

**Workforce Initiative Association**

**Financial Statements**

**For the Year Ended June 30, 2010**





# Dave Yost • Auditor of State

Board of Directors  
Workforce Initiative Association 6  
822 30th Street NW  
Canton, Ohio 44709-2902

We have reviewed the *Independent Auditors' Report* of the Workforce Initiative Association 6, Stark County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Workforce Initiative Association 6 is responsible for compliance with these laws and regulations.

A handwritten signature of Dave Yost in black ink.

Dave Yost  
Auditor of State

March 23, 2011

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**WORKFORCE INITIATIVE ASSOCIATION  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

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### **Independent Auditors' Report**

Board of Directors  
Workforce Initiative Association

I have audited the accompanying financial statements of the governmental activities and the major fund of the Workforce Initiative Association (WIA 6) as of and for the year ended June 30, 2010, which collectively comprise the WIA 6's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the WIA 6's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Workforce Initiative Association as of June 30, 2010, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 15, 2010 on my consideration of the Workforce Initiative Association internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

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

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

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Salvatore Consiglio, CPA, Inc.

October 15, 2010

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

The discussion and analysis of the Workforce Initiative Association's (WIA) financial performance provides an overall review of WIA's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at WIA's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof.

***FINANCIAL HIGHLIGHTS***

Key financial highlights for the year ended June 30, 2010 are as follows:

- The liabilities of WIA exceeded its assets by \$116,449.
- The total net assets decreased by \$16,030.
- Investment in capital assets also decreased by \$15,736, due to capital asset depreciation.

***USING THIS ANNUAL REPORT***

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

***Government-Wide Statements***

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

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

There are no business-type activities reported for WIA.

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

**Fund Financial Statements**

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

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

**Notes to the Financial Statements**

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

***THE ORGANIZATION AS A WHOLE***

**Government-Wide Financial Analysis**

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

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

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

**Table 1-Net Assets**

		<b>Restated</b>		
		<b>06/30/10</b>	<b>06/30/09</b>	<b>Change</b>
<b>Assets</b>				
Current and Other Assets		\$ 307,237	\$ 554,272	\$ (247,035)
Capital Assets, Net		-	15,736	(15,736)
<b>Total Assets</b>		<b>\$ 307,237</b>	<b>\$ 570,008</b>	<b>\$ (262,771)</b>
<b>Liabilities</b>				
Current Liabilities		\$ 333,928	\$ 670,427	\$ (336,499)
Non-Current Liabilities		89,758	-	89,758
<b>Total Liabilities</b>		<b>\$ 423,686</b>	<b>\$ 670,427</b>	<b>\$ (246,741)</b>
<b>Net Assets</b>				
Investment in Capital Assets Net of Debt		\$ -	\$ 15,736	\$ (15,736)
Unrestricted Net Assets		(116,449)	(116,155)	(294)
<b>Total Net Assets</b>		<b>\$ (116,449)</b>	<b>\$ (100,419)</b>	<b>\$ (16,030)</b>

When compared to last year, WIA's total net assets decreased from (\$100,419) to (\$116,449) at the end of the current period. This difference is primarily due to current year activities.

The decrease in current assets was mainly due to a decrease in cash on hand at the end of the fiscal year and decrease in prepayment of expenses.

The decrease in current liabilities was mainly due to accrued liabilities decreased by \$523,319. All other liabilities increased by \$186,820.

**Table 2-Changes in Net Assets**

	<b>06/30/10</b>	<b>06/30/09</b>	<b>Change</b>
Total Revenues	\$ 10,604,518	\$ 7,224,755	\$ 3,379,763
Total Expenses	10,620,548	7,245,207	3,375,341
<b>Increase (Decrease) in Net Assets</b>	<b>\$ (16,030)</b>	<b>\$ (20,452)</b>	<b>\$ 4,422</b>

Expenses exceeded revenues for the period primarily due to the capital asset depreciation of \$15,736 during the program year. The final balance at year-end for net assets is (\$116,449), which includes the balance of net assets in the beginning of the year.

