WORKFORCE INITIATIVE ASSOCIATION

STARK COUNTY

Audit Report

For the Year Ended June 30, 2017

Charles E. Harris & Associates
certified public accountants & government consultants

Board of Directors
Workforce Initiative Association
822 30th St NW
Canton, OH 44709

We have reviewed the *Independent Auditor's Report* of the Workforce Initiative Association, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Workforce Initiative Association is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

April 23, 2018

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WORKFORCE INITIATIVE ASSOCIATION
STARK COUNTY
AUDIT REPORT
For the Year Ending June 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Workforce Initiative Association
Stark County
822 30th St. N.W.
Canton, Ohio 44709

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Workforce Initiative Association, Stark County, Ohio (WIA), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise WIA'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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 WIA'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 WIA'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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Workforce Initiative Association, Stark County, Ohio, as of June 30, 2017, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions on pages 4-8 and 33–34 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 an opinion on the financial statements that collectively comprise the WIA's basic financial statements.

The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

The Schedule is the responsibility of management and was derived from and relates 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 Schedule is 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 January 18, 2018, on our consideration of WIA'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 WIA's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.
January 18, 2018

WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
Unaudited

The discussion and analysis of Workforce Initiative Association's (WIA) financial performance provides an overall review of WIA's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at WIA's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of WIA's financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2017 are as follows:

- Revenues decreased \$681,902 as a result of various restructuring activities required by the Workforce Innovation and Opportunity Act (WIOA) whereby the Stark Tuscarawas Workforce Development Board (STWDB) was spun-off and WIA became a subrecipient of WIOA funds from STWDB. WIA now serves as fiscal agent for STWDB.
- Expenses decreased \$820,981 as a result of the WIOA restructuring activities and a significant reduction in pension expenses recognized in accordance with GASB 68.
- Total net position increased \$59,259.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand WIA as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at WIA's specific financial conditions.

The statement of net position and statement of activities provide information about the activities of WIA, presenting both an aggregate view of its finances and a longer-term view of those assets. The statement of activities shows the net (expense) revenue and changes to net position of WIA. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

REPORTING ON THE ENTITY AS A WHOLE

Statement of Net Position and the Statement of Activities

The statement of net position and statement of activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid. These two statements report WIA's net position and the change in that net position. The change in net position is important because it tells the reader whether, for WIA as a whole, the financial position of WIA has improved or diminished.

All of WIA's programs and services are reported as governmental activities in the statement of net position and the statement of activities. Governmental activities consist of functions that are primarily supported by intergovernmental revenues. Activities include U.S. Department of Labor Workforce Innovation and Opportunity Act programs (Adult, Dislocated Worker, Youth, Rapid Response, and Administration) and other funding streams, as available.

REPORTING ON THE MOST SIGNIFICANT FUND

Governmental Fund

The presentation for WIA's only fund, the general fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The general fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of WIA's general operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future on services provided to users. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations in the financial statements.

WORKFORCE INITIATIVE ASSOCIATION AS A WHOLE

Recall that the statement of net position looks at WIA as a whole. Table 1 provides a summary of WIA's net position for fiscal year 2017 compared to fiscal year 2016.

Table 1 - Net Position

	6/30/2017	6/30/2016	Change
Assets			
Current and Other Assets	$ 781,082	$ 689,877	$ 91,205
Capital Assets, Net	$ 14,543	$ 19,010	$ (4,467)
Total Assets	**$ 795,625**	**$ 708,887**	**$ 86,738**
Deferred Outflows, Pensions	**$ 727,995**	**$ 751,421**	**$ (23,426)**
Liabilities			
Current Liabilities	$ 474,353	$ 401,876	$ 72,477
Accrued Leave Liabilities	$ 64,911	$ 83,254	$ (18,343)
Net Pension Liabilities	$ 2,321,547	$ 2,341,633	$ (20,086)
Total Liabilities	**$ 2,860,811**	**$ 2,826,763**	**$ 34,048**
Deferred Inflows, Pensions	**$ 16,741**	**$ 46,736**	**$ (29,995)**
Net Position			
Net Investment in Capital Assets	$ 14,543	$ 19,010	$ (4,467)
Unrestricted	$ (1,368,475)	$ (1,432,201)	$ 63,726
Total Net Position	**$ (1,353,932)**	**$ (1,413,191)**	**$ 59,259**

During 2015, WIA 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 WIA'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.

