GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011

Dave Yost • Auditor of State

GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Geauga-Ashtabula-Portage Partnership, Inc.
Geauga County
385 Center Street, Suite 100
Chardon, Ohio 44024

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and the major fund of the Geauga-Ashtabula-Portage Partnership, Inc., Geauga County, Ohio (GAPP), as of and for the year ended June 30, 2011, which collectively comprise GAPP's basic financial statements as listed in the table of contents. These financial statements are the responsibility of GAPP's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the 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. We believe our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Geauga-Ashtabula-Portage Partnership, Inc., Geauga County, Ohio, 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.

As described in Note 3, GAPP adopted the provisions of Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2012, on our consideration of GAPP'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise GAPP's basic financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Dave Yost

Dave Yost
Auditor of State

June 12, 2012

The discussion and analysis of the Geauga-Ashtabula-Portage Partnership, Inc.'s (GAPP) financial performance provides an overall review of GAPP's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at GAPP's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of GAPP's financial performance.

Financial Highlights

Key Financial Highlights for the fiscal year 2011 are as follows:

- During fiscal year 2011, GAPP contributed in providing services to over 20,000 adults, dislocated workers and youth through the Workforce Investment Act.

- GAPP had $4,337,963 in expenses related to governmental activities and $4,563,661 was offset by program revenues.

Using this Annual Financial Report

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

The Statement of Net Assets and Statement of Activities provide information about the activities of the GAPP, presenting both an aggregate view of GAPP's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net assets related to each department of GAPP. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

Reporting on the Geauga-Ashtabula-Portage Partnership, Inc. as a Whole

Statement of Net Assets and the Statement of Activities

The Statement of Net Assets and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report GAPP's net assets and the changes in those assets. The change in net assets is important because it tells the reader whether, for GAPP as a whole, the financial position of the GAPP has improved or diminished.

All of GAPP's programs and services are reported as Governmental Activities in the Statement of Net Assets and the Statement of Activities. Governmental Activities consist of functions that are primarily supported by intergovernmental revenues. Activities include administration, adult, dislocated workers, youth and other funding streams as available.

Reporting on the Most Significant Fund

Governmental Fund

The presentation for GAPP's only fund, the Workforce Investment Act (WIA) special revenue fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The WIA special revenue fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of GAPP's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our users. In fiscal year 2011, there were no differences to reconcile between the government-wide statements and the fund statements for governmental funds.

Geauga-Ashtabula-Portage Partnership, Inc. as a Whole

Recall that the Statement of Net Assets looks at GAPP as a whole. Table 1 provides a summary of GAPP's net assets for fiscal year 2011 compared to fiscal year 2010.

Table 1
Net Assets

	2011	2010	Change
Assets			
Current and Other Assets-General	$417,281	$411,939	$5,342
Current and Other Assets-One Stop	136,576	110,349	26,227
Total Assets	553,857	522,288	31,569
Liabilities			
Accounts Payable	123,494	237,906	114,412
Accrued Wages	6,646	7,308	662
Intergovernmental Payable	316,961	443,914	126,953
Total Liabilities	447,101	689,128	242,027
Net Assets			
Unrestricted (Deficit)	$106,756	($166,840)	$273,596

When compared to last year, GAPP's total net assets increased. This difference is primarily due to GAPP's assets exceeding its liabilities due to reductions in both accounts payables and intergovernmental payables.

Liabilities consisted of accounts payable, accrued wages and intergovernmental payables. The liabilities were significantly less than last fiscal year from GAPP making an effort to pay outstanding obligations before fiscal year end.

Table 2 shows the changes in net assets for fiscal year 2011 compared to fiscal year 2010.

