



Dave Yost • Auditor of State

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	4
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Fund	11
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Fund	12
Notes to the Basic Financial Statements	13
Schedule of Federal Awards Expenditures.....	23
Notes to the Schedule of Federal Awards Expenditures	24
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	25
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133, and on the Federal Awards Expenditures Schedule	27
Schedule of Findings	29
Corrective Action Plan.....	32
Schedule of Prior Year Findings	33

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund of the Geauga-Ashtabula-Portage Partnership, Inc., Geauga County, Ohio (GAPP), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the GAPP's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of Geauga-Ashtabula-Portage Inc., Geauga County, Ohio, as of June 30, 2013, and the respective changes in financial position for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary Information

Our audit was conducted to opine on the GAPP's basic financial statements taken as a whole. The Schedule of Federal Awards Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2014, on our consideration of the GAPP's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the GAPP's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2014

Geauga-Ashtabula-Portage Partnership, Inc.

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

The discussion and analysis of the Geauga-Ashtabula-Portage Partnership, Inc.'s (GAPP) financial performance provides an overall review of GAPP's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at GAPP's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of GAPP's financial performance.

Financial Highlights

Key Financial Highlights for the fiscal year 2013 are as follows:

- During fiscal year 2013, together all GAPP One Stop locations provided services for over 35,000 visits by adults, dislocated workers and youth through the Workforce Investment Act.
- GAPP had \$1,792,146 in expenses related to governmental activities which were partially offset by program revenues of \$1,789,529.

Using this Annual Financial Report

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

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

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

Statement of Net Position and the Statement of Activities

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

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

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

Geauga-Ashtabula-Portage Partnership, Inc.
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2013
Unaudited

Reporting on the Most Significant Fund

Governmental Fund

The presentation for GAPP's only fund, the Workforce Investment Act (WIA) special revenue fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The WIA special revenue fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of GAPP's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our users. In fiscal year 2013, there were no differences to reconcile between the government-wide statements and the fund statements for governmental funds.

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

Recall that the Statement of Net Position looks at GAPP as a whole. Table 1 provides a summary of GAPP's net position for fiscal year 2013 compared to fiscal year 2012.

Table 1
Net Position

	2013	2012	Change
Assets			
Current and Other Assets-General	\$165,190	\$92,180	\$73,010
Current and Other Assets-One Stop	116,291	211,925	(95,634)
<i>Total Assets</i>	<u>281,481</u>	<u>304,105</u>	<u>(22,624)</u>
Liabilities			
Accounts Payable	24,987	39,406	14,419
Accrued Wages	2,243	2,751	508
Intergovernmental Payable	103,398	112,709	9,311
<i>Total Liabilities</i>	<u>130,628</u>	<u>154,866</u>	<u>24,238</u>
Net Position			
Restricted	<u>\$150,853</u>	<u>\$149,239</u>	<u>\$1,614</u>

Current assets decreased as a result of a reduction in regular formula funding which resulted in intergovernmental revenues decreasing.

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

Geauga-Ashtabula-Portage Partnership, Inc.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

Table 2 shows the changes in net position for fiscal year 2013 compared to fiscal year 2012.

Table 2
Changes in Net Position

	2013	2012	Change
Revenues			
Program Revenues:			
Charges for Services	\$150,917	\$250,445	(\$99,528)
Operating Grants and Contributions	1,638,612	2,302,374	(663,762)
General Revenues			
Refunds	4,066	11,811	(7,745)
Miscellaneous	165	781	(616)
<i>Total Revenues</i>	<u>1,793,760</u>	<u>2,565,411</u>	<u>(771,651)</u>
Program Expenses			
Administration	224,457	290,827	66,370
Adult	328,875	493,574	164,699
Dislocated Worker	353,486	748,041	394,555
Youth	636,937	741,722	104,785
Worker Training	3,340	36,392	33,052
One Stop	245,051	212,372	(32,679)
<i>Total Program Expenses</i>	<u>1,792,146</u>	<u>2,522,928</u>	<u>730,782</u>
<i>Change in Net Position</i>	1,614	42,483	(40,869)
<i>Net Position Beginning of Year</i>	<u>149,239</u>	<u>106,756</u>	<u>42,483</u>
<i>Net Position End of Year</i>	<u>\$150,853</u>	<u>\$149,239</u>	<u>\$1,614</u>

The main revenue for GAPP is Workforce Investment Act grants through the Ohio Department of Job and Family Services by the United States Department of Labor. During fiscal year 2013, total revenues decreased significantly due to a reduction in regular formula funding. The significant decrease in program expenses reflects the reduction in funding.