The 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 WIA's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive 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, WIA 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, WIA'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, WIA is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Current and total assets increased somewhat from fiscal years 2016 to 2017 primarily due to increases in cash and increases in intergovernmental receivables outstanding at year-end. These receivables were routine expense reimbursements due from WIA's major funders, the Ohio Department of Job and Family Services (ODJFS) and the Stark Tuscarawas Workforce Development Board (STWDB), and would have been collected within the first months of the new fiscal year.

Current liabilities increased as a result of significant increases in accrued contract expenses payable at year end to new providers of the Comprehensive Case Management and Employment Program (CCMEP) rolled-out during the fiscal year by ODJFS. These increases in payables were partially offset by a reduction in accrued wages and benefits outstanding at year end because of the timing of pay periods and the voluntary termination of several staff. Net pension liabilities remained relatively level between the years.

Table 2 provides a summary of WIA's changes in net position for fiscal year 2017 compared to 2016.

Table 2 - Changes in Net Position

	6/30/2017	6/30/2016	Change
Total Revenues	$ 4,792,667	$ 5,474,569	$ (681,902)
Total Expenses	$ 4,733,408	$ 5,554,389	$ (820,981)
Increase (Decrease) in Change in Net Position	**$ 59,259**	**$ (79,820)**	**$ 139,079**

The start-up of the CCMEP program and spin-off of the STWDB were the primary causes WIA's revenue and expense changes for 2017. Also, a significant portion of the expense decrease resulted from a nearly $170,000 reduction in GASB 68 pension expense recognized in the current year.

WORKFORCE INITIATIVE ASSOCIATION GENERAL FUND

WIA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of WIA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing WIA's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, WIA's governmental fund reported an ending fund balance of $301,923 which was a $16,627 increase over the previous year. This demonstrates that when WIA is analyzed exclusive of the required GASB 68 presentations in the government-wide financial statements described above, it does have a positive fund balance. As WIA 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 reconciliations and notes to the financial statements.

BUDGETING HIGHLIGHTS

WIA's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year. WIA's annual budget is not subject to formal budget commission procedures and/or legal requirements. WIA's primary funding source is federal and state grants, which have grant periods that may or may not coincide with WIA's fiscal year. Due to the nature of WIA's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

WIA's annual budget differs from that of a local government in two respects. First, the uncertain nature of grant awards from other entities and second, the conversion of grant budgets to a fiscal year basis. The resulting 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.

WIA's annual budget for the general fund is reviewed by the Governing Board and used throughout each fiscal period to monitor activity and ensure sound fiscal management. Modifications are made as needed to remain within established spending limits for the year and as additional initiatives are added or as existing projects/programs change.

Actual revenues and expenditures for fiscal year 2017 decreased due to the various factors already mentioned. As the fiduciary agent of taxpayer funds, WIA diligently searches for new and more efficient methods to reduce and/or contain operating expenditures. WIA's goal continues to be to serve the maximum number of customers within the allocations available.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, WIA had $14,543 invested in capital assets as reflected in the following table, which represents a net decrease of $4,467 from the previous period.

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

	6/30/2017	6/30/2016	Change
Equipment and Furniture	$ 14,543	$ 19,010	$ (4,467)
Total Capital Assets	**$ 14,543**	**$ 19,010**	**$ (4,467)**

See Note 5 for additional information on capital assets.

Debt

WIA had no debt for the year ended June 30, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Significant economic factors affecting WIA are as follows:

- Federal Workforce Innovation and Opportunity Act funding through U.S. Dept. of Labor;
- National, state, and local unemployment rates;
- National, state and local poverty and income levels; and
- Inflationary pressure on training, services, supplies, and other program and operational costs.

WIA's main program allocations are Temporary Assistance to Needy Families (TANF) grants from ODJFS to provide services for the CCMEP program and various WIOA grants sub-awarded from STWDB. WIA's program allocations for the new fiscal year beginning July 1, 2017 remained relatively level when compared to the previous year.

CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of WIA's finances and to show WIA's accountability for the money it receives, spends, or invests. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Workforce Initiative Association, 822 - 30th Street NW, Canton, Ohio 44709.

