

**LAKE COUNTY EMPLOYMENT  
AND  
TRAINING ADMINISTRATION**

**LOCAL WORKFORCE INVESTMENT AREA NUMBER 5**

**GENERAL-PURPOSE FINANCIAL STATEMENTS AND  
AUDIT REPORTS**

**FOR THE YEAR JULY 1, 2000  
THROUGH  
JUNE 30, 2001**





**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

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Board of County Commissioners  
Lake County Employment and Training Administration

We have reviewed the Independent Auditor's Report of the Lake County Employment and Training Administration, Lake County, prepared by S.R. Snodgrass, A.C. for the audit period July 1, 2000 through June 30, 2001. 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 Lake County Employment and Training Administration is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

February 6, 2002

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***Lake County Employment and Training Administration  
Local Workforce Investment Area Number 5***

*General-Purpose Financial Statements And Audit Reports*

*For The Year Ended June 30, 2001*

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## Independent Auditor's Report

To the Board of County Commissioners,  
Workforce Investment Board, and Director  
of Lake County Department of Job and Family Services  
Painesville, Ohio

We have audited the accompanying general-purpose financial statements of the Workforce Investment Act, Local Workforce Investment Area Number 5, Lake County Employment and Training Administration (Lake County ETA), a component unit of Lake County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of Lake County ETA's management. Our responsibility is to express an opinion on these general-purpose 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of Lake County ETA as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2001 on our consideration of Lake County ETA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of our audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of Lake County ETA taken as a whole. The supplementary schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the general-purpose financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*S. R. Snodgrass, A.C*

Ashtabula, Ohio  
October 25, 2001

Lake County Employment and Training Administration  
 COMBINED BALANCE SHEET – ALL FUND TYPES AND ACCOUNT GROUPS  
 For the Year Ended June 30, 2001

	Governmental Funds	Account Groups	Totals (Memo Only)
	Special Revenue	General Fixed Assets	
<b>ASSETS</b>			
Cash and cash equivalents	\$ 174,548	\$ -	\$ 174,548
Due from other governments	299,308	-	299,308
Due from other funds	312,772	-	312,772
Fixed assets			
Furniture, fixtures, and equipment	-	456,483	456,483
Less: accumulated depreciation	-	(307,703)	(307,703)
Restricted cash and cash equivalents	88,941	-	88,941
Total assets	\$ 875,569	\$ 148,780	\$ 1,024,349
<b>LIABILITIES</b>			
Accounts payable	\$ 108,357	\$ -	\$ 108,357
Accrued wages and benefits	32,098	-	32,098
Deferred revenue	121,126	-	121,126
Due to other funds	312,772	-	312,772
Compensated absences payable	108,108	-	108,108
Total liabilities	682,461	-	682,461
<b>FUND EQUITY</b>			
Investment in general fixed assets	-	148,780	148,780
Fund balance:			
Unreserved/undesignated	193,108	-	193,108
Total fund equity	193,108	148,780	341,888
Total liabilities and fund equity	\$ 875,569	\$ 148,780	\$ 1,024,349

See accompanying notes to the general-purpose financial statements

Lake County Employment and Training Administration  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN  
 FUND BALANCES – ALL GOVERNMENTAL FUND TYPES  
 For the Year Ended June 30, 2001

	Governmental Funds <u>Special Revenue</u>
<b>REVENUES</b>	
Intergovernmental	\$ 1,666,801
Stand-in revenues	67,400
Program income	<u>33,338</u>
Total revenues	<u>1,767,539</u>
<b>EXPENDITURES</b>	
ETA costs:	
Personnel costs	492,760
Operating costs	<u>384,940</u>
Total ETA costs	<u>877,700</u>
Direct participant costs:	
Supported services	5,043
Training costs	628,264
Participant wages and benefits	68,722
Stand-in costs	<u>67,400</u>
Total direct participant costs	<u>769,429</u>
Total expenditures	<u>1,647,129</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	120,410
<b>FUND BALANCE AT BEGINNING OF YEAR (restated)</b>	<u>72,698</u>
<b>FUND BALANCE AT END OF YEAR</b>	<u><u>\$ 193,108</u></u>

