.

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

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)*

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**Fund Financial Statements**

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

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Board, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Board's sole fund is a governmental fund.

**Governmental Funds**

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

**Notes to the Basic Financial Statements**

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

**Financial Analysis Governmental Activities**

Recall that the statement of net position provides the perspective of the Board as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the Board's net position at June 30, 2016 compared to June 30, 2015.

Table 1  
**Net Position at Year End**

	<u>2016</u>	<u>2015</u>
<b><u>Assets:</u></b>		
Current and Other Assets	<u>\$276,691</u>	<u>\$385,088</u>
<i>Total Assets</i>	<u>276,691</u>	<u>385,088</u>
<b><u>Liabilities:</u></b>		
Current Liabilities	<u>131,932</u>	<u>128,754</u>
<i>Total Liabilities</i>	<u>131,932</u>	<u>128,754</u>
<b><u>Net Position:</u></b>		
Restricted	<u>144,759</u>	<u>256,334</u>
<i>Total Net Position</i>	<u><u>\$144,759</u></u>	<u><u>\$256,334</u></u>

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)*

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Current and other assets decreased \$108,397 or 28.15 percent from June 30, 2015 due primarily to a decrease in intergovernmental receivables.

Current liabilities increased by \$3,178 or 2.47 percent due primarily to an increase in contracts payable which was partially offset by a decrease in unearned revenue.

The net position balance of \$144,759 is restricted. The restricted net position represents resources that are subject to restrictions on how they can be used.

Table 2 shows the changes in net position for fiscal year 2016 and provides a comparison to fiscal year 2015.

Table 2  
**Changes in Net Position**

	2016	2015
<b><u>Revenues:</u></b>		
<i>Operating Grants:</i>		
Adult	\$669,992	\$459,645
Dislocated Worker	471,351	740,363
Youth	674,369	558,630
Special Project Allocation	0	1,412
Administration	173,863	151,831
Employment Service	94,516	0
Ohio Works Incentive	59,500	208,871
State Grant	0	76,191
<i>Total Program Revenue</i>	2,143,591	2,196,943
<i>General Revenues:</i>		
Miscellaneous	0	4,022
<i>Total General Revenues</i>	0	4,022
<i>Total Revenues</i>	\$2,143,591	\$2,200,965

(Continued)

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)*

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	2016	2015
<b><u>Expenses:</u></b>		
<i>Workforce Development:</i>		
Adult	\$735,316	\$403,925
Dislocated Worker	517,945	687,418
Youth	721,607	511,777
Special Project Allocation	393	0
Administration	157,953	147,827
Ohio Works Incentive	55,500	186,223
Employment Services	66,452	0
State Grant	0	126,853
<i>Total Expenses</i>	2,255,166	2,064,023
<i>Change in Net Position</i>	(111,575)	136,942
Net Position - Beginning of Year	256,334	119,392
Net Position- End of Year	\$144,759	\$256,334

The most significant expenses for the Board are Adult, Youth and Dislocated Worker. These programs account for 87.57 percent of the total governmental activities. Adult, which accounts for 32.60 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to adults. Youth, which accounts for 32.00 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to youth. Dislocated Worker, which accounts for 22.97 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to dislocated workers.

Most of the funding for the Board is revenue received from Federal Grants.

Administration revenues represent 8.11 percent of the total allocation and are comprised of federal grant revenue.

Total program revenues decreased by \$53,352 or 2.43 percent due primarily to a decrease in funding for the Ohio Works Incentive Program in 2016.

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

**Financial Analysis Governmental Funds**

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

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

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2016  
(Unaudited)*

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**Governmental Funds** - The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements.

As of the end of the current fiscal year, the Board's governmental fund reported an ending fund balance deficit of \$34,784, which is all reported in the Special Revenue Fund. The fund balance had an increase of \$38,505 or 52.54 percent from 2015, which is primarily due to revenues increasing more than expenditures increased.

**Budget Highlights**

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

During fiscal year 2016, the Board did not amend its budget. The budgeted receipts and disbursements are prepared on a multi-year program basis. Final budgeted receipts were in excess of final actual receipts due to this basis.

For the Board, the final budget basis revenues were \$2,420,111 representing an increase of \$160,034 from the original budget basis revenues. The final budget basis expenditures were \$2,420,111 representing an increase of \$160,034 from the original budget basis expenditures.

**Capital Assets and Debt Administration**

**Capital Assets**

At June 30, 2016, the Board had no capital assets. All capital assets used by the Board are owned by South Central Ohio Job and Family Services.

