

**Area Community Services
Employment and Training Council
Grand Rapids, Michigan**

FINANCIAL STATEMENTS

June 30, 2015

Area Community Services Employment and Training Council

TABLE OF CONTENTS

June 30, 2015

| | <u>Page</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | i-ii |
| MANAGEMENT'S DISCUSSION AND ANALYSIS | iii-viii |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Position | 1 |
| Statement of Activities | 2 |
| Fund Financial Statements | |
| Governmental Fund | |
| Balance Sheet | 3 |
| Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position | 4 |
| Statement of Revenues, Expenditures, and Changes in Fund Balance | 5 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities | 6 |
| Compensated Absences Internal Service Fund | |
| Statement of Net Position | 7 |
| Statement of Revenue, Expenses, and Changes in Net Position | 8 |
| Statement of Cash Flows | 9 |
| Statement of Fiduciary Assets and Liabilities | 10 |
| Notes to Financial Statements | 11-19 |
| REQUIRED SUPPLEMENTARY INFORMATION | |
| Budgetary Comparison Schedule - General Fund | 20 |
| OTHER SUPPLEMENTARY INFORMATION | |
| General Fund | |
| Combining Schedule of Balance Sheet Accounts - By Activity | 21-30 |
| Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - By Activity | 31-40 |
| Combining Statement of Fiduciary Assets and Liabilities | 41 |
| Schedule of Expenditures of Federal Awards | 42-44 |
| Notes to Schedule of Expenditures of Federal Awards | 45 |
| INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 46-47 |
| INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 | 48-49 |
| SCHEDULE OF FINDINGS AND QUESTIONED COSTS | 50 |
| SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS | 51 |

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



2851 Charlevoix Drive SE
Suite 330
Grand Rapids, MI 49546
(616) 825-6836
FAX: (616) 825-6837

INDEPENDENT AUDITOR'S REPORT

To the ACSET Governing Board
Area Community Services Employment & Training Council
Grand Rapids, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Area Community Services Employment & Training Council (the Council) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Area Community Services Employment & Training Council as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with 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 that the management's discussion and analysis and budgetary comparison information as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Council's basic financial statements. The accompanying other supplementary information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is also not a required part of the basic financial statements. The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling statements directly to the underlying accounting and other records used to prepare the financial statements themselves, and other procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2016, on our consideration of Area Community Services Employment & Training Council's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Area Community Services Employment & Training Council's internal control over financial reporting and compliance.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 12, 2016

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2015

Michigan Works! Kent, Allegan and Barry Counties

With State approval, Michigan Works! agency for Kent & Allegan Counties began providing direct delivery of service for the Adult, Dislocated Worker, Trade, and Employment Services programs on July 1, 2014 and for the PATH program on October 1, 2014. During this transition, ACSET welcomed 66 new staff members. The result has been positive and has created a more unified staff that embrace the same direction and vision as management. The cost savings that resulted from the elimination or reduction of duplicated positions and efforts has allowed for additional funding to be available for direct support and training to our jobseekers.

Also on October 1, 2014, ACSET's interlocal agreement was modified to include Barry County. ACSET continues to contract with service providers who operate the workforce programs for Barry County.

During the fiscal year, ACSET opened a second Michigan Works! service center in Allegan County. ACSET operates six service centers which are located in Hastings, Fennville, Sparta, Allegan, and two centers in Grand Rapids. Through these service centers over 51,000 jobseekers received job search assistance, job placements and referrals, attended workshops, received training and education for in-demand jobs and skills, were provided WorkKeys testing and/or received Veterans' Services.

A former welfare recipient was one of many ACSET's success stories. Despite having multiple barriers to employment, including a period of homelessness, this jobseeker committed to making positive changes in her life and to breaking the generational cycle of being on public assistance. Through her participation in the PATH (Partnership. Accountability. Training. Hope) program, she was able to get her own apartment and was assisted with the purchase of a car, insurance and tags to remove her transportation barrier. This jobseeker attained her short-term goal of permanent employment and housing for her family. Her long term goal is to enroll in college and complete a degree in social work in order to help others. This was one of many jobseekers placed into employment last year for the PATH program.

Community Action Agency

The Agency's 19th Annual Walk for Warmth raised \$31,750 for emergency heating assistance for low-income households and seniors, an increase of over 25% from the previous year's donations. As one of our community partners, Consumers Energy matched funds 2:1 instead of their normal 1:1 match. The additional dollars raised this year allowed ACSET to assist households that were not necessarily eligible for mainstream funding.

Through the agency's service centers in Kent and Allegan Counties, over 36,000 customers received Job search assistance, placements and referrals, attended workshops, received training and education for in-demand jobs and skills, took WorkKeys testing or received Veterans' Services. A former welfare recipient was one of many ACSET success stories. Despite having multiples barriers to employment - including a criminal record and dismissal from a previous job - he committed to making positive changes in his life through his participation in the PATH (Partnership. Accountability. Training. Hope) program. He successfully completed training and reached his objective of permanent employment.

Economic Factors and Next Year's Budget and Rates

The following factors were considered in preparing ACSET's budget for the 2015-2016 fiscal year.

On October 1, 2015 ACSET's Michigan Works! division will regionalize with the Michigan Works! agencies of Muskegon, Ottawa, Ionia, and Montcalm counties to become West Michigan Works!. As a result of regionalization, the Council anticipates receiving an additional \$8.5 million dollars in Workforce revenue, hiring the existing workforce staff of these counties, and continuing the subcontractor agreements. Through this regionalization, West Michigan Works! will offer the same services to jobseekers across a seven county region. It is the intent of all counties involved to provide a position for all staff through this regionalization process.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2015

Financial Highlights

ACSET's total revenue reflects only a slight decrease of \$50,000 in the fiscal year ending June 30, 2015 compared to the previous year's total revenue. While income from grants related to the Community Action Programs increased by over \$600,000 during the current fiscal year, the workforce related grants decreased by a similar amount. ACSET financial statements report increased program income during the fiscal year ending June 30, 2015 due in part to providing WorkKeys testing services to an area employer.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to ACSET's financial statements. ACSET's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of ACSET's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of ACSET's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of ACSET is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods, (e.g., earned but unused compensated absences, accrued interest, etc.).

Both of the government-wide financial statements distinguish functions of ACSET that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of ACSET include Michigan Works! Programs, Community Action Programs, and Administrative Services. ACSET has no business-type activities.

The government-wide financial statements include only ACSET itself (known as the primary government). ACSET has no legally separate component units for which it is financially accountable.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. ACSET, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of ACSET can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2015

ACSET maintains one governmental fund (the General Fund). Information is presented in the general fund balance sheet and in the general fund statement of revenues, expenditures, and changes in fund balances for ACSET. The general fund is a major fund for financial reporting purposes as defined by generally accepted accounting principles.

ACSET adopts an annual appropriated budget for the general fund. A budgetary comparison schedule has been provided herein to demonstrate compliance with this budget.

Proprietary funds. *Proprietary funds* provide the same type of information as the government-wide financial statements, only in more detail. Internal service funds, a type of proprietary fund, are accounting devices used to accumulate and allocate costs internally among ACSET's various functions. ACSET utilizes an internal service fund to account for its compensated absences. Because these services primarily benefit ACSET's governmental functions, they have been included within the governmental activities in the government-wide financial statements. The internal service fund statement provides the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. *Fiduciary funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support ACSET's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information*. This consists of this management discussion and analysis and budgetary comparison schedule.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2015

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of ACSET, assets exceeded liabilities by \$922,696 at the close of the most recent fiscal year. A summary of net position is as follows:

| | Summary of Net Position | |
|----------------------------|-------------------------|-------------------|
| | Governmental Activities | |
| | 2015 | 2014 |
| Current and other assets | \$ 3,275,767 | \$ 3,583,525 |
| Capital assets | 403,833 | 406,403 |
| Total assets | 3,679,600 | 3,989,928 |
| Current liabilities | 2,471,938 | 2,957,246 |
| Noncurrent liabilities | 284,966 | 150,367 |
| Total liabilities | 2,756,904 | 3,107,613 |
| Net position | | |
| Invested in capital assets | 403,833 | 406,403 |
| Unrestricted | 518,863 | 475,912 |
| Total net position | <u>\$ 922,696</u> | <u>\$ 882,315</u> |

A portion of ACSET's net position reflects unrestricted net position which are available for future operations while a smaller portion of net position is invested in capital assets (e.g., vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. ACSET uses these capital assets to provide services; consequently, these assets are *not* available for future spending.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2015