See accompanying notes to the general-purpose financial statements

Lake County Employment and Training Administration  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2001

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NOTE 1: REPORTING ENTITY

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

Section 116 of the WIA Act identifies the requirement for a local Workforce Investment Board. In general the law requires that the Governor shall approve any request for designation as a local area from any unit of general local government with a population of 500,000 or more. Also it requires that the Governor shall approve any request, for temporary designation as a local area from any unit of general local government (including a combination of such units) with a population of 200,000 or more that was a service delivery area under the Job Training Partnership Act on the day before the date of enactment of this Act. Lake County was a service delivery area under the JTPA program and Lake County Commissioners requested and received temporary designation from the Governor of Ohio.

The State of Ohio Department of Job and Family Services is the State Agency designated as the State Workforce Investment Board to oversee the state plan in implementing the WIA program. The County Commissioners appointed Lake County Employment and Training Administration (Lake County ETA) to administer the WIA program as described in the workforce investment plan, to follow rules and regulations promulgated to carry out the purpose of the Act, and to comply with applicable federal, state, and local laws, rules and regulations. Any liabilities incurred by the program are the responsibility of Lake County Commissioners.

In accordance with the Governmental Accounting Standards Board (GASB) Statement 14, Lake County Employment and Training Administration is a component unit of Lake County, the primary government. This conclusion was based on the County Commissioners being the grant recipient, the contracting authority, budgeting authority, and responsibility for any outstanding debt incurred by the programs.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

The financial reporting practices of Lake County ETA conform to accounting principles generally accepted in the United States of America as applicable to local governments.

Lake County Employment and Training Administration  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2001

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

The accounts of Lake County ETA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures/expenses. Individual funds and account groups, which are used by Lake County ETA and are summarized in the accompanying combined financial statements, are classified as follows:

Governmental Funds:

Special Revenue Funds - To account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

Account Group:

General Fixed Assets Account Group - To account for all fixed assets of Lake County ETA.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year.

Lake County Employment and Training Administration  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2001

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest earnings and intergovernmental revenue.

The Lake County ETA reports deferred revenue on its combined balance sheet. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related liability is incurred.

C. Fixed Assets

Fixed Assets include furniture, fixtures, and equipment purchased by Lake County ETA. At the time of purchase, such assets are recorded as expenditures in the Governmental Funds and are accounted for in the General Fixed Assets Account Group.

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

The Lake County ETA capitalization policy is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$1,000 or more per unit. Depreciation is computed using the straight-line method over the estimated useful life of the assets. Depreciation is only recorded in the General Fixed Assets Account Group.

D. Budgetary Process

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

Lake County ETA's primary funding source is federal and state grants which have grant periods that may or may not coincide with the Agency's fiscal year. These grants normally are for a twelve-month period, ending June 30. However, they can be awarded for periods longer than twelve months.

Lake County Employment and Training Administration  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2001

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

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

- 1) the uncertain nature of grant awards from other entities
- 2) conversion of grant budgets to a fiscal year basis

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

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

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

Although the annual budget for the Special Revenue funds is reviewed and approved by the Executive Board, it is not a legally adopted budget and it is not subject to the budget procedures that are followed by the Lake County Budget Commission.

NOTE 3: DEPOSITS AND INVESTMENTS

Lake County ETA maintains a separate cash pool used by all subgrant funds. The total of all subgrants for each year is displayed on the balance sheet.

The captions on the combined balance sheet related to cash and cash equivalents and the amount in the total column is as follows:

Cash in checking	\$ 174,548
Cash in savings	<u>88,941</u>
Total deposits	<u><u>\$ 263,489</u></u>

State statutes classify monies held by the Lake County ETA into three categories.

Lake County Employment and Training Administration  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2001

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NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

Interim monies may 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 and 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;

Lake County Employment and Training Administration  
 NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
 For the Year Ended June 30, 2001

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NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

4. Bonds and 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).

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose 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 Lake County ETA, and must be purchased with the expectation that it will be held to 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 Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits - At fiscal year end, the carrying amount of the Lake County ETA's deposits was \$263,489 and the bank balance was \$293,980. The entire bank balance was covered by federal depository insurance or collateral pledged by the financial institution.