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Workforce Initiative Association
STATEMENT OF NET POSITION
June 30, 2017

ASSETS		
Equity in Pooled Cash and Cash Equivalents	$	254,782
Intergovernmental Receivable		497,960
Prepaid Items		23,534
Net Pension Assets		4,806
Capital Assets, Net		14,543
Total Assets		795,625
Total Deferred Outflows of Resources, Pension		727,995
LIABILITIES		
Current Liabilities:		
Accounts Payable		398,505
Accrued Wages and Benefits		75,848
Total Current Liabilities:		474,353
Non-Current Liabilities:		
Accrued Compensated Absences - Due within one year		64,911
Net Pension Liability		2,321,547
Total Non-Current Liabilities:		2,386,458
Total Liabilities		2,860,811
Total Deferred Inflows of Resources, Pension		16,741
NET POSITION		
Net Investment in Capital Assets		14,543
Unrestricted		(1,368,475)
Total Net Position	$	(1,353,932)

See accompanying notes to the basic financial statements.

Workforce Initiative Association
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

		Program Revenue		Net (Expenses) Revenue and Changes In Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities:				
Employment and Training Program Costs	$ 4,733,408	$ 241,974	$ 4,550,693	$ 59,259
Total Governmental Activities	$ 4,733,408	$ 241,974	$ 4,550,693	59,259
	Changes in Net Position			59,259
	Net Position Beginning of Year			(1,413,191)
	Net Position End of Year			$ (1,353,932)

See accompanying notes to the basic financial statements.

Workforce Initiative Association
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2017

ASSETS		
Equity in Pooled Cash and Cash Equivalents	$	254,782
Intergovernmental Receivable		497,960
Prepaid Items		23,534
Total Assets		776,276
LIABILITIES		
Accounts Payable		398,505
Accrued Wages and Benefits		75,848
Total Liabilities		474,353
FUND BALANCE		
Assigned		9,728
Unassigned		292,195
Total Fund Balance		301,923
Total Liabilities and Fund Balance	$	776,276

See accompanying notes to the basic financial statements.

Workforce Initiative Association
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
June 30, 2017

Total Governmental Fund Balance	$	301,923
Amount reported for governmental activities in the statement of net position is different because:		
Long-term leave liabilities do not require current financial resources, and therefore are not reported as expenditures in the governmental funds.		(64,911)
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.		14,543
Net pension liability is not due and payable in the current period, and therefore the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension		727,995
Deferred Inflows - Pension		(16,741)
Net Pension Asset		4,806
Net Pension Liability		(2,321,547)
Net Position of Governmental Activities	$	(1,353,932)

See accompanying notes to the basic financial statements.

Workforce Initiative Association
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
For the Fiscal Year Ended June 30, 2017

REVENUES		
Intergovernmental Revenue	$	4,550,693
Charges for Services		241,974
Total Revenues		4,792,667
EXPENDITURES		
Human Services:		
Employment and Training Program		4,776,040
Total Expenditures		4,776,040
Net Change in Fund Balance		16,627
Fund Balance at Beginning of Year		285,296
Fund Balance at End of Year	$	301,923

See accompanying notes to the basic financial statements.

Workforce Initiative Association
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2017

Net Change in Fund Balance - Total Governmental Fund	$	16,627
Amount reported for governmental activities in the statement of activities is 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		18,343
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 depreciation exceeded capital outlay in the current period.		(4,467)
Contractually required pension contributions are reported as expenditures in the governmental funds. However the statement of net position reports these amounts as deferred outflows.		236,808
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(208,052)
Change in Net Position of Governmental Activities	$	59,259

See accompanying notes to the basic financial statements.

Workforce Initiative Association
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS
June 30, 2017

ASSETS		
Equity in Pooled Cash and Cash Equivalents	$	36,241
Intergovernmental Receivable		179,685
Prepaid Items		1,336
Total Assets		217,262
LIABILITIES		
Accounts Payable		155,302
Accrued Wages and Benefits		9,773
Undistributed Monies		52,187
Total Liabilities	$	217,262

See accompanying notes to the basic financial statements.

NOTE 1: **DESCRIPTION OF ENTITY**

Workforce Initiative Association (WIA) was originally established in 1975 under the Ohio Revised Code as a regional council of governments and currently includes Stark and Tuscarawas counties and the City of Canton as members. WIA is eligible to receive and administer funds granted by the Governor of the State under the Workforce Innovation and Opportunity Act and other workforce development programs.

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

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

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

Effective July 1, 2016, WIA began serving as fiscal agent and custodian for the newly formed Stark Tuscarawas Workforce Development Board (STWDB). WIA is responsible for receiving and disbursing funds at the direction of STWDB, but as a legally separate entity, WIA is not financially accountable for their operations. Accordingly, the activity of STWDB has been included as an agency fund within WIA's basic financial statements.

