



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**





**Auditor of State  
Betty Montgomery**

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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State



**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants .....	1
Combined Balance Sheet – Governmental Fund Type and Account Group .....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund Type .....	4
Notes to the General Purpose Financial Statements .....	5
Schedule of Federal Awards Receipts and Expenditures .....	13
Notes to Schedule of Federal Awards Receipts and Expenditures .....	14
Report of Independent Accountants on Compliance and on Internal Control Required By <i>Government Auditing Standards</i> .....	15
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133. ....	17
Schedule of Findings – <i>OMB Circular A-133 §.505</i> .....	19
Corrective Action Plan – <i>OMB Circular A-133 §.315(c)</i> .....	21

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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**REPORT OF INDEPENDENT ACCOUNTANTS**

Ohio Valley Employment Resource  
Noble County  
212 Cumberland Street  
Caldwell, Ohio 43724

To the Governing Board:

We have audited the accompanying general purpose financial statements of the Ohio Valley Employment Resource, Noble County, Ohio (the Council), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ohio Valley Employment Resource, Noble County, as of June 30, 2002, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2002, on our consideration of the Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and in our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro".

**Jim Petro**  
Auditor of State

December 20, 2002

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**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**COMBINED BALANCE SHEET  
GOVERNMENTAL FUND TYPE AND ACCOUNT GROUP  
FOR THE YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Type</u>		<b>Totals (Memorandum Only)</b>
	<u>Special Revenue</u>	<u>General Fixed Asset Account Group</u>	
<b>Assets:</b>			
Cash and Cash Equivalents	\$12,836	\$	\$12,836
Cash in Segregated Account	5,191		5,191
Receivables			
Grants	50,000		50,000
Accounts	29,981		29,981
Accrued Interest	389		389
Due from Other Governments	14,968		14,968
Prepaid Expense	758		758
Fixed Assets		68,408	68,408
<b>Total Assets</b>	<u>114,123</u>	<u>68,408</u>	<u>182,531</u>
<b>Liabilities:</b>			
Accounts Payable	9,768		9,768
Compensated Absences Payable	5,191		5,191
Deferred Revenue	99,164		99,164
<b>Total Liabilities</b>	<u>114,123</u>	<u>0</u>	<u>114,123</u>
<b>Fund Equity and Other Credits:</b>			
Investment in General Fixed Assets		68,408	68,408
<b>Total Fund Equity and Other Credits</b>	<u>0</u>	<u>68,408</u>	<u>68,408</u>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<u>114,123</u>	<u>68,408</u>	<u>182,531</u>

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

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND  
AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUND TYPE  
FOR THE YEAR ENDED JUNE 30, 2002**

	<b>Governmental Fund Type</b>
	<b>Special Revenue</b>
<b>Revenues:</b>	
Charges for Services	\$257,867
Intergovernmental	907,928
Program Income	5,649
Total Revenues	1,171,444
<b>Expenditures:</b>	
Grant Expense	585,333
Return of Unused Grant Proceeds	293,151
Salaries	156,220
Fringe Benefits	46,918
Office Rent	17,990
Travel	13,917
Utilities	11,897
Audit	9,895
Training/Seminars/Conferences	7,165
Insurance	5,831
Office Supplies	4,644
Legal	4,500
Meetings	3,370
Equipment and Furniture	2,989
Cleaning	2,543
Maintenance/Service Agreements	1,899
Postage	1,550
Advertising	1,524
Other	108
Total Expenditures	1,171,444
Excess of Revenues Over/(Under) Expenditures	0
Fund Balances, July 1	0
<b>Fund Balances, June 30</b>	<b>\$0</b>

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

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**1. REPORTING ENTITY**

Ohio is divided into eight Workforce Investment Areas. There are seven "traditional" areas and another area known as the Ohio Option, which includes most of the State. The Ohio Option is subdivided into local Workforce Development Areas. Workforce Development Areas are designated for the purpose of implementing the Workforce Investment Act, developing/sustaining a One-Stop approach to service delivery and administering Title I Programs funded by the Workforce Investment Act. The Workforce Development Area that Ohio Valley Employment Resource serves was designated in 2000 under the Ohio Option as Area Number 7/34. Area Number 7/34 reformed July 1, 2001 and currently consists of four counties. The geographic area to be served includes Monroe County, Morgan County, Noble County and Washington County, Ohio. Each County is in charge of its own County allocation and service delivery, but the four combine and share a common Council of Governments, Workforce Investment Board and Youth Council for strategy and leadership.