NOTE 4: DUE FROM OTHER GOVERNMENTS

Due from Other Governments represents amounts owed to Lake County Employment and Training Administration from the Ohio Department of Jobs and Family Services for grant funds earned but not received. As of June 30, 2001, the balance of Due from Other Governments in the governmental funds is \$299,308.

NOTE 5: FIXED ASSETS

General Fixed Assets Account Group - A summary of the changes in general fixed assets during the year ended June 30, 2001, follows:

	Balance 6/30/00	Additions	Deletions	Balance 6/30/01
Equipment, furniture, and fixtures	\$ 442,383	\$ 52,323	\$ 38,223	\$ 456,483
Total	<u>\$ 442,383</u>	<u>\$ 52,323</u>	<u>\$ 38,223</u>	<u>\$ 456,483</u>

Lake County Employment and Training Administration  
NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
For the Year Ended June 30, 2001

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NOTE 6: DEFINED BENEFIT PENSION PLAN

All Lake County ETA full-time employees participate in the Public Employee Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for Lake County ETA was 6.54 percent, reduced from 9.35 percent in 1999. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Lake County ETA's required contributions to PERS for the years ended June 30, 2001, 2000, and 1999 were \$26,435, \$34,789, and \$37,194, respectively. 88.99 percent has been contributed for 2001 with the remainder being reported as a fund liability. All required contributions for the two previous years have been paid.

NOTE 7: POST-EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (PERS) provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of post-retirement health care based on authority granted by state statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.3 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.2 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial performed as of December 31, 1999, include a rate of return on investment of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually for inflation (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually.

Lake County Employment and Training Administration  
 NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
 For the Year Ended June 30, 2001

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NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

The number of active contributing participants was 401,339. Lake County ETA's actual contributions for 2000-2001, which were used to fund OPEB, were \$17,381. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosure had been based on a pay-as-you-go funding basis.

NOTE 8: COMPENSATED ABSENCES

All full-time employees of Lake County ETA earn vacation and sick leave at varying rates depending on length of service. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with Lake County ETA. The following schedule details earned vacation leave based on length of service:

<u>Years of Employment</u>	<u>Vacation Leave</u>
1 – 7 years	2 weeks
8 – 14 years	3 weeks
15 – 24 years	4 weeks
25+ years	5 weeks

The payment policy for accrued unused sick leave for full-time employees in good standing upon resignation or retirement is in accordance with the schedule below.

<u>Years of Employment (Inclusive)</u>	<u>Percent of Accrued Unused Sick Leave Paid</u>	<u>Maximum Number Of Hours Payable</u>
5 – 9	25%	240
10 – 14	50%	480
15 – 19	60%	576
20 – 24	70%	672
25 – 29	80%	768
30 – 34	90%	864
35 and over	100%	960

Lake County Employment and Training Administration  
 NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS (Continued)  
 For the Year Ended June 30, 2001

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NOTE 8: COMPENSATED ABSENCES (Continued)

As of June 30, 2001, the liability for unpaid, compensated absences was \$108,108 for Lake County ETA. Of this total, \$41,160 represented vacation time and \$66,948 represented sick time.

NOTE 9: QUESTIONED OR DISALLOWED COSTS

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

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

NOTE 10: CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF PRIOR YEAR FUND BALANCE

For 2001, Lake County ETA has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". GASB Statement No. 33 establishes accounting and financial reporting standards about when (in which fiscal year) to report the results of nonexchange transactions. GASB Statement No. 36 supercedes paragraph 28 of GASB Statement No. 33. GASB Statement No. 36 eliminates the timing difference for shared revenues by requiring recipient governments to account for the sharing of revenues in the same manner as provider governments. The implementation of GASB Statement No. 33 and GASB Statement No. 36 had no effect on fund balance as it was previously reported.

During 2001, it was determined that fund balances in other program (non-grant) funds were misstated. This restatement had the following effect on fund balances as they were previously reported.