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

The financial statements of WIA 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. WIA's most significant accounting policies are described below.

A. **Basis of Presentation**

WIA's 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 WIA as a whole. These statements include the financial activities of the primary government except for fiduciary funds. All activities of WIA are governmental activities.

The statement of net position presents the financial condition of the governmental activities of WIA at year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of WIA'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 of 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 not classified as program revenues are presented as general revenues of WIA, 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 WIA.

Fund Financial Statements
Fund financial statements report more detailed information about WIA. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. WIA has only one fund which is its major fund. Fiduciary funds are reported by fund type.

B. **Fund Accounting**

WIA 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 WIA functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

Governmental Funds
Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 assets and liabilities is reported as fund balance. The following is WIA's major governmental fund:

> General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund balance is available to WIA for any purpose provided it is expended or transferred according to the general laws of Ohio.

Proprietary Funds
Proprietary fund reporting focuses on the determination of operating income, changes in net position and cash flows. Proprietary funds are classified as either enterprise or internal service. WIA has no proprietary funds.

Fiduciary Funds
Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose

trust funds and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations or other governments and are therefore not available to support WIA's own programs. WIA has no trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. WIA's agency fund accounts for the assets held as agent for the Stark Tuscarawas Workforce Development Board.

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 WIA 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 and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and change 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 a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Agency funds do not report a measurement focus as they do not represent operations.

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. Fiduciary funds use the 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.

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 WIA, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which WIA receives value without directly giving equal value in return, include grants and donations. On an accrual basis, 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 WIA must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided to WIA 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 following revenue sources are considered to be both measurable and available at fiscal year-end: federal and state grants and contracted services.

Deferred Inflows of Resources and Deferred Outflows of Resources
In addition to assets, the government-wide statement of net position reports a separate section for 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 then. For WIA, deferred outflows of resources have been reported for the following items related to WIA's net pension liability: (1) the difference between projected and actual investment earnings on pension plan investments, (2) WIA's contributions to the pension system subsequent to the measurement date, (3) the difference between estimated and actual experience, and (4) the difference in proportionate share of net pension liabilities.

In addition to liabilities, the government-wide statement of net position 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 WIA, deferred inflows of resources have been reported for the difference between expected and actual experience of the pension system and differences in proportionate share of net pension liabilities.

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. An allocation of cost, such as depreciation, is not recognized in governmental funds.

E. **Cash and Cash Equivalents**

For presentation on the financial statements, investments with original maturities of three months or less at the time they are purchased by WIA are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

F. **Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2017 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the year in which services are consumed.

G. **Capital Assets**

Capital assets include furniture and equipment purchased by WIA. These assets generally result from expenditures in the governmental fund. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

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

Workforce Innovation and Opportunity Act property management standards require that depreciation be computed on all non-expendable personal property having a useful life of more than one year and purchase price of $5,000 or more. WIA's capitalization policy is $5,000. Depreciation is computed using the straight-line method over estimated useful lives of three to seven years.

H. **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.

I. **Compensated Absences**

Vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered and it’s probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination/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’s considered probable that the conditions for compensation will be met in the future.

Sick leave benefits for WIA employees are not vested, and therefore, do not accrue as a liability.

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account “compensated absences payable” in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. **Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables and accrued liabilities from the fiduciary funds are reported on the fiduciary fund statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences and net pension liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

K. **Fund Balance Designation**

Fund balance is divided into five classifications based primarily on the extent to which WIA is bound to observe constraints imposed upon the use of the resources in the governmental fund. 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 on the use of resources are externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or are 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. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned - Amounts in the assigned classification are intended to be used 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. The Board may also assign fund balances as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

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.

WIA first applies restricted resources when an 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 assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on the use, either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

M. **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.

NOTE 3: **CASH AND INVESTMENTS**

State statutes classify monies held by WIA into three categories.

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

Inactive deposits - public deposits that WIA has 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 - 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. Legislation permits interim monies to be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

4. Bonds or other obligations of the State of Ohio;

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

6. The State Treasurer's investment pool (STAR Ohio);

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purchase of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of WIA, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Chief Financial Officer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits
At June 30, 2017, the carrying amount of WIA's deposits was $291,023 which includes $36,241 in agency funds maintained on behalf of STWDB. The bank balance was $386,880 which includes $66,549 of STWDB funds. Based on criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2017, none of WIA's bank balance was exposed to custodial risk as discussed below.

