

Workforce Initiative Association

Financial Statements

For the Year Ended June 30, 2011



Dave Yost • Auditor of State

Board of Directors
Workforce Initiative Association
822 30th Street NW
Canton, Ohio 44709

We have reviewed the *Independent Auditors' Report* of the Workforce Initiative Association, Stark County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. 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.

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

Dave Yost
Auditor of State

March 28, 2012

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WORKFORCE INITIATIVE ASSOCIATION
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2011

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Independent Auditors' Report

Board of Directors
Workforce Initiative Association

I have audited the accompanying financial statements of the governmental activities and the major fund of the Workforce Initiative Association (WIA 6) as of and for the year ended June 30, 2011, which collectively comprise the WIA 6's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the WIA 6's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I have conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Workforce Initiative Association as of June 30, 2011, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 9, 2011 on my consideration of the Workforce Initiative Association internal control over financial reporting and my 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 my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Workforce Initiative Association basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditure of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

Salvatore Consiglio, CPA, Inc.

December 9, 2011

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

The discussion and analysis of the Workforce Initiative Association's (WIA) financial performance provides an overall review of WIA's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at WIA's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ended June 30, 2011 are as follows:

- Total Assets were \$371,630 and total liabilities were \$402,061.
- The total net assets increased by \$86,018.
- Investment in capital assets increased by \$74,499.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Workforce Initiative Association's basic financial statements. WIA's basic financial statements comprise of three components: 1) government-wide statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-Wide Statements

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

Both of the government-wide financial statements distinguish functions of WIA that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of WIA include administration, adult, dislocated workers, rapid response, youth and other expenses.

There are no business-type activities reported for WIA.

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

Fund Financial Statements

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

Governmental Funds - WIA's basic services are reported in its governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of WIA's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance WIA's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation in the financial statements.

Notes to the Financial Statements

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

THE ORGANIZATION AS A WHOLE

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position.

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

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

Table 1-Net Assets

	<u>06/30/11</u>	<u>06/30/10</u>	<u>Change</u>
Assets			
Current and Other Assets	\$ 297,131	\$ 307,237	\$ (10,106)
Capital Assets, Net	74,499	-	74,499
Total Assets	\$ 371,630	\$ 307,237	\$ 64,393
Liabilities			
Current Liabilities	\$ 323,831	\$ 333,928	\$ (10,097)
Non-Current Liabilities	78,230	89,758	(11,528)
Total Liabilities	\$ 402,061	\$ 423,686	\$ (21,625)
Net Assets			
Investment in Capital Assets Net of Debt	\$ 74,499	\$ -	\$ 74,499
Unrestricted Net Assets	(104,930)	(116,449)	11,519
Total Net Assets	\$ (30,431)	\$ (116,449)	\$ 86,018

When compared to last year, WIA's total net assets increased from (\$116,449) to (\$30,431) at the end of the current period. This difference is primarily due to current year activities.

The decrease in current assets was mainly due to current year activities.

The decrease in current liabilities was mainly due to change in accrued liabilities.

Table 2-Changes in Net Assets

	<u>06/30/11</u>	<u>06/30/10</u>	<u>Change</u>
Total Revenues	\$ 7,053,942	\$ 10,604,518	\$ (3,550,576)
Total Expenses	6,967,924	10,620,548	(3,652,624)
Increase (Decrease) in Net Assets	\$ 86,018	\$ (16,030)	\$ 102,048

Revenue exceeded expenses for the period primarily due to the capital asset purchases during the program year. The final balance at year-end for net assets is a negative \$30,431.

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

It should be noted that the amount of \$30,431 on the Balance Sheet - Unrestricted Net Assets is a result of the inclusion of payroll benefits and capital expenditures that is required under GASB Statement No. 34. WIA's vacation leave is credited to employees at the beginning of each calendar year. Organizational policy requires this leave to be used by December 31st and does not permit carry-over into the next year. Furthermore, employees only have the option of cashing out unused vacation in the event employment is terminated. At fiscal year-end, the outstanding value of unused vacation leave was \$78,230. While GASB Statement No. 34 requires this amount to be shown as a liability for this period, only in the event an employee terminates employment would their portion of these expenses ever materialize as cash expenditures. The unreserved fund balance without the inclusion of payroll benefits would show a year-end balance of (\$26,700).