	Special Revenue
Fund balance, June 30, 2000	\$ -
Other programs	72,698
Fund balance, June 30, 2000	\$ 72,698



**SNODGRASS**  
Certified Public Accountants and Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of County Commissioners,  
Workforce Investment Board, and Director  
of Lake County Department of Job and Family Services  
Painesville, Ohio

We have audited the general-purpose financial statements of Lake County Employment and Training Administration (Lake County ETA) as of and for the year ended June 30, 2001, and have issued our report thereon dated October 25, 2001. 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.

Compliance

As part of obtaining reasonable assurance about whether Lake County ETA's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management in a separate letter dated October 25, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Lake County ETA's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be a material weakness. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we considered to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management in a separate letter dated October 25, 2001.

This report is intended solely for the information and use of the County Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*S. R. Snodgrass, A.C*

Ashtabula, Ohio  
October 25, 2001



REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE  
WITH OMB CIRCULAR A-133

To the Board of County Commissioners,  
Workforce Investment Board, and Director  
of Lake County Department of Job and Family Services  
Painesville, Ohio

Compliance

We have audited the compliance of Lake County Employment and Training Administration (Lake County ETA) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Lake County ETA's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Lake County ETA's management. Our responsibility is to express an opinion on Lake County ETA's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Lake County ETA'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. Our audit does not provide a legal determination on Lake County ETA's compliance with those requirements.

In our opinion, Lake County ETA complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

### Internal Control Over Compliance

The management of Lake County ETA is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Lake County ETA's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider material weaknesses.

This report is intended solely for the information and use of the County Commissioners, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*S. R. Snodgrass, A.C*

Ashtabula, Ohio  
October 25, 2001

Lake County Employment and Training Administration  
 SCHEDULE OF FINDINGS  
 For The Year Ended June 30, 2001

Section I – Summary of Auditor’s Results

*Financial Statements*

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness (es) identified? \_\_\_\_\_ yes        X   no
- Reportable condition (s) identified that are not considered to be material weakness (es)? \_\_\_\_\_ yes        X   none reported

Noncompliance material to financial statements noted? \_\_\_\_\_ yes        X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes        X   no
- Reportable condition(s) identified that are not considered to be material weakness(es)? \_\_\_\_\_ yes        X   none reported

Type of auditor’s report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133. \_\_\_\_\_ Yes        X   no

Identification of major programs:

*CFDA Numbers*  
17.255

*Name of Federal Program or Cluster*  
Workforce Investment Act

Dollar threshold used to distinguish between type A and B programs: \_\_\_\_\_ \$300,000

Auditee qualified as low-risk auditee?   X   yes      \_\_\_\_\_ no

Lake County Employment and Training Administration  
SCHEDULE OF FINDINGS (Continued)  
For The Year Ended June 30, 2001

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Section II – Financial Statement Findings

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None noted to report

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Section III – Federal Award Findings

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None noted to report

Lake County Employment and Training Administration  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For The Year Ending June 30, 2001

Federal Grantor/ Pass Through Grantor	Program Titles	CFDA Number	Expenditures
U. S. Department of Labor: Pass-Through Programs From:			
<u>Ohio Department of Job and Family Services - WIA</u>			
Workforce Investment Act			
WIA Adult		17.255	\$ 555,459
WIA Youth		17.255	314,046
WIA Dislocated Worker		17.255	194,083
WIA Administration		17.255	<u>110,894</u>
Total CFDA #17.255			<u>1,174,482</u>
 <u>Ohio Department of Job and Family Services - JTPA</u>			
Title IIA-77% (carryover PY99)	0-99-25-00-01	17.250	12,282
Title IIA-5% (carryover PY 99)	1-99-25-00-01	17.250	4,571
Title IIC (carryover PY 99)	Y-99-25-00-01	17.250	<u>627</u>
 <u>Ohio Department of Education - JTPA</u>			
Title IIA-8% (carryover PY 99)	4-99-25-00-00	17.250	<u>3,877</u>
Total CFDA #17.250			<u>21,357</u>
 <u>Ohio Department of Job and Family Services - JTPA</u>			
Title III - EDWAA (carryover PY99)	A-99-25-00-01	17.246	<u>25,131</u>
Total CFDA #17.246			<u>25,131</u>
Total U.S. Department of Labor and Total Federal Awards Expended			<u><u>\$ 1,220,970</u></u>