Net position of ACSET, which consists only of governmental activities, increased by \$40,381. A summary of the changes in net position is as follows:

| Summary of Activities | | |
|--|--------------------------------|-------------------|
| | Governmental Activities | |
| | 2015 | 2014 |
| Revenue | | |
| Program revenue | | |
| Operating grants and contributions | \$ 19,441,744 | \$ 19,546,375 |
| Charges for services | 66,673 | 10,037 |
| General revenue | | |
| Unrestricted investment earnings | 6,939 | 8,118 |
| Total revenue | 19,515,356 | 19,564,530 |
| Expenses | | |
| Michigan Works! programs | 14,565,157 | 15,100,271 |
| Community action programs | 4,765,273 | 4,271,129 |
| Administrative services | 7,978 | 12,847 |
| Unallocated depreciation | 136,566 | 144,481 |
| Total expenses | 19,474,975 | 19,528,728 |
| Increase in net position | 40,381 | 35,802 |
| Net position, beginning of year | 882,315 | 846,513 |
| Net position, end of year | \$ 922,696 | \$ 882,315 |

Governmental Activities. During the year, ACSET invested \$14,565,157 or 74.8% of governmental activities expenses in Michigan Works! programs. Community Action programs expenses amounted to \$4,765,273 or 24.5% of governmental activities while administrative services and unallocated depreciation made up the remaining \$144,544 or 0.7% of governmental activities expenses.

Financial Analysis of the Government's Funds

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

Governmental funds. The focus of ACSET's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing ACSET's financing requirements. In particular, *unassigned fund balance* 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, ACSET's general fund reported ending fund balance of \$405,002, an increase of \$36,045 in comparison with the prior year primarily due to grant funds exceeding costs. At the end of the current fiscal year, unassigned fund balance of the general fund was \$146,605. The remaining portions of fund balance were considered to be nonspendable, with \$157,488 in inventory and \$100,909 in prepaid items that is not available for future spending.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2015

Capital Asset and Debt Administration

Capital assets. ACSET's investment in capital assets for its governmental activities as of June 30, 2015, amounted to \$403,833 (net of accumulated depreciation).

ACSET's capital assets (net of depreciation) are summarized as follows:

| Capital Assets | |
|------------------------|------------------------------------|
| | Governmental Activities |
| Office equipment | \$ 203,995 |
| Furniture and fixtures | 88,299 |
| Software | 5,463 |
| Vehicles | 106,076 |
| Total | \$ 403,833 |

Additional information on ACSET capital assets can be found in the footnotes to the financial statements.

Debt. At the end of the current fiscal year, ACSET had no debt outstanding.

ACSET does have a \$200,000 line of credit available to cover temporary operating shortfalls if needed. The line of credit was not used during the year ended June 30, 2015.

Requests for Information

This financial report is designed to provide a general overview of ACSET's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer at ACSET, 1550 Leonard NE, Grand Rapids, MI 49505.

BASIC FINANCIAL STATEMENTS

Area Community Service Employment and Training Council

STATEMENT OF NET POSITION

June 30, 2015

| | <u>Governmental Activities</u> |
|---|------------------------------------|
| ASSETS | |
| Current assets | |
| Cash | \$ 971,426 |
| Accounts receivable | 2,045,944 |
| Inventory | 157,488 |
| Prepays | <u>100,909</u> |
| Total current assets | 3,275,767 |
| Noncurrent assets | |
| Capital assets, net of accumulated depreciation | <u>403,833</u> |
| TOTAL ASSETS | 3,679,600 |
| LIABILITIES | |
| Current liabilities | |
| Accounts and subcontractor payables | 1,345,252 |
| Unearned revenue | 976,760 |
| Current portion of compensated absences | <u>149,926</u> |
| Total current liabilities | 2,471,938 |
| Noncurrent liabilities | |
| Noncurrent portion of compensated absences | <u>284,966</u> |
| TOTAL LIABILITIES | <u>2,756,904</u> |
| NET POSITION | |
| Investment in capital assets | 403,833 |
| Unrestricted | <u>518,863</u> |
| TOTAL NET POSITION | <u>\$ 922,696</u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | <u>Net (Expense) Revenues and Changes in Net Position</u> |
|--------------------------------|----------------------|---------------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | |
| <u>Governmental Activities</u> | | | | |
| Michigan Works! programs | \$ 14,565,157 | \$ 22,055 | \$ 14,644,029 | \$ 100,927 |
| Community action programs | 4,765,273 | 575 | 4,797,715 | 33,017 |
| Administrative services | 7,978 | 44,043 | - | 36,065 |
| Unallocated depreciation | 136,566 | - | - | (136,566) |
| | | | | |
| TOTAL | <u>\$ 19,474,975</u> | <u>\$ 66,673</u> | <u>\$ 19,441,744</u> | 33,442 |
| | | | <u>General Revenues</u> | |
| | | | Unrestricted interest earnings | <u>6,939</u> |
| | | | CHANGE IN NET POSITION | 40,381 |
| | | | Net position, beginning of year | <u>882,315</u> |
| | | | Net position, end of year | <u>\$ 922,696</u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

BALANCE SHEET

GENERAL FUND

June 30, 2015

| | |
|-------------------------------------|----------------------------|
| ASSETS | |
| Cash | \$ 422,673 |
| Accounts receivable | 2,045,944 |
| Inventory | 157,488 |
| Prepays | <u>100,909</u> |
| TOTAL ASSETS | <u><u>\$ 2,727,014</u></u> |
| LIABILITIES AND FUND BALANCES | |
| LIABILITIES | |
| Accounts and subcontractor payables | \$ 1,345,252 |
| Unearned revenue | <u>976,760</u> |
| TOTAL LIABILITIES | 2,322,012 |
| FUND BALANCES | |
| Nonspendable | |
| Inventory | 157,488 |
| Prepays | 100,909 |
| Unassigned | <u>146,605</u> |
| TOTAL FUND BALANCES | <u>405,002</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ 2,727,014</u></u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

June 30, 2015

Total fund balance - governmental fund \$ 405,002

Amounts reported for the governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds.

| | |
|-------------------------------|------------------|
| The cost of capital assets is | \$ 1,065,100 |
| Accumulated depreciation is | <u>(661,267)</u> |

| | |
|---------------------|---------|
| Capital assets, net | 403,833 |
|---------------------|---------|

Internal service funds are used by management to account for the costs of funding the accrual for compensated absences payable. The assets and liabilities of the internal service fund are included in governmental activities.

| | |
|------------------------------------|----------------|
| Internal service fund net position | <u>113,861</u> |
|------------------------------------|----------------|

| | |
|--|--------------------------|
| Net position of governmental activities | <u><u>\$ 922,696</u></u> |
|--|--------------------------|

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE**

Year Ended June 30, 2015

| | |
|----------------------------------|-------------------|
| REVENUES | |
| Grants and other | \$ 19,432,163 |
| Program income | 66,673 |
| Contributions | 9,581 |
| Interest income | 33 |
| | <hr/> |
| TOTAL REVENUES | 19,508,450 |
| EXPENDITURES | |
| Operating costs: | |
| Salaries and wages | 4,885,911 |
| Fringe benefits | 1,917,934 |
| Consumables | 663,946 |
| Transportation | 345,817 |
| Outside services | 354,077 |
| Space and communications | 645,436 |
| Equipment rent and maintenance | 42,871 |
| Equipment purchases | 143,076 |
| Other expenses | 388,280 |
| Subrecipient program costs | 6,997,715 |
| Direct client services | 1,492,202 |
| Commodities | 1,595,140 |
| | <hr/> |
| TOTAL EXPENDITURES | 19,472,405 |
| NET CHANGE IN FUND BALANCES | 36,045 |
| Fund balances, beginning of year | 368,957 |
| | <hr/> |
| Fund balances, end of year | <u>\$ 405,002</u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL
FUND TO THE STATEMENT OF ACTIVITIES

Year Ended June 30, 2015

Net change in fund balance - total governmental fund \$ 36,045

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

Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

| | |
|----------------------|------------------|
| Capital outlay | \$ 133,996 |
| Depreciation expense | <u>(136,566)</u> |

Excess of depreciation expense over capital outlay (2,570)

An internal service fund is used by management to account for the costs of certain services to individual governmental funds. The net revenue (expense) of the fund attributable to those funds is reported with governmental activities.

| | |
|---|--------------|
| Change in net position from internal service fund | <u>6,906</u> |
|---|--------------|

