



Mary Taylor, CPA
Auditor of State



Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

A handwritten signature in cursive script that reads "Dave Yost".

DAVE YOST
Auditor of State

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

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Mary Taylor, CPA

Auditor of State

Area 16 Workforce Investment Board
Belmont County
310 Fox Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statement in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statement presents are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

December 17, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Area 16 Workforce Investment Board
Belmont County
310 Fox Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

We have audited the accompanying financial statement of the Area 16 Workforce Investment Board, Belmont County, Ohio (the Board), as of and for the year ended June 30, 2010. This financial statement is the responsibility of the Board's management. Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As described more fully in Note 1, the Board has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statement of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the activity the accompanying financial statement presents, GAAP requires presenting entity-wide statements. While the Board does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statement does not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require certain governments to reformat their statements. The Board has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the year ended June 30, 2010 does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Board as of June 30, 2010, or its changes in financial position for the year then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of the Area 16 Workforce Investment Board, Belmont County, Ohio, as of June 30, 2010, and its cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Board has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statement.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2010, 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. 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.

We conducted our audit to opine on the Board's financial statement. The Federal Awards Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. The Federal Awards Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. This Schedule was subject to the auditing procedures we applied to the financial statement. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, 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 financial statement taken as a whole.



Mary Taylor, CPA
Auditor of State

December 17, 2010

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| | |
|--|-------------------------------|
| Cash Receipts: | |
| Intergovernmental | <u>\$4,437,410</u> |
| Total Cash Receipts | <u>4,437,410</u> |
| Cash Disbursements: | |
| Contract Services | <u>4,594,470</u> |
| Total Cash Disbursements | <u>4,594,470</u> |
| Total Cash Receipts (Under) Cash Disbursements | (157,060) |
| Cash Balance, July 1 | <u>177,060</u> |
| Cash Balance, June 30 | <u><u>\$20,000</u></u> |

The notes to the financial statement are an integral part of this statement.

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**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Area 16 Workforce Investment Board (the Board) was established in 2003 by the State of Ohio under the Ohio Revised Code. This regional council of governments is eligible to receive and administer funds granted by the Governor of the State under the Workforce Investment Act (WIA) of 1998. Area 16 is a regional council of governments, including Belmont, Carroll, Harrison, and Jefferson counties.

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

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

No governmental units other than the Board itself are included in the reporting entity. The Board 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 the Board does not select their governing authority, designate their management, exercise significant influence over their daily operations or maintain their accounting records.

The Workforce Investment Board is comprised of nine members from each county. The Board members are appointed by each county board of commissioners for two year terms. The Workforce Investment Board is required to consist of no less than fifty one percent business members.

The Board designated Belmont County Department of Job and Family Services (BCDJFS) as the fiscal agent for the Area 16. BCDJFS has the responsibility to disburse funds for the local area at the direction of the local Board. Funds flow from the State to BCDJFS and are passed onto the four 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 of their respective county.

B. Basis of Accounting

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. This statement adequately discloses material matters, as the Auditor of State prescribes or permits.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Cash

The Belmont County Treasurer is the custodian for the Board's cash. The Board's cash is held in the Belmont County's cash and investment pool, and is valued at the County Treasurer's reported carrying amount. The Board had a cash balance of \$20,000 at June 30, 2010.

D. Budgetary Process

The Board's annual budget is primarily a management tool that assists its users in analyzing financial activity. The Board's primary funding source is federal grants which have grant periods that may or may not coincide with the Board's fiscal year. These grants normally are for a two-year period, ending June 30 or September 30. Program year funding expires on June 30 and fiscal year funding expires on September 30. The annual budget differs from that of a local government due to the uncertain nature of grant awards from the State or Federal government and the conversion of grant budgets to the Board's fiscal year basis.

The budget prepared by the management of the Board does not represent a legally binding budget, thus no budgetary statement is included in the financial statement.

2. RISK MANAGEMENT

Commercial Insurance

The Board is uninsured for the following risks:

- Directors and Officers;
- Professional Liability; and
- Errors and omissions.

3. CONTINGENT LIABILITIES

There are no pending material lawsuits in which the Board 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. Management cannot presently determine any amounts grantors may disallow. The Board's management believes disallowances, if any, will be immaterial.