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

It should be noted that the amount of (\$116,449) on the Balance Sheet - Unrestricted Net Assets is a result of the inclusion of payroll benefits that is required under GASB Statement No. 34. WIA's vacation leave is credited to employees at the beginning of each calendar year. Organizational policy requires this leave to be used by December 31st and does not permit carry-over into the next year. Furthermore, employees only have the option of cashing out unused vacation in the event employment is terminated. At fiscal year-end, the outstanding value of unused vacation leave was \$89,758. While GASB Statement No. 34 requires this amount to be shown as a liability for this period, only in the event an employee terminates employment would their portion of these expenses ever materialize as cash expenditures. The unreserved fund balance without the inclusion of payroll benefits would show a year-end balance of (\$26,691).

Grant revenues increased for the year ended June 30, 2010, in comparison to revenues for the year ended June 30, 2009. This was due to an increase in grant funding levels. Expenditures also increased in relation to grant funding levels. A comparison of the current program year to the prior program year is required under GASB Statement No. 34.

Adult, Dislocated Worker, and Youth program allocations increased by \$1,481,038 with an Adult increase of \$784,784, DLW of \$694,907, and Youth of \$134,729. Expenditures increased from \$4,380,977 as of June 30, 2009 to \$5,269,475 as of June 30, 2010 due to expenses incurred due to stimulus funding streams. The agreement for the One-Stop operations started its sixth year with revenue staying approximately the same and expenditures with a slight increase as of June 30, 2010.

The Agency also incurred additional expense for the Adult, Dislocated Worker and Youth funding streams under the AARA (American and Recovery Reinvestment Act). The AARA Stimulus funds were awarded for the period of April 1<sup>st</sup> 2009 thru June 30<sup>th</sup> 2010. The portions of funds spent that relate to this audit period are reflected in the Schedule of Expenditures of Federal Awards. The majority of these grants are reflected in this audit period.

Rapid Response funding increased from \$103,000 to \$1,317,869. This was due to two factors: the increase in stimulus funds during the audit period and more funds requested by Area 6 due to an increase in companies closing.

Accrued vacation expense increased by \$234. The current year vacation compensated balance outstanding as of June 30, 2010, was \$89,758. The increase of \$234 is recognized since \$89,524 was the outstanding balance as of June 30, 2009.

***THE ORGANIZATION'S FUNDS***

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

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

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

As of the end of the current fiscal year, WIA's governmental fund reported an ending fund balance of (\$116,449). As WIA has only one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliation statements and notes to the financial statements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

***SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS***

WIA's annual budget is a management tool not subject to formal budget commission procedures and/or legal requirements. It is reviewed and approved annually by the Executive Board and used throughout each fiscal period to monitor activity and ensure sound fiscal management. Modifications are made as needed to remain within established spending limits for the year and as additional initiatives are added or as existing projects/programs change.

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

Actual revenues and expenses through June 30, 2010 were within budgeted levels. Total expenditures for all grant awards as of June 30, 2010 increased due to the addition of Stimulus funding (AARA) and the majority of YEP funding which was expended during this audit period. Also, an increase in a Direct Program award from the Department of Labor.

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***Capital Assets***

At June 30, 2010, WIA had \$0 invested in capital assets as reflected in the following table, which represents a net decrease of \$15,736 from the previous period. All assets were fully depreciated.

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

	<u>06/30/10</u>	<u>06/30/09</u>	<u>Change</u>
Equipment and Furniture	\$ -	\$ 15,736	\$ (15,736)
<b>Total Capital Assets</b>	<b>\$ -</b>	<b>\$ 15,736</b>	<b>\$ (15,736)</b>

See Note 5 for additional information on capital assets.

***Debt***

WIA has no debt for the year ended June 30, 2010.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Significant economic factors affecting WIA are as follows:

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

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

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of WIA's finances and to show WIA's accountability for the money it receives. If you have questions about this report or need

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**Unaudited**

additional financial information, contact Workforce Initiative Association, Attention: Fiscal Manager, at 822 30th Street NW, Canton, Ohio 44709.