Change in net position of governmental activities \$ 40,381

Area Community Service Employment and Training Council

STATEMENT OF NET POSITION
Compensated Absences Internal Service Fund

June 30, 2015

| | |
|--|--------------------------|
| ASSETS | |
| Cash | \$ 548,753 |
| LIABILITIES | |
| Current liabilities | |
| Current portion of compensated absences | 149,926 |
| Noncurrent liabilities | |
| Noncurrent portion of compensated absences | <u>284,966</u> |
| TOTAL LIABILITIES | <u>434,892</u> |
| NET POSITION | |
| Unrestricted | <u><u>\$ 113,861</u></u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN NET POSITION
Compensated Absences Internal Service Fund

Year Ended June 30, 2015

| | |
|---------------------------------|--------------------------|
| Revenue | |
| Charges for services | \$ 284,252 |
| Expenses | |
| Employee benefits | <u>284,252</u> |
| Operating income | -0- |
| Nonoperating revenue | |
| Interest income | <u>6,906</u> |
| Change in net position | 6,906 |
| Net position, beginning of year | <u>106,955</u> |
| Net position, end of year | <u><u>\$ 113,861</u></u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF CASH FLOWS
Compensated Absences Internal Service Fund

Year Ended June 30, 2015

| | |
|---|--------------------------|
| Cash flows from operating activities | |
| Cash receipts from interfund services provided | \$ 284,252 |
| Cash payments to employees | <u>(141,047)</u> |
| Net cash provided in operating activities | 143,205 |
| Cash flows from investing activities | |
| Interest income received | 6,906 |
| Cash receipts from sale of investment | <u>234,855</u> |
| Net cash provided in investing activities | <u>241,761</u> |
| Net increase in cash | 384,966 |
| Cash, beginning of year | <u>163,787</u> |
| Cash, end of year | <u><u>\$ 548,753</u></u> |
| Reconciliation of operating income to net cash provided in operating activities | |
| Operating income | \$ - |
| Adjustments to reconcile operating income to net cash provided in operating activities: | |
| Decrease in accounts receivable | 1,440 |
| Increase in compensated absences | <u>141,765</u> |
| Net cash provided in operating activities | <u><u>\$ 143,205</u></u> |

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2015

| | <u>Agency Funds</u> |
|---------------------|-------------------------|
| ASSETS | |
| Cash | <u>\$ 322,374</u> |
| LIABILITIES | |
| Accounts payable | \$ 128,102 |
| Accrued liabilities | <u>194,272</u> |
| TOTAL LIABILITIES | <u>\$ 322,374</u> |

See accompanying notes to the financial statements.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Area Community Services Employment and Training Council (the "Council") was formed in October 1985, through an Interlocal Agreement between Kent County and the City of Grand Rapids pursuant to the Michigan Urban Cooperation Act of 1967. The Interlocal Agreement was amended on July 1, 1996 and October 1, 2014 to include Allegan County and Barry County, respectively. The Council was established to serve as the primary advocate for the reduction of causes, conditions and effects of poverty, providing social and economic opportunities that foster self-sufficiency for low-income persons, administer programs to prepare youth and unskilled adults for entry into the labor force, and to afford job training to those economically disadvantaged individuals and other persons facing serious barriers to employment who are in need of such services.

Accordingly, the Council is designated for Kent, Allegan, and Barry Counties as the grant recipient/administrative entity, pursuant to the Workforce Investment Act, and as the Community Action Agency for Kent County pursuant to the Michigan Economic and Social Opportunity Act. Substantially all of the Council's grants receivable and revenue for the year ended June 30, 2015 were derived from contracts with agencies of the State of Michigan.

Reporting Entity

As required by generally accepted accounting principles (GAAP), these financial statements present the reporting entity of the Area Community Services Employment and Training Council. The criteria identified by GAAP, including financial accountability, have been utilized in identifying the Council's reporting entity which includes no component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. The Council had no *business-type activities* for the year ended June 30, 2015.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Interest income and other items properly not included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental, proprietary, and fiduciary funds even though the latter are excluded from the government-wide financial statements.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The agency fund follows the accrual basis of accounting, but does not have a measurement focus.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period or within one year for expenditure driven grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, accrued employee benefit expenditures are recorded only when payment is due.

Expenditure-driven grant revenue and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Council.

The Council reports the following major governmental fund:

The *general fund* is the Council's primary operating fund. It is used to account for all activities of the Council financed through federal, state, and local grant program sources.

Additionally, the government reports the following fund types:

The *internal service fund* is used to report assets held by the Council to satisfy its obligation for compensated absences of its employees.

The *agency fund and payroll fund* account for resources held on the behalf of other individuals and governments.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include unrestricted grants and interest income.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the internal service fund is charges to other funds for employee benefits. Operating expenses for the internal service fund are comprised of compensated absences. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

If/when both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted as they are needed.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Budgets and Budgetary Accounting

Budgets are adopted for the general fund on a basis consistent with generally accepted accounting principles (GAAP). The budget is adopted annually before July 1.

Cash

Cash include amounts on deposit with financial institutions.

Investments

Investments are stated at fair value at the balance sheet date. For the year ended June 30, 2015, the Council has no assets which are classified as investments. State statutes authorize the Council to invest in:

- a. Bonds, securities, other obligations, and repurchase agreements of the United States, or an agency or instrumentality of the United States.
- b. Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a qualified financial institution.
- c. Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.
- d. Bankers' acceptances of United States banks.
- e. Obligations of the State of Michigan and its political subdivisions that, at the time of purchase are rated as investment grade by at least one standard rating service.
- f. Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.
- g. External investment pools as authorized by Public Act 20 as amended.

Receivables

Accounts receivable include amounts billed or billable to grantors, net of an allowance for uncollectible amounts. Management establishes an allowance for losses based on specific situations and grant terms and conditions. Losses are written off to the allowance account when management determines that further collection efforts will not produce additional recoveries. As of June 30, 2015, no allowance was necessary.

Inventory

Inventory consists of food commodities. Inventory is stated at USDA-valued cost (first-in, first-out).

Prepays

Payments to vendors for services that will benefit periods beyond the Council's fiscal year-end are recorded as prepaid items in both government-wide and fund financial statements.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets

Capital assets, which include furniture, equipment, software, and vehicles, are reported in the financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation of capital assets is charged to an expense on the government-wide statement of activities as unallocated depreciation. Depreciation has been provided using the straight-line method over the estimated useful life of the asset, from five to twenty years.

Compensated Absences

Council employees earn and accumulate vacation and sick leave in varying amounts based on hours worked and length of service. At termination, employees are entitled to receive payment for unused, accumulated vacation in accordance with established policies and formulas. Accordingly, the Council recognized the cost of compensated absences for vacation and sick leave when earned. Assets and the related liabilities are recorded in the Internal Service Fund.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Net Position and Fund Balance Reporting

Governmental funds report fund balance in the following five categories:

1. Nonspendable - the related assets form does not allow expenditure of the balance. The assets are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact. Nonspendable fund balance would be equal to inventory, prepaid items, non-current financial assets, and the nonspendable portion of endowments.
2. Restricted - the related assets can only be spent for the specific purposes stipulated by constitution, external resource providers, or as identified in enabling legislation.
3. Committed - the related assets can only be spent for a specific purpose identified by formal action of the governing board.
4. Assigned - the related assets can only be spent for a specific purpose identified by management as authorized by the governing board.
5. Unassigned - is the residual classification and includes all spendable amounts not contained in the other classifications.

Fund Balance can only be committed by resolution of the Council Board. The Chief Executive Officer is authorized to make fund balance assignments. When multiple net position/fund balance classifications are available for use it is the government's policy to utilize the most restricted balances first, then the next most restricted balance as needed.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position and the balance sheet, when applicable, will report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position/fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of net position and the balance sheet, when applicable, will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The Council currently has no items that qualify for reporting in these categories.

Unearned Revenues

The unexpended balance of certain grant award amounts are carried forward as unearned revenue in the governmental fund and the Statement of Net Position until the period in which eligible expenditures are incurred.

Comparative Data

Comparative data for the prior year has not been presented in the basic financial statements since their inclusion would make the statements unduly complex and difficult to read.

2. DEPOSITS

The captions on the government-wide and fund statements relating to cash are as follows:

| | Governmental Activities | Fiduciary Funds | Total |
|------|----------------------------|--------------------|--------------|
| Cash | \$ 971,426 | \$ 322,374 | \$ 1,293,800 |

These deposits are in two financial institutions located in Michigan in varying amounts. State policy limits the Council's deposits to financial institutions located in Michigan. All accounts are in the name of the Council. Deposits are recorded in Council records at fair value. Interest is recorded when earned.