On August 15, 2008, the Ohio Department of Job and Family Services, Office of the Chief Inspector (OCI), completed an investigation regarding the Workforce Investment Act (WIA) funds paid to the Wheeling Pittsburgh Steel Corporation, administered through WIA Area 16. A Finding for Recovery (FFR) in the amount of \$1,301.85, and federal questioned costs (FQC) in the amount of \$719,460.01 were made. The FFR was for a duplicate payment made to a vendor. The FFR was repaid to the State on October 8, 2008. No resolution has been made to date on the FQC. The Executive Audit Committee (EAC) will review the FQC, and determine what, if any, resolution will be made. In addition, OCI has forwarded a copy of their investigation to the U.S. Department of Labor and referred the report to the Ohio Ethics Commission due to a potential conflict of interest.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

| FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title | Pass-through Entity Number | Federal CFDA Number | Expenditures |
|--|----------------------------------|---------------------------|----------------------------------|
| U.S. DEPARTMENT OF LABOR | | | |
| <i>Passed-Through Ohio Department of Jobs and Family Services:</i> | | | |
| Employment Service/Wagner-Peyser Funded Activities | (A) | 17.207 | \$37,858 |
| Local Vets Employment Representative | (A) | 17.801 | 490 |
| Disabled Vets Outreach Program | (A) | 17.804 | 10,431 |
| <i>Passed-Through Ohio Department of Jobs and Family Services:</i> | | | |
| Workforce Investment Act Cluster: | | | |
| Workforce Investment Act - Adult Administration | (A) | 17.258 | 60,642 |
| Workforce Investment Act - Adult Program | (A) | | 728,336 |
| ARRA-Workforce Investment Act - Adult Administration | (A) | | 5,995 |
| ARRA-Workforce Investment Act - Adult Program | (A) | | 339,187 |
| Total Workforce Investment Act - Adult Program | | | <u>1,134,160</u> |
| Workforce Investment Act - Youth Administration | (A) | 17.259 | 25,231 |
| Workforce Investment Act - Youth Activities | (A) | | 947,291 |
| ARRA-Workforce Investment Act - Youth Administration | (A) | | 16,395 |
| ARRA-Workforce Investment Act - Youth Activities | (A) | | 718,438 |
| Total Workforce Investment Act - Youth Activities | | | <u>1,707,355</u> |
| Workforce Investment Act - Dislocated Workers Administration | (A) | 17.260 | 32,065 |
| Workforce Investment Act - Dislocated Workers | (A) | | 743,384 |
| ARRA-Workforce Investment Act - Dislocated Workers | (A) | | 546,001 |
| Workforce Investment Act - Rapid Response | (A) | | 281,075 |
| ARRA-Workforce Investment Act - Dislocated Workers Administration | (A) | | 6,357 |
| ARRA-Workforce Investment Act - Rapid Response | (A) | | 10,003 |
| Total Workforce Investment Act - Dislocated Workers | | | <u>1,618,885</u> |
| Total Workforce Investment Act Cluster | | | <u>4,460,400</u> |
| Total U.S. Department of Labor | | | <u>4,509,179</u> |
| Total Federal Awards Expenditures | | | <u><u>\$4,509,179</u></u> |

(A) Project number not known or applicable.

The Notes to the Federal Awards Expenditures Schedule is an integral part of this Schedule.

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Board's federal award program disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - SUBRECIPIENTS

The Board passes certain Federal awards received from the Ohio Department of Job and Family Services to other governments (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.



Mary Taylor, CPA

Auditor of State

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

Area 16 Workforce Investment Board
Belmont County
310 Fox Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

We have audited the financial statement of the Area 16 Workforce Investment Board, Belmont County, Ohio (the Board), as of and for the year ended June 30, 2010, and have issued our report thereon dated December 17, 2010, wherein we noted the Board followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Board's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of opining on the effectiveness of the Board's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Board's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Board'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 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, 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 matters we must report under *Government Auditing Standards*.

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

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Mary Taylor, CPA
Auditor of State

December 17, 2010



Mary Taylor, CPA

Auditor of State

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

Area 16 Workforce Investment Board
Belmont County
310 Fox Shannon Place
St. Clairsville, Ohio 43950

To the Workforce Investment Board:

Compliance

We have audited the compliance of the Area 16 Workforce Investment Board, Belmont County, Ohio (the Board), 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 its major federal programs for the year ended June 30, 2010. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the Board's major federal programs. The Board's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to the major federal programs. Our responsibility is to express an opinion on the Board'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 the Board'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 Board's compliance with those requirements.

In our opinion, the Board 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, 2010.

Internal Control Over Compliance

The Board'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 the Board's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining 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 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 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.

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 deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



Mary Taylor, CPA
Auditor of State

December 17, 2010

**AREA 16 WORKFORCE INVESTMENT BOARD
BELMONT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2010**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unqualified |
| <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 | Unqualified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Workforce Investment Act (WIA) Cluster - CFDA # 17.258, 17.259 & 17.260 |
| <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 STATEMENT
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA
Auditor of State

WORKFORCE INVESTMENT BOARD AREA 10

BELMONT 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
JANUARY 18, 2011**