**Debt Administration**

At June 30, 2016, the Board had no general obligation debt outstanding.

**Current Issues**

The Board entered into a Memorandum of Understanding with the Fairfield County Economic Development Department to provide services as administrative agent, effective March 1, 2016 and to provide services as fiscal agent, effective July 1, 2016. The Fairfield County Auditor and Treasurer provide financial processing and accountability services for the Board.

**Contacting the Board's Financial Management**

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

**AREA 20/21 WORKFORCE INVESTMENT BOARD**

*Statement of Net Position*

*June 30, 2016*

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	<u>Governmental Activities</u>
<b><u>Assets:</u></b>	
Cash and Cash Equivalents With Fiscal Agent	\$35,686
Intergovernmental Receivable	<u>241,005</u>
<i>Total Assets</i>	<u>276,691</u>
<b><u>Liabilities:</u></b>	
Contracts Payable	11,607
Unearned Revenue	<u>120,325</u>
<i>Total Liabilities</i>	<u>131,932</u>
<b><u>Net Position:</u></b>	
Restricted for Other Purposes	<u>144,759</u>
<i>Total Net Position</i>	<u><u>\$144,759</u></u>

See accompanying notes to the basic financial statements.

**AREA 20/21 WORKFORCE INVESTMENT BOARD**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2016*

	<u>Expenses</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenues and Changes in Net Position</u>
		<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<b><i>Governmental Activities:</i></b>			
<i>Workforce Development:</i>			
Adult	\$735,316	\$669,992	(\$65,324)
Dislocated Worker	517,945	471,351	(46,594)
Youth	721,607	674,369	(47,238)
Special Project Allocation	393	0	(393)
Administration	157,953	173,863	15,910
Employment Services	66,452	94,516	28,064
Ohio Works Incentive	55,500	59,500	4,000
<i>Total Governmental Activities</i>	<u>\$2,255,166</u>	<u>\$2,143,591</u>	<u>(111,575)</u>
<b><i>General Revenues:</i></b>			
<i>Total General Revenues</i>			<u>0</u>
Change in Net Position			(111,575)
<i>Net Position at Beginning of Year</i>			<u>256,334</u>
<i>Net Position at End of Year</i>			<u>\$144,759</u>

See accompanying notes to the basic financial statements.

**AREA 20/21 WORKFORCE INVESTMENT BOARD**

*Balance Sheet  
Special Revenue Fund  
June 30, 2016*

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**Assets:**

Cash and Cash Equivalents With Fiscal Agent	\$35,686
Intergovernmental Receivable	<u>241,005</u>

<i>Total Assets</i>	<u>276,691</u>
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**Liabilities, Deferred Inflows of Resources and Fund Balances:**

**Liabilities:**

Contracts Payable	11,607
Unearned Revenue	<u>120,325</u>

<i>Total Liabilities</i>	<u>131,932</u>
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**Deferred Inflows of Resources:**

Unavailable Revenue	<u>179,543</u>
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**Fund Balances:**

Unassigned	<u>(34,784)</u>
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<i>Total Fund Balances</i>	<u>(34,784)</u>
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<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$276,691</u></u>
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See accompanying notes to the basic financial statements.



**AREA 20/21 WORKFORCE INVESTMENT BOARD**  
*Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2016*

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**Total Governmental Funds Balances** (\$34,784)

*Amounts reported for governmental activities in the statement of  
net position are different because:*

Some of the Boards's receivables will be collected after fiscal year-end, but are not available soon enough to pay for the current period's expenditures and therefore, are deferred in the funds. These receivables consist of:

Intergovernmental 179,543

Net Position of Governmental Activities \$144,759

See accompanying notes to the basic financial statements.

**AREA 20/21 WORKFORCE INVESTMENT BOARD**  
*Statement of Revenues, Expenditures and Changes in Fund Balance*  
*Special Revenue Fund*  
*For the Fiscal Year Ended June 30, 2016*

**Revenues:**

*Operating Grants:*

Adult	\$736,525
Dislocated Worker	536,066
Youth	761,644
Special Project Allocation	393
Administration	137,091
Employment Services	66,452
Ohio Works Incentive Program	55,500

<i>Total Revenues</i>	2,293,671
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**Expenditures:**

*Workforce Development:*

Adult	735,316
Dislocated Worker	517,945
Youth	721,607
Special Project Allocation	393
Administration	157,953
Employment Services	66,452
Ohio Works Incentive Program	55,500

<i>Total Expenditures</i>	2,255,166
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<i>Net Change in Fund Balances</i>	38,505
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<i>Fund Balances at Beginning of Year</i>	(73,289)
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<i>Fund Balances at End of Year</i>	(\$34,784)
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See accompanying notes to the basic financial statements.