Table 2
Changes in Net Assets

	2011	2010	Change
Revenues			
Program Revenues:			
Charges for Services	$9,023	$295,322	($286,299)
Operating Grants and Contributions	4,554,638	5,604,967	(1,050,329)
General Revenues			
Refunds	47,846	32,849	14,997
Miscellaneous	52	0	52
Total Revenues	4,611,559	5,933,138	(1,321,579)
Program Expenses			
Administration	231,106	40,342	(190,764)
Administration ARRA	6,344	119,636	113,292
Adult	880,527	520,994	(359,533)
Adult ARRA	57,340	465,624	408,284
Dislocated Worker	1,301,321	896,439	(404,882)
Dislocated Worker ARRA	298,258	1,435,828	1,137,570
Youth	963,025	1,028,193	65,168
Youth ARRA	125,224	1,289,125	1,163,901
Youth Employment	67,251	21,860	(45,391)
ODOD HB 372 Incumbent Worker	8,987	132,343	123,356
Veterans Rapid Response	8,734	1,598	(7,136)
One Stop	389,846	259,004	(130,842)
Total Program Expenses	4,337,963	6,210,986	1,873,023
Change in Net Assets	273,596	(277,848)	551,444
Net Assets Beginning of Year	(166,840)	111,008	(277,848)
Net Assets (Deficit) End of Year	$106,756	($166,840)	$273,596

The main revenue for GAPP is Workforce Investment Act grants through the Ohio Department of Job and Family Services by the United State Department of Labor. During fiscal year 2011, total revenues decreased $1,321,579 from the previous fiscal year. The decrease in revenues is largely due to stimulus monies no longer being received for adult, dislocated worker, and youth programs. The decrease in revenues was more than offset by a decrease in program expenses of $1,873,023.

Geauga-Ashtabula-Portage Partnership, Inc. Fund

Information about GAPP's governmental fund begins on page 11. GAPP uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of GAPP's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the GAPP's financing requirements.

As of the end of the current fiscal year, GAPP's governmental fund reported an ending fund balance of $106,756. As GAPP only has one governmental fund, the analysis from a fund perspective is the same as the analysis already presented on a government-wide basis, as GAPP has no capital assets.

Budgeting Highlights

The GAPP's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2011. GAPP's annual budget is not subject to formal budget commission procedures and/or legal requirements. GAPP's primary funding source is federal and state grants, which have grant periods that may or may not coincide with GAPP's fiscal year. Due to the nature of GAPP's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

GAPP's annual budget differs from that of a local government in two respects. First the uncertain nature of grant awards from other entities and second conversion of grant budgets to a fiscal year basis. The resultant annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget and expected grant awards which fail to materialize.

GAPP's annual budget for the WIA special revenue fund is reviewed and approved 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.

Actual revenues and expenses for fiscal year 2011 were consistent with previous periods. As the fiduciary agent of taxpayer funds, GAPP diligently searches for new and more efficient methods to reduce and/or contain operating expenses. GAPP's goal continues to be to serve the maximum customers with the allocations available.

Current Financial Related Activities

Significant economic factors affecting GAPP 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

GAPP program allocations are calculated by the Ohio Department of Job 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, Geauga, Ashtabula and Portage counties saw unusually high levels of unemployment as a result of large worker dislocations from company shutdowns as well as layoffs particularly in the manufacturing sector.

The federal fiscal year 2011 Federal Budget, as enacted by Congress, contained a number of rescissions and prospective funding reductions for WIA adult, youth and dislocated worker programs.

Contacting the Geauga-Ashtabula-Portage Partnership, Inc. Financial Management

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with the general overview of GAPP's finances and to show GAPP's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information, contact Craig F. Sernik, Executive Director, Geauga-Ashtabula-Portage Partnership, Inc., 385 Center Street, Suite #100, Chardon, Ohio 44024.

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Geauga-Ashtabula-Portage Partnership, Inc.

Statement of Net Assets

June 30, 2011

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents - General	$253,320
Equity in Pooled Cash and Cash Equivalents - One-Stop	136,576
Intergovernmental Receivable	123,494
Accounts Receivable	37,765
Prepaid Items	2,702
Total Assets	553,857
Liabilities	
Accounts Payable	123,494
Accrued Wages	6,646
Intergovernmental Payable	316,961
Total Liabilities	447,101
Net Assets	
Restricted	$106,756

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.