Custodial credit risk is the risk that, in the event of a bank failure, WIA's deposits may not be returned. WIA's policy is to place deposits with major local banks approved by WIA's Governing Board. All deposits are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at 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 specified collateral held at a Federal Reserve Bank in the name of WIA.

Investments
WIA did not have any investments at June 30, 2017.

NOTE 4: **INTERGOVERNMENTAL RECEIVABLE**

A part of the year-end process with the Ohio Department of Job and Family Services (ODJFS) is to perform a reconciliation to identify for each grant how much funds were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2017 was a balance due from ODJFS of $417,690 and $80,270 due from other government entities.

NOTE 5: **CAPITAL ASSETS**

A summary of changes in capital assets during the year is as follows:

	Balance 06/30/16	Increases	Decreases	Balance 06/30/17
<u>**Governmental Activities**</u>				
Capital Assets being Depreciated:				
Furniture and Equipment	$194,435	$7,273	$(7,065)	$194,643
Less Accumulated Depreciation:				
Furniture and Equipment	(175,426)	(11,740)	7,065	(180,101)
Total Capital Assets being Depreciated - Net	$19,010	$(4,467)	$0	$14,543

All depreciation was charged to administration expense.

NOTE 6: **DEFINED BENEFIT PENSION PLAN**

A. **Plan Description**

WIA participates in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan which administers three separate pension plans, as follows:

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

2. 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. 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 cost of living adjustments to members of 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 in Chapter 145 of the Ohio Revised Code (ORC).

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The Ohio Revised Code provides statutory authority for member and employer contributions. For 2017, member and employer contribution rates were consistent across all three plans. The 2017 member contribution rate was 10.0% of covered payroll, and the total employer contribution rate was 14.0%, with a portion of the employer's contribution set aside by OPERS for funding post-employment health care benefits.

WIA's contractually required employer contributions used to fund pension benefits for the years ended June 30th 2017, 2016, and 2015 were $164,421, $205,434, and $215,901, respectively. The full amount was contributed for all three years.

B. **Net Pension Liability**

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 WIA'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.

The Ohio Revised Code limits WIA's obligation for this liability to annually required payments. WIA cannot control benefit terms or the manner in which pensions are financed; however, WIA 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 *accrued wages and benefits* on both the accrual and modified accrual bases of accounting.

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

The net pension liability was measured by OPERS as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an OPERS actuarial valuation as of that date. WIA's proportion of the net pension liability was based on WIA's share of contributions to the pension plan relative to the contributions of all participating OPERS entities. Following is information related to WIA's proportionate share and pension expense as of June 30, 2017:

	Traditional	Combined	Member-Directed	Total
Proportionate Share of the Net Pension Liability/(Asset)	$2,321,547	($4,775)	($31)	$2,316,741
Proportion of the Net Pension Liability/(Asset), Current Year	0.010580%	0.008580%	0.007390%	
Proportion of the Net Pension Liability/(Asset), Prior Year	0.013060%	0.008590%	0.010540%	
Change in Proportion	-0.002480%	-0.000010%	-0.003150%	
Pension Expense	$510,064	$3,450	$38	$513,552

At June 30, 2017, WIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined	Member-Directed	Total
Deferred Outflows of Resources				
Differences between expected and actual experience	$3,256	$0	$229	$3,485
Changes of assumptions	381,072	1,164	35	382,271
Net difference between projected and actual earnings on pension plan investments	231,527	1,163	7	232,697
Changes in proportion and differences between WIA contributions and proportionate share of contributions	49,521	(1,473)	(2,668)	45,380
WIA contributions subsequent to the measurement date	61,131	1,609	1,422	64,162
Total Deferred Outflows of Resources	$726,507	$2,463	($975)	$727,995
Deferred Inflows of Resources				
Differences between expected and actual experience	$5,999	$2,440	$0	$8,439
Changes in proportion and differences between WIA contributions and proportionate share of contributions	8,300	2	0	8,302
Total Deferred Inflows of Resources	$14,299	$2,442	$0	$16,741

$64,162 reported as deferred outflows of resources related to pension resulting from WIA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. 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	Member-Directed	Total
Fiscal Year Ending June 30:				
2018	($310,909)	($226)	($55)	($311,190)
2019	(127,188)	(176)	(53)	($127,417)
2020	10,488	237	(43)	$10,682
2021	0	193	(45)	$148
Thereafter	0	311	(124)	$187
Total	($427,609)	$339	($320)	($427,590)

D. **Actuarial Assumptions**

OPERS' 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.

