

***WORKFORCE INITIATIVE ASSOCIATION***

***STARK COUNTY***

**Audit Report**

**For the Year Ended June 30, 2016**







# Dave Yost • Auditor of State

Board of Directors  
Workforce Initiative Association  
822 38Th Street NW  
Canton, Ohio 44709

We have reviewed the *Independent Auditor's Report* of the Workforce Initiative Association, Stark County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

May 8, 2017

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**WORKFORCE INITIATIVE ASSOCIATION  
STARK COUNTY  
AUDIT REPORT  
For the Year Ending June 30, 2016**

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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## **INDEPENDENT AUDITOR'S REPORT**

Workforce Initiative Association  
Stark County  
822 30<sup>th</sup> St. N.W.  
Canton, Ohio 44709

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 Workforce Initiative Association, Stark County, Ohio (WIA), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise WIA'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 WIA'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 WIA'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 opinion.

***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 the Workforce Initiative Association, Stark County, Ohio, as of June 30, 2016, and the respective changes in financial position thereof 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* and schedules of net pension liabilities and pension contributions 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 WIA's basic financial statements taken as a whole.

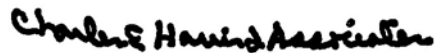
The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this 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 December 2, 2016, on our consideration of WIA'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 WIA's internal control over financial reporting and compliance.



***Charles E. Harris & Associates, Inc.***  
December 2, 2016

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
Unaudited**

The discussion and analysis of Workforce Initiative Association's (WIA) financial performance provides an overall review of WIA's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at WIA's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of WIA's financial performance.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the year ended June 30, 2016 are as follows:

- Revenues decreased \$1,096,560 as a result of several significant programs ending.
- Expenses decreased \$844,155 also as a result of the program activity decreases, but were partially offset by an increase in pension expenses.
- Total net position decreased \$79,820.

**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 WIA as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at WIA's specific financial conditions.

The statement of net position and statement of activities provide information about the activities of WIA, presenting both an aggregate view of its finances and a longer-term view of those assets. The statement of activities shows the net (expense) revenue and changes to net position of WIA. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

**REPORTING ON THE ENTITY 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 liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

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

All of WIA'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 U.S. Department of Labor Workforce Innovation and Opportunity Act programs (Adult, Dislocated Worker, Youth, Rapid Response, and Administration), U.S. Department of Labor Workforce Innovation Fund programs, and other funding streams, as available.

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
Unaudited**

**REPORTING ON THE MOST SIGNIFICANT FUND**

*Governmental Fund*

The presentation for WIA's only fund, the general 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 general 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 WIA's general operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future on services provided to users. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is described in reconciliations in the financial statements.

**WORKFORCE INITIATIVE ASSOCIATION AS A WHOLE**

Recall that the statement of net position looks at WIA as a whole. Table 1 provides a summary of WIA's net position for fiscal year 2016 compared to fiscal year 2015.

**Table 1 - Net Position**

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
<b>Assets</b>			
Current and Other Assets	\$ 689,877	\$ 429,783	\$ 260,094
Capital Assets, Net	\$ 19,010	\$ 31,569	\$ (12,559)
<b>Total Assets</b>	<b>\$ 708,887</b>	<b>\$ 461,352</b>	<b>\$ 247,535</b>
<b>Deferred Outflows, Pensions</b>	<b>\$ 751,421</b>	<b>\$ 171,502</b>	<b>\$ 579,919</b>
<b>Liabilities</b>			
Current Liabilities	\$ 401,876	\$ 220,904	\$ 180,972
Accrued Leave Liabilities	\$ 83,254	\$ 80,986	\$ 2,268
Net Pension Liabilities	\$ 2,341,633	\$ 1,634,533	\$ 707,100
<b>Total Liabilities</b>	<b>\$ 2,826,763</b>	<b>\$ 1,936,423</b>	<b>\$ 890,340</b>
<b>Deferred Inflows, Pensions</b>	<b>\$ 46,736</b>	<b>\$ 29,802</b>	<b>\$ 16,934</b>
<b>Net Position</b>			
Net Investment in Capital Assets	\$ 19,010	\$ 31,569	\$ (12,559)
Unrestricted	\$ (1,432,201)	\$ (1,364,940)	\$ (67,261)
<b>Total Net Position</b>	<b>\$ (1,413,191)</b>	<b>\$ (1,333,371)</b>	<b>\$ (79,820)</b>