Grant revenues decreased for the year ended June 30, 2011 in comparison to revenues for the year ended June 30, 2010. This was due to a slight decrease in Formula grant funding levels and a significant decrease in Rapid Response and Stimulus funding. Expenditures also decreased accordingly. A comparison of the current program year to the prior program year is required under GASB Statement No. 34.

Adult and Dislocated Worker program allocations remained constant whereas Youth decreased by \$137,457. Adult expenditures had little change, but Dislocated Worker and Youth expenditures decreased in the audit period by \$866,000, this was due to a significant reduction of carry-in dollars from Py09 to Py10 and the reduction in the Youth allocation.

The Rapid Response allocation decreased by \$512,134. Expenditures reduced accordingly by the same amount. This was due to the fact that the State allocation to the Agency for Rapid Response dollars in the prior Stimulus year was much higher.

The Stimulus allocation dropped significantly from the previous year in the amount of \$3,237,443. This was due to the large initial influx of dollars generated by the American Recovery Reinvestment Act (ARRA) which was implemented to stimulate the economy. The Agency received Stimulus dollars for the Adult, Dislocated Worker, and Youth programs and also Stimulus funds for an Incumbent Worker program and Business Services program. In the current audit year the Agency only received a smaller allocation under Rapid Response Stimulus funding in the amount of \$547,043.

The agreement for the One Stop services now in its seventh year of operation remained constant with little variation in revenue and expenditures.

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

THE ORGANIZATION'S FUNDS

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

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

As of the end of the current fiscal year, WIA's governmental fund reported an ending fund balance of (\$26,700). As WIA has only one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliation statements and notes to the financial statements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS

WIA's annual budget is a management tool not subject to formal budget commission procedures and/or legal requirements. It is reviewed and approved annually by the Executive 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.

One advantage enjoyed by WIA is the two-year life cycle of its local funding allocations. All major funding streams are available for two fiscal periods from the date of initial allocation. Management routinely builds flexibility into its fiscal plan by budgeting allocations over the two-year cycle. This allows for sufficient levels of carry-over funding from one period to the next, which provides a cushion against unanticipated revenue changes and extends the adjustment period available to respond to such changes. Since federal legislation and regulations only permit revenue draw downs for mature obligations, this effectively prevents WIA from maintaining any significant investment assets or accumulating reserves. Therefore, management uses the two-year funding cycle in its budget planning to provide a means of compensating for its lack of reserves and ensuring continuity of its ongoing operations.

Actual revenues and expenses through June 30, 2011 were within budgeted levels. Total expenditures for all grant awards as of June 30, 2011 decreased significantly due to the elimination of Stimulus dollars (ARRA) for Formula funding streams and a slight decrease in Formula funding for this audit period.

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011, WIA had \$74,499 invested in capital assets as reflected in the following table, which represents a net increase of \$74,499 from the previous period. All assets were fully depreciated.

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

	<u>06/30/11</u>	<u>06/30/10</u>	<u>Change</u>
Equipment and Furniture	\$ 74,499	\$ -	\$ 74,499
Total Capital Assets	\$ 74,499	\$ -	\$ 74,499

See Note 5 for additional information on capital assets.

Debt

WIA has no debt for the year ended June 30, 2011.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Significant economic factors affecting WIA are as follows:

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

WIA's program allocations are calculated by the Ohio Department of Jobs and Family Services (ODJFS) based on a formula specified in the Workforce Investment Act. This formula considers various economic factors including income levels and unemployment rates. During the period of this report, the trend continued in Stark and Tuscarawas counties in experiencing high levels of unemployment as a result of worker dislocations from company downsizing and shutdowns.

**WORKFORCE INITIATIVE ASSOCIATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
Unaudited**

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. If you have questions about this report or need additional financial information, contact Workforce Initiative Association, Attention: Fiscal Manager, at 822 30th Street NW, Canton, Ohio 44709.

Workforce Initiative Association
STATEMENT OF NET ASSETS
June 30, 2011

ASSETS

Equity in Pooled Cash and Cash Equivalents	\$ 297,131
Capital Assets, Net	<u>74,499</u>
Total Assets	<u><u>\$ 371,630</u></u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 17,644
Intergovernmental Payable	<u>306,187</u>

Total Current Liabilities:	<u>323,831</u>
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Non-Current Liabilities:

Accrued Compensated Absences	<u>78,230</u>
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Total Non-current Liabilities:	<u>78,230</u>
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Total Liabilities	<u><u>\$ 402,061</u></u>
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NET ASSETS