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/assumptions used to calculate total pension liability in the latest actuarial valuation prepared as of December 31, 2016 are presented below:

	Traditional Pension Plan	Combined Plan	Member-Directed Plan
Experience Study	5 Year Period Ended 12/31/15	5 Year Period Ended 12/31/15	5 Year Period Ended 12/31/15
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age
Actuarial Assumptions			
Investment Rate of Return	7.50%	7.50%	7.50%
Wage Inflation	3.25%	3.25%	3.25%
Projected Salary Increases	3.25% - 10.75% (includes wage inflation at 3.25%)	3.25% - 8.25% (includes wage inflation at 3.25%)	3.25% - 8.25% (includes wage inflation at 3.25%)
Cost-of-Living Adjustments	Pre 1/7/13 Retirees: 3.00% Simple Post 1/7/13 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre 1/7/13 Retirees: 3.00% Simple Post 1/7/13 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre 1/7/13 Retirees: 3.00% Simple Post 1/7/13 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed 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 contractually required rates, as actuarially determined. 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 the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents WIA's net pension liability or asset calculated using the discount rate of 7.5%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

Sensitivity of Net Pension Liability/(Asset) to Changes in the Discount Rate

Employers' Net Pension Liability/(Asset)	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Traditional Pension Plan	$3,589,423	$2,321,547	$1,264,997
Combined Plan	343	(4,775)	(8,752)
Member-Directed Plan	74	(31)	(74)
	$3,589,840	$2,316,741	$1,256,171

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS 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 OPERS Board-approved asset allocation policy for 2016 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 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00 %	5.66 %

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

NOTE 7: **POST-EMPLOYMENT BENEFITS**

A. **Plan Description**

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; Member-

Directed Plan - a defined contribution plan; and Combined Plan - a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

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B. **Funding Policy**

The Ohio Revised Code provides the statutory authority requiring public employers to fund health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. 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 2016. As recommended by OPERS’ actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. The OPERS Board 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. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%.

WIA's statutorily required employer contributions used to fund health care benefits for the years ended June 30th 2017, 2016, and 2015 were $27,404, $34,239, and $35,983, respectively. The full amount was contributed for all three years.

NOTE 8: **COMPENSATED ABSENCES**

Full-time, permanent employees are granted vacation benefits in varying amounts to specified maximums, depending on tenure with WIA. Vacation days may not be carried over into the next calendar year. Upon termination, employees are entitled to be paid all accrued vacation. The following schedule details earned annual leave based on length of service.

0-4 years	10 days
5-9 years	15 days
10-14 years	20 days
15-23 years	25 days
24 years and over	30 days

Sick leave accrues to WIA's full-time employees and may be cumulative without limit. However, sick leave is not vested, and therefore, not payable upon termination and not a liability at year end.

WIA's liability for unpaid, compensated absences was $64,911 as of June 30, 2017.

NOTE 9: **LONG-TERM OBLIGATIONS**

A summary of the governmental activities' long-term obligations as of June 30, 2017 are as follows:

	Balance 6/30/16	Additions	Deductions	Balance 6/30/17	Due within One Year
Compensated Absences	$ 83,254	$ 105,412	$ (123,755)	$ 64,911	$ 64,911
Net Pension Liabilities	2,341,633	-	(20,086)	2,321,547	-
Total	$ 2,424,887	$ 105,412	$ (143,841)	$ 2,386,458	$ 64,911

WIA pays obligations related to compensated absences from the fund benefitting from their service. See Note 6 for additional information related to net pension liabilities.

NOTE 10: **CONTINGENT LIABILITIES**

There are no pending material lawsuits in which WIA is involved.

Periodic audits are required under federal and state grants 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. WIA's management believes disallowances, if any, will be immaterial.

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

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

NOTE 11: **LEASE COMMITMENTS**

Operating

WIA has entered into various operating leases for office space and the One-Stop operation, which contain cancellation provisions and are subject to annual appropriations. Rental expense under these operating lease agreements was approximately $434,537 for the year ended June 30, 2017.