Deposits are comprised of the following at June 30, 2015:

| | |
|---------------------------|--------------|
| Checking/savings accounts | \$ 855,815 |
| Money markets | 429,507 |
| Petty cash | 8,478 |
| Total deposits | \$ 1,293,800 |

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

2. DEPOSITS – CONTINUED

Investment and Deposit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Council's deposits may not be returned. State law does not require, and the Council does not have, a policy for deposit custodial credit risk. As of year-end, \$798,182 of the Council's bank balance of \$1,477,689 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

Interest Rate Risk - State law limits the allowable investments and the maturities of some of the allowable investments as identified under "statutory authority" below. The Council's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of the Council's specific financial institutions, qualified mutual funds, and qualified external investment pools as identified in "statutory authority" below.

Custodial Credit Risk - Investments. For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Council will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Council does not have a policy for investment custodial risk.

3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

| | Balance July 1, 2014 | Additions | Deletions | Balance June 30, 2015 |
|---|-------------------------|-------------------|-----------------|--------------------------|
| Capital assets being depreciated | | | | |
| Office equipment | \$ 415,390 | \$ 123,054 | \$ (37,558) | \$ 500,886 |
| Furniture and fixtures | 110,626 | 10,942 | - | 121,568 |
| Software | 38,554 | - | - | 38,554 |
| Vehicles | 404,092 | - | - | 404,092 |
| | <u>968,662</u> | <u>133,996</u> | <u>(37,558)</u> | <u>1,065,100</u> |
| Total capital assets being depreciated | 968,662 | 133,996 | (37,558) | 1,065,100 |
| Less accumulated depreciation for: | | | | |
| Office equipment | (282,561) | (51,888) | 37,558 | (296,891) |
| Furniture and fixture | (23,079) | (10,190) | - | (33,269) |
| Software | (25,380) | (7,711) | - | (33,091) |
| Vehicles | (231,239) | (66,777) | - | (298,016) |
| | <u>(562,259)</u> | <u>(136,566)</u> | <u>37,558</u> | <u>(661,267)</u> |
| Total accumulated depreciation | (562,259) | (136,566) | 37,558 | (661,267) |
| Total capital assets being depreciated, net | <u>\$ 406,403</u> | <u>\$ (2,570)</u> | <u>\$ -0-</u> | <u>\$ 403,833</u> |

Depreciation expense is not allocated in the government-wide statement of activities.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

4. COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2015 are as follows:

| | <u>Balance</u> <u>July 1, 2014</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance</u> <u>June 30, 2015</u> | <u>Amounts</u> <u>Due Within</u> <u>One Year</u> |
|-------------------------|---------------------------------------|------------------|------------------|--|--|
| Governmental activities | | | | | |
| Compensated absences | \$ 293,127 | \$ 426,017 | \$ (284,252) | \$ 434,892 | \$ 149,926 |

Compensated absences payable are expected to be liquidated by the Internal Service Fund.

5. LEASES

The Council leases office space and various office equipment and vehicles. Lease terms range from two to twenty years with options to renew at varying terms. Rent payments for operating leases for the year ended June 30, 2015 was \$339,373.

Minimum future lease payments under operating leases as of June 30, 2015 are as follows:

| <u>Year</u> | <u>Amount</u> |
|-------------|---------------------|
| 2016 | \$ 405,164 |
| 2017 | 443,991 |
| 2018 | 348,881 |
| 2019 | 319,603 |
| 2020 | 238,038 |
| 2021-2025 | 702,485 |
| 2026-2030 | <u>690,775</u> |
| Total | <u>\$ 3,148,937</u> |

All leases include a provision that allows the Council to terminate the lease agreement if grant funds received from the state or federal government are terminated or reduced in a way that it is unable to maintain a comparable level of program services, or the lessor is determined by the U.S. Department of Labor to be restricted from receiving federal funds.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

6. DEFINED CONTRIBUTION PLAN

The Council provides retirement benefits to substantially all employees through a defined contribution money purchase retirement plan, which is administered by a life insurance company. Required contributions are equal to 14% of gross wages paid to participating employees (i.e., the employer contributes 7% and the employees contribute 7%) and all contributions are fully and immediately vested.

Employer and employee contributions to the plan for the year ended June 30, 2015 amounted to \$334,272 and \$337,709, respectively.

7. DEFERRED COMPENSATION PLAN

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all Council employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All assets of the plan are held in trust for employees; as such, the plan assets and liabilities are not included in this report.

8. RISK MANAGEMENT

The Council is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Council has purchased commercial insurance to cover these risks. The amount of coverage has not decreased nor has the amount of settlements exceeded coverage in the past three years.

9. CONTINGENCIES

The Council has received numerous federal grants for specific purposes that are subject to review and audit by grantor agencies. Although no amounts have been claimed, such audits could lead to requests for repayment to the grantor agency for expenditures disallowed under the terms of the grant. The Council believes such disallowances, if any, will be immaterial.

The Council has available a \$200,000 line of credit with interest charged at the bank's prime rate plus 2.65%. The agreement expires February 19, 2016, and is unsecured. There was no outstanding balance at June 30, 2015.

10. SUBSEQUENT EVENTS

Effective October 1, 2015 the Council entered into a new interlocal agreement including the counties of Allegan, Barry, Ionia, Kent, Montcalm, Muskegon, and Ottawa Counties as well the City of Grand Rapids for the purpose of providing for the administration of employment and training programs in these areas.

Also, effective October 1, 2015, the Council entered into a Municipal Partnership Act agreement with Kent County and the City of Grand Rapids authorizing ACSET to continue as the Community Action Agency of Kent County.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2015

11. UPCOMING ACCOUNTING PRINCIPLES

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement provides guidance for determining a fair value measurement for financial reporting purposes. This statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The Council is currently evaluating the impact this standard will have on the financial statements when adopted for the 2015-2016 fiscal year.

In June 2015, the GASB issues Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. This statement reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The Council is currently evaluating the impact this standard will have on the financial statements when adopted. This statement will be effective for the 2015-2016 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Area Community Service Employment and Training Council

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2015

| | Budgeted Amounts | | | Variance with Final Budget Positive (Negative) |
|--|-------------------|-------------------|-------------------|---|
| | Original | Final | Actual | |
| REVENUES | | | | |
| Grants and other | \$ 17,438,585 | \$ 20,425,661 | \$ 19,109,522 | \$ (1,316,139) |
| Commodities - Non-cash grant | 1,100,000 | 1,700,000 | 322,641 | (1,377,359) |
| Program income | 10,000 | 19,000 | 66,673 | 47,673 |
| Contributions | 38,000 | 67,000 | 9,581 | (57,419) |
| Interest income | 180 | 180 | 33 | (147) |
| Total revenue | 18,586,765 | 22,211,841 | 19,508,450 | (2,703,391) |
| EXPENDITURES | | | | |
| Operating costs: | | | | |
| Salaries and wages | 5,131,875 | 5,260,700 | 4,885,911 | 374,789 |
| Fringe benefits | 2,004,312 | 2,163,200 | 1,917,934 | 245,266 |
| Consumables | 350,000 | 1,000,000 | 663,946 | 336,054 |
| Transportation | 145,000 | 350,000 | 345,817 | 4,183 |
| Outside services | 105,000 | 750,000 | 354,077 | 395,923 |
| Space & communications | 584,000 | 1,000,000 | 645,436 | 354,564 |
| Equipment rent & maintenance | 34,000 | 133,400 | 42,871 | 90,529 |
| Equipment purchases | 46,000 | 250,000 | 143,076 | 106,924 |
| Other expenses | 350,000 | 500,000 | 388,280 | 111,720 |
| Subrecipient program costs | 6,901,796 | 7,468,125 | 6,997,715 | 470,410 |
| Direct client services | 1,788,296 | 1,620,000 | 1,492,202 | 127,798 |
| Commodities | 1,100,000 | 1,700,000 | 1,595,140 | 104,860 |
| Total expenditures | 18,540,279 | 22,195,425 | 19,472,405 | 2,723,020 |
| Net change in fund balance | 46,486 | 16,416 | 36,045 | 19,629 |
| Fund balance, beginning of year | 368,957 | 368,957 | 368,957 | -0- |
| Fund balance, end of year | \$ 415,443 | \$ 385,373 | \$ 405,002 | \$ 19,629 |