**AREA 20/21 WORKFORCE INVESTMENT BOARD**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2016*

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**Net Change in Fund Balances - Total Governmental Funds** \$38,505

*Amounts reported for governmental activities in the statement of  
activities are different because:*

Revenues in the statement of activities that do not provide current financial  
resources are not reported as revenues in the funds. These revenues consist of:

Intergovernmental (150,080)

Change in Net Position of Governmental Activities (\$111,575)

See accompanying notes to the basic financial statements.

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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**NOTE 1 – DESCRIPTION OF THE ENTITY**

**Description of the Board**

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

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

In accordance with WIOA 117, the consortium established a local Workforce Development Board to set policy for the local workforce development system. The local board has no employees. The Fiscal Agent performs accounting functions for the board and are employees of South Central Ohio Job and Family Services. The Administrative Entity performs administrative functions for the board and are employees of Fairfield County Economic Development Department. The Fairfield County Economic Development Department became the administrative agent of the Board on March 1, 2016, until that time South Central Ohio Job and Family Services had served as the Board's administrative agent.

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

**Reporting Entity**

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

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

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

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Board have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

**A. Basis of Presentation**

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

**Government-Wide Financial Statements**

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

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

**Fund Financial Statements**

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

**B. Fund Accounting**

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

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

**Governmental Funds**

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

**Special Revenue Fund** - This fund is the operating fund of the Board and is used to account for all financial resources.

**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. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

**Fund Financial Statements**

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

**D. Basis of Accounting**

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

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

**Revenues – Nonexchange Transactions**

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

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

**Deferred Inflows of Resources**

In addition to the liabilities, the balance sheet reports a separate section for 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. For the Board, deferred inflows of resources include unavailable revenue. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the Board unavailable revenue includes intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

**Unearned Revenue**

Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and certain revenues received in advance.

**Expenses/Expenditures**

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

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

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34.

**E. Cash**

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

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. The Board reported no prepaid items at June 30, 2016.

**G. Net Position**

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

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

**H. Fund Balances**

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

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

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

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

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

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



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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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

**I. Estimates**

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

**NOTE 3 – CASH AND DEPOSITS**

The Ross County Treasurer maintains a cash pool used by all of the County’s funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At fiscal year-end, the carrying amount of the Board’s deposits with the Ross County Treasurer was \$35,686 and is reflected as Cash and Cash Equivalents with Fiscal Agent on the financial statements. The Ross County Treasurer is responsible for maintaining adequate depositor collateral for all funds in the County’s pooled cash and deposit accounts.

**NOTE 4 - RISK MANAGEMENT**

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the Board contracted with County Risk Sharing Authority (CORSA) for various types of insurance as follows:

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

**NOTE 5- CONTRACTED SERVICES**

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

**NOTE 6 – CONTRACTUAL OBLIGATIONS**

The Board entered into a Memorandum of Understanding with South Central Ohio Job and Family Services to provide services as fiscal agent, effective January 1, 2013. The Ross County Auditor and Treasurer provide financial processing and accountability services for the Board.

**NOTE 7 - CONTINGENCIES**

**Grants** - The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2016 will not have a material adverse effect on the Board.

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

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

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016*

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***NOTE 8 – FUND BALANCES***

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on fund balance for the governmental funds are unassigned deficit balance of \$34,784.

***NOTE 9 – SUBSEQUENT EVENT***

During fiscal year 2016, the participating counties of the Area 20/21 Workforce Investment Board voted to change administrative/fiscal agent from South Central Ohio Job & Family Services to the Fairfield County Economic Development Department, with the Department to take over fiscal agent responsibilities on July 1, 2016.