Statement of Activities

For the Fiscal Year Ended June 30, 2011

	Expenses	Program Revenues: Charges for Services and Sales	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Assets: Governmental Activities
Governmental Activities				
Administration	$231,106	$0	$266,608	$35,502
Administration ARRA	6,344	0	7,319	975
Adult	880,527	0	1,015,796	135,269
Adult ARRA	57,340	0	66,149	8,809
Dislocated Worker	1,301,321	0	1,501,234	199,913
Dislocated Worker ARRA	298,258	0	344,077	45,819
Youth	963,025	0	1,110,968	147,943
Youth ARRA	125,224	0	144,461	19,237
Youth Employment	67,251	0	77,582	10,331
ODOD HB 372 Incumbent Worker	8,987	0	10,368	1,381
Veterans Rapid Response	8,734	0	10,076	1,342
One Stop	389,846	9,023	0	(380,823)
Totals	$4,337,963	$9,023	$4,554,638	225,698

General Revenues:	
Refunds	47,846
Miscellaneous	52
Total General Revenues	47,898
Changes in Net Assets	273,596
Net Assets (Deficit) Beginning of Year	(166,840)
Net Assets End of Year	$106,756

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.

Balance Sheet

Governnmental Fund

June 30, 2011

	WIA Fund
Assets	
Equity in Pooled Cash and Cash Equivalents - General	$253,320
Equity in Pooled Cash and Cash Equivalents - One Stop	136,576
Intergovernmental Receivable	123,494
Accounts Receivable	37,765
Prepaid Items	2,702
Total Assets	$553,857
Liabilities and Fund Balance	
Liabilities	
Accounts Payable	$123,494
Accrued Wages	6,646
Intergovernmental Payable	316,961
Total Liabilities	447,101
Fund Balance	
Nonspendable	2,702
Restricted	104,054
Total Fund Balance	106,756
Total Liabilities and Fund Balance	$553,857

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.

Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2011

	WIA Fund
Revenues	
Intergovernmental	$4,554,638
Refunds	47,846
One Stop	9,023
Miscellaneous	52
Total Revenues	4,611,559
Expenditures	
Administration	231,106
Administration ARRA	6,344
Adult	880,527
Adult ARRA	57,340
Dislocated Workers	1,301,321
Dislocated Workers ARRA	298,258
Youth	963,025
Youth ARRA	125,224
Youth Employment Program	67,251
ODOD HB372 Incumbent Worker	8,987
Veterans Rapid Response	8,734
One Stop Costs	389,846
Total Expenditures	4,337,963
Net Change in Fund Balance	273,596
Fund Balance (Deficit) Beginning of Year	(166,840)
Fund Balance End of Year	$106,756

See accompanying notes to the basic financial statements

Note 1 – Description of the Entity

The Workforce Investment Act (WIA) passed by Congress in August 1998 redesigned federal training programs. WIA made significant changes in how federally funded job-training programs and services are delivered. The passage of WIA gave states and local units of government the power to determine the allocation of WIA dollars in providing training and services to participants. WIA also changed the way federally funded job-training programs are structured, the type of services provided and who is eligible to receive services.

The Geauga-Ashtabula-Portage Partnership, Inc. (GAPP) was established in 2004. GAPP, a public entity incorporated under the laws of the State of Ohio and was granted status as an exempt organization under Internal Revenue Code Section 501(c)(3), functions as the administrative and fiscal agent, for Geauga, Ashtabula, and Portage Counties, of all Title I WIA funds and other relative workforce development activities funding sources and is responsible for complying with all state and federal fiscal reporting requirements.

The Geauga-Ashtabula-Portage Partnership, Inc. 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 areas; and to provide oversight and evaluation of such efforts. These functions and tasks will be conducted within the framework of a public/private partnership. GAPP's mission is to bring together local business, labor, education and citizens to assess and develop the workforce and training needs of county employers and job seekers in order to improve the economic future and quality of life for residents and businesses and the State of Ohio.

For financial reporting purposes, all departments and operations over which GAPP, Inc. exercises financial accountability are included in the reporting entity.

No governmental units other than GAPP itself are included in the reporting entity. GAPP 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 GAPP 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 the Geauga-Ashtabula-Portage Partnership, Inc. 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 the GAPP's accounting policies are described below.