The Ohio Valley Employment Resource was formed on April 1, 2000 by the chief elected officials of all four counties. The Counties formed a Regional Council of Governments pursuant to Ohio Revised Code, Chapter 167, for the primary purpose of implementing the Workforce Investment Act, P.L.105-220.

The Commissioners from each of the four Counties meet regularly to exercise the powers and carry out the responsibilities of leadership of the Ohio Valley Employment Resource and oversight of the four County area under the Act and have established a Workforce Investment Board and Youth Council.

**Reporting Entity:**

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the Ohio Valley Employment Resource are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Ohio Valley Employment Resource. For the Ohio Valley Employment Resource, this includes general operations of the Ohio Valley Employment Resource.

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

The Ohio Valley Employment Resource is a jointly governed organization whereby the three county commissioners from each county within the Ohio Valley Employment Resource's geographic area serve on the governing board.

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of the Ohio Valley Employment Resource.

**A. Basis of Presentation**

The financial reporting practices of the Ohio Valley Employment Resource conform to accounting principles generally accepted in the United States of America as applicable to local governments.

The accounts of the Ohio Valley Employment Resource are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. Individual funds and account groups which are used by the Ohio Valley Employment Resource are summarized in the accompanying combined financial statements and are classified as follows:

**Governmental Funds**

Special Revenue Funds - To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

**Account Groups**

General Fixed Asset Account Group - To account for all fixed assets of the Ohio Valley Employment Resource.

**B. Measurement Focus and Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The modified accrual basis of accounting is followed for the governmental funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current year or soon enough thereafter to be used to pay liabilities of the current year.

Non-exchange transactions, in which the Ohio Valley Employment Resource receives value without directly giving equal value in return, include grants (intergovernmental revenue). Revenue from grants is recognized as revenue as soon as all eligibility requirements imposed by the grantor have been met. 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 are considered to be both measurable and available at fiscal year-end: interest earnings and intergovernmental revenue.

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

The Ohio Valley Employment Resource reports deferred revenue on its combined balance sheet. Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Grants received before the eligibility requirements are met are recorded as deferred revenue.

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

**C. Fixed Assets**

Fixed Assets include furniture, fixtures, and equipment purchased by the Ohio Valley Employment Resource. At the time of purchase, such assets are recorded as expenditures in the Governmental Funds and are accounted for in the General Fixed Assets Account Group. Assets in the General Fixed Assets Account Group are not depreciated.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. The Ohio Valley Employment Resource's Capitalization Policy is \$1,000.

**D. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The Ohio Valley Employment Resource's annual budget is a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30.

The Ohio Valley Employment Resource's primary funding source is federal and state grants which have grant periods that may or may not coincide with the Ohio Valley Employment Resource'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 the Ohio Valley Employment Resource's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Ohio Valley Employment Resource's annual budget differs from that of a local government in two respects: (1) the uncertain nature of grant awards from other entities and (2) conversion of grant budgets to a fiscal year basis.

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

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

- Increases/decreases in actual grant awards from those estimates;
- Changes in grant periods;
- Unanticipated grant awards not included in the budget; and
- Expected grant awards which fail to materialize.

The Governing Board formally approves 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.

**4. EQUITY IN POOLED CASH AND INVESTMENTS**

**Deposits with Financial Institutions and Investments**

The Ohio Valley Employment Resource maintains a cash pool that is available for use by all funds and accounts. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash and Cash Equivalents." The Ohio Revised Code prescribes allowable deposits and investments.

Ohio law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the Ohio Valley Employment Resource places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC).

Protection of the Ohio Valley Employment Resource's deposits is provided by the Federal Deposit Insurance Corporation (FDIC) and by eligible securities pledged by the financial institution as security for repayment.

At June 30, 2002, the carrying amount of the Ohio Valley Employment Resource's deposits was \$18,027 and the bank balance was \$327,715. Deposits were either (1) insured by the Federal Deposit Insurance Corporation, or (2) collateralized with securities held by the pledging financial institution's agent in the Ohio Valley Employment Resource's name.

**5. DUE FROM OTHER GOVERNMENTS**

Due from Other Governments represents amounts owed to the Ohio Valley Employment Resource by the County Departments of Job and Family Services for grant funds paid by the Ohio Valley Employment Resource to those counties but not yet spent by those counties. As of June 30, 2002, the balance of Due from Other Governments in the governmental funds is \$14,968.