Geauga-Ashtabula-Portage Partnership, Inc. Fund

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

As of the end of the current fiscal year, GAPP's governmental fund reported an ending fund balance of \$150,853. As GAPP only has one governmental fund, the analysis from a fund perspective is the same as the analysis already presented on a government-wide basis, as GAPP has no capital assets.

Geauga-Ashtabula-Portage Partnership, Inc.

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

Budgeting Highlights

The GAPP's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2013. GAPP's annual budget is not subject to formal budget commission procedures and/or legal requirements. GAPP's primary funding source is Federal and State grants, which have grant periods that may or may not coincide with GAPP's fiscal year. Due to the nature of GAPP's dependency on Federal and State budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

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

GAPP's annual budget for the WIA special revenue fund is reviewed and approved by the Executive Board and used throughout each fiscal period to monitor activity and ensure sound fiscal management. Modifications are made as needed to remain within established spending limits for the year and as additional initiatives are added or as existing projects/programs change.

Actual revenues and expenses for fiscal year 2013 decreased significantly due to reductions in funding resulting from the conclusion of federal award programs and cuts in regular formula funding. As the fiduciary agent of taxpayer funds, GAPP diligently searches for new and more efficient methods to reduce and/or contain operating expenses. GAPP's goal continues to be to serve the maximum customers with the allocations available.

Current Financial Related Activities

Significant economic factors affecting GAPP are as follows:

- Federal Workforce Investment Act funding through the U.S. Department of Labor
- National, State and Local unemployment rates
- National, State and Local poverty and income levels
- Inflationary pressure on training, services, supplies and other program and operational costs

GAPP program allocations are calculated by the Ohio Department of Job and Family Services (ODJFS) based on a formula specified in the Workforce Investment Act. This formula considers various economic factors including income levels and unemployment rates.

The fiscal year 2013 Federal Budget, as enacted by Congress, contained a number of rescissions and prospective funding reductions for WIA adult, youth and dislocated worker programs.

Geauga-Ashtabula-Portage Partnership, Inc.

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2013

Unaudited

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

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

Geauga-Ashtabula-Portage Partnership, Inc.

Statement of Net Position

June 30, 2013

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents - General	\$41,291
Equity in Pooled Cash and Cash Equivalents - One-Stop	116,291
Intergovernmental Receivable	93,428
Accounts Receivable	1,989
Prepaid Items	599
Loans Receivable	<u>27,883</u>
<i>Total Assets</i>	<u>281,481</u>
Liabilities	
Accounts Payable	24,987
Accrued Wages	2,243
Intergovernmental Payable	<u>103,398</u>
<i>Total Liabilities</i>	<u>130,628</u>
Net Position	
Restricted	<u><u>\$150,853</u></u>

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.

Statement of Activities

For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$224,457	\$0	\$237,735	\$13,278
Adult	328,875	0	348,329	19,454
Dislocated Workers	353,486	0	374,396	20,910
Youth	636,937	0	674,614	37,677
Worker Training	3,340	0	3,538	198
One Stop	245,051	150,917	0	(94,134)
<i>Totals</i>	<u>\$1,792,146</u>	<u>\$150,917</u>	<u>\$1,638,612</u>	<u>(2,617)</u>
		<i>General Revenues:</i>		
		Refunds		4,066
		Miscellaneous		165
		<i>Total General Revenues</i>		<u>4,231</u>
		Changes in Net Position		1,614
		<i>Net Position Beginning of Year</i>		<u>149,239</u>
		<i>Net Position End of Year</i>		<u>\$150,853</u>

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.