Basis of Presentation

GAPP'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 GAPP as a whole. These statements include the financial activities of the primary government. These statements usually distinguish between those activities of GAPP that are governmental and those that are considered business-type. GAPP, however, has no business-type activities.

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

Fund Financial Statements Fund financial statements report detailed information about the organization. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. GAPP's only governmental fund is the WIA special revenue fund which accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

Measurement of Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of GAPP are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total 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. In fiscal year 2011, there were no differences to reconcile between the government-wide statements and the fund statements for governmental funds.

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. The WIA special revenue fund uses the modified accrual basis of accounting.

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

Non-exchange transactions, in which GAPP 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 GAPP must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to GAPP 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 are considered to be both measurable and available at fiscal year-end: grants and investment earnings.

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. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Capital Assets

Capital assets include furniture and equipment purchased by Geauga-Ashtabula-Portage Partnership, Inc., for the use of Geauga-Ashtabula-Portage Partnership, Inc. These assets generally result from expenditures in the governmental funds. GAPP's 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. Geauga-Ashtabula-Portage Partnership, Inc. does not have any capital assets.

All capital assets that may have been purchased by GAPP, as fiscal agent for Geauga, Ashtabula and Portage Counties, with Workforce Investment Act program grant funds, were purchased for the use of said counties. Therefore, each County is responsible for the recording of any capital assets purchased through GAPP, and the computation and recording of depreciation.

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.

Cash and Cash Equivalents

To improve cash management, all cash received by GAPP is pooled in a central bank account. Monies for all funds are maintained in the account or temporarily used to purchase short term investments. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by GAPP are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. GAPP does not have any investments at this time.

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 by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the fiscal year which services are consumed.

Accrued Liabilities

All payables are reported in the government-wide financial statements.

Governmental fund payables that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which GAPP is bound to observe constraints imposed upon the use of the resources in the governmental funds. GAPP, however, only uses the following two:

> ***Nonspendable*** The nonspendable fund balance category 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" criterion 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.

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 constitutional provisions or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. GAPP applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 – Changes in Accounting Principles

For fiscal year 2011, GAPP has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" and Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that compromise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in any change in GAPP's financial statements.

GASB Statement No. 59 addresses significant practice issues that have arisen when accounting for financial instruments and external investment pools. The implementation of this statement did not result in any change in GAPP's financial statements.

Note 4 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which GAPP is bound to observe constraints imposed upon the use of the resources in the government funds. At fiscal year end, $2,702 of the fund balance was nonspendable in relation to prepaid insurance and the remaining $104,054 was restricted due to constraints imposed by grants for a total fund balance of $106,756.

Note 5 – Deposits and Investments

Monies held by GAPP are classified by State statute into three categories.

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

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

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

Protection of GAPP'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 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. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements for a period not to exceed 30 days in securities listed above that mature within five years from the date of settlement;

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

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

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

7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days 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, debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purchase of arbitrage, the use of leverage, and short selling are prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of GAPP, 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Note 6 – Receivables

Receivables at June 30, 2011, represent amounts owed to GAPP from the Ohio Department of Jobs and Family Services for grant funds earned but not received in the amount of $123,494. The receivable is considered fully collectible and will be received within one year.

Note 7 – Defined Benefit Pension Plan

Plan Description – GAPP, Inc. participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. 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. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions. For the year fiscal year ended June 30, 2011, members in state and local classifications contributed 10 percent of covered payroll.

The GAPP’s contribution rate for year 2011 was 14 percent. For the period July 1, 2010 through December 31, 2010, a portion of the GAPP’s contribution equal to 5 percent of covered payroll was allocated to fund the post-employment health care plan; for the period January 1 through June 30, 2011, the portion of the GAPP’s contribution was equal to 5 percent of covered payroll. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the GAPP of 14 percent.

The GAPP’s required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended June 30, 2011, 2010 and 2009 were $17,557, $18,895, and $14,891, respectively. 95 percent has been contributed for fiscal year 2011, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009. The actual contribution and the actuarially required contribution amounts are the same.

Note 8 – Postemployment Benefits

Plan Description – 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 for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units.