Workforce Initiative Association  
 STATEMENT OF NET ASSETS  
 June 30, 2010

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	<u>Governmental Activities</u>
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 77,752
Intergovernmental Receivable	174,711
Prepaid Expenses	<u>54,774</u>
Total Assets	<u>\$ 307,237</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Accrued Wages and Benefits	\$ 6,117
Intergovernmental Payable	<u>327,811</u>
Total Current Liabilities:	<u>333,928</u>
Non-Current Liabilities:	
Accrued Compensated Absences	<u>89,758</u>
Total Non-current Liabilities:	<u>89,758</u>
Total Liabilities	<u>\$ 423,686</u>
<b>NET ASSETS</b>	
Unrestricted Net Assets	<u>\$ (116,449)</u>
Total Net Assets	<u>\$ (116,449)</u>

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

Workforce Initiative Association  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2010

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	Program Revenue	Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Assets
	<u>Expenses</u>	<u>Governmental Activities</u>	<u>Governmental Activities</u>
Governmental Activities:			
Employment and Training Program Costs	\$ 10,620,548	\$ 10,604,518	\$ (16,030)
Total Governmental Activities	<u>10,620,548</u>	<u>10,604,518</u>	<u>(16,030)</u>
Changes in Net Assets			(16,030)
Net Assets Beginning of Year (Restated)			<u>(100,419)</u>
Net Assets End of Year			<u>\$ (116,449)</u>

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

Workforce Initiative Association  
 BALANCE SHEET - GOVERNMENTAL FUND  
 June 30, 2010

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	Special Revenue
<b>ASSETS</b>	
Equity in Cash and Cash Equivalents	\$ 77,752
Intergovernmental Receivable	174,711
Prepaid Expenses	<u>54,774</u>
Total Assets	<u>\$ 307,237</u>
<b>LIABILITIES</b>	
Accrued Wages and Benefits	\$ 6,117
Intergovernmental Payable	<u>327,811</u>
Total Liabilities	<u>333,928</u>
<b>FUND BALANCE</b>	
Unrestricted Fund Balance	<u>(26,691)</u>
Total Fund Balance	<u>(26,691)</u>
Total Liabilities and Fund Balance	<u>\$ 307,237</u>

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

Workforce Initiative Association  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
June 30, 2010

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Total Governmental Fund Balances	\$ (26,691)
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**Amount reported for governmental activities in the statement  
of net assets are different because:**

Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental funds	<u>(89,758)</u>
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Net Assets of Governmental Activities	<u>\$ (116,449)</u>
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The accompanying notes to the basic financial statements are an integral part of these statements.

Workforce Initiative Association  
 STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE  
 GOVERNMENTAL FUND  
 For the Year Ended June 30, 2010

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	<u>Special Revenue</u>
<b>REVENUE</b>	
Intergovernmental Revenue	<u>\$ 10,604,518</u>
Total Revenue	<u>10,604,518</u>
<b>EXPENDITURES</b>	
Human Services:	
Employment and Training Program	<u>10,604,578</u>
Total Expenses	<u>10,604,578</u>
Net Change in Fund Balance	(60)
Fund Balance Beginning of Year (Restated)	<u>(26,631)</u>
Fund Balance at End of Year	<u>\$ (26,691)</u>

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

Workforce Initiative Association  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010

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Net Change in Fund Balance - Total Governmental Funds \$ (60)

Amount reported for governmental activities in the statement of activities are different because:

Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:

Compensated Absences (234)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period plus loss on disposal of asset (15,736)

Change in Net Assets of Governmental Activities \$ (16,030)

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**NOTE 1: DESCRIPTION OF ENTITY**

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

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

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

No governmental units other than WIA itself are included in the reporting entity. WIA does not have oversight responsibility over any other governmental unit. This is evidenced by the fact that, with respect to any other governmental unit, there is no financial interdependency and WIA does not select their governing authority, designate their management, exercise significant influence over their daily operations or maintain their accounting records.

**NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

**A. Basis of Presentation**

WIA's financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

*Government-wide Financial Statements*

The statement of net assets and the statement of activities display information about WIA as a whole. These statements include the financial activities of the primary government. All activities of WIA are governmental activities.

The statement of net assets presents the financial condition of the governmental activities of WIA at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of WIA's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of WIA, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of WIA.

*Fund Financial Statements*

Fund financial statements report detailed information about WIA. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. WIA has only one fund which is major.

**B. Fund Accounting**

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

**B. Fund Accounting (Continued)**

*Governmental Funds*

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

Special Revenue Fund - This fund 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.

**C. Measurement Focus**

*Government-wide Financial Statements*

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of WIA are included on the Statement of Net Assets.

*Fund Financial Statements*

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

**D. Basis of Accounting**

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

*Revenues - Exchange and Non-exchange Transactions*

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For WIA, available means expected to be received within 60 days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources such as grants and investment earnings are considered to be both measurable and available at fiscal year end.

*Deferred Revenue*

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

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

*Expenses/Expenditures*

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

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

**E. Capital Assets**

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

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

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

Workforce Investment Act property management standards require that depreciation be computed on all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more. WIA's capitalization policy is \$5,000. Depreciation is computed using the straight-line method over estimated useful lives of three to ten years.

**F. Budgetary Process**

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

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

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

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

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

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

**F. Budgetary Process (Continued)**

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

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

**G. Encumbrances**

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

**H. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**I. Cash and Cash Equivalents**

For presentation on the financial statements investments with an original maturity of three months or less at the time they are purchased by WIA are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**J. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2010, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

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

**K. Fund Balance Designation**

Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

**L. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by WIA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**NOTE 3: CASH AND INVESTMENTS**

State statutes classify monies held by WIA into three categories.

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

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

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

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 3: CASH AND INVESTMENTS** (Continued)

Protection of WIA's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by Surety Company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Legislation permits interim monies to be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be directly issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds or other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAR Ohio).
7. Certain banker's acceptance and commercial paper notes for the period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 3: CASH AND INVESTMENTS** (Continued)

8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Investments in stripped principal, interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purchase of arbitrage, the use of leverage, and short selling are prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of WIA, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

**Deposits**

At June 30, 2010, the carrying amount of WIA's deposits was \$77,752 and the bank balance was \$420,520. Based on criteria described in GASB Statement No. 40, Deposits and Investments Risk Disclosures, as of June 30, 2010, \$250,000 of WIA's bank balance was covered by Federal Depository Insurance and \$170,520 was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in WIA's name.

Custodial credit risk is the risk that, in the event of a bank failure, WIA's deposits may not be returned. WIA's policy is to place deposits with major local banks approved by WIA's Board of Directors. All deposits, except for deposits held by fiscal and escrow agents, are collateralized with eligible securities in amounts equal to at least 105 percent of the carrying value of the deposits. Such collateral, as permitted by Chapter 135 of the ORC, is held in financial institution pools at Federal Reserve banks, or at member banks of the Federal Reserve system in the name of the respective depository bank, and pledged as a pool of collateral against all of the public deposits it holds, or as specified collateral held at a Federal Reserve bank in the name of WIA.

**Investments**

WIA did not have investments at June 30, 2010.

**WORKFORCE INITIATIVE ASSOCIATION**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2010**  
**(CONTINUED)**

**NOTE 4: INTERGOVERNMENTAL PAYABLE**

As part of year end process with Ohio Department of Job and Family Service (ODJFS) is to perform a reconciliation to identify for each grant how much funds were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2010 was a balance due to ODJFS of \$327,811.