NOTE 12: **INSURANCE AND RISK MANAGEMENT**

WIA is exposed to various risks of loss related to torts, thefts of, damages to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

During 2017, WIA contracted with insurance companies for various types of insurance, as follows:

INSURANCE	TYPE OF COVERAGE	COVERAGE
Travelers	Commercial Property	$1,122,445
Travelers	General Liability	$2,000,000
Travelers	Auto Liability	$1,000,000
Travelers	Umbrella Liability	$1,000,000
Travelers	Officer and Director Liability	$2,000,000

Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

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

WIA continued to carry commercial insurance for other risks of loss, including employee health and life insurance.

Workforce Initiative Association
Required Supplementary Information
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Ohio Public Employees Retirement System
Last Four Fiscal Years (1)

Traditional Pension Plan	**2017**	**2016**	**2015**	**2014**
WIA's Proportion of the Net Pension Liability/Asset	0.010580%	0.013060%	0.013580%	0.013580%
WIA's Proportionate Share of the Net Pension Liability(Asset)	$2,321,547	$2,338,902	$1,637,900	$1,600,905
WIA's Covered-Employee Payroll	$1,307,676	$1,622,189	$1,706,964	$1,620,159
WIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered-Employee Payroll	177.53%	144.18%	95.95%	98.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%	86.45%

Combined Plan	**2017**	**2016**	**2015**	**2014**
WIA's Proportion of the Net Pension Liability/Asset	0.008580%	0.008590%	0.008740%	0.008740%
WIA's Proportionate Share of the Net Pension Liability(Asset)	($4,775)	($2,705)	($3,365)	($917)
WIA's Covered-Employee Payroll	$31,935	$31,186	$32,761	$31,078
WIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered-Employee Payroll	14.95%	8.67%	10.27%	2.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.55%	116.90%	114.83%	114.83%

Member-Directed Plan	**2017**	**2016**	**2015**	**2014**
WIA's Proportion of the Net Pension Liability/Asset	0.007390%	0.010540%	n/a	n/a
WIA's Proportionate Share of the Net Pension Liability(Asset)	($31)	$2,731	n/a	n/a
WIA's Covered-Employee Payroll	$30,568	$58,574	$59,449	$56,350
WIA's Proportionate Share of the Net Pension Liability/Asset as a Percentage of its Covered-Employee Payroll	0.10%	4.66%	n/a	n/a
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.40%	103.91%	n/a	n/a

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

Amounts presented as of WIA’s fiscal year end, June 30th of each year. The plan measurement date is the prior calendar year end, December 31st of each year.

Workforce Initiative Association
Required Supplementary Information
SCHEDULE OF CONTRIBUTIONS
Ohio Public Employees Retirement System
Last Four Fiscal Years (1)

Traditional Pension Plan	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$156,921	$194,663	$204,836	$194,409
Contributions in Relation to the Contractually Required Contribution	156,921	194,663	204,836	194,409
Contribution Deficiency (Excess)	$0	$0	$0	$0
WIA's Covered-Employee Payroll	$1,307,676	$1,622,189	$1,706,964	$1,620,071
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	12.00%

Combined Plan	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$3,832	$3,742	$3,931	$3,731
Contributions in Relation to the Contractually Required Contribution	3,832	3,742	3,931	3,731
Contribution Deficiency (Excess)	$0	$0	$0	$0
WIA's Covered-Employee Payroll	$31,935	$31,186	$32,761	$31,094
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	12.00%

Member-Directed Plan	**2017**	**2016**	**2015**	**2014**
Contractually Required Contribution	$3,668	$7,029	$7,134	$6,771
Contributions in Relation to the Contractually Required Contribution	3,668	7,029	7,134	6,771
Contribution Deficiency (Excess)	$0	$0	$0	$0
WIA's Covered-Employee Payroll	$30,568	$58,574	$59,449	$56,422
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	12.00%

(1) Information prior to 2014 is not available. Schedule is intended to show ten years of information. Additional years will be displayed as information becomes available.

Amounts presented as of WIA's fiscal year end, June 30th of each year. The plan measurement date is the prior calendar year end, December 31st of each year.