During 2015, WIA adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of WIA's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
Unaudited**

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the WIA's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
- 2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, WIA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
Unaudited**

how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, WIA's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, WIA is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Current assets increased significantly from fiscal years 2015 to 2016 primarily due to a large increase in intergovernmental receivables outstanding at year-end. These receivables were routine expense reimbursements due from WIA's major funder, the Ohio Department of Job and Family Services, and would have been collected within the first month of the new fiscal year. These receivables and a significant rise in pension deferred outflows for 2016 resulted in a significant increase to overall assets for the year.

Current liabilities increased primarily as a result of an increase in the accrued wages and benefits payable accounts due to timing differences between the year-ends. Net pension liabilities also increased significantly during 2016 based on the pension system's actuarial calculations.

Table 2 provides a summary of WIA's changes in net position for fiscal year 2016 compared to fiscal year 2015.

**Table 2 - Changes in Net Position**

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
Total Revenues	\$ 5,474,569	\$ 6,571,129	\$ (1,096,560)
Total Expenses	\$ 5,554,389	\$ 6,398,544	\$ (844,155)
<b>Increase (Decrease) in Change in Net Position</b>	<b><u>\$ (79,820)</u></b>	<b><u>\$ 172,585</u></b>	<b><u>\$ (252,405)</u></b>

The end of Ohio's Third Frontier Internship Program and the winding-down of the Workforce Innovation Fund grant in its final year were the primary causes of the decreases in WIAs' revenues and expenses for 2016. A significant portion of the decreased expenses, however, were offset by the recognition of nearly \$170,000 in increased GASB 68 pension expenses in the current year.

**WORKFORCE INITIATIVE ASSOCIATION GENERAL FUND**

WIA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of WIA's governmental fund is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing WIA's financing requirements. In particular, unassigned fund balance

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
Unaudited**

may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, WIA's governmental fund reported an ending fund balance of \$285,296 which was a \$76,417 increase over the previous year. This demonstrates that when WIA is analyzed exclusive of the required GASB 68 presentations in the government-wide financial statements described above, it does have a positive fund balance. As WIA only has one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which are highlighted in the reconciliation statements and notes to the financial statements.

**BUDGETING HIGHLIGHTS**

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

WIA'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, the conversion of grant budgets to a fiscal year basis. The resulting 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.

WIA's annual budget for the general fund is reviewed 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 expenditures for fiscal year 2016 decreased due to the various factors already mentioned. As the fiduciary agent of taxpayer funds, WIA diligently searches for new and more efficient methods to reduce and/or contain operating expenditures. WIA's goal continues to be to serve the maximum customers with the allocations available.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

*Capital Assets*

At June 30, 2016, WIA had \$19,010 invested in capital assets as reflected in the following table, which represents a net decrease of \$12,559 from the previous period.

**WORKFORCE INITIATIVE ASSOCIATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
Unaudited**

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

	<u>6/30/2016</u>	<u>6/30/2015</u>	<u>Change</u>
Equipment and Furniture	\$ 19,010	\$ 31,569	\$ (12,559)
<b>Total Capital Assets</b>	<b>\$ 19,010</b>	<b>\$ 31,569</b>	<b>\$ (12,559)</b>

See Note 5 for additional information on capital assets.

Debt

WIA had no debt for the year ended June 30, 2016.

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

Significant economic factors affecting WIA are as follows:

- Federal Workforce Innovation and Opportunity Act funding through U.S. Department of Labor;
- National, state, and local unemployment rates;
- National, state and local poverty and income levels; and
- Inflationary pressure on training, services, supplies, and other program and operational costs.

WIA's main program allocations are calculated by the Ohio Department of Job and Family Services (ODJFS) based on a formula specified in the Workforce Innovation and Opportunity Act (WIOA). This formula considers various economic factors including income levels and unemployment rates. WIA's WIOA formula allocations for the new fiscal year beginning July 1, 2016 were decreased by more than \$270,000. However, this was more than offset by over \$3,300,000 in funding for Ohio's new Comprehensive Case Management and Employment Program (CCMEP).