Lake County Employment and Training Administration  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2001

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial award programs of Lake County Employment and Training Administration. Lake County Employment and Training Administration's reporting entity is defined in Note 1 to Lake County Employment and Training Administration's general-purpose financial statements. Federal awards assistance passed through other government agencies are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis. Under this accounting method, revenue and expenditures are recognized when incurred.

Lake County Employment and Training Administration  
SCHEDULE OF VARIANCES  
For The Year Ending June 30, 2001

**None**

Lake County Employment and Training Administration  
 SCHEDULE OF PROGRAM INCOME  
 For the Year Ended June 30, 2001

Title II	<u>(Earned)(*)</u>	<u>(Expended)(*)</u>			Total
	Direct Training	Admini- stration	Direct Training	Program Costs	
A-99-25-00-01	\$ 23,816	\$ -	\$ -	\$ 23,816	\$ 23,816
Totals	<u>\$ 23,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 23,816</u>	<u>\$ 23,816</u>

(\*) Program income includes interest income

Lake County Employment and Training Administration  
ANALYSIS OF COST LIMITATIONS AND BUDGET TO ACTUAL, TITLE IIA, 77%  
For the Year Ended June 30, 2001

<u>0-99-25-00-01</u>	Totals	Administrative	Program Costs
<b>ALLOCATION</b>			
ALLOCATION AMOUNT	\$ 413,002	\$ 82,600	\$ 330,402
TRANSFERS	-	-	-
TOTAL ALLOCATION	413,002	82,600	330,402
<b>EXPENDITURES</b>			
EXPENDITURES 07/01/99 - 06/30/00	51,047	18,543	32,504
EXPENDITURES 07/01/00 - 06/30/01	12,282	5,947	6,335
TOTAL EXPENDITURES	63,329	24,490	38,839
UNEXPENDED FUNDS	349,673	58,110	291,563
PERCENTAGE OF ALLOCATION	15.33%	5.93%	9.40%
<b>BUDGET</b>			
PY99 BUDGET	413,002	82,600	330,402
PERCENTAGE ACHIEVED	15.33%	29.65%	11.76%
<b>85% ANALYSIS</b>			
EXPENDITURES	63,329		
OBLIGATIONS	-		
TOTAL	63,329		
PERCENTAGE ACHIEVED	15.33%		

Lake County Employment and Training Administration  
ANALYSIS OF COST LIMITATIONS AND BUDGET TO ACTUAL, TITLE IIA, 5%  
For the Year Ended June 30, 2001

<u>1-99-25-00-01</u>	Totals	Administrative	Program Costs
<b>ALLOCATION</b>			
ALLOCATION AMOUNT	\$ 26,479	\$ 5,299	\$ 21,180
TRANSFERS	-	-	-
TOTAL ALLOCATION	26,479	5,299	21,180
<b>EXPENDITURES</b>			
EXPENDITURES 07/01/99 - 06/30/00	15,429	674	14,755
EXPENDITURES 07/01/00 - 06/30/01	4,571	4,571	-
TOTAL EXPENDITURES	20,000	5,245	14,755
UNEXPENDED FUNDS	6,479	54	6,425
PERCENTAGE OF ALLOCATION	75.53%	19.81%	55.72%
<b>BUDGET</b>			
PY99 BUDGET	26,479	5,299	21,180
PERCENTAGE ACHIEVED	75.53%	98.98%	69.66%
<b>85% ANALYSIS</b>			
EXPENDITURES	20,000		
OBLIGATIONS	-		
TOTAL	20,000		
PERCENTAGE ACHIEVED	75.53%		

Lake County Employment and Training Administration  
ANALYSIS OF COST LIMITATIONS AND BUDGET TO ACTUAL, TITLE IIA, 8%  
For the Year Ended June 30, 2001