*Balance Sheet
Governmental Fund
June 30, 2013*

	<u>WIA Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents - General	\$41,291
Equity in Pooled Cash and Cash Equivalents - One Stop	116,291
Intergovernmental Receivable	93,428
Accounts Receivable	1,989
Prepaid Items	599
Loan Receivable	<u>27,883</u>
<i>Total Assets</i>	<u><u>\$281,481</u></u>
Liabilities	
Accounts Payable	\$24,987
Accrued Wages	2,243
Intergovernmental Payable	<u>103,398</u>
<i>Total Liabilities</i>	<u>130,628</u>
Fund Balance	
Nonspendable	599
Restricted	<u>150,254</u>
<i>Total Fund Balance</i>	<u>150,853</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$281,481</u></u>

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.
Statement of Revenues, Expenditures and Change in Fund Balance
Governmental Fund
For the Fiscal Year Ended June 30, 2013

	WIA Fund
Revenues	
Intergovernmental	\$1,638,612
Refunds	4,066
One Stop	150,917
Miscellaneous	165
<i>Total Revenues</i>	1,793,760
Expenditures	
Administration	224,457
Adult	328,875
Dislocated Workers	353,486
Youth	636,937
Worker Training	3,340
One Stop	245,051
<i>Total Expenditures</i>	1,792,146
<i>Net Change in Fund Balance</i>	1,614
<i>Fund Balance Beginning of Year</i>	149,239
<i>Fund Balance End of Year</i>	\$150,853

See accompanying notes to the basic financial statements

Geauga-Ashtabula-Portage Partnership, Inc.

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

Note 1 – Description of the Entity

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

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

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

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

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

Note 2 – Summary of Significant Accounting Policies

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

Basis of Presentation

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

Geauga-Ashtabula-Portage Partnership, Inc.

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

Government-wide Financial Statements The statement of net position and the statement of activities display information about GAPP as a whole. These statements include the financial activities of the primary government. These statements distinguish between those activities of GAPP that are governmental and those that are considered business-type. GAPP, however, has no business-type activities.

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

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

Measurement of Focus

Government-wide Financial Statements The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of GAPP are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and all liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e. revenues and other financing sources) and uses (i.e. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. In fiscal year 2013, there were no differences to reconcile between the government-wide statements and the fund statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The WIA special revenue fund uses the modified accrual basis of accounting.

Geauga-Ashtabula-Portage Partnership, Inc.

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

Revenues – Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For GAPP, available means expected to be received within sixty days of fiscal year-end.

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

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

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

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

Capital Assets

Capital assets include furniture and equipment purchased by Geauga-Ashtabula-Portage Partnership, Inc., for the use of Geauga-Ashtabula-Portage Partnership, Inc. These assets generally result from expenditures in the governmental funds. GAPP's property management standards require that depreciation be computed on all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more. Geauga-Ashtabula-Portage Partnership, Inc. does not have any capital assets.

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

Estimates

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

Geauga-Ashtabula-Portage Partnership, Inc.

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

Cash and Cash Equivalents

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

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

Prepaid Items

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

Accrued Liabilities

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

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

Fund Balance

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

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

Net Position

Net position represents the difference between all other elements in a statement of financial position. Net investment in capital assets 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 position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services and extracurricular activities.

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

Geauga-Ashtabula-Portage Partnership, Inc.

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

Note 3 – Change in Accounting Principle

For fiscal year 2013, GAPP has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, “Accounting and Financial Reporting for Service Concession Arrangements, Statement No. 61, “The Financial Reporting Entity: Omnibus; an amendment of GASB Statements No. 14 and No. 34, Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements”, Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position,” , Statement No. 65, “Items Previously Reported as Assets and Liabilities” and Statement No. 66, “Technical Corrections – 2012 – an amendment of GASB Statements No. 10 and No. 62.”

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements, which are a type of public-private or public-public partnership. The implementation of this statement did not result in any change in GAPP’s financial statements.

GASB Statement No. 61 modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, the display of component units’ presentation and certain disclosure requirements. These changes were incorporated in GAPP’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 62 incorporates into GASB’s authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement did not result in any change in GAPP’s financial statements.