**CONTACTING THE ORGANIZATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of WIA's finances and to show WIA's accountability for the money it receives, spends, or invests. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, Workforce Initiative Association, 822 - 30th Street NW, Canton, Ohio 44709.

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Workforce Initiative Association  
STATEMENT OF NET POSITION  
June 30, 2016

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<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 198,187
Intergovernmental Receivable	439,785
Prepaid Items	49,200
Net Pension Assets	2,705
Capital Assets, Net	<u>19,010</u>
 Total Assets	 <u>708,887</u>
 Total Deferred Outflows of Resources, Pension	 <u>751,421</u>
 <b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	236,217
Accrued Wages and Benefits	<u>165,659</u>
 Total Current Liabilities:	 <u>401,876</u>
 Non-Current Liabilities:	
Accrued Compensated Absences	83,254
Net Pension Liability	<u>2,341,633</u>
 Total Non-Current Liabilities:	 <u>2,424,887</u>
 Total Liabilities	 <u>2,826,763</u>
 Total Deferred Inflows of Resources, Pension	 <u>46,736</u>
 <b>NET POSITION</b>	
Net Investment in Capital Assets	19,010
Unrestricted	<u>(1,432,201)</u>
 Total Net Position	 \$ <u><u>(1,413,191)</u></u>

See accompanying notes to the basic financial statements.

Workforce Initiative Association  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016

	<u>Expenses</u>	<u>Program Revenue</u>		<u>Net (Expenses) Revenue and Changes In Net Position</u>
		<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities:				
Employment and Training Program Costs	\$ <u>5,554,389</u>	\$ <u>275,611</u>	\$ <u>5,198,958</u>	\$ <u>(79,820)</u>
Total Governmental Activities	\$ <u>5,554,389</u>	\$ <u>275,611</u>	\$ <u>5,198,958</u>	<u>(79,820)</u>
				(79,820)
				<u>(1,333,371)</u>
				\$ <u>(1,413,191)</u>

See accompanying notes to the basic financial statements.

Workforce Initiative Association  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2016

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**ASSETS**

Equity in Pooled Cash and Cash Equivalents	\$ 198,187
Intergovernmental Receivable	439,785
Prepaid Items	<u>49,200</u>
 Total Assets	 <u><u>687,172</u></u>

**LIABILITIES**

Accounts Payable	236,217
Accrued Wages and Benefits	<u>165,659</u>
 Total Liabilities	 <u>401,876</u>

**FUND BALANCE**

Restricted	10,968
Unassigned	<u>274,328</u>
 Total Fund Balance	 <u>285,296</u>
 Total Liabilities and Fund Balance	 \$ <u><u>687,172</u></u>

See accompanying notes to the basic financial statements.

Workforce Initiative Association  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
June 30, 2016

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Total Governmental Fund Balance	\$	285,296
 <b>Amount reported for governmental activities in the statement of net position is different because:</b>		
Long-term leave liabilities do not require current financial resources, and therefore are not reported as expenditures in the governmental funds.		(83,254)
Capital assets used in governmental activities are not financial resources, and therefore are not reported in the governmental funds.		19,010
Net pension liability is not due and payable in the current period, and therefore the liability and related deferred inflows/outflows are not reported in the governmental funds:		
Deferred Outflows - Pension		751,421
Deferred Inflows - Pension		(46,736)
Net Pension Asset		2,705
Net Pension Liability		<u>(2,341,633)</u>
 Net Position of Governmental Activities	 \$	 <u><u>(1,413,191)</u></u>

See accompanying notes to the basic financial statements.

Workforce Initiative Association  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUND  
For the Fiscal Year Ended June 30, 2016

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**REVENUES**

Intergovernmental Revenue	\$ 5,198,958
Charges for Services	<u>275,611</u>
Total Revenues	<u>5,474,569</u>

**EXPENDITURES**

Human Services:	
Employment and Training Program	<u>5,398,152</u>
Total Expenditures	<u>5,398,152</u>
Net Change in Fund Balance	76,417
Fund Balance at Beginning of Year	<u>208,879</u>
Fund Balance at End of Year	<u><u>\$ 285,296</u></u>

See accompanying notes to the basic financial statements.