**6. FIXED ASSETS**

General Fixed Assets Account Group - A summary of the changes in general fixed assets during the year ended June 30, 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Equipment, Furniture & Fixtures	<u>\$156,769</u>	<u>\$0</u>	<u>\$88,361</u>	<u>\$68,408</u>

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**7. DEFINED BENEFIT PENSION PLAN**

**Public Employees Retirement System (the "PERS" of Ohio)**

All full-time employees of the Ohio Valley Employment Resource participate in the PERS of Ohio, a cost-sharing multiple employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. 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 1-800-222-PERS (7377).

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5% for employees other than law enforcement. For the fiscal year ending June 30, 2002, the employer rate for local government employer units was 13.55% of covered payroll, 9.25% to fund the pension benefit obligation and 4.3% to fund health care. The contribution requirements of plan members and the Ohio Valley Employment Resource are established, and may be amended, by the Public Employees Retirement Board. The Ohio Valley Employment Resource's contributions to the PERS of Ohio for the years ended June 30, 2001 and 2002 were \$27,893 and \$37,663 respectively, which were equal to the required contributions for the years.

**Other Postemployment Benefits (OPEB)**

In addition to the pension benefit obligation described above, the PERS of Ohio provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is also available. A portion of each employer's contribution to the PERS of Ohio is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority for employer contributions and requires employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2002 was 4.3% which amounted to \$6,847 of covered payroll.

For 2001, benefits were advance funded using the entry age normal cost method. OPEB are financed through employer contributions and investment earnings. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions, are expected to be sufficient to sustain the program indefinitely. As of December 31, 2000, the actuarial value of the net assets available for future OPEB payments were \$11,735.9 million. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$14,364.6 million and \$2,628.7 million, respectively. The number of active contributing participants was 411,076.

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**8. COMPENSATED ABSENCES**

All full-time employees of the Ohio Valley Employment Resource earn annual leave at varying rates depending on length of service. All accumulated, unused annual vacation leave time is paid upon separation if the employee has at least 6 months of service with the Council. The following schedule details earned annual leave based on length of service.

<u>Years of Employment</u>	<u>Vacation Leave</u>
1 - 3 years	10 days
4 - 9 years	15 days
9 + years	20 days

Full-time employees earned 4.62 hours per pay period of sick leave. In accordance with GASB Statement No. 16, "Accounting for Compensated Absences", vacation is accrued as a liability 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.

**9. INSURANCE AND RISK MANAGEMENT**

The Ohio Valley Employment Resource is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During Program Year 2001, the Ohio Valley Employment Resource contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Old Republic Surety Company	Bond-Public Employees	\$ 0
Motorist Insurance Company	Common Property	\$ 250
Cincinnati Insurance Company	Non-Profit Director & Officials Liability/Errors & Omissions	\$ 0
	Employment Practices	\$1,000

The Ohio Valley Employment Resource pays the State Worker's Compensation system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The Ohio Valley Employment Resource continued to carry commercial insurance for other risks of loss, including employee health and life insurance. Settled claims resulting from the above noted risk have not exceeded commercial insurance coverages in any of the past three fiscal years.

**10. CONTINGENT LIABILITIES**

**A. Grants**

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. The Ohio Valley Employment Resource's management believes disallowances, if any, will be immaterial.



**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2002  
(Continued)**

**10. CONTINGENT LIABILITIES (Continued)**

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.

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.

**B. Litigation**

Management is not aware of any pending litigation outstanding against the Ohio Valley Employment Resource.

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**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements	Returned Grant Funds
<b>UNITED STATES DEPARTMENT OF LABOF</b>					
<i>Passed Through Ohio Department of Job and Family Services and then Passed Through Noble County Department of Job and Family Services</i>					
Workforce Investment Act (WIA):					
Ametek (March Electric) Project	NOO 39-99-04	17.260	\$65,856	\$26,147	\$39,709
Central Ohio Coal Project	NOO 39-99-06	17.260	98,952	98,952	
National Emergency Grant-Quarto Mining Project	PROJ OH-01	17.260	547,184	293,741	253,442
National Emergency Grant-Windsor Project	PROJ OH-04	17.260	195,936	195,936	
Total Workforce Investment Act			<u>907,928</u>	<u>614,776</u>	<u>293,151</u>
Total United States Department of Labor			<u>907,928</u>	<u>614,776</u>	<u>293,151</u>
<b>Total Federal Receipts and Expenditures</b>			<b><u>\$907,928</u></b>	<b><u>\$614,776</u></b>	<b><u>\$293,151</u></b>

*The Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the Ohio Valley Employment Resource's federal award programs. The Schedule has been prepared in accordance with generally accepted accounting principles.