<u>04-99-25-00-00</u>	Totals	Administrative	Program Costs
<b>ALLOCATION</b>			
ALLOCATION AMOUNT	\$ 38,885	\$ 7,777	\$ 31,108
TRANSFERS	-	-	-
TOTAL ALLOCATION	<u>38,885</u>	<u>7,777</u>	<u>31,108</u>
<b>EXPENDITURES</b>			
EXPENDITURES 07/01/99 - 06/30/00	29,676	3,596	26,080
EXPENDITURES 07/01/00 - 06/30/01	3,877	3,853	24
TOTAL EXPENDITURES	<u>33,553</u>	<u>7,449</u>	<u>26,104</u>
UNEXPENDED FUNDS	<u>5,332</u>	<u>328</u>	<u>5,004</u>
PERCENTAGE OF ALLOCATION	86.29%	19.16%	67.13%
<b>BUDGET</b>			
PY99 BUDGET	38,350	7,670	30,680
PERCENTAGE ACHIEVED	86.29%	95.78%	83.91%
<b>85% ANALYSIS</b>			
EXPENDITURES	33,553		
OBLIGATIONS	-		
TOTAL	<u>33,553</u>		
PERCENTAGE ACHIEVED	86.29%		

Lake County Employment and Training Administration  
 ANALYSIS OF COST LIMITATIONS AND BUDGET TO ACTUAL, TITLE IIC  
 For the Year Ended June 30, 2001

<u>Y-99-25-00-01</u>	Totals	Administrative	Program Costs
<b>ALLOCATION</b>			
ALLOCATION AMOUNT	\$ 55,764	\$ 11,153	\$ 44,611
TRANSFERS	-	-	-
TOTAL ALLOCATION	<u>55,764</u>	<u>11,153</u>	<u>44,611</u>
<b>EXPENDITURES</b>			
EXPENDITURES 07/01/99 - 06/30/00	37,093	7,735	29,358
EXPENDITURES 07/01/00 - 06/30/01	627	627	-
TOTAL EXPENDITURES	<u>37,720</u>	<u>8,362</u>	<u>29,358</u>
UNEXPENDED FUNDS	<u>18,044</u>	<u>2,791</u>	<u>15,253</u>
PERCENTAGE OF ALLOCATION	67.64%	15.00%	52.65%
<b>BUDGET</b>			
PY99 BUDGET	55,764	11,153	44,611
PERCENTAGE ACHIEVED	67.64%	74.98%	65.81%
<b>85% ANALYSIS</b>			
EXPENDITURES	37,720		
OBLIGATIONS	-		
TOTAL	<u>37,720</u>		
PERCENTAGE ACHIEVED	67.64%		

Lake County Employment and Training Administration  
ANALYSIS OF COST LIMITATIONS AND BUDGET TO ACTUAL, TITLE III EDWAA  
For the Year Ended June 30, 2001

<u>A-99-25-00-01</u>	Totals	Administrative	Program Costs
<b>ALLOCATION</b>			
ALLOCATION AMOUNT	\$ 281,906	\$ 42,286	\$ 239,620
TRANSFERS	-	-	-
TOTAL ALLOCATION	281,906	42,286	239,620
<b>EXPENDITURES</b>			
EXPENDITURES 07/01/99 - 06/30/00	69,477	-	69,477
EXPENDITURES 07/01/00 - 06/30/01	25,131	1,760	23,371
TOTAL EXPENDITURES	94,608	1,760	92,848
UNEXPENDED FUNDS	187,298	40,526	146,772
PERCENTAGE OF ALLOCATION	33.56%	0.62%	32.94%
<b>BUDGET</b>			
PY99 BUDGET	281,906	42,286	239,620
PERCENTAGE ACHIEVED	33.56%	4.16%	38.75%
<b>85% ANALYSIS</b>			
EXPENDITURES	94,608		
OBLIGATIONS	-		
TOTAL	94,608		
PERCENTAGE ACHIEVED	33.56%		





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**LAKE COUNTY EMPLOYMENT AND TRAINING ADMINISTRATION**

**LAKE 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  
FEBRUARY 14, 2002**