GASB Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related note disclosures. These changes were incorporated in GAPP’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). These changes were incorporated in GAPP’s fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of this statement did not result in any change in GAPP’s financial statements.

Note 4 – Fund Balances

Fund balance is classified as nonspendable and restricted based primarily on the extent to which GAPP is bound to observe constraints imposed upon the use of the resources in the government funds. At fiscal year end, \$599 of the fund balance was nonspendable in relation to prepaid insurance and the remaining \$150,254 was restricted due to constraints imposed by grants for a total fund balance of \$150,853.

Geauga-Ashtabula-Portage Partnership, Inc.

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

Note 5 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed 30 days in securities listed above that mature within five years from the date of settlement;
4. Bonds or other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Geauga-Ashtabula-Portage Partnership, Inc.

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

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

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

Note 6 – Receivables

Receivables at June 30, 2013, consisted of accounts and intergovernmental grants. Intergovernmental receivables represent amounts owed to GAPP from the Ohio Department of Jobs and Family Services for grant funds earned but not received in the amount of \$93,428. All receivables are considered fully collectible and will be received within one year.

Note 7 – Defined Benefit Pension Plan

Plan Description – GAPP participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for local government employers. For the fiscal year ended June 30, 2013, the members of all three plans were required to contribute 10.0 percent of their annual salaries.

The GAPP's contribution rate for fiscal year 2013 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

Geauga-Ashtabula-Portage Partnership, Inc.

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

The GAPP's required contributions for pension obligations to the Traditional Pension and Combined Plans for the fiscal years ended June 30, 2013, 2012 and 2011 were \$12,866, \$17,824 and \$17,557, respectively; 98.26 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. There were no contributions to the member-directed plan for fiscal year 2013.

Note 8 – Postemployment Benefits

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year 2013, local government employers contributed at a rate of 14.0 percent of covered payroll.

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. In fiscal year 2013, the portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent.

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

Geauga-Ashtabula-Portage Partnership, Inc.

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

The GAPP's contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2013, 2012 and 2011 were \$5,147, \$7,129 and \$6,270, respectively; 98.26 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Note 9 – Contingent Liabilities

There are no pending material lawsuits in which Geauga-Ashtabula-Portage Partnership, Inc. is involved.

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies.

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

Note 10 – Lease Commitments

GAPP does not have any material lease commitments. Total office rent expense was \$13,680 for fiscal year ended June 30, 2013. GAPP leases office space under a certain operating lease for one year at a time.

Note 11 – Risk Management

Property and Liability Insurance

GAPP is exposed to various risks of loss related to torts, thefts of, damages to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During 2013, GAPP contracted with The Hartford's Trumbull Insurance Company for Officer and Director Liability insurance. The aggregate coverage is \$1,000,000 with a deductible of \$5,000. GAPP also contracted with Ohio Casualty Insurance Company for Business Owners Policy which coverage includes general liability, automobile liability and business personal property. The aggregate coverage is \$2,000,000 with a limit of \$1,000,000 for each occurrence for general liability and automobile liability. The business personal property coverage limit is \$42,275 with a deductible of \$250 in any one occurrence.

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

Workers' compensation coverage is provided by the State. GAPP pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

Geauga-Ashtabula-Portage Partnership, Inc.

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

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

Employee Medical Benefits

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

Note 12 – Subsequent Events

As of July 1, 2013, the Northeast Ohio Consortium Council of Governments (NOC COG) became the administrative and fiscal agent for the Area 19 WIB.