OTHER SUPPLEMENTARY INFORMATION

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY

June 30, 2015

| | Unrestricted 106 | Administrative Cost Pool 107 | MWA Cost Pool 108 | CAP Cost Pool 109 |
|--|---------------------|------------------------------------|-------------------------|-------------------------|
| ASSETS | \$ 443,062 | \$ (89,081) | \$ 10,905 | \$ 117 |
| Cash | 501 | 392 | - | - |
| Accounts receivable | - | - | - | - |
| Inventory | - | 100,909 | - | - |
| Prepays | - | - | - | - |
| | <u>\$ 443,563</u> | <u>\$ 12,220</u> | <u>\$ 10,905</u> | <u>\$ 117</u> |
| TOTAL ASSETS | | | | |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | \$ 38,561 | \$ 12,220 | \$ 10,905 | \$ 117 |
| Accounts payable | - | - | - | - |
| Unearned revenue | - | - | - | - |
| | <u>38,561</u> | <u>12,220</u> | <u>10,905</u> | <u>117</u> |
| TOTAL LIABILITIES | | | | |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Inventory | - | - | - | - |
| Prepays | - | 100,909 | - | - |
| Unassigned | 405,002 | (100,909) | - | - |
| | <u>405,002</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| TOTAL FUND BALANCES | | | | |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 443,563</u> | <u>\$ 12,220</u> | <u>\$ 10,905</u> | <u>\$ 117</u> |

| WIA Adult Regular 211 | WIA Youth Regular 212 | WIA Dislocated Worker Regular 213 | WIA Service Center Operations 217 | Employment Service 218 | Summer Learning 224 | Michigan Prisoner Re-entry 225 |
|-----------------------------|-----------------------------|--|--|------------------------------|---------------------------|---|
| \$ 4,997 | \$ 46,623 | \$ (10,510) | \$ 2,066 | \$ (9,381) | \$ 173,475 | \$ 68,068 |
| 259,494 | 251,108 | 77,050 | 874 | 42,105 | 229,248 | 137,128 |
| - | - | - | - | - | - | 329 |
| - | - | - | - | - | - | - |
| <u>\$ 264,491</u> | <u>\$ 297,731</u> | <u>\$ 66,540</u> | <u>\$ 2,940</u> | <u>\$ 32,724</u> | <u>\$ 402,723</u> | <u>\$ 205,525</u> |
| \$ 181,350 | \$ 297,731 | \$ 38,360 | \$ 2,940 | \$ 26,660 | \$ - | \$ 90,745 |
| 83,141 | - | 28,180 | - | 6,064 | 402,723 | 114,780 |
| 264,491 | 297,731 | 66,540 | 2,940 | 32,724 | 402,723 | 205,525 |
| - | - | - | - | - | - | 329 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | (329) |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| <u>\$ 264,491</u> | <u>\$ 297,731</u> | <u>\$ 66,540</u> | <u>\$ 2,940</u> | <u>\$ 32,724</u> | <u>\$ 402,723</u> | <u>\$ 205,525</u> |

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2015

| | Fostercare SYEP Administration 230 | WIA Administration 233 | Trade 2002 236 | Trade 2009/2011 237 |
|--|---|------------------------------|----------------------|---------------------------|
| ASSETS | | | | |
| Cash | \$ - | \$ (22,721) | \$ 1,254 | \$ (2,959) |
| Accounts receivable | 25,400 | 24,767 | 1,753 | 114,787 |
| Inventory | - | - | - | - |
| Prepays | - | - | - | - |
| TOTAL ASSETS | \$ 25,400 | \$ 2,046 | \$ 3,007 | \$ 111,828 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 25,400 | \$ 2,046 | \$ 3,007 | \$ 105,498 |
| Unearned revenue | - | - | - | 6,330 |
| TOTAL LIABILITIES | 25,400 | 2,046 | 3,007 | 111,828 |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Inventory | - | - | - | - |
| Prepays | - | - | - | - |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCES | -0- | -0- | -0- | -0- |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 25,400 | \$ 2,046 | \$ 3,007 | \$ 111,828 |

| Dislocated Worker Trade NEG 239 | Trade Case Management 244 | Trade Reversion 245 | Jobs for America's Graduates 246 | Job Driven NEG 247 | Skilled Trades Training 242/248 | UIA Reemployment & Eligibility 249 |
|--|------------------------------------|---------------------------|---|--------------------------|--|---|
| \$ - | \$ (32,314) | \$ 1,737 | \$ 1,164 | \$ (12,666) | \$ 143,140 | \$ (2,054) |
| - | 49,674 | 38,462 | 20,417 | 12,933 | 24,095 | 5,166 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ -0-</u> | <u>\$ 17,360</u> | <u>\$ 40,199</u> | <u>\$ 21,581</u> | <u>\$ 267</u> | <u>\$ 167,235</u> | <u>\$ 3,112</u> |
| \$ - | \$ 17,360 | \$ 40,199 | \$ 16,216 | \$ 267 | \$ 144,331 | \$ 144 |
| - | - | - | 5,365 | - | 22,904 | 2,968 |
| -0- | 17,360 | 40,199 | 21,581 | 267 | 167,235 | 3,112 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| <u>\$ -0-</u> | <u>\$ 17,360</u> | <u>\$ 40,199</u> | <u>\$ 21,581</u> | <u>\$ 267</u> | <u>\$ 167,235</u> | <u>\$ 3,112</u> |

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2015

| | AT&T Foundation 250 | MI Coalition Adv. Mfgring 252 | GFGP PATH 303 | TANF PATH 304 | GF/GP PATH Refugee 308 |
|--|---------------------------|-------------------------------------|---------------------|--------------------------|------------------------------|
| ASSETS | | | | | |
| Cash | \$ 3,330 | 27,000 | \$ (36,937) | \$ (3,048) | \$ 3,365 |
| Accounts receivable | - | - | 36,976 | 125,958 | 1,356 |
| Inventory | - | - | - | - | - |
| Prepays | - | - | - | - | - |
| TOTAL ASSETS | <u>\$ 3,330</u> | <u>\$ 27,000</u> | <u>\$ 39</u> | <u>\$ 122,910</u> | <u>\$ 4,721</u> |
| LIABILITIES AND FUND BALANCES | | | | | |
| LIABILITIES | | | | | |
| Accounts payable | \$ 3,330 | \$ - | \$ 39 | \$ 122,910 | \$ 102 |
| Unearned revenue | - | 27,000 | - | - | 4,619 |
| TOTAL LIABILITIES | 3,330 | 27,000 | 39 | 122,910 | 4,721 |
| FUND BALANCES | | | | | |
| Nonspendable | | | | | |
| Inventory | - | - | - | - | - |
| Prepays | - | - | - | - | - |
| Unassigned | - | - | - | - | - |
| TOTAL FUND BALANCES | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u>\$ 3,330</u> | <u>\$ 27,000</u> | <u>\$ 39</u> | <u>\$ 122,910</u> | <u>\$ 4,721</u> |

| Food Assistance Employment & Training 309 | SAM Grant SNAP 311 | TANF Supportive Services 312 | LIHEAP WX 503 | Energy Optimization 507 | DTE Energy 510 | DOE WX 520 |
|---|--------------------------|---------------------------------------|---------------------|-------------------------------|----------------------|------------------|
| \$ (7,527) | \$ 818 | \$ (22,143) | \$ (24,115) | \$ 3,395 | \$ 12,905 | \$ (18,253) |
| 12,736 | 975 | 40,807 | 32,889 | - | 2 | 46,049 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 5,209</u> | <u>\$ 1,793</u> | <u>\$ 18,664</u> | <u>\$ 8,774</u> | <u>\$ 3,395</u> | <u>\$ 12,907</u> | <u>\$ 27,796</u> |
| \$ 5,209 | \$ 969 | \$ 18,664 | \$ 8,774 | \$ - | \$ - | \$ 27,796 |
| - | 824 | - | - | 3,395 | 12,907 | - |
| 5,209 | 1,793 | 18,664 | 8,774 | 3,395 | 12,907 | 27,796 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| <u>\$ 5,209</u> | <u>\$ 1,793</u> | <u>\$ 18,664</u> | <u>\$ 8,774</u> | <u>\$ 3,395</u> | <u>\$ 12,907</u> | <u>\$ 27,796</u> |