Investment in Capital Assets	\$ 74,499
Unrestricted Net Assets	<u>(104,930)</u>

Total Net Assets	<u><u>\$ (30,431)</u></u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

Workforce Initiative Association
 STATEMENT OF ACTIVITIES
 For the Year Ended June 30, 2011

	Expenses	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Assets Governmental Activities
Governmental Activities:			
Employment and Training Program Costs	\$ <u>6,967,924</u>	\$ <u>7,053,942</u>	\$ <u>86,018</u>
Total Governmental Activities	\$ <u><u>6,967,924</u></u>	\$ <u><u>7,053,942</u></u>	<u>86,018</u>
			86,018
			<u>(116,449)</u>
			\$ <u><u>(30,431)</u></u>

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

Workforce Initiative Association
BALANCE SHEET - GOVERNMENTAL FUND
June 30, 2011

ASSETS

Equity in Cash and Cash Equivalents	\$ <u>297,131</u>
Total Assets	\$ <u><u>297,131</u></u>

LIABILITIES

Accounts Payable	\$ 17,644
Intergovernmental Payable	<u>306,187</u>
Total Liabilities	<u>323,831</u>

FUND BALANCE

Unassigned Fund Balance	<u>(26,700)</u>
Total Fund Balance	<u>(26,700)</u>
Total Liabilities and Fund Balance	\$ <u><u>297,131</u></u>

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

Workforce Initiative Association
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
June 30, 2011

Total Governmental Fund Balances	\$ (26,700)
Amount reported for governmental activities in the statement of net assets are different because:	
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental funds	(78,230)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>74,499</u>
Net Assets of Governmental Activities	<u>\$ (30,431)</u>

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

Workforce Initiative Association
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUND
For the Year Ended June 30, 2011

REVENUE

Intergovernmental Revenue	\$ <u>7,053,942</u>
Total Revenue	<u>7,053,942</u>

EXPENDITURES

Human Services:	
Employment and Training Program	<u>7,053,951</u>
Total Expenses	<u>7,053,951</u>
Net Change in Fund Balance	(9)
Fund Balance Beginning of Year	<u>(26,691)</u>
Fund Balance at End of Year	\$ <u><u>(26,700)</u></u>

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

Workforce Initiative Association
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2011

Net Change in Fund Balance - Total Governmental Funds	\$	(9)
Amount reported for governmental activities in the statement of activities are different because:		
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:		
Compensated Absences		11,528
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period plus loss on disposal of asset		
		<u>74,499</u>
Change in Net Assets of Governmental Activities	\$	<u><u>86,018</u></u>

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

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOTE 1: DESCRIPTION OF ENTITY

Workforce Initiative Association (WIA) was established in 2000 by the State of Ohio under the Ohio Revised Code. This regional council of government is eligible to receive and administer funds granted by the Governor of the State under the Workforce Investment Act of 1998. WIA is a regional council of governments, including Stark and Tuscarawas counties and the City of Canton.

WIA carries out the purpose of the Workforce Investment 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 to provide oversight and evaluation of such efforts. These functions and tasks will be conducted within the framework of a public/private partnership. The purpose of the Workforce Investment 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.

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 financial reporting principles. The more significant of WIA's accounting policies are described below.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. Basis of Presentation

WIA's financial statements consist of government-wide statements, including a statement of net assets 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 assets and the statement of activities display information about WIA as a whole. These statements include the financial activities of the primary government. All activities of WIA are governmental activities.

The statement of net assets 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 which are 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 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 major fund.

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. The only fund of WIA is a governmental fund.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. Fund Accounting (Continued)

Governmental Funds

Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund asset and liabilities is reported as fund balance. WIA's major governmental fund is:

General Funds – The General Fund is used to account 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.

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 Assets.

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 liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds

D. Basis of Accounting

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

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 60 days of fiscal year end.

Non-exchange transactions, in which WIA receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which 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 such as grants and investment earnings are considered to be both measurable and available at fiscal year end.

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Capital Assets

Capital assets include furniture and equipment purchased by WIA. These assets generally result from expenditures in the governmental funds.

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

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

Workforce Investment 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 ten years.

F. Budgetary Process

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

WIA'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.

Because 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. The annual budget differs from that of a local government in two respects:

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

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

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

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Budgetary Process (Continued)

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 County Budget Commission.

G. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by WIA.