Workforce Initiative Association  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
For the Fiscal Year Ended June 30, 2016

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Net Change in Fund Balance - Total Governmental Fund \$ 76,417

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

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

Compensated Absences (2,268)

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (12,560)

Contractually required pension contributions are reported as expenditures in the governmental funds. However the statement of net position reports these amounts as deferred outflows. 180,798

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities. (322,207)

Change in Net Position of Governmental Activities \$ (79,820)

See accompanying notes to the basic financial statements.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 1: DESCRIPTION OF ENTITY**

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

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

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

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

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

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

**A. Basis of Presentation**

WIA'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.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**A. Basis of Presentation (Continued)**

*Government-wide Financial Statements*

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

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

*Fund Financial Statements*

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

**B. Fund Accounting**

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

*Governmental Funds*

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



**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. Fund Accounting (Continued)**

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to WIA for any purpose provided it is expended or transferred according to the general laws of Ohio.

**C. Measurement Focus**

*Government-wide Financial Statements*

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

**D. Basis of Accounting**

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

*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.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Basis of Accounting (Continued)**

“Measurable” means the amount of the transaction can be determined and “available” means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For WIA, available means expected to be received within sixty days of fiscal year end.

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

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

*Deferred Inflows of Resources and Deferred Outflows of Resources*

In addition to assets, the government-wide statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For WIA, deferred outflows of resources have been reported for the following items related to WIA’s net pension liability: (1) the difference between projected and actual investment earnings on pension plan investments, (2) WIA’s contributions to the pension system subsequent to the measurement date, (3) the difference between estimated and actual experience, and (4) the difference in proportionate share of net pension liabilities.

In addition to liabilities, the government-wide statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For WIA, deferred inflows of resources have been reported for the difference between expected and actual experience of the pension system and differences in proportionate share of net pension liabilities.

*Expenses/Expenditures*

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Basis of Accounting (Continued)**

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

**E. Capital Assets**

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

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

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

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

**F. Budgetary Process**

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

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

Because of WIA's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

The annual budget differs from that of a local government in two respects:

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

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

1. Increases/decreases in actual grant awards from those estimated;
2. Changes in grant periods;

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**F. Budgetary Process (Continued)**

3. Unanticipated grant awards not included in the budget; and
4. Expected grant awards which fail to materialize.

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

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

**G. 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.

**H. Cash and Cash Equivalents**

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

**I. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

**J. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**K. Fund Balance Designation**

Fund balance is divided into five classifications based primarily on the extent to which WIA is bound to observe constraints imposed upon the use of the resources in the governmental fund. The classifications are as follows:

**Nonspendable** - The nonspendable classification 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” includes items that are not expected to be converted to cash.

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

**Committed** - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. The committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned classification are intended to be used by WIA for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Board.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

WIA first applies restricted resources when an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications can be used.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**L. Net Position**

Net position represents the difference between assets and liabilities. 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 the use, either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

**NOTE 3: CASH AND INVESTMENTS**

State statutes classify monies held by WIA into three categories.

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds or other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
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 from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of WIA's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Chief Financial Officer 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.

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 also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of WIA, and must be purchased with the expectation that it will be held until maturity.

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

Deposits

At June 30, 2016, the carrying amount of WIA's deposits was \$198,187 and the bank balance was \$310,319. Based on criteria described in GASB Statement No. 40, Deposits and Investment Risk Disclosures, as of June 30, 2016, none of WIA's bank balance was exposed to custodial risk as discussed below.

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

Investments

WIA did not have investments at June 30, 2016.

**NOTE 4: INTERGOVERNMENTAL RECEIVABLE**

A part of the year-end process with the Ohio Department of Job and Family Services (ODJFS) is to perform a reconciliation to identify for each grant how much funds were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2016 was a balance due from ODJFS of \$261,254.

**NOTE 5: CAPITAL ASSETS**

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

	<b>Balance 06/30/15</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balance 06/30/16</b>
<b><u>Governmental Activities</u></b>				
Capital Assets being Depreciated:				
Furniture and Equipment	\$204,700	\$0	\$(10,265)	\$194,435
<i>Total Capital Assets being Depreciated</i>	204,700	0	(10,265)	194,435
Less Accumulated Depreciation:				
Furniture and Equipment	(173,131)	(12,560)	10,265	(175,426)
<i>Total Accumulated Depreciation</i>	(173,131)	(12,560)	10,265	(175,426)
<b>Total Capital Assets being Depreciated - Net</b>	<b>\$31,569</b>	<b>\$(12,560)</b>	<b>\$0</b>	<b>\$19,010</b>

All depreciation is charged to administration expense.



