



Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Area 20/21 Workforce Investment Board
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Workforce Investment Board:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio as of June 30, 2013, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis and required budgetary comparison schedule*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Boards, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2014, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Board's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

February 19, 2014

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AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY

Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)

The discussion and analysis of the Area 20/21 Workforce Investment Board's (the Board) financial performance provides an overview and analysis of the Board's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the Board's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the Board's financial performance.

Financial Highlights

- ▶ The liabilities of Area 20/21 Workforce Investment Board exceeded its assets at June 30, 2013 by \$78,490.
- ▶ In total, net position of governmental activities decreased by \$159,305 which represents a 197.12 percent decrease from 2013.
- ▶ Program specific revenues in the form of grants and contributions accounted for \$3,940,461 or 100 percent of total revenues.
- ▶ The Board had \$4,099,766 in expenses related to governmental activities; program revenues of \$3,940,461 were not adequate to offset expenses.
- ▶ The Board's receipts are solely from support from Federal government agencies. The Federal receipts are designated for employment and training related activities.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's basis of accounting.

Report Components

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

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

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Fund Financial Statements

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

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

Governmental Funds

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

Notes to the Basic Financial Statements

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

Financial Analysis Governmental Activities

Recall that the statement of net position provides the perspective of the Board as a whole, showing assets, liabilities, and the difference between them (net position). Table 1 provides a summary of the Board's net position for fiscal year 2013 compared to fiscal year 2012.

Table 1
Net Position at Year End

	<u>2013</u>	<u>2012</u>
<u>Assets:</u>		
Current and Other Assets	<u>\$298,522</u>	<u>\$194,861</u>
<i>Total Assets</i>	<u>298,522</u>	<u>194,861</u>
<u>Liabilities:</u>		
Current Liabilities	<u>377,012</u>	<u>114,046</u>
<i>Total Liabilities</i>	<u>377,012</u>	<u>114,046</u>
<u>Net Position:</u>		
Restricted	0	80,815
Unrestricted	<u>(78,490)</u>	<u>0</u>
<i>Total Net Position</i>	<u><u>(\$78,490)</u></u>	<u><u>\$80,815</u></u>

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Current and other assets increased \$103,661 from fiscal year 2012 due to the net effect of an increase in cash and cash equivalents and a decrease in intergovernmental receivables.

Current (other) liabilities increased by \$262,966 or 230.58 percent due to an increase in contracts payable and intergovernmental payables.

The net position deficit balance of \$78,490 is unrestricted. The unrestricted net position represents resources that may be used to meet the Board's ongoing obligations.

Table 2 shows the changes in net position for fiscal year 2013 and provides a comparison to fiscal year 2012.

Table 2
Changes in Net Position

	2013	2012
<u>Revenues:</u>		
<i>Operating Grants:</i>		
Adult	\$616,041	\$604,155
Dislocated Worker	609,279	396,041
Youth	452,058	702,921
National Emergency Grant	2,031,270	1,569,191
Rapid Response Grant	8,013	27,013
Administration	194,386	204,220
One Stop Resource Sharing	29,414	83,725
<i>Total Program Revenue</i>	3,940,461	3,587,266
<i>Total Revenues</i>	\$3,940,461	\$3,587,266

(Continued)

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

	2013	2012
<u>Expenses:</u>		
<i>Workforce Development:</i>		
Adult	\$723,464	\$616,916
Dislocated Worker	586,050	556,239
Youth	457,344	647,735
National Emergency Grant	2,068,083	1,554,561
Rapid Response Grant	8,013	1,020
Administration	227,396	195,030
One Stop Resource Sharing	29,416	90,904
<i>Total Expenses</i>	4,099,766	3,662,405
<i>Change in Net Position</i>	(159,305)	(75,139)
Net Position - Beginning of Year	80,815	155,954
Net Position- End of Year	(\$78,490)	\$80,815

The most significant expenses for the Board are National Emergency Grant, Adult, Dislocated Worker and Youth. These programs account for 93.54 percent of the total governmental activities. National Emergency Grant, which accounts for 50.44 percent of the total, represents cost associated with national emergency. Adult, which accounts for 17.65 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to adults. Dislocated Worker, which accounts for 14.29 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to dislocated workers. Youth, which accounts for 11.16 percent of the total, represents cost associated with administering the program to provide training, support and employment related activities to youth.