**AREA 20/21 WORKFORCE INVESTMENT BOARD**  
*Schedule of Revenues, Expenditures and Changes*  
*in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)*  
*Special Revenue Fund*  
*For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b><u>Revenues:</u></b>				
<i>Operating Grants:</i>				
Adult	\$748,210	\$767,585	\$742,000	(\$25,585)
Dislocated Worker	509,970	509,970	492,972	(16,998)
Youth	786,893	786,893	760,666	(26,227)
Special Project Allocation	407	407	393	(14)
Administration	157,183	157,183	151,944	(5,239)
Ohio Works Incentive Program	57,414	57,414	55,500	(1,914)
State Grant	0	140,659	44,509	(96,150)
<i>Total Revenues</i>	<u>2,260,077</u>	<u>2,420,111</u>	<u>2,247,984</u>	<u>(172,127)</u>
<b><u>Expenditures:</u></b>				
<i>Workforce Development:</i>				
Adult	586,829	621,388	735,316	(113,928)
Dislocated Worker	529,617	574,351	517,945	56,406
Youth	552,998	583,465	721,607	(138,142)
Special Project Allocation	1,600	22,754	393	22,361
Administration	185,494	185,494	150,771	34,723
Ohio Works Incentive Program	304,500	292,000	52,500	239,500
State Grant	99,039	140,659	66,452	74,207
<i>Total Expenditures</i>	<u>2,260,077</u>	<u>2,420,111</u>	<u>2,244,984</u>	<u>175,127</u>
<i>Excess of Revenues Over Expenditures</i>	0	0	3,000	3,000
<i>Fund Balance at Beginning of Year</i>	<u>30,076</u>	<u>30,076</u>	<u>30,076</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$30,076</u>	<u>\$30,076</u>	<u>\$33,076</u>	<u>\$3,000</u>

See accompanying notes to the supplemental information

**AREA 20/21 WORKFORCE INVESTMENT BOARD**

*Notes to the Supplementary Information  
For the Fiscal Year Ended June 30, 2016*

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**NOTE 2 – BUDGETARY SCHEDULE**

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

The amounts reported as the original budget in the budgetary statements reflect the amounts in the WIOA grant allocation when the Ross County Commissioners adopted the original budget. The amounts reported as the final budget in the budgetary statements reflect the amounts in the WIOA grant allocation in effect at the time of the final budget.

The South Central Ohio Job and Family Services Board may amend the budget throughout the year with the restriction that the budget may not exceed WIOA grant allocations. The amounts reported as the final budget represent the final budget the South Central Ohio Job and Family Services Board passed during the year.

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

<b>Net Change in Fund Balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance</b>	\$38,505
Net revenue accruals	(45,687)
Net expenditure accruals	<u>10,182</u>
<b>Net Change in Fund Balance per the Budgetary Schedule</b>	<u><u>\$3,000</u></u>

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

*FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016*

Federal Grantor Agency/ Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Pass-Through to Subrecipients Amount	Expenditures
<b><u>U.S. DEPARTMENT OF LABOR</u></b>				
<i>Passed Through Ohio Department of Job &amp; Family Services</i>				
Workforce Innovation and Opportunity Act Cluster:				
Adult Program	17.258	G-1617-11-5603	\$735,709	\$735,709
Adult Administration	17.258	G-1617-11-5603	28,186	59,870
Total - Adult Program			763,895	795,579
Youth Program	17.259	G-1617-11-5603	721,607	721,607
Youth Administration	17.259	G-1617-11-5603	21,456	48,210
Total - Youth Program			743,063	769,817
Dislocated Worker Program	17.278	G-1617-11-5603	517,945	517,945
Dislocated Worker Administration	17.278	G-1617-11-5603	18,138	42,690
Total - Dislocated Worker Program			536,083	560,635
Total Workforce Innovation and Opportunity Act Cluster			2,043,041	2,126,031
Employment Service/Wagner-Peyser Funded Activities	17.207	G-1617-11-5603	66,452	66,452
Total - Employment Service/Wagner-Peyser Funded Activities			66,452	66,452
Total U.S. Department of Labor			2,109,493	2,192,483
<b><i>Total Federal Awards Expenditures</i></b>			<b>\$2,109,493</b>	<b>\$2,192,483</b>

See accompanying notes to the federal awards expenditures schedule.

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

*Notes to the Federal Awards Expenditures Schedule  
For the Fiscal Year Ended June 30, 2016*

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Area 20/21 Workforce Investment Board’s (the Board) under programs of the federal government for the fiscal year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements for Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

**NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

**NOTE C – SUBRECIPIENTS**

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

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals. The total amount of Federal assistance provided to subrecipients by the Board for each Federal program is summarized below:

Program Title	CFDA#	Amounts Provided to Subrecipients
<b><i>Subrecipient - Fairfield County</i></b>		
Youth	17.259	\$320,781
Youth Administration	17.259	17,912
<i>Total Youth</i>	17.259	338,693
Adult	17.258	298,222
Adult Administration	17.258	13,240
<i>Total Adult</i>	17.258	311,462
Dislocated Worker	17.278	138,677
Dislocated Administration Worker	17.278	5,962
<i>Total Dislocated Worker</i>	17.278	144,639
<b><i>Total Fairfield County</i></b>		<b>\$794,794</b>