**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 6: DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

WIA participates in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer defined benefit pension plan which administers three separate pension plans, as follows:

1. The Traditional Pension Plan – a cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.
3. The Combined Plan – a cost sharing, multiple-employer defined 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 in 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>, by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2016, member and employer contribution rates were consistent across all three plans. The 2016 member contribution rate was 10.0% of covered payroll and the employer contribution rate was 14.0%.

WIA contractually required employer pension contributions to OPERS for the years ended June 30, 2016, 2015, and 2014 were \$200,089, \$213,557, and \$204,910, respectively. The full amount was contributed for all three years.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. Net Pension Liability**

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions, between an employer and its employees, of salaries and benefits for employee services. Pensions are provided to an employee, on a deferred-payment basis, as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents WIA's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits WIA's obligation for this liability to annually required payments. WIA cannot control benefit terms or the manner in which pensions are financed; however, WIA does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

The net pension liability was measured by OPERS as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an OPERS actuarial valuation as of that date. WIA's proportion of the net pension liability was based on WIA's share of contributions to the pension plan relative to the contributions of all participating OPERS entities. Following is information related to WIA's proportionate share and pension expense as of June 30, 2016:

	<u>Traditional</u>	<u>Combined</u>	<u>Member-Directed</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability/(Asset)	\$2,338,902	(\$2,705)	\$2,731	\$2,338,928
Proportion of the Net Pension Liability/(Asset)	0.013060%	0.008590%	0.010540%	
Pension Expense	\$317,853	\$2,204	\$2,150	\$322,207

At June 30, 2016, WIA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Traditional</u>	<u>Combined</u>	<u>Member-Directed</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>				
Differences between expected and actual experience	\$0	\$0	\$279	\$279
Net difference between projected and actual earnings on pension plan investments	664,933	1,805	64	666,802
Changes in proportion and differences between WIA contributions and proportionate share of contributions	3,346	3	0	3,349
WIA contributions subsequent to the measurement date	<u>76,745</u>	<u>1,475</u>	<u>2,771</u>	<u>80,991</u>
Total Deferred Outflows of Resources	<u>\$745,024</u>	<u>\$3,283</u>	<u>\$3,114</u>	<u>\$751,421</u>
<b>Deferred Inflows of Resources</b>				
Differences between expected and actual experience	\$43,709	\$1,907	\$0	\$45,616
Changes in proportion and differences between WIA contributions and proportionate share of contributions	<u>1,102</u>	<u>18</u>	<u>0</u>	<u>1,120</u>
Total Deferred Inflows of Resources	<u>\$44,811</u>	<u>\$1,925</u>	<u>\$0</u>	<u>\$46,736</u>

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

\$80,991 reported as deferred outflows of resources related to pension resulting from WIA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>Traditional</u>	<u>Combined</u>	<u>Member-Directed</u>	<u>Total</u>
Fiscal Year Ending June 30:				
2017	(\$156,059)	(\$223)	(\$51)	(\$156,333)
2018	(169,262)	(223)	(51)	(\$169,536)
2019	(150,474)	(172)	(49)	(\$150,695)
2020	0	241	(34)	\$207
Thereafter	0	702	(106)	\$596
Total	<u>(\$475,795)</u>	<u>\$325</u>	<u>(\$291)</u>	<u>(\$475,761)</u>

**D. Actuarial Assumptions**

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Actuarial Assumptions (Continued)**

employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods/assumptions used to calculate total pension liability in the latest actuarial valuation prepared as of December 31, 2015 are presented below:

	<b>Traditional Pension Plan</b>	<b>Combined Plan</b>	<b>Member-Directed Plan</b>
Experience Study	5 Year Period Ended 12/31/10	5 Year Period Ended 12/31/10	5 Year Period Ended 12/31/10
Actuarial Cost Method	Individual entry age	Individual entry age	Individual entry age
Actuarial Assumptions			
Investment Rate of Return	8.00%	8.00%	8.00%
Wage Inflation	3.75%	3.75%	3.75%
Projected Salary Increases	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 10.05% (includes wage inflation at 3.75%)	4.25% - 10.05% (includes wage inflation at 3.75%)
Cost-of-Living Adjustments	Pre 1/7/13 Retirees: 3.00% Simple Post 1/7/13 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/13 Retirees: 3.00% Simple Post 1/7/13 Retirees: 3.00% Simple through 2018, then 2.80% Simple	Pre 1/7/13 Retirees: 3.00% Simple Post 1/7/13 Retirees: 3.00% Simple through 2018, then 2.80% Simple

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The discount rate used to measure the total pension liability was 8.0% for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan, and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

The following table presents the net position liability or asset calculated using the discount rate of 8.00%, and the expected net pension liability or asset if it were calculated using a discount rate that is 1.0% lower or 1.0% higher than the current rate.

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**D. Actuarial Assumptions (Continued)**

**Sensitivity of Net Pension Liability/(Asset) to Changes in the Discount Rate**

<b>Employers' Net Pension Liability/(Asset)</b>	Current		
	1% Decrease (7.0%)	Discount Rate (8.0%)	1% Increase (9.0%)
Traditional Pension Plan	\$3,604,168	\$2,262,157	\$1,130,212
Combined Plan	(\$86)	(\$4,180)	(\$7,473)
Member-Directed Plan	\$105	(\$40)	(\$105)
	<u>\$3,604,188</u>	<u>\$2,257,937</u>	<u>\$1,122,634</u>

The allocation of investment assets within the Defined Benefit portfolio is approved by the OPERS Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the OPERS Board-approved asset allocation policy for 2015 and the long-term expected real rates of return.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.31 %
Domestic Equities	20.70	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	18.30	7.40
Other Investments	18.00	4.59
Total	<u>100.00 %</u>	<u>5.27 %</u>

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

**NOTE 7: POST-EMPLOYMENT BENEFITS**

**A. Plan Description**

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

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**A. Plan Description (Continued)**

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

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

The Ohio Revised Code permits, but does not mandate, OPERS to provide the OPEB Plan to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in 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>, by writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

**B. Funding Policy**

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2016, state and local employers contributed at a rate of 14.00% of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the

**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

**B. Funding Policy (Continued)**

OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits.

The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 2.00% of covered payroll for 2016. The OPERS Board of Trustees is authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

WIA actual contributions for the years ended December 31, 2015 and 2014 (the most recent allocations data published by OPERS), which were used to fund post-employment benefits, were \$33,136 and \$36,015, respectively.

**NOTE 8: COMPENSATED ABSENCES**

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

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

0-5 years	10 days
6-10 years	15 days
11-15 years	20 days
16-24 years	25 days
25 years and over	30 days

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

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



**WORKFORCE INITIATIVE ASSOCIATION  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

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

requirement is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

The estimated current liability for compensated absences is \$83,254.

	<u>Balance 6/30/15</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/16</u>
Compensated Leave Liability Amount	\$ 80,986	\$ 118,068	\$ (115,800)	\$ 83,254
Total	<u>\$ 80,986</u>	<u>\$ 118,068</u>	<u>\$ (115,800)</u>	<u>\$ 83,254</u>

**NOTE 9: CONTINGENT LIABILITIES**

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

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

There are no expenditures recommended for disallowance. 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.

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

**NOTE 10: LEASE COMMITMENTS**

*Operating*

WIA has entered into various operating leases for office space and the One-Stop operation, which contain cancellation provisions and are subject to annual appropriations. Rental expense under these operating lease agreements was approximately \$403,841 for the year ended June 30, 2016.

**WORKFORCE INITIATIVE ASSOCIATION  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE 11: INSURANCE AND RISK MANAGEMENT**

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

During 2016, WIA contracted with insurance companies for various types of insurance, as follows:

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

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

WIA continued to carry commercial insurance for other risks of loss, including employee health and life insurance. Settled claims resulting from the above noted risks have not exceeded commercial insurance coverage in any of the past three years, nor has there been any significant reduction in insurance coverage from the prior year.