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2015

| | CSBG 526 | CSBG Tax Fund 527 | CSBG Migrant 529 | CSBG Discretionary 532 |
|--|------------------|-------------------------|------------------------|------------------------------|
| ASSETS | | | | |
| Cash | \$ (104,033) | \$ (16) | \$ (499) | \$ (349) |
| Accounts receivable | 148,613 | 25 | 517 | 3,003 |
| Inventory | - | - | - | - |
| Prepays | - | - | - | - |
| TOTAL ASSETS | \$ 44,580 | \$ 9 | \$ 18 | \$ 2,654 |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ 44,580 | \$ - | \$ 18 | \$ 911 |
| Unearned revenue | - | 9 | - | 1,743 |
| TOTAL LIABILITIES | 44,580 | 9 | 18 | 2,654 |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Inventory | - | - | - | - |
| Prepays | - | - | - | - |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCES | -0- | -0- | -0- | -0- |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 44,580 | \$ 9 | \$ 18 | \$ 2,654 |

| Older Americans 541 | Senior Meals 542 | Senior Millage 543-548 | TEFAP 601 | CSFP 602 | EFSP 605 | EAP 610 |
|---------------------------|------------------------|------------------------------|------------------|-------------------|------------------|------------------|
| \$ (870) | \$ 2,681 | \$ (38,584) | \$ (30,331) | \$ (18,745) | \$ 20,000 | \$ (90,174) |
| 1,080 | (2,681) | 68,662 | 32,393 | 32,351 | - | 112,046 |
| - | - | - | 66,088 | 91,071 | - | - |
| - | - | - | - | - | - | - |
| <u>\$ 210</u> | <u>\$ -0-</u> | <u>\$ 30,078</u> | <u>\$ 68,150</u> | <u>\$ 104,677</u> | <u>\$ 20,000</u> | <u>\$ 21,872</u> |
| \$ 210 | \$ - | \$ 10,518 | \$ 860 | \$ 9,664 | \$ 2,424 | \$ 21,872 |
| - | - | 19,560 | 67,290 | 95,013 | 17,576 | - |
| 210 | -0- | 30,078 | 68,150 | 104,677 | 20,000 | 21,872 |
| - | - | - | 66,088 | 91,071 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | (66,088) | (91,071) | - | - |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| <u>\$ 210</u> | <u>\$ -0-</u> | <u>\$ 30,078</u> | <u>\$ 68,150</u> | <u>\$ 104,677</u> | <u>\$ 20,000</u> | <u>\$ 21,872</u> |

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2015

| | LCA Deliverables 612 | LSP - DTE 613 | Consumers Energy 614 | CGR Water 615 |
|--|----------------------------|------------------------|----------------------------|-------------------------|
| | <u>612</u> | <u>613</u> | <u>614</u> | <u>615</u> |
| ASSETS | | | | |
| Cash | \$ (2,120) | \$ 2,246 | \$ 3,243 | \$ 31,079 |
| Accounts receivable | 2,120 | - | - | 6 |
| Inventory | - | - | - | - |
| Prepays | - | - | - | - |
| TOTAL ASSETS | <u><u>\$ -0-</u></u> | <u><u>\$ 2,246</u></u> | <u><u>\$ 3,243</u></u> | <u><u>\$ 31,085</u></u> |
| LIABILITIES AND FUND BALANCES | | | | |
| LIABILITIES | | | | |
| Accounts payable | \$ - | \$ - | \$ - | \$ 7,249 |
| Unearned revenue | - | 2,246 | 3,243 | 23,836 |
| TOTAL LIABILITIES | -0- | 2,246 | 3,243 | 31,085 |
| FUND BALANCES | | | | |
| Nonspendable | | | | |
| Inventory | - | - | - | - |
| Prepays | - | - | - | - |
| Unassigned | - | - | - | - |
| TOTAL FUND BALANCES | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> |
| TOTAL LIABILITIES AND FUND BALANCES | <u><u>\$ -0-</u></u> | <u><u>\$ 2,246</u></u> | <u><u>\$ 3,243</u></u> | <u><u>\$ 31,085</u></u> |

| Medicaid Enrolls 620 | ITP Fund 630 | CGR Admin 640 | CGR Support Fund 641 | Kent County Admin 642 | Kent County Support Fund 643 | Total |
|----------------------------|--------------------|---------------------|----------------------------|-----------------------------|------------------------------------|---------------------|
| \$ (15,840) | \$ (4,769) | \$ - | \$ 4,031 | \$ (2,785) | \$ 14,796 | \$ 422,673 |
| 16,313 | 5,250 | - | 10,248 | 2,896 | - | 2,045,944 |
| - | - | - | - | - | - | 157,488 |
| - | - | - | - | - | - | 100,909 |
| <u>\$ 473</u> | <u>\$ 481</u> | <u>\$ -0-</u> | <u>\$ 14,279</u> | <u>\$ 111</u> | <u>\$ 14,796</u> | <u>\$ 2,727,014</u> |
| \$ 473 | \$ 481 | \$ - | \$ 4,031 | \$ 111 | \$ - | \$ 1,345,252 |
| - | - | - | 10,248 | - | 14,796 | 976,760 |
| 473 | 481 | -0- | 14,279 | 111 | 14,796 | 2,322,012 |
| - | - | - | - | - | - | 157,488 |
| - | - | - | - | - | - | 100,909 |
| - | - | - | - | - | - | 146,605 |
| <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>-0-</u> | <u>405,002</u> |
| <u>\$ 473</u> | <u>\$ 481</u> | <u>\$ -0-</u> | <u>\$ 14,279</u> | <u>\$ 111</u> | <u>\$ 14,796</u> | <u>\$ 2,727,014</u> |

Area Community Service Employment and Training Council

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BY ACTIVITY - GENERAL FUND

Year Ended June 30, 2015

| | Unrestricted 106 | Administrative Cost Pool 107 | MWA Cost Pool 108 | CAP Cost Pool 109 |
|-----------------------------------|---------------------|------------------------------------|-------------------------|-------------------------|
| REVENUE | | | | |
| Grants and other | \$ - | \$ - | \$ - | \$ - |
| Program income | 44,043 | - | - | - |
| Contributions | - | - | - | - |
| Interest income | 33 | - | - | - |
| TOTAL REVENUES | 44,076 | -0- | -0- | -0- |
| EXPENDITURES | | | | |
| Operating costs: | | | | |
| Salaries and wages | - | - | - | - |
| Fringe benefits | 394 | - | - | - |
| Consumable | - | - | - | - |
| Transportation | - | - | - | - |
| Outside services | 33 | - | - | - |
| Space and communications | - | - | - | - |
| Equipment rent and maintenance | - | - | - | - |
| Equipment purchases | - | - | - | - |
| Other expenses | 7,561 | - | - | - |
| Subrecipient program costs | 43 | - | - | - |
| Direct client services | - | - | - | - |
| Commodities | - | - | - | - |
| TOTAL EXPENDITURES | 8,031 | -0- | -0- | -0- |
| NET CHANGE IN FUND BALANCE | 36,045 | -0- | -0- | -0- |
| Fund balances, beginning of year | 368,957 | - | - | - |
| Fund balances, end of year | <u>\$ 405,002</u> | <u>\$ -0-</u> | <u>\$ -0-</u> | <u>\$ -0-</u> |

| WIA Adult Regular 211 | WIA Youth Regular 212 | WIA Dislocated Worker Regular 213 | WIA Service Center Operations 217 | Employment Service 218 | Summer Learning 224 | Michigan Prisoner Re-entry 225 |
|-----------------------------|-----------------------------|--|--|------------------------------|---------------------------|---|
| \$ 1,708,212 | \$ 1,345,148 | \$ 991,439 | \$ 156,690 | \$ 1,214,318 | \$ 360,639 | \$ 981,459 |
| - | - | - | - | 22,055 | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 1,708,212 | 1,345,148 | 991,439 | 156,690 | 1,236,373 | 360,639 | 981,459 |
| 299,076 | 36,258 | 426,578 | - | 644,673 | 1,227 | 156,841 |
| 118,087 | 14,267 | 167,901 | - | 251,373 | 422 | 60,891 |
| 78,242 | 1,499 | 50,916 | 29,113 | 70,977 | 11 | 2,028 |
| 10,769 | 1,014 | 5,865 | 137 | 21,186 | 103 | 3,468 |
| 34,114 | 7,996 | 20,848 | 13,450 | 50,640 | 429 | 5,775 |
| 68,302 | 1,336 | 55,235 | 65,844 | 103,626 | 34 | 4,765 |
| 4,939 | 50 | 3,713 | 3,966 | 4,845 | 2 | 203 |
| 5,157 | 19 | 4,115 | 29,679 | 4,951 | 1 | 215 |
| 13,849 | 7,494 | 26,069 | 5,681 | 39,116 | 6 | 10,696 |
| 1,075,677 | 1,275,215 | 230,199 | - | 44,986 | 358,404 | 509,708 |
| - | - | - | 8,820 | - | - | 226,869 |
| - | - | - | - | - | - | - |
| 1,708,212 | 1,345,148 | 991,439 | 156,690 | 1,236,373 | 360,639 | 981,459 |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| - | - | - | - | - | - | - |
| \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

Area Community Service Employment and Training Council

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BY ACTIVITY - GENERAL FUND - CONTINUED