(Continued)

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

*Notes to the Federal Awards Expenditures Schedule  
For the Fiscal Year Ended June 30, 2016*

***Subrecipient - Pickaway County***

Youth	17.259	\$144,656
Youth Administration	17.259	513
<i>Total Youth</i>	17.259	145,169
Adult	17.258	112,400
Adult Administration	17.258	5,517
Special (OMJ Branding)	17.258	393
<i>Total Adult</i>	17.258	118,310
Dislocated Worker	17.278	70,779
Dislocated Administration Worker	17.278	3,937
<i>Total Dislocated Worker</i>	17.278	74,716
Employment Service/Wagner-Peyser Funded Activities	17.207	13,606
<b><i>Total Pickaway County</i></b>		\$351,801

***Subrecipient - South Central Ohio JFS***

Youth	17.259	\$256,170
Youth Administration	17.259	3,031
<i>Total Youth</i>	17.259	259,201
Adult	17.258	324,694
Adult Administration	17.258	9,429
<i>Total Adult</i>	17.258	334,123
Dislocated Worker	17.278	308,489
Dislocated Administration Worker	17.278	8,239
<i>Total Dislocated Worker</i>	17.278	316,728
Employment Service/Wagner-Peyser Funded Activities	17.207	52,846
<b><i>Total South Central Ohio JFS</i></b>		\$962,898

**Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Independent Auditor's Report

Members of the Board  
Area 20/21 Workforce Investment Board  
475 Western Avenue, Suite B  
Chillicothe, Ohio 45601

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements, and have issued our report thereon dated February 23, 2017.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Board's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

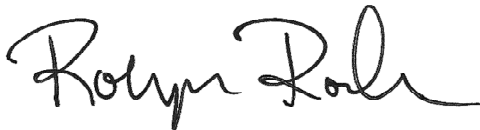


### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Board's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose of this Report**

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

A handwritten signature in black ink, appearing to read "Robyn Roush". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Robyn Roush, CPA, CITP  
Vice-President/Owner  
Millhuff-Stang, CPA, Inc.  
Chillicothe, Ohio

February 23, 2017

**Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance**

Independent Auditor's Report

Members of the Board  
Area 20/21 Workforce Investment Board  
475 Western Avenue, Suite B  
Chillicothe, Ohio 45601

**Report on Compliance for Each Major Federal Program**

We have audited the Area 20/21 Workforce Investment Board's (the Board) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Board's major federal program for the year ended June 30, 2016. The Board's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the Board's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on 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 that our audit provides a reasonable basis for our opinion on compliance for its major federal program. However, our audit does not provide a legal determination of the Board's compliance.

### **Basis for Qualified Opinion on Workforce Innovation and Opportunity Act Cluster**

As described in the accompanying schedule of findings and questioned costs, the Board did not comply with requirements regarding CFDA 17.258, 17.259, 17.278 Workforce Innovation and Opportunity Act Cluster as described in finding number 2016-001 for Procurement, Suspension and Debarment and finding number 2016-002 for Subrecipient Monitoring. Compliance with such requirements is necessary, in our opinion, for the Board to comply with the requirements applicable to that program.

### **Qualified Opinion on Workforce Innovation and Opportunity Act Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Board complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

### **Other Matters**

The Board's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Board's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

### **Report on Internal Control Over Compliance**

Management of the Board is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Board's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

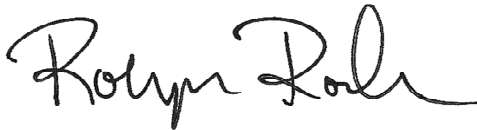
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2016-001 and 2016-002 that we consider to be material weaknesses.

Area 20/21 Workforce Investment Board  
Report on Compliance For Each Major Federal Program and on Internal Control Over Compliance  
Required by the Uniform Guidance

The Board's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Board's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

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

A handwritten signature in black ink, appearing to read "Robyn Roush". The signature is fluid and cursive, with a large initial "R" and "R".