Workforce Initiative Association
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2017

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Supplemental and Direct Grants				
Direct Program:				
Appalachian Regional Commission	23.002	(A)	$ 0	$ 15,796
Total U.S. Supplemental and Direct Grants			**0**	**15,796**
U.S. Department of Labor				
Pass-Through Program From:				
Stark Tuscarawas Workforce Development Board				
Workforce Innovation and Opportunity Act (Cluster)				
WIOA Adult Program	17.258	(A)	0	915,793
WIOA Adult Program-Administration	17.258	(A)	0	76,507
Total WIOA Adult Program			0	992,300
WIOA Youth Activities	17.259	(A)	0	435,760
WIOA Youth Activities-Administration	17.259	(A)	0	76,336
Total WIOA Youth Activities			0	512,096
WIOA Dislocated Worker Formula Grants	17.278	(A)	0	683,405
WIOA Dislocated Worker Formula Grants-Administration	17.278	(A)	0	56,933
Rapid Response	17.278	(A)	0	48,378
Total WIOA Dislocated Worker Formula Grants			0	788,716
Total Workforce Innovation and Opportunity Act (Cluster)			0	2,293,112
WIOA National Dislocated Worker Grants / WIA National Emergency Grants	17.277	(A)	0	184,474
Total Pass-Through From Stark Tuscarawas Workforce Development Board			**0**	**2,477,586**
Total U.S. Department of Labor			**0**	**2,477,586**
U.S. Department of Health and Human Services				
Pass-Through Program From:				
Ohio Department of Job and Family Services				
Temporary Assistance to Needy Families (Cluster)				
Temporary Assistance for Needy Families	93.558	(A)	793,148	1,928,826
Total Temporary Assistance to Needy Families (Cluster)			793,148	1,928,826
Tuscarawas County Job & Family Services				
Temporary Assistance to Needy Families (Cluster)				
Temporary Assistance for Needy Families	93.558	(A)	128,485	128,485
Total Temporary Assistance to Needy Families (Cluster)			128,485	128,485
Total U.S. Department of Health and Human Services			**921,633**	**2,057,311**
Total Expenditures of Federal Awards			**$ 921,633**	**$ 4,550,693**

(A) Pass-Through Entity Number is not known or applicable.

The accompanying notes to this schedule are an integral part of this schedule.

NOTE A: **BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Workforce Initiative Association (WIA) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the 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). Because the Schedule presents only a selected portion of the operations of WIA, it is not intended to and does not present the financial position or changes in net position of WIA.

NOTE B: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. WIA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C: **SUBRECIPIENTS**

WIA passes certain federal awards received from the U.S. Department of Labor, the Ohio Department of Job and Family Services, and Tuscarawas County Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, WIA reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, WIA 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.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

Workforce Initiative Association
Stark County
822 30th St. N.W.
Canton, Ohio 44709

To the Board of Directors:

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, the major fund, and the aggregate remaining fund information of the Workforce Initiative Association, Stark County, (WIA), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise WIA's basic financial statements, and have issued our report thereon dated January 18, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the WIA'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of WIA's internal control. Accordingly, we do not express an opinion on the effectiveness of the WIA'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 entity'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 WIA'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 WIA's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering WIA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 18, 2018

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Workforce Initiative Association
Stark County
822 30th St. N.W.
Canton, Ohio 44709

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Workforce Initiative Association, Stark County, Ohio's (WIA) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on WIA's major federal program for the year ended June 30, 2017. WIA's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

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 WIA'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 WIA'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 the major federal program. However, our audit does not provide a legal determination of WIA's compliance.

Opinion on the Major Federal Program

In our opinion, the Workforce Initiative Association, Stark County, Ohio complied, in all material respects with 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, 2017.

Report on Internal Control Over Compliance

Management of the Workforce Initiative Association, Stark County, Ohio 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 WIA's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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 WIA'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. 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.

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.

Charles E. Harris & Associates

Charles E. Harris & Associates, Inc.
January 18, 2018

WORKFORCE INITIATIVE ASSOCIATION
STARK COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
June 30, 2017

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 reported at the financial statement level (GAGAS)?*	No
(d)(1)(iii)	*Was there any reported material non-compliance 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 reported for major federal programs?*	No
(d)(1)(v)	*Type of Major Programs' Compliance Opinion*	Unmodified
(d)(1)(vi)	*Are there any reportable findings under 2 CFR § 200.516(a)?*	No
(d)(1)(vii)	*Major Programs:*	Temporary Assistance for Needy Families CFDA # 93.558
(d)(1)(viii)	*Dollar Threshold: Type A\B Programs*	Type A: > $750,000 Type B: all others
(d)(1)(ix)	*Low Risk Auditee under 2 CFR §200.520?*	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

WORKFORCE INITIATIVE ASSOCIATION
STARK COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
FOR THE YEAR ENDED JUNE 30, 2017

The prior audit report, for the year ending June 30, 2016, reported no material citations or recommendations.

WORKFORCE INITIATIVE ASSOCIATION

STARK 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 10, 2018

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