**NOTE B - SUBRECIPIENTS**

The Ohio Valley Employment Resource passes through certain Federal assistance received from the Noble County Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As described in Note A, expenditures paid to subrecipients are recognized on an accrual basis.

The subrecipient agencies have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the Ohio Valley Employment Resource is responsible for monitoring subrecipients to help assure that federal awards are used for authorized purposes in compliance with laws, regulations and the provisions of contracts or grant agreements, and the performance goals are achieved.



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OFFICE OF THE AUDITOR**

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Ohio Valley Employment Resource  
Noble County  
212 Cumberland Street  
Caldwell, Ohio 43724

To the Governing Board:

We have audited the accompanying general purpose financial statements of the Ohio Valley Employment Resource, Noble County, Ohio (the Council), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 20, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Council's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Council's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Ohio Valley Employment Resource  
Noble County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

This report is intended for the information and use of the audit committee, management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

December 20, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Ohio Valley Employment Resource  
Noble County  
212 Cumberland Street  
Caldwell, Ohio 43724

To the Governing Board:

**Compliance**

We have audited the compliance of the Ohio Valley Employment Resource, Noble County, Ohio (the Council), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The Council's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Council's management. Our responsibility is to express an opinion on the Council's compliance based on our audit.

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

As described in item 2002-61061-001 in the accompanying Schedule of Findings, the Council did not comply with requirements regarding Cash Management that are applicable to its National Emergency Grant program. Compliance with such requirements is necessary, in our opinion, for the Council to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Council complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

**Internal Control over Compliance**

The management of the Council 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 our audit, we considered the Council's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the audit committee, management, the Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

December 20, 2002



**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED JUNE 30, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Qualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA #17.260 - National Emergency Grant
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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No findings to report.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	<b>2002-61061-001</b>
<b>CFDA Title and Number</b>	<b>National Emergency Grant CFDA #17.260</b>
<b>Federal Award Number/Year</b>	<b>NOO 39-99-04 (Ametek) / PROJ OH-01 (Quarto Mine)</b>
<b>Federal Agency</b>	<b>U.S. Department of Labor</b>
<b>Pass-Through Agency</b>	<b>Noble County Department of Job and Family Services</b>

**Noncompliance Citation – Cash Management**

29 C.F.R. Section 95.22(b) states that cash advances shall be limited to the minimum amounts needed and be timed to be in accord with the actual, immediate cash requirements of the organization in carrying out the purpose of the program or project. The timing and amount of cash advances shall be as close as is administratively feasible to the actual cash outlay by the State for direct program costs and the proportionate share of any allowable indirect costs.

On August 23, 2001, the Ohio Valley Employment Resource received a National Emergency Grant drawdown from Noble County Department of Job and Family Services for \$280,000 on the Quarto Mine project and for \$20,000 on the Ametek project. On October 1, 2001 another drawdown for \$10,000 was received for the Ametek project. However, the close out packages were submitted, and on May 10, 2002, unspent grant funds in the amounts of \$253,441 on the Quarto Mine project and \$39,709 on the Ametek project were returned to the grantor agency.

The Ohio Valley Employment Resource maintained cash on hand that was in excess of what was required to meet immediate needs. For the period July 2001 through April 2002 (10 out of 12 months of the fiscal year), an average daily balance in excess of the average daily expenses resulted in 55 or more days worth of excess cash on hand each month. During September and November of 2001 and January through April of 2002 (6 out of 12 months of the fiscal year), an average daily balance in excess of average daily expenses resulted in 107 or more days worth of excess cash on hand each month.

We recommend the Ohio Valley Employment Resource develop more effective cash management controls to ensure federal funding on hand is limited to the minimum amount needed to cover expenses.

**OHIO VALLEY EMPLOYMENT RESOURCE  
NOBLE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 § .315(c)  
JUNE 30, 2002**

<b>Finding Number</b>	<b>Planned Corrective Action</b>	<b>Anticipated Completion Date</b>	<b>Responsible Contact Person</b>
2002-61061-001	Ohio Valley Employment Resource will more effectively monitor cash management requirements so that cash on hand is maintained at minimum amounts needed to carry out the purposes of each project.	December 20, 2002	Larry Hivnor, Executive Director





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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## OHIO VALLEY EMPLOYMENT RESOURCE

### NOBLE 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  
FEBRUARY 11, 2003