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

Administration revenues represent 4.93 percent of the total allocation and are comprised of federal grant revenue.

Total program revenues increased \$353,195 or 9.85 percent. This increase is due to an increase in National Emergency Grants received during fiscal year 2013 for flooding in the area.

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

Financial Analysis Governmental Funds

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

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

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
(Unaudited)*

Governmental Funds - The focus of the Board's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Board's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Board's net resources available for spending at the end of the year.

As of the end of the current fiscal year, the Board's governmental funds reported an ending deficit fund balance of \$78,490, which is all reported in the Special Revenue Fund.

Budget Highlights

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

During fiscal year 2013, the Board amended its budget to reflect changing circumstances. The budgeted receipts and disbursements are prepared on a multi-year program basis. Final budgeted receipts were in excess of final actual receipts due to this basis.

For the Board, the final budget basis revenue was \$6,516,688, representing an increase of \$1,589,698 from the original budget revenues of \$4,926,990. The final budget basis expenditures were \$6,488,025 representing an increase of \$1,561,035 from the original budget basis expenditures of \$4,926,990.

Capital Assets and Debt Administration

Capital Assets

At June 30, 2013, the Board had no capital assets. All capital assets used by the Board are owned by South Central Ohio Job and Family Services.

Debt Administration

At June 30, 2013, the Board had no general obligation debt outstanding.

Current Issues

The Board entered into a Memorandum of Understanding with South Central Ohio Job and Family Services to provide services as fiscal agent, effective July 1, 2007. The Ross County Auditor and Treasurer provide financial processing and accountability services for the Board.

Contacting the Board's Financial Management

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

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AREA 20/21 WORKFORCE INVESTMENT BOARD

Statement of Net Position

June 30, 2013

Assets:

Cash and Cash Equivalents With Fiscal Agent	\$243,663
Intergovernmental Receivable	<u>54,859</u>

<i>Total Assets</i>	<u>298,522</u>
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Liabilities:

Contracts Payable	91,847
Intergovernmental Payable	<u>285,165</u>

<i>Total Liabilities</i>	<u>377,012</u>
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Net Position:

Unrestricted	<u>(78,490)</u>
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<i>Total Net Position</i>	<u><u>(\$78,490)</u></u>
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See accompanying notes to the basic financial statements.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Statement of Activities

For the Fiscal Year Ended June 30, 2013

	Program Revenues	Net (Expenses) Revenues and Changes in Net Position
	Operating Grants and Contributions	Governmental Activities
Expenses		
<u>Governmental Activities:</u>		
<i>Workforce Development:</i>		
Adult	\$723,464	(\$107,423)
Dislocated Worker	586,050	23,229
Youth	457,344	(5,286)
National Emergency Grant	2,068,083	(36,813)
Rapid Response Grant	8,013	0
Administration	227,396	(33,010)
One Stop Resource Sharing	29,416	(2)
	<u>\$4,099,766</u>	<u>(159,305)</u>
<i>Total Governmental Activities</i>	<u>\$4,099,766</u>	<u>(159,305)</u>
		<u>0</u>
		(159,305)
		<u>80,815</u>
		<u>(\$78,490)</u>

See accompanying notes to the basic financial statements.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Balance Sheet
Special Revenue Fund
June 30, 2013

Assets:

Cash and Cash Equivalents With Fiscal Agent	\$243,663
Intergovernmental Receivable	<u>54,859</u>
<i>Total Assets</i>	<u>298,522</u>

Liabilities and Fund Balances:

Liabilities:

Contracts Payable	91,847
Intergovernmental Payable	<u>285,165</u>
<i>Total Liabilities</i>	<u>377,012</u>

Fund Balances:

Unassigned	<u>(78,490)</u>
<i>Total Fund Balances</i>	<u>(78,490)</u>
<i>Total Liabilities and Fund Balances</i>	<u><u>\$298,522</u></u>

See accompanying notes to the basic financial statements.