**NOTE 5: CAPITAL ASSETS**

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

<b>Government Activities</b>	<b>Balance 06/30/09</b>	<b>Adjust.</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/10</b>
Capital Assets being Depreciated:					
Furniture and Equipment	\$223,202	\$0	\$0	\$0	\$223,202
<i>Total Capital Assets being Depreciated</i>	<i>223,202</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>223,202</i>
Less Accumulated Depreciation:					
Furniture and Equipment	(207,466)	0	(15,736)	0	223,202
Total Accumulated Depreciation	(207,466)	0	(15,736)	0	223,202
<b>Total Capital Assets being Depreciated - Net</b>	<b>\$15,736</b>	<b>\$0</b>	<b>(\$15,736)</b>	<b>\$0</b>	<b>\$0</b>

All depreciation is charged to Administration expense.

**NOTE 6: DEFINED BENEFIT PENSION PLAN**

All full-time employees of WIA 6 participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)**

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to 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.

Effective January 1, 2009, plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The contribution rate for 2010 and 2009 was 14.0 percent of covered payroll. The contribution rates are determined actuarially. The WIA required contributions to OPERS for the years ended June 30, 2010, 2009, and 2008 were \$248,065, \$218,836, and \$273,725, respectively. The full amount has been contributed for 2010, 2009, and 2008.

**NOTE 7: POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 7: POST-EMPLOYMENT BENEFITS** (Continued)

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

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

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

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

**B. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010 and 2009, the employer contribution allocated to the health care plan was

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 7: POST-EMPLOYMENT BENEFITS** (Continued)

5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2010, which were used to fund post-employment benefits were \$97,454.

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

**NOTE 8: COMPENSATED ABSENCES**

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

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

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

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

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 8: COMPENSATED ABSENCES** (Continued)

The estimated current liability for compensated absences is \$89,758.

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Compensated Leave Liability Amount	\$ 89,524	\$ 45,466	\$ (45,232)	\$ 89,758
Total	<u>\$ 89,524</u>	<u>\$ 45,466</u>	<u>\$ (45,232)</u>	<u>\$ 89,758</u>

**NOTE 9: CONTINGENT LIABILITIES**

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

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies. WIA's management believes disallowances, if any, will be immaterial.

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

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

**NOTE 10: LEASE COMMITMENTS**

*Operating*

Total facilities lease expense was \$365,343 for fiscal year ended June 30, 2010. WIA leases facilities and personal property under certain operating leases in excess of one year.

Future minimum payments due under WIA's facilities operating leases are as follows:

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 10: LEASE COMMITMENTS (Continued)**

Year Ending June 30,	
2011	\$267,468
2012	156,023
2013	0
2014	0
Thereafter	<hr/>
	0
Total Obligation	<hr/> <u>\$423,491</u>

**NOTE 11: INSURANCE AND RISK MANAGEMENT**

WIA is exposed to various risks of loss related to torts, thefts of, damages to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters.

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

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

WIA pays the State Workers' Compensation system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

WIA continued to carry commercial insurance for other risks of loss, including employee health and life insurance. Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past three years.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(CONTINUED)**

**NOTE 12: NOTE TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS**

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

**NOTE 13: PRIOR PERIOD ADJUSTMENT**

The beginning net asset and fund balance were restated to include changes in the accounts payable that was not previously reported and to eliminate long term compensated absence payable. The adjustment was as follows:

	<u>Net Assets</u>	<u>Fund Balance</u>
Net Assets at Beginning of Year	(\$34,008)	(\$49,744)
Adjustment in accounts payable	(66,411)	(66,411)
Elimination of compensated absence liability	0	89,524
Net Assets as of 06/30/09	<u>(\$100,419)</u>	<u>(\$26,631)</u>

**NOTE 14: CHANGES IN ACCOUNTING PRINCIPLES**

For fiscal year 2010, WIA implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, and GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of WIA.