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 contributions allocated to health care for members in the Traditional Plan was 5 percent from July 1 through December 31, 2010, and 5 percent from January 1 through June 30, 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.23 percent from July 1 through December 31, 2010, and 4.23 percent from January 1 through June 30, 2011.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and selected coverage. Active members do not make contributions to the post-employment health care plan.

The GAPP's contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2011, 2010, and 2009 were $6,270, $7,198, and $7,047, respectively. For fiscal year 2011, 95 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2010 and 2009.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. These rate increases allowed additional funds to be allocated to the health care plan.

Note 9 – Contingent Liabilities

There are no pending material lawsuits in which Geauga-Ashtabula-Portage Partnership, Inc. 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. Such audits could lead to reimbursement to the grantor agencies.

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

Note 10 – Lease Commitments

GAPP does not have any material lease commitments. Total office rent expense was $12,140 for fiscal year ended June 30, 2011. GAPP leases office space under a certain operating lease for one year at a time.

Note 11 – Risk Management

Property and Liability Insurance

GAPP 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 2011, GAPP contracted with The Hartford's Trumbull Insurance Company for Officer and Director Liability insurance. The aggregate coverage is $1,000,000 with a deductible of $5,000. GAPP also contracted with Ohio Casualty Insurance Company for Business Owners Policy which coverage includes general liability, automobile liability and business personal property. The aggregate coverage is $2,000,000 with a limit of $1,000,000 for each occurrence for general liability and automobile liability. The business personal property coverage limit is $39,837 with a deductible of $250 in any one occurrence.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

Workers' compensation coverage is provided by the State. GAPP 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.

As GAPP does not have capital assets, no other type of insurance is necessary.

Employee Medical Benefits

GAPP provides life, health, and dental insurance to its employees through Anthem Blue Cross Blue Shield.

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GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY

FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011

Federal Grantor Pass Through Grantor Program Title	Federal CFDA Number	Disbursements
United States Department of Labor		
Passed Through the Ohio Department of Jobs and Family Services:		
Workforce Investment Act Cluster:		
Adult	17.258	$ 892,317
Adult - ARRA	17.258	73,072
Special Project IWT	17.258	15,417
Project Hire Event ARRA	17.258	7,369
Total CFDA #17.258		988,175
Youth	17.259	1,159,652
Youth - ARRA	17.259	45,163
Rapid Response Team Building - ARRA	17.259	7,899
Youth Employment Program	17.259	25,822
Total CFDA #17.259		1,238,536
Dislocated Workers	17.260	1,085,711
Dislocated Workers - ARRA	17.260	127,893
NWLR	17.260	46,414
Rapid Response EAF	17.260	233,564
Project Hire OLA ARRA	17.260	77,032
NWLR Rapid Response ARRA	17.260	99,289
Total CFDA #17.260		1,669,903
Admin Adult, Youth and Dislocated Worker	Note 3	401,479
Admin ARRA Adult, Youth and Dislocated Worker	Note 3	12,135
Total Admin Adult, Youth and Dislocated Worker		413,614
Total Workforce Investment Act Cluster		4,310,228
One Stop Resource Sharing	17.804	111,672
Total United States Department of Labor		4,421,900
Total Expenditures of Federal Awards		$ 4,421,900

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

GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY

NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2011

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Geauga-Ashtabula-Portage Partnership, Inc.'s (GAPP's) federal award programs' disbursements. The Schedule has been prepared on the accrual basis of accounting.

NOTE B - SUBRECIPIENTS

GAPP passes certain federal awards received from the Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the GAPP reports expenditures of Federal awards to subrecipients are presented on an accrual basis.

As a subrecipient, GAPP 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 to ensure that subrecipients achieve the award's performance goals.

NOTE 3 – CFDA NUMBERS

The Administrative expenses for these programs are allocated between CFDA numbers 17.258 (25%), 17.259 (32%), and 17.260 (43%), based on a percentage of the federal expenditures for ARRA and non-ARRA expenditures.