Year Ended June 30, 2015

| | Fostercare SYEP Administration 230 | WIA Administration 233 | Trade 2002 236 | Trade 2009/2011 237 |
|-----------------------------------|---|------------------------------|----------------------|---------------------------|
| REVENUE | | | | |
| Grants and other | \$ 89,400 | \$ 405,707 | \$ 95,440 | \$ 992,153 |
| Program income | - | - | - | - |
| Contributions | - | - | - | - |
| Interest income | - | - | - | - |
| TOTAL REVENUES | 89,400 | 405,707 | 95,440 | 992,153 |
| EXPENDITURES | | | | |
| Operating costs: | | | | |
| Salaries and wages | 3,527 | 267,811 | 3,344 | 10,816 |
| Fringe benefits | 1,250 | 105,786 | 1,287 | 4,064 |
| Consumable | 216 | 5,716 | 32 | 1,863 |
| Transportation | 222 | 3,005 | 11,810 | 166,215 |
| Outside services | 81 | 5,180 | 93 | 1,799 |
| Space and communications | 424 | 9,280 | 99 | 3,523 |
| Equipment rent and maintenance | 3 | 421 | 6 | 730 |
| Equipment purchases | 1 | 173 | 10 | 455 |
| Other expenses | 676 | 8,335 | (90) | 824 |
| Subrecipient program costs | 83,000 | - | 78,849 | 801,864 |
| Direct client services | - | - | - | - |
| Commodities | - | - | - | - |
| TOTAL EXPENDITURES | 89,400 | 405,707 | 95,440 | 992,153 |
| NET CHANGE IN FUND BALANCE | -0- | -0- | -0- | -0- |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

| Dislocated Worker Trade NEG 239 | Trade Case Management 244 | Trade Reversion 245 | Jobs for America's Graduates 246 | Job Driven NEG 247 | Skilled Trades Training 242/248 | UIA Reemployment & Eligibility 249 |
|--|------------------------------------|---------------------------|---|--------------------------|--|---|
| \$ 19,662 | \$ 687,092 | \$ 151,462 | \$ 42,052 | \$ 60,021 | \$ 1,304,057 | \$ 24,198 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | - |
| 19,662 | 687,092 | 151,462 | 42,052 | 60,021 | 1,304,057 | 24,198 |
| - | 409,788 | 119 | 1,427 | 24,248 | 21,398 | 13,293 |
| - | 162,119 | 48 | 548 | 9,450 | 8,136 | 5,171 |
| - | 20,625 | 1 | 17 | 268 | 243 | 2,666 |
| - | 4,227 | 8 | 81 | 103 | 2,375 | 58 |
| - | 10,665 | 163 | 59 | 350 | 1,064 | 198 |
| - | 25,757 | 4 | 33 | 780 | 652 | 432 |
| - | 1,438 | - | 2 | 34 | 26 | 19 |
| - | 2,321 | (3) | (1) | 93 | (67) | 54 |
| - | 18,914 | 3 | (165) | 360 | 1,750 | 2,307 |
| 19,662 | 31,238 | 138,931 | 40,051 | 24,335 | 1,268,480 | - |
| - | - | 12,188 | - | - | - | - |
| - | - | - | - | - | - | - |
| 19,662 | 687,092 | 151,462 | 42,052 | 60,021 | 1,304,057 | 24,198 |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| - | - | - | - | - | - | - |
| \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

Area Community Service Employment and Training Council

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BY ACTIVITY - GENERAL FUND - CONTINUED

Year Ended June 30, 2015

| | AT&T Foundation 250 | MI Coalition Adv. Mfgning 252 | GF/GP PATH 303 | TANF PATH 304 | GF/GP PATH Refugee 308 |
|-----------------------------------|---------------------------|-------------------------------------|----------------------|---------------------|------------------------------|
| REVENUE | | | | | |
| Grants and other | \$ 3,700 | \$ - | \$ 673,508 | \$ 3,206,029 | \$ 30,137 |
| Program income | - | - | - | - | - |
| Contributions | - | - | - | - | - |
| Interest income | - | - | - | - | - |
| TOTAL REVENUES | 3,700 | -0- | 673,508 | 3,206,029 | 30,137 |
| EXPENDITURES | | | | | |
| Operating costs: | | | | | |
| Salaries and wages | 328 | - | 158,183 | 1,387,798 | 7,723 |
| Fringe benefits | 42 | - | 59,343 | 542,019 | 3,007 |
| Consumable | - | - | 4,000 | 238,438 | 91 |
| Transportation | - | - | 5,461 | 43,799 | 46 |
| Outside services | - | - | 3,821 | 69,419 | 122 |
| Space and communications | - | - | 26,382 | 145,730 | 254 |
| Equipment rent and maintenance | - | - | 403 | 8,466 | 11 |
| Equipment purchases | - | - | 7,205 | 64,386 | 37 |
| Other expenses | - | - | 30,469 | 99,775 | 145 |
| Subrecipient program costs | 3,330 | - | 298,572 | 245,981 | 10,797 |
| Direct client services | - | - | 79,669 | 360,218 | 7,904 |
| Commodities | - | - | - | - | - |
| TOTAL EXPENDITURES | 3,700 | -0- | 673,508 | 3,206,029 | 30,137 |
| NET CHANGE IN FUND BALANCE | -0- | -0- | -0- | -0- | -0- |
| Fund balances, beginning of year | - | - | - | - | - |
| Fund balances, end of year | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

| Food Assistance Employment & Training 309 | SAM Grant SNAP 311 | TANF Supportive Services 312 | LIHEAP WX 503 | Energy Optimization 507 | DTE Energy 510 | DOE WX 520 |
|---|--------------------------|---------------------------------------|---------------------|-------------------------------|----------------------|---------------|
| \$ 51,548 | \$ 1,152 | \$ 48,807 | \$ 65,858 | \$ 4,508 | \$ 6,565 | \$ 592,636 |
| - | - | - | - | - | - | - |
| - | - | - | - | - | - | 1,500 |
| - | - | - | - | - | - | - |
| 51,548 | 1,152 | 48,807 | 65,858 | 4,508 | 6,565 | 594,136 |
| 19,773 | - | - | 18,138 | 387 | 5,448 | 134,720 |
| 7,814 | - | - | 7,139 | 157 | 1,699 | 52,702 |
| 238 | - | - | 6,718 | 3 | 55 | 19,600 |
| 298 | - | - | 365 | - | 4 | 5,345 |
| 412 | - | - | 304 | 10 | 7 | 4,265 |
| 679 | - | - | 749 | 6 | 33 | 11,701 |
| 27 | - | - | 114 | - | 2 | 1,606 |
| 38 | - | - | 5 | - | 1 | 540 |
| 954 | - | - | 155 | 89 | (684) | 4,312 |
| 21,315 | - | - | 32,171 | 3,856 | - | 359,345 |
| - | 1,152 | 48,807 | - | - | - | - |
| - | - | - | - | - | - | - |
| 51,548 | 1,152 | 48,807 | 65,858 | 4,508 | 6,565 | 594,136 |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| - | - | - | - | - | - | - |
| \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

Area Community Service Employment and Training Council

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BY ACTIVITY - GENERAL FUND - CONTINUED

Year Ended June 30, 2015

| | CSBG 526 | CSBG Tax Fund 527 | CSBG Migrant 529 | CSBG Discretionary 532 |
|-----------------------------------|----------------------|-------------------------|------------------------|------------------------------|
| REVENUE | | | | |
| Grants and other | \$ 608,566 | \$ 9,756 | \$ 10,969 | \$ 17,081 |
| Program income | - | - | - | - |
| Contributions | - | - | - | - |
| Interest income | - | - | - | - |
| TOTAL REVENUES | 608,566 | 9,756 | 10,969 | 17,081 |
| EXPENDITURES | | | | |
| Operating costs: | | | | |
| Salaries and wages | 264,404 | 3,916 | 3,573 | 10,296 |
| Fringe benefits | 106,532 | 2,448 | 1,485 | 3,919 |
| Consumable | 64,729 | 1,972 | 62 | 84 |
| Transportation | 9,720 | - | 135 | 1,934 |
| Outside services | 36,691 | - | - | - |
| Space and communications | 94,789 | 702 | 47 | 66 |
| Equipment rent and maintenance | 7,436 | 702 | - | - |
| Equipment purchases | 9,752 | - | - | 9 |
| Other expenses | 14,513 | 16 | 7 | 773 |
| Subrecipient program costs | - | - | - | - |
| Direct client services | - | - | 5,660 | - |
| Commodities | - | - | - | - |
| TOTAL EXPENDITURES | 608,566 | 9,756 | 10,969 | 17,081 |
| NET CHANGE IN FUND BALANCE | -0- | -0- | -0- | -0- |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u> | <u><u>\$ -0-</u></u> |