Workforce Initiative Association  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARD**  
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorugh Entity Number	Expenditure
<b>U.S. Department of Labor:</b>			
<b>Direct Program:</b>			
Worker Retention	17.261	(A)	\$ 130,796
<b>Total Direct Program</b>			<b><u>130,796</u></b>
<b>Pass-Through Program From:</b>			
<b>Ohio Department of Job and Family Services</b>			
Workforce Investment Act (Cluster)			
WIA Adult	17.258	(A)	1,035,202
ARRA Adult	17.258	(A)	616,023
WIA Adult - Administration	17.258	(A)	212,693
ARRA Adult - Administration	17.258	(A)	77,950
ARRA Ohio Learning Account	17.258	(A)	212,533
ARRA Incumbent Worker	17.258	(A)	132,581
Project HIRE	17.258	(A)	25,000
Total WIA Adult (17.258)			<u>2,311,982</u>
WIA Youth	17.259	(A)	1,381,345
ARRA Youth	17.259	(A)	1,597,952
WIA Youth - Administration	17.259	(A)	102,582
ARRA Youth - Administration	17.259	(A)	101,396
Total WIA Youth (17.259)			<u>3,183,275</u>
WIA Dislocated Worker	17.260	(A)	1,458,505
ARRA Dislocated Worker	17.260	(A)	1,086,300
WIA Dislocated Worker - Administration	17.260	(A)	146,971
ARRA Dislocated Worker - Administration	17.260	(A)	128,777
Rapid Response	17.260	(A)	1,274,359
ARRA Rapid Response	17.260	(A)	43,510
National Emergency Grant	17.260	(A)	26,995
Total Dislocated Worker (17.260)			<u>4,165,417</u>
Total Workforce Investment Act (Cluster)			<u>9,660,674</u>

Workforce Initiative Association  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARD - Continued**  
For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorough Entity Number	Expenditure
Youth Employment Project	N/A	(A)	<u>71,682</u> <u>71,682</u>
<b>Total Pass-Through Ohio Department of Job and Family Service</b>			<b><u>9,732,356</u></b>
<b>Pass-Through Program From:</b> <b>Ohio Department of Development</b>			
Third Frontier Grant	17.255	(A)	<u>201,845</u> <b><u>201,845</u></b>
<b>Total Pass-Through Ohio Department Development</b>			
<b>Total US Department of Labor</b>			<b><u>10,064,997</u></b>
<b>U.S. Department of Health and Human Services:</b> <b>Pass-Through Program From:</b>			
Tuscarawas County Department of Job & Family Services			
Temporary Assistance for Needy Families	93.558	(A)	<u>20,597</u> <b><u>20,597</u></b>
<b>Total U.S. Department of Health and Human Services</b>			
<b>Total Expenditure of Federal Award</b>			<b>\$ <u>10,085,594</u></b>

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



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

Board of Directors  
Workforce Initiative Association

I have audited the financial statements of the governmental activities and the major fund of the Workforce Initiative Association, Ohio, as of and for the year ended June 30, 2010, which collectively comprise Workforce Initiative Association basic financial statements and have issued my report thereon dated October 15, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Workforce Initiative Association financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

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Salvatore Consiglio, CPA, Inc.

October 15, 2010



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

Board of Directors  
Workforce Initiative Association

**Compliance**

I have audited the compliance of the Workforce Initiative Association, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Workforce Initiative Association, Ohio's major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Workforce Initiative Association, Ohio's management. My responsibility is to express an opinion on Workforce Initiative Association, Ohio's compliance based on my audit.

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

In my opinion, Workforce Initiative Association, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of Workforce Initiative Association, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs.

In planning and performing my audit, I considered Workforce Initiative Association, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

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

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

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Salvatore Consiglio, CPA, Inc.  
October 15, 2010

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

June 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS	
Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA #17.258, 17.259, 17.260 WIA Cluster
Dollar Threshold: Type A/B Programs	Type A: > \$302,568 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
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There are no findings or questioned costs for the year ended June 30, 2010.

3. FINDINGS RELATED TO FEDERAL AWARDS
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There are no findings or questioned costs for the year ended June 30, 2010.

Workforce Initiative Association  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010

The audit report for the fiscal year ended June 30, 2009 contained no audit findings.



# Dave Yost • Auditor of State

## WORKFORCE INITIATIVE ASSOCIATION

### STARK COUNTY

#### CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
MARCH 31, 2011