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

Geauga-Ashtabula-Portage Partnership, Inc.
Geauga County
385 Center Street, Suite 100
Chardon, Ohio 44024

To the Board of Directors:

We have audited the financial statements of the governmental activities and the major fund of the Geauga-Ashtabula-Portage Partnership, Geauga County, (GAPP) as of and for the year ended June 30, 2011, which collectively comprise GAPP's basic financial statements and have issued our report thereon dated June 12, 2012, wherein we noted the GAPP adopted the provisions of Governmental Accounting Standard Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered GAPP's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of GAPP's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of GAPP'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 GAPP's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether GAPP'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, providing an opinion 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 matter we must report under *Government Auditing Standards.*

We also noted certain matters not requiring inclusion in this report that we reported to GAPP's management in a separate letter dated June 12, 2012.

We intend this report solely for the information and use of management, the audit committee, the Board of Directors, and federal awarding agencies and pass-through entities, and others within GAPP. We intend it for no one other than these specified parties.

Dave Yost
Auditor of State

June 12, 2012

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

Geauga-Ashtabula-Portage Partnership, Inc.
Geauga County
385 Center Street, Suite 100
Chardon, Ohio 44024

To the Board of Directors:

Compliance

We have audited the compliance of the Geauga-Ashtabula-Portage Partnership, Inc. (GAPP) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of GAPP's major federal programs for the year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings identifies GAPP's major federal programs. GAPP's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the GAPP's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about GAPP's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the GAPP's compliance with those requirements.

As described in findings 2011-001 and 2011-002 in the accompanying schedule of findings, GAPP did not comply with requirements regarding cash management and subrecipient monitoring applicable to its Workforce Investment Act major federal programs. Compliance with these requirements is necessary, in our opinion, for the GAPP to comply with requirements applicable to these programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the Geauga-Ashtabula-Portage Partnership, Inc. complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361
www.auditor.state.oh.us

Internal Control Over Compliance

GAPP's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered GAPP's internal control over compliance with the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of GAPP's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, we cannot assure we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2011-001 and 2011-002 to be material weaknesses.

GAPP's response to the finding we identified is described in the accompanying schedule of findings. We did not audit GAPP's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Directors, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

Dave Yost
Auditor of State

June 12, 2012

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	**Unqualified**
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	**No**
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	**No**
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	**Yes**
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	**No**
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	**Qualified:** Workforce Investment Act Cluster - cash management and subrecipient monitoring
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	**Yes**
(d)(1)(vii)	**Major Programs (list):**	Workforce Investment Act Cluster: Adult, CFDA #17.258 Youth, CFDA #17.259 Dislocated Workers, CFDA #17.260
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

Material Noncompliance and Material Weakness – Disbursement of Federal Funds (Cash Management)

Finding Number	2011-01
CFDA Title and Number	Workforce Investment Act Cluster Adult CFDA #17.258 Youth CFDA #17.259 Dislocated Workers CFDA #17.260
Federal Award Number / Year	2011
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Jobs and Family Services

29 CFR 97.20 states procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees.

During our testing, we noted that supporting documentation to the monthly cash draw did not agree to the actual drawdown amount. There was insufficient documentation to verify expenditures were incurred prior to requesting reimbursement. Per inquiry with the Executive Director, the cash drawdowns were not being reviewed after previous Fiscal Officer resigned on December 31, 2010. We also noted that the reports being submitted to Ohio Department of Jobs and Family Services (ODJFS) are inaccurate. Per inquiry with the Executive Director, the monthly reports to ODJFS (Report 01992) were being submitted by the Fiscal Officer until October, 2010. Subsequent to that date, there was not sufficient documentation to support that the reports were being reviewed for completeness and accuracy. As of the date of this report, GAPP, Inc. is in discussions with ODJFS to correct the errors in expenditure reporting for the period beginning July 1, 2010. Failure to comply with federal financial reporting requirements may result in a reduction of program funding.

We recommend putting controls in place for the preparation of financial reporting to ODJFS to ensure that reports are being accurately and timely prepared and reviewed.

Official's Response:

Following the unexpected resignation of GAPP, Inc.'s fiscal officer on December 31, 2010, GAPP, Inc. had no employees on staff that were trained regarding how to make draws and report expenditures into the Quic + system for upload into ODJFS' accounting system of record. During the first two quarters of calendar year 2011, our contract employees performed all draws and loaded all expenditures pursuant to the direction of our ODJFS fiscal supervisors who consulted with us and advised us on what accounts and how much to draw and report as expenditures.