Robyn Roush, CPA, CITP  
Vice-President/Owner  
Millhuff-Stang, CPA, Inc.  
Chillicothe, Ohio

February 23, 2017

**Area 20/21 Workforce Investment Board**  
*Schedule of Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2016*

**Section I – Summary of Auditor’s Results**

<i>Financial Statements</i>	
Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No
<i>Federal Awards</i>	
Internal control over major program(s):	
Material weakness(es) identified?	Yes
Significant deficiency(ies) identified?	None reported
Type of auditor’s report issued on compliance for major federal programs:	Qualified
Any auditing findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes
Identification of major program(s):	Workforce Innovation and Opportunity Act Cluster: CFDA #17.258, 17.259, 17.278
Dollar threshold used to distinguish between type A and type B programs:	Type A: >\$750,000 Type B: All Others
Auditee qualified as low-risk auditee?	No

**Section II – Financial Statement Findings**

None

**Section III – Federal Award Findings and Questioned Costs**

<b>CFDA Title and Number</b>	Workforce Innovation and Opportunity Act Cluster, CFDA #17.258/#17.259/#17.278
<b>Federal Award Number and Year</b>	2015-2016
<b>Federal Agency</b>	United States Department of Labor
<b>Pass-Through Entity</b>	Ohio Department of Job and Family Services

**Finding 2016-001 – Noncompliance/Material Weakness – Procurement, Suspension and Debarment**

Non-Federal entities are prohibited from contracting with or making subawards under covered transactions to parties that are suspended or debarred. “Covered transactions” include contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other criteria as specified in 2 CFR section 180.220. All non-procurement transactions entered into by a pass-through entity (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 CFR section 180.215. The Board issued subawards to subrecipients and did not check the EPLS, collect certification from the subrecipients, or add a clause or condition to the covered transactions with the subrecipients. The Board should have policies and procedures in place to ensure that the Board complies with Federal regulations regarding suspended or debarred subrecipients, including review for suspended or debarred subrecipients prior to awarding subawards with federal funds.

**Area 20/21 Workforce Investment Board**  
*Schedule of Findings and Questioned Costs*  
*For the Fiscal Year Ended June 30, 2016*

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**Finding 2016-001 (Continued)**

**Responsible Official's Response and Corrective Action Planned:**

The Area 20/21 subrecipients remained the same from fiscal year 2015 to fiscal year 2016 and were verified in the previous year. The subrecipients are county agencies that received other federal funding during the fiscal year from ODJFS therefore were not suspended or debarred. We will ensure that the EPLS is checked in future years or it will be a condition of the subgrant agreement.

**Planned Implementation Date of Corrective Action:**

Immediately.

**Person(s) Responsible for Corrective Action:**

Rick Szabrak, Executive Director – Area 20/21 Workforce Development Board

**Finding 2016-002 – Material Weakness – Subrecipient Monitoring**

A pass-through entity (PTE) must clearly identify to the subrecipient: (1) the award as a subaward at the time of subaward (or subsequent subaward modification) by providing the information described in 2 CFR section 200.331(a)(1); (2) all requirements imposed by the PTE on the subrecipient so that the Federal award is used in accordance with Federal statutes, regulations, and the terms and conditions of the award (2 CFR section 200.331(a)(2)); and (3) any additional requirements that the PTE imposes on the subrecipient in order for the PTE to meet its own responsibility for the Federal award (e.g., financial, performance, and special reports) (2 CFR section 200.331(a)(3)). The Board did not renew their subgrant agreements with subrecipients for fiscal year 2016 and therefore did not properly identify the awards and applicable requirements. Misunderstandings between the pass-through entity and the subrecipients could occur resulting in noncompliance with laws, regulations, and/or grant agreements. The Board should have policies and procedures in place to ensure that subgrant agreements are renewed regularly.

**Responsible Official's Response and Corrective Action Planned:**

The Board has completed the subgrant agreement in all other years except 2016. This was an oversight with changes to the program in the fiscal year. Award letters received through the CFIS system identifies the grant and CFDA number to the sub-recipient and ODJFS issues guidance on spending the funds. New subgrant agreements from the Area to the sub-recipients will be completed for 2017.

**Planned Implementation Date of Corrective Action:**

Immediately.

**Person(s) Responsible for Corrective Action:**

Rick Szabrak, Executive Director – Area 20/21 Workforce Development Board

**Area 20/21 Workforce Investment Board**

*Schedule of Prior Audit Findings*

*For the Fiscal Year Ended June 30, 2016*

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Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2015-001	Material Weakness – Financial Reporting	No	Re-issued in management letter.

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# Dave Yost • Auditor of State

**WORKFORCE INNOVATION OPPORTUNITY AREA 20/21**

**FAIRFIELD COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 30, 2017**