H. 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.

I. Cash and Cash Equivalents

For presentation on the financial statements investments with an original maturity 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.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Fund Balance Designation

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

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

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

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

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

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 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.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt 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 assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the WIA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The WIA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 3: CASH AND INVESTMENTS

State statutes classify monies held by WIA into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury.

Such monies must be maintained either as cash, in commercial accounts payable or withdrawal on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are 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 account including, but 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 WIA's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 3: CASH AND INVESTMENTS (Continued)

financial institution to secure the repayment of all public monies deposited with the institution.

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 directly 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; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for the period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments in stripped principal, 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 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 Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following disclosure is based on the criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*.

Deposits

At June 30, 2011, the carrying amount of WIA's deposits was \$297,131 and the bank balance was \$619,804. Based on criteria described in GASB Statement No. 40, *Deposits and Investments Risk Disclosures*, as of June 30, 2011, \$250,000 of WIA's bank balance was covered by Federal Depository Insurance and \$369,804 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in WIA's name.

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 Board of Directors. All deposits, except for deposits held by fiscal and escrow agents, 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 investments at June 30, 2011.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 4: INTERGOVERNMENTAL PAYABLE

As part of year end process with Ohio Department of Job and Family Service (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, 2011 was an over advance of \$306,187. This money was reflected as deferred grant revenue and will be expended in following fiscal year.

NOTE 5: CAPITAL ASSETS

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

	Balance 06/30/10	Adjust.	Increases	Decreases	Balance 06/30/11
<u>Government Activities</u>					
Capital Assets being					
Depreciated:					
Furniture and Equipment	\$223,202	\$0	\$85,389	\$0	\$308,591
<i>Total Capital Assets being Depreciated</i>	<u>223,202</u>	<u>0</u>	<u>85,389</u>	<u>0</u>	<u>308,591</u>
Less Accumulated					
Depreciation:					
Furniture and Equipment	(223,202)	0	(10,890)	0	234,092
Total Accumulated					
Depreciation	(223,202)	0	(10,890)	0	234,092
Total Capital Assets being Depreciated - Net	<u>\$0</u>	<u>\$0</u>	<u>\$74,499</u>	<u>\$0</u>	<u>\$74,499</u>

All depreciation is charged to Administration expense.

NOTE 6: DEFINED BENEFIT PENSION PLAN

WIA participate in the Ohio Public Employees Retirement System (OPERS).

Ohio Public Employees Retirement System administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

3. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.0% and the employer contribution rate was 14.0%

The WIA required contributions to OPERS for the years ended June 30, 2011, 2010, and 2009 were \$241,048, \$248,065, and \$218,836, respectively. The full amount has been contributed for 2011, 2010, and 2009.

NOTE 7: POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)

NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

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

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. MCTA actual contributions for the years ended June 30, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$94,698, \$97,454 and \$93,787 respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 8: COMPENSATED ABSENCES

Full time, permanent employees are granted vacation benefits in varying amounts to specified maximums depending on tenure with WIA. Regular part-time employees receive vacation credit on a pro-rated basis of the hours worked. Vacation days may not be carried over into the next calendar year. Generally, upon termination after one year of service, employees are entitled to be paid all accrued vacation.

The following schedule details earned annual leave based on length of service.

1-5 years	10 days
6-10 years	15 days
11-15 years	20 days
16-24 years	25 days
25 years and over	30 days

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

Vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The estimated current liability for compensated absences is \$78,230.

	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/11</u>
Compensated Leave Liability Amount	\$ 89,758	\$ 34,356	\$ (45,884)	\$ 78,230
Total	<u>\$ 89,758</u>	<u>\$ 34,356</u>	<u>\$ (45,884)</u>	<u>\$ 78,230</u>

NOTE 9: CONTINGENT LIABILITIES

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

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants.

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 9: CONTINGENT LIABILITIES (Continued)

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. Cost 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 10: 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 \$365,343 for the year ended June 30, 2011.

NOTE 11: 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 2010, WIA contracted with insurance companies for various types of insurance as follows:

<u>INSURANCE</u>	<u>TYPE OF COVERAGE</u>	<u>DEDUCTIBLE</u>
Travelers	Commercial Property	\$500
Travelers	General Liability	None
Travelers	Auto Collision	\$500
Travelers	Auto Comprehensive	\$500
Arch Insurance Group	Officer and Director Liability	\$5,000

**WORKFORCE INITIATIVE ASSOCIATION
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(CONTINUED)**

NOTE 11: INSURANCE AND RISK MANAGEMENT (Continued)

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. Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 12: NOTE TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the WIA 6 federal awards programs. The schedule has been prepared on the accrual basis of accounting.