AREA 20/21 WORKFORCE INVESTMENT BOARD
Statement of Revenues, Expenditures and Changes in Fund Balance
Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

Revenues:

Operating Grants:

Adult	\$616,041
Dislocated Worker	609,279
Youth	452,058
National Emergency Grant	2,031,270
Rapid Response Grant	8,013
Administration	194,386
One Stop Resource Sharing	29,414
	29,414

<i>Total Revenues</i>	3,940,461
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Expenditures:

Workforce Development:

Adult	723,464
Dislocated Worker	586,050
Youth	457,344
National Emergency Grant	2,068,083
Rapid Response Grant	8,013
Administration	227,396
One Stop Resource Sharing	29,416
	29,416

<i>Total Expenditures</i>	4,099,766
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<i>Net Change in Fund Balances</i>	(159,305)
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<i>Fund Balances at Beginning of Year</i>	80,815
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<i>Fund Balances at End of Year</i>	(\$78,490)
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See accompanying notes to the basic financial statements.

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 1 – DESCRIPTION OF THE ENTITY

Description of the Board

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

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

In accordance with WIA 117, the consortium established a local Workforce Investment Board (WIB) to set policy for the local workforce investment system. The local board has no employees. The Fiscal Agent and Administrative Entity perform administrative functions for the board and are employees of South Central Ohio Job and Family Services.

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

Reporting Entity

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

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

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation

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

Government-Wide Financial Statements

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

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

Fund Financial Statements

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

B. Fund Accounting

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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

Governmental Funds

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

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

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the Board are included on the statement of net position. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements

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

D. Basis of Accounting

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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

Revenues – Nonexchange Transactions

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

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

Expenses/Expenditures

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

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

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis, as applicable to the Board's basis of accounting.

E. Cash

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2013, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Net Position

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

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

H. Fund Balances

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

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

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

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

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

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

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

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013*

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

I. Estimates

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

NOTE 3 – CASH AND DEPOSITS

The Ross County Treasurer maintains a cash pool used by all of the County’s funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At fiscal year-end, the carrying amount of the Board’s deposits with the Ross County Treasurer was \$243,663 and reflected as Cash and Cash Equivalent with Fiscal Agent on the financial statements. The Ross County Treasurer is responsible for maintaining adequate depositor collateral for all funds in the County’s pooled cash and deposit accounts.

NOTE 4 - RISK MANAGEMENT

The Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the Board contracted with United States Liability Insurance Company for various types of insurance as follows:

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

NOTE 5- CONTRACTED SERVICES

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

NOTE 6 – CONTRACTUAL OBLIGATIONS

The Board entered into a Memorandum of Understanding with South Central Ohio Job and Family Services to provide services as fiscal agent, effective July 1, 2007. The Ross County Auditor and Treasurer provide financial processing and accountability services for the Board.

NOTE 7 - CONTINGENCIES

Grants - The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2013 will not have a material adverse effect on the Board.

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

AREA 20/21 WORKFORCE INVESTMENT BOARD
ROSS COUNTY

Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2013

NOTE 8 – FUND BALANCES

Fund balance is classified as nonexpendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the governmental funds are presented below:

<u>Unassigned</u>	
Grants	<u>(\$78,490)</u>
Total Fund Balance	<u><u>(\$78,490)</u></u>

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AREA 20/21 WORKFORCE INVESTMENT BOARD
Schedule of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis)
Special Revenue Fund
For the Fiscal Year Ended June 30, 2013