Workforce Initiative Association  
Required Supplementary Information  
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
Ohio Public Employees Retirement System  
Last Three Fiscal Years <sup>(1)</sup>

<u>Traditional Pension Plan</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
WIA's Proportion of the Net Pension Liability	0.013060%	0.013580%	0.013580%
WIA's Proportionate Share of the Net Pension Liability	\$2,338,902	\$1,637,900	\$1,600,905
WIA's Covered-Employee Payroll	\$1,579,925	\$1,688,522	\$1,620,159
WIA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	148.04%	97.00%	98.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.45%
<u>Combined Plan</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
WIA's Proportion of the Net Pension Liability	0.008590%	0.008740%	0.008740%
WIA's Proportionate Share of the Net Pension Liability	(\$2,705)	(\$3,365)	(\$917)
WIA's Covered-Employee Payroll	\$30,345	\$32,389	\$31,078
WIA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	-8.91%	-10.39%	-2.95%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	116.90%	114.83%	114.83%
<u>Member-Directed Plan</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
WIA's Proportion of the Net Pension Liability	0.010540%	n/a	n/a
WIA's Proportionate Share of the Net Pension Liability	\$2,731	n/a	n/a
WIA's Covered-Employee Payroll	\$57,021	\$58,728	\$56,350
WIA's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	4.79%	n/a	n/a
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	103.91%	n/a	n/a

<sup>(1)</sup> Information prior to 2013 is not available.

Amounts presented as of WIA's measurement date which is December 31<sup>st</sup> of each year.

Workforce Initiative Association  
Required Supplementary Information  
SCHEDULE OF CONTRIBUTIONS  
Ohio Public Employees Retirement System  
Last Three Fiscal Years <sup>(1)</sup>

<u>Traditional Pension Plan</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$189,605	\$202,623	\$194,419	\$196,632
Contributions in Relation to the				
Contractually Required Contribution	<u>189,605</u>	<u>202,623</u>	<u>194,419</u>	<u>196,632</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
WIA's Covered-Employee Payroll	\$1,579,925	\$1,688,522	\$1,620,159	\$1,512,550
Contributions as a Percentage of				
Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%
<u>Combined Plan</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$3,641	\$3,887	\$3,729	\$3,772
Contributions in Relation to the				
Contractually Required Contribution	<u>3,641</u>	<u>3,887</u>	<u>3,729</u>	<u>3,772</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
WIA's Covered-Employee Payroll	\$30,345	\$32,389	\$31,078	\$29,014
Contributions as a Percentage of				
Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%
<u>Member-Directed Plan</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$6,843	\$7,047	\$6,762	\$6,839
Contributions in Relation to the				
Contractually Required Contribution	<u>6,843</u>	<u>7,047</u>	<u>6,762</u>	<u>6,839</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
WIA's Covered-Employee Payroll	\$57,021	\$58,728	\$56,350	\$52,608
Contributions as a Percentage of				
Covered-Employee Payroll	12.00%	12.00%	12.00%	13.00%

<sup>(1)</sup> Information prior to 2013 is not available.

Workforce Initiative Association  
Stark County

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass Through Grantor Program Title	CFDA Number	Pass-Through Entity Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Labor</b>				
<b>Direct Program:</b>				
Workforce Innovation Fund	17.283	(A)	\$ 769,124	\$ 1,298,994
<b>Total Direct Program</b>			<u>769,124</u>	<u>1,298,994</u>
<b>Pass-Through Program From:</b>				
<b>Ohio Department of Job and Family Services</b>				
Workforce Investment Act (Cluster)				
WIA Adult Program	17.258	(A)	0	977,763
WIA Adult Program-Administration	17.258	(A)	0	169,217
Total WIA Adult Program			<u>0</u>	<u>1,146,980</u>
WIA Youth Activities	17.259	(A)	296,601	1,255,306
WIA Youth Activities-Administration	17.259	(A)	0	142,189
Total WIA Youth Activities			<u>296,601</u>	<u>1,397,495</u>
WIA Dislocated Worker Formula Grants	17.278	(A)	0	798,918
WIA Dislocated Worker Formula Grants-Administration	17.278	(A)	0	141,844
Total WIA Dislocated Worker Formula Grants			<u>0</u>	<u>940,762</u>
Total Workforce Investment Act (Cluster)			296,601	3,485,237
National Emergency Grants	17.277	(A)	0	174,036
<b>Total Pass-Through From Ohio Department of Job and Family Services</b>			<u>296,601</u>	<u>3,659,273</u>
<b>Total U.S. Department of Labor</b>			<b>1,065,725</b>	<b>4,958,267</b>
<b>U.S. Department of Health and Human Services</b>				
<b>Pass-Through Program From:</b>				
<b>Stark County Job &amp; Family Services</b>				
Temporary Assistance for Needy Families	93.558	(A)	19,675	134,321
<b>Tuscarawas County Job &amp; Family Services</b>				
Temporary Assistance for Needy Families	93.558	(A)	46,230	262,015
<b>Total U.S. Department of Health and Human Services</b>			<u>65,905</u>	<u>396,336</u>
<b>Total Expenses of Federal Awards</b>			<b>\$ <u>1,131,630</u></b>	<b>\$ <u>5,354,603</u></b>