Workforce Initiative Association
SCHEDULE OF EXPENDITURE OF FEDERAL AWARD
For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorough Entity Number	Expenditure
U.S. Department of Labor:			
Direct Program:			
Worker Retention	17.261	(A)	\$ <u>76,528</u>
Total Direct Program			<u>76,528</u>
 Pass-Through Program From:			
Ohio Department of Job and Family Services			
Workforce Investment Act (Cluster)			
WIA Adult	17.258	(A)	1,034,447
WIA Adult - Administration	17.258	(A)	135,414
ARRA Ohio Learning Account	17.258	(A)	245,450
Total WIA Adult (17.258)			<u>1,415,311</u>
WIA Youth	17.259	(A)	1,043,970
WIA Youth - Administration	17.259	(A)	138,818
ARRA Urban Youth Works	17.259	(A)	375,585
Total WIA Youth (17.259)			<u>1,558,373</u>
WIA Dislocated Worker	17.260	(A)	929,998
ARRA Dislocated Worker	17.260	(A)	168,522
WIA Dislocated Worker - Administration	17.260	(A)	137,542
Rapid Response	17.260	(A)	759,225
ARRA Rapid Response	17.260	(A)	378,522
National Emergency Grant	17.260	(A)	19,550
ARRA National Emergency Grant	17.260	(A)	29,758
Total Dislocated Worker (17.260)			<u>2,423,117</u>
Total Workforce Investment Act (Cluster)			<u>5,396,801</u>
 Employment Services (Cluster):			
Employment Services/Wagner-Peyser Funded Activities Grant	17.207	(A)	115,174
Disabled Veterans' Outreach Program	17.801	(A)	28,055
Local Veterans' Employment Representative Program	17.804	(A)	2,953
Total Employment Services (Cluster)			<u>146,182</u>
Total Pass-Through Ohio Department of Job and Family Service			<u>5,542,983</u>
 Total US Department of Labor			 <u>5,619,511</u>

Workforce Initiative Association
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARD - Continued
 For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorough Entity Number	Expenditure
U.S. Department of Health and Human Services:			
Pass-Through Program From:			
Tuscarawas County Department of Job & Family Services			
Temporary Assistance for Needy Families	93.558	(A)	<u>364,865</u>
Total U.S. Department of Health and Human Services			<u>364,865</u>
Total Expenditure of Federal Award			\$ <u>5,984,376</u>

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

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

Board of Directors
Workforce Initiative Association

I have audited the financial statements of the governmental activities and the major fund of the Workforce Initiative Association, Ohio, as of and for the year ended June 30, 2011, which collectively comprise Workforce Initiative Association basic financial statements and have issued my report thereon dated December 9, 2011. I conducted my 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.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered Workforce Initiative Association, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Government's financial statements will not be prevented, or detected and timely corrected.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Workforce Initiative Association financial statements are free of material misstatement, I performed tests of its compliance with certain provision 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 my audit, and accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Salvatore Consiglio, CPA, Inc.
December 9, 2011



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

Board of Directors
Workforce Initiative Association

Compliance

I have audited the compliance of the Workforce Initiative Association, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Workforce Initiative Association, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Workforce Initiative Association, Ohio's management. My responsibility is to express an opinion on Workforce Initiative Association, Ohio's compliance based on my audit.

I conducted my 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. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Workforce Initiative Association, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Workforce Initiative Association, Ohio's compliance with those requirements.

In my opinion, Workforce Initiative Association, Ohio, 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, 2011.

Internal Control Over Compliance

The management of Workforce Initiative Association, Ohio 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 my audit, I considered Workforce Initiative Association, Ohio's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Workforce Initiative Association, Ohio'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.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Salvatore Consiglio, CPA, Inc.
December 9, 2011

Workforce Initiative Association
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 § .505

June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA #17.258, 17.259, 17.260 WIA Cluster; and 93.558 TANF
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no findings or questioned costs for the year ended June 30, 2011.

3. FINDINGS REALTED TO FEDERAL AWARDS
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There are no findings or questioned costs for the year ended June 30, 2011.

Workforce Initiative Association
Schedule of Prior Audit Findings
For the Year Ended June 30, 2011

The audit report for the fiscal year ended June 30, 2010 contained no audit findings.



Dave Yost • Auditor of State

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
APRIL 10, 2012**