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Expenditures
<u>United States Department of Labor</u>		
<i>Passed Through the Ohio Department of Jobs and Family Services:</i>		
Workforce Investment Act Cluster:		
WIA - Adult programs	17.258	\$ 739,050
WIA - Adult Programs - Admin	17.258	77,150
Total - WIA Adult programs		<u>816,200</u>
WIA - Youth Activities	17.259	602,908
WIA - Youth Activities - Admin	17.259	109,851
Total - WIA Youth Activities		<u>712,759</u>
WIA - Dislocated Worker Formula Grants	17.278	43,892
WIA - Dislocated Worker Formula Grants - Admin	17.278	34,598
Total - WIA Dislocated Worker		<u>78,490</u>
Total Workforce Investment Act Cluster		<u>1,607,449</u>
WIA - National Emergency Grant (NEG OH-21)	17.260	4,034
Employment Service/Wagner-Peyser Funded Activities (One Stop Resource Sharing)	17.207	24,822
WIA - Rapid Response	17.278	2,101
Total United States Department of Labor		<u>\$ 1,638,406</u>
Total Expenditures of Federal Awards		<u><u>\$ 1,638,406</u></u>

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

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

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

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

NOTE C – ADMINISTRATIVE EXPENSES

The Administrative expenses for these programs are allocated between CFDA numbers 17.258, 17.259 and 17.278, based on a percentage of the federal expenditures.



Dave Yost • Auditor of State

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities and the major fund of the Geauga-Ashtabula-Portage Partnership, Inc., Geauga County, (GAPP) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the GAPP's basic financial statements and have issued our report thereon dated March 20, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2014



Dave Yost • Auditor of State

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

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

To The Board of Directors:

Report on Compliance for the Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Basis for Qualified Opinion on Workforce Investment Act major Federal Program

As described in finding 2013-001 in the accompanying schedule of findings, the Geauga-Ashtabula-Portage Partnership, Inc. did not comply with requirements regarding subrecipient monitoring applicable to its Workforce Investment Act major federal program. Compliance with this requirement is necessary, in our opinion, for GAAP to comply with requirements applicable to this program.

Qualified Opinion on Workforce Investment Act major Federal Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Workforce Investment Act* paragraph, the Geauga-Ashtabula-Portage Partnership, Inc. complied, in all material respects, with the requirements referred to above that could directly and materially affect its Workforce Investment Act *major Federal Program* for the year ended June 30, 2013.

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2013-001 to be a material weakness.

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

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



Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2014

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<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	Qualified: Workforce Investment Act Cluster – Subrecipient monitoring
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act Cluster: Adult, CFDA#17.258 Youth, CFDA#17.259 Dislocated Workers, CFDA#17.278
<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?	No

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

None

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

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

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Material Noncompliance and Material Weakness – Subrecipient Monitoring

Finding Number	2013-001
CFDA Title and Number	Workforce Investment Act Cluster Adult CFDA #17.258 Youth CFDA #17.259 Dislocated Workers CFDA #17.278
Federal Award Number / Year	2013
Federal Agency	U.S. Department of Labor
Pass-Through Agency	Ohio Department of Jobs and Family Services

Noncompliance and Material Weakness - Subrecipient Monitoring

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

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

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

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

Finding Number	2013-001 (Continued)
-----------------------	----------------------

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

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

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

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

Official's Response:

Gaugua-Ashtabula-Portage Partnership, Inc. ("GAPP, Inc.") adopted a program monitoring policy in June of 2012. Throughout the program year ending June 30, 2013, GAAP, Inc. did perform financial monitoring of all invoices paid and conducted desk reviews of said invoices. GAPP, Inc. will begin on-site program and fiscal monitoring during the program year ending June 30, 2014.

**GEAUGA ASHTABULA PORTAGE PARTNERSHIP
GEAUGA COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2013**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2013-001	Geauga-Ashtabula-Portage Partnership, Inc. ("GAPP, Inc.") adopted a program monitoring policy in June of 2012. Throughout the program year ending June 30, 2013, GAAP, Inc. did perform financial monitoring of all invoices paid and conducted desk reviews of said invoices. GAPP, Inc. will begin on-site program and fiscal monitoring during the program year ending June 30, 2014.	June 30, 2014	Craig Sernick, Executive Director

**GEAUGA-ASHTABULA-PORTAGE PARTNERSHIP, INC.
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2012-001	29 CFR 97.37(b) – subrecipient monitoring	No	Not Corrected, See Finding 2013-001

This page intentionally left blank.



Dave Yost • Auditor of State

GEAUGA ASHTABULA PORTAGE PARTNERSHIP

GEAUGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2014**