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

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

**WORKFORCE INITIATIVE ASSOCIATION  
STARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Workforce Initiative Association (WIA's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of WIA, it is not intended to and does not present the financial position, changes in net position, or cash flows of WIA.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. WIA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - SUBRECIPIENTS**

WIA passes certain federal awards received from the U.S. Department of Labor, the Ohio Department of Job and Family Services, Stark County Job and Family Services and Tuscarawas County Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, WIA reports expenditures of Federal awards to subrecipients on an accrual basis.

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

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***Charles E. Harris & Associates, Inc.***  
*Certified Public Accountants*

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

Workforce Initiative Association  
Stark County  
822 30<sup>th</sup> St. N.W.  
Canton, Ohio 44709

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 Workforce Initiative Association, Stark County, (WIA) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise WIA's basic financial statements and have issued our report thereon dated December 2, 2016.

***Internal Control Over Financial Reporting***

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

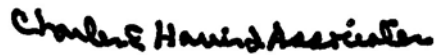
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies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

***Compliance and Other Matters***

As part of reasonably assuring whether WIA'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 WIA's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering WIA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



***Charles E. Harris & Associates, Inc.***  
December 2, 2016



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Workforce Initiative Association  
Stark County  
822 30<sup>th</sup> St. N.W.  
Canton, Ohio 44709

To the Board of Directors:

***Report on Compliance for the Major Federal Program***

We have audited the Workforce Initiative Association's (WIA) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect WIA's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies WIA's major federal program.

***Management's Responsibility***

WIA's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on WIA's compliance for WIA'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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance 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 WIA'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 WIA's major program. However, our audit does not provide a legal determination of WIA's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Workforce Initiative Association complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

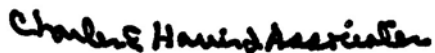
***Report on Internal Control Over Compliance***

WIA'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 WIA'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 the Uniform Guidance, 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 WIA's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program'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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



**Charles E. Harris & Associates, Inc.**  
December 2, 2016

**WORKFORCE INITIATIVE ASSOCIATION  
STARK COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
June 30, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	<i>Type of Financial Statement Opinion</i>	Unmodified
(d)(1)(ii)	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(ii)	<i>Were there any significant deficiencies reported at the financial statement level (GAGAS)?</i>	No
(d)(1)(iii)	<i>Was there any reported material non-compliance at the financial statement level (GAGAS)?</i>	No
(d)(1)(iv)	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
(d)(1)(iv)	<i>Were there any significant deficiencies reported for major federal programs?</i>	No
(d)(1)(v)	<i>Type of Major Programs' Compliance Opinion</i>	Unmodified
(d)(1)(vi)	<i>Are there any reportable findings under 2 CFR § 200.516(a)?</i>	No
(d)(1)(vii)	<i>Major Programs:</i>	Workforce Innovation Fund CFDA #17.283
(d)(1)(viii)	<i>Dollar Threshold: Type A\B Programs</i>	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	<i>Low Risk Auditee under 2 CFR §200.520?</i>	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**WORKFORCE INITIATIVE ASSOCIATION  
STARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
2 CFR 200.511(b)  
FOR THE YEAR ENDED JUNE 30, 2016**

The prior audit report, for the year ending June 30, 2015, reported no material citations or recommendations.



# Dave Yost • Auditor of State

**WORKFORCE INITIATIVE ASSOCIATION**

**STARK COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 18, 2017**