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Revenues:</u>				
<i>Operating Grants:</i>				
Adult	\$760,872	\$1,006,368	\$616,041	(\$390,327)
Dislocated Worker	808,986	1,070,006	654,997	(415,009)
Youth	571,127	755,402	462,414	(292,988)
National Emergency Grant	2,508,439	3,317,789	2,030,962	(1,286,827)
Rapid Response Grant	9,897	13,090	8,013	(5,077)
Administration	231,339	305,981	187,304	(118,677)
One Stop Resource Sharing	36,330	48,052	29,415	(18,637)
<i>Total Revenues</i>	4,926,990	6,516,688	3,989,146	(2,527,542)
<u>Expenditures:</u>				
<i>Workforce Development:</i>				
Adult	619,049	871,840	747,441	124,399
Dislocated Worker	1,110,250	1,112,195	520,814	591,381
Youth	611,117	612,825	457,344	155,481
National Emergency Grant	2,324,879	3,603,528	1,858,904	1,744,624
Rapid Response Grant	218	25,248	8,014	17,234
Administration	260,678	261,480	214,867	46,613
One Stop Resource Sharing	799	909	29,416	(28,507)
<i>Total Expenditures</i>	4,926,990	6,488,025	3,836,800	2,651,225
<i>Excess of Revenues Over (Under) Expenditures</i>	0	28,663	152,346	123,683
<i>Fund Balance at Beginning of Year</i>	91,317	91,317	91,317	0
<i>Fund Balance at End of Year</i>	\$91,317	\$119,980	\$243,663	\$123,683

See accompanying notes to the supplemental information.

AREA 20/21 WORKFORCE INVESTMENT BOARD

Notes to the Supplementary Information

For the Fiscal Year Ended June 30, 2013

NOTE 2 – BUDGETARY SCHEDULE

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

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

The Ross County Commissioners may amend the budget throughout the year with the restriction that the budget may not exceed WIA grant allocations. The amounts reported as the final budget represent the final budget the Ross County Commissioners passed during the year.

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

Net Change in Fund Balance per the Statement of Revenues, Expenditures, and Changes in Fund Balance	(\$159,305)
Net revenue accruals	48,685
Net expenditure accruals	<u>262,966</u>
Net Change in Fund Balance per the Budgetary Schedule	<u><u>\$152,346</u></u>

**AREA 20/21 WORKFORCE INVESTMENT BOARD
SOUTH CENTRAL OHIO JOB AND FAMILY SERVICES**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor Agency/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>		
<i>Passed Through Ohio Department of Job & Family Services, Entity Number G-89-15-0562</i>		
Workforce Investment Act Cluster:		
Adult Program	17.258	723,464
Adult Administration	17.258	56,705
Total - Adult Program		<u>780,169</u>
Youth Program	17.259	457,344
Youth Administration	17.259	103,653
Total - Youth Program		<u>560,997</u>
Dislocated Worker Program	17.278	586,050
Dislocated Worker Administration	17.278	67,038
Rapid Response Program	17.278	8,013
Total - Dislocated Worker Program		<u>661,101</u>
NEG OH-24 MASCO	17.277	35,247
NEG OH-25 FLOOD	17.277	1,598,491
NEG OH-25 WINDSTORM	17.277	434,345
Total - National Emergency Grants		<u>2,068,083</u>
One Stop Resource Sharing - Multiple Grants	17.207	23,062
One Stop Resource Sharing - Multiple Grants	17.801	5,854
One Stop Resource Sharing - Multiple Grants	17.804	500
Total - One Stop Resource Sharing		<u>29,416</u>
<i>Total Federal Awards Expenditures</i>		<u><u>4,099,766</u></u>

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

*Notes to the Federal Awards Expenditures Schedule
For the Fiscal Year Ended June 30, 2013*

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The Accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Area 20/21 Workforce Investment Board's (the Board's) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

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

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.



Dave Yost • Auditor of State

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

Area 20/21 Workforce Investment Board
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Workforce Investment Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Area 20/21 Workforce Investment Board, Ross County, Ohio (the Board) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated February 19, 2014.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

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

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

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

February 19, 2014



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Area 20/21 Workforce Investment Board
Ross County
475 Western Avenue, Suite B
Chillicothe, Ohio 45601

To the Workforce Investment Board:

Report on Compliance for Each Major Federal Program

We have audited the Area 20/21 Workforce Investment Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Area 20/21 Workforce Investment Board's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the Board's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for each of the Board's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major program. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on the Major Federal Program

In our opinion, the Area 20/21 Workforce Investment Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

February 19, 2104

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	National Emergency Grants (CFDA#17.277)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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AREA 20/21 WORKFORCE INVESTMENT BOARD

ROSS 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
MARCH 6, 2014