GAPP, Inc., working in conjunction with its ODJFS fiscal supervisors throughout 2011 and 2012 have completed an accounting for all draws and expenditures since July 1, 2008, and with the GAPP Inc. Board's approval, are in the process of making corrective entries to reconcile the same prior to the June, 2012 fiscal quarter closing.

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011
(Continued)

Material Noncompliance and Material Weakness - Subrecipient Monitoring

Finding Number	2011-002
CFDA Title and Number	Workforce Investment Act Cluster Adult CFDA #17.258 Youth CFDA #17.259 Dislocated Workers CFDA #17.260
Fiscal Year	2011
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Jobs and Family Services

29 CFR 97.37(b) states all other grantees shall follow the provisions of this part which are applicable to awarding agencies when awarding and administering subgrants (whether on a cost reimbursement or fixed amount basis) of financial assistance to local and Indian tribal governments. Grantees shall: (1) Ensure that every subgrant includes a provision for compliance with this part; (2) Ensure that every subgrant includes any clauses required by Federal statute and executive orders and their implementing regulations; and (3) Ensure that subgrantees are aware of requirements imposed upon them by Federal statutes and regulations.

OMB Circular A-133 Section .400(d) further states A pass-through entity shall perform the following for the Federal awards it makes: (1) Identify Federal awards made by informing each subrecipient of CFDA title and number, award name and number, award year, if the award is R&D, and name of Federal agency. When some of this information is not available, the pass-through entity shall provide the best information available to describe the Federal award. (2) Advise subrecipients of requirements imposed on them by Federal laws, regulations, and the provisions of contracts or grant agreements as well as any supplemental requirements imposed by the pass-through entity. (3) Monitor the activities of subrecipients as necessary to ensure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements and that performance goals are achieved. (4) Ensure that subrecipients expending $300,000 ($500,000 for fiscal years ending after December 31, 2003) or more in Federal awards during the subrecipient's fiscal year have met the audit requirements of this part for that fiscal year. (5) Issue a management decision on audit findings within six months after receipt of the subrecipient's audit report and ensure that the subrecipient takes appropriate and timely corrective action. (6) Consider whether subrecipient audits necessitate adjustment of the pass-through entity's own records. (7) Require each subrecipient to permit the pass-through entity and auditors to have access to the records and financial statements as necessary for the pass-through entity to comply with this part.

GAPP was unable to provide documentation on its monitoring efforts such as policies or procedures in place to perform on-site monitoring and reviews during the-award monitoring activities. Also GAPP was not conducting regular oversight and monitoring of its WIA activities and those of its subrecipients and contractors in order to determine whether or not there is compliance with provisions of the Act and applicable laws and regulations and provide technical assistance as necessary and appropriate.

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2011
(Continued)

Finding Number	2011-002 (Continued)

A pass-through entity assumes responsibility for complying with federal requirements when it accepts federal awards. When GAPP passes a grant through to a subrecipient, GAPP is ultimately responsible for compliance at the subrecipient level. Ineffective subrecipient monitoring could result in noncompliance with federal requirements by subrecipients.

We recommend monitoring activities be established and normally occur throughout the year which may take various forms, such as:

- Reporting – Reviewing financial and performance reports submitted by the subrecipient.
- Site Visits – Performing site visits at the subrecipient to review financial, programmatic and other required records and observe operations.
- Regular Contact – Regular contact with subrecipients and appropriate inquiries concerning program activities.

Official's Response:

GAPP Inc. will in the future engage in adult and dislocated worker monitoring of those sub-recipients of adult and dislocated worker grant money.

GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2011

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2010-001	ORC 117.38 Filing of annual financial report	Yes	
2010-002	WIA Cluster, CFDA # 17.258, 17.259, 17.260 – Noncompliance and Material Weakness – Subrecipient Monitoring	No	Not corrected. Repeated as finding 2011-002.

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Dave Yost • Auditor of State

GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.

GEAUGA 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
JUNE 21, 2012

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