| Older Americans 541 | Senior Meals 542 | Senior Millage 543-548 | TEFAP 601 | CSFP 602 | EFSP 605 | EAP 610 |
|---------------------------|------------------------|------------------------------|--------------|-------------|-------------|------------|
| \$ 26,974 | \$ 25,470 | \$ 293,990 | \$ 1,405,756 | \$ 511,450 | \$ 2,424 | \$ 646,916 |
| - | - | - | 250 | 325 | - | - |
| - | 2,030 | 3,950 | - | - | - | - |
| - | - | - | - | - | - | - |
| 26,974 | 27,500 | 297,940 | 1,406,006 | 511,775 | 2,424 | 646,916 |
| 16,969 | 11,225 | 112,438 | 69,067 | 35,306 | - | 65,082 |
| 7,149 | 4,509 | 53,593 | 26,968 | 13,021 | - | 22,290 |
| 2,364 | 111 | 19,689 | 9,049 | 13,055 | - | 1,868 |
| (218) | 54 | 33,875 | 2,714 | 7,813 | - | 31 |
| 100 | 143 | 16,972 | 24,591 | 28,499 | - | 39 |
| 260 | 338 | 8,647 | 4,083 | 1,727 | - | 280 |
| 12 | 11 | 717 | 1,303 | 436 | - | 313 |
| 1 | 3 | 227 | 13,941 | 145 | - | 6 |
| 337 | 11,106 | 10,076 | 49,429 | 21,494 | - | 288 |
| - | - | 41,706 | - | - | - | - |
| - | - | - | - | - | 2,424 | 556,719 |
| - | - | - | 1,204,861 | 390,279 | - | - |
| 26,974 | 27,500 | 297,940 | 1,406,006 | 511,775 | 2,424 | 646,916 |
| -0- | -0- | -0- | -0- | -0- | -0- | -0- |
| - | - | - | - | - | - | - |
| \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

Area Community Service Employment and Training Council

COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - BY ACTIVITY - GENERAL FUND - CONTINUED

Year Ended June 30, 2015

| | LCA Deliverables 612 | LSP - DTE 613 | Consumers Energy 614 | CGR Water 615 |
|-----------------------------------|----------------------------|------------------|----------------------------|---------------------|
| REVENUE | | | | |
| Grants and other | \$ 129,002 | \$ 1,914 | \$ - | \$ 121,653 |
| Program income | - | - | - | - |
| Contributions | - | - | - | - |
| Interest income | - | - | - | - |
| TOTAL REVENUES | 129,002 | 1,914 | -0- | 121,653 |
| EXPENDITURES | | | | |
| Operating costs: | | | | |
| Salaries and wages | 37,404 | 1,505 | - | 11,512 |
| Fringe benefits | 13,103 | 601 | - | 4,542 |
| Consumable | 520 | 6 | - | 139 |
| Transportation | 52 | - | - | 35 |
| Outside services | 73 | - | - | 264 |
| Space and communications | 410 | - | - | 395 |
| Equipment rent and maintenance | 13 | - | - | 18 |
| Equipment purchases | 5 | - | - | 21 |
| Other expenses | 187 | (198) | - | 190 |
| Subrecipient program costs | - | - | - | - |
| Direct client services | 77,235 | - | - | 104,537 |
| Commodities | - | - | - | - |
| TOTAL EXPENDITURES | 129,002 | 1,914 | -0- | 121,653 |
| NET CHANGE IN FUND BALANCE | -0- | -0- | -0- | -0- |
| Fund balances, beginning of year | - | - | - | - |
| Fund balances, end of year | \$ -0- | \$ -0- | \$ -0- | \$ -0- |

| Medicaid Enrolls 620 | ITP Fund 630 | CGR Admin 640 | CGR Support Fund 641 | Kent County Admin 642 | Kent County Support Fund 643 | TOTAL |
|----------------------------|--------------------|---------------------|----------------------------|-----------------------------|------------------------------------|---------------|
| \$ 92,617 | \$ 12,545 | \$ 15,000 | \$ 115,900 | \$ 17,896 | \$ 52,687 | \$ 19,432,163 |
| - | - | - | - | - | - | 66,673 |
| - | 2,001 | - | 100 | - | - | 9,581 |
| - | - | - | - | - | - | 33 |
| 92,617 | 14,546 | 15,000 | 116,000 | 17,896 | 52,687 | 19,508,450 |
| 54,065 | 310 | 9,682 | 78,628 | 12,654 | 34,953 | 4,885,911 |
| 21,111 | 126 | 4,599 | 28,840 | 4,423 | 13,559 | 1,917,934 |
| 12,258 | 35 | 128 | 3,426 | 144 | 731 | 663,946 |
| 192 | 1,884 | 24 | 647 | 41 | 920 | 345,817 |
| 696 | 12,144 | 93 | 1,229 | 264 | 982 | 354,077 |
| 3,081 | 45 | 380 | 2,688 | 465 | 1,373 | 645,436 |
| 578 | 1 | 18 | 161 | 25 | 101 | 42,871 |
| 113 | - | (2) | (535) | (5) | 10 | 143,076 |
| 523 | 1 | 78 | 916 | (115) | 58 | 388,280 |
| - | - | - | - | - | - | 6,997,715 |
| - | - | - | - | - | - | 1,492,202 |
| - | - | - | - | - | - | 1,595,140 |
| 92,617 | 14,546 | 15,000 | 116,000 | 17,896 | 52,687 | 19,472,405 |
| -0- | -0- | -0- | -0- | -0- | -0- | 36,045 |
| - | - | - | - | - | - | 368,957 |
| \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ -0- | \$ 405,002 |

Area Community Service Employment and Training Council

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2015

| | <u>Payroll Fund</u> | <u>Agency Fund</u> | <u>Total</u> |
|---------------------|-------------------------|------------------------|-------------------|
| ASSETS | | | |
| Cash | <u>\$ 217,378</u> | <u>\$ 104,996</u> | <u>\$ 322,374</u> |
| LIABILITIES | | | |
| Accounts payable | \$ 23,106 | \$ 104,996 | \$ 128,102 |
| Accrued liabilities | <u>194,272</u> | <u>-</u> | <u>194,272</u> |
| TOTAL LIABILITIES | <u>\$ 217,378</u> | <u>\$ 104,996</u> | <u>\$ 322,374</u> |

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

| Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u> | Award/ Contract Number | CFDA Number | Program Expenditures |
|---|------------------------------|----------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| Passed through the Michigan Department of Education | | | |
| Food Assistance Employment & Training | 15152MI10052518 | 10.561 | \$ 25,775 |
| Food Assistance Employment & Training | 15152MI10052520 | 10.561 | 575 |
| Cash Assistance | | | |
| Emergency Food Assistance Program ⁽⁵⁾ | 41-000-1034 | 10.568 | 1,204,861 |
| Commodity Supplemental Food Program ⁽⁵⁾ | 41-000-1034 | 10.565 | 390,279 |
| Non-cash Assistance | | | |
| Emergency Food Assistance Program ⁽⁵⁾ | 41-000-1034 | 10.568 | 201,145 |
| Commodity Supplemental Food Program ⁽⁵⁾ | 41-000-1034 | 10.565 | <u>121,496</u> |
| TOTAL U.S. DEPARTMENT OF AGRICULTURE | | | 1,944,131 |
| U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | |
| Passed through the City of Grand Rapids | | | |
| Community Development Block Grants | 18238 | 14.218 | 131,000 |
| Passed through Kent County | | | |
| Community Development Block Grants | N/A | 14.218 | <u>70,583</u> |
| TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | 201,583 |
| U.S. DEPARTMENT OF LABOR | | | |
| Passed through Michigan Workforce Development Agency | | | |
| Wagner-Peyser Funded Activities | | | |
| Employment Services | ES260561455A26 | 17.207 | 1,224,244 |
| REA Pilot Program | UI252111455A26 | 17.225 | 24,198 |
| National Emergency Grant | EM244571360A26 | 17.277 | 19,662 |
| Job Driven NEG | 2014-JD-ACSET | 17.277 | 60,021 |
| Trade Adjustment Assistance - Case Management | TA-22663-12-55-A-26 | 17.245 | 687,092 |
| Trade Adjustment Assistance - 2002 | TA-22663-12-55-A-26 | 17.245 | 95,440 |
| Trade Adjustment Assistance - 2009/2011 | TA-22663-12-55-A-26 | 17.245 | 992,153 |
| Trade Adjustment Assistance - Reversion 2014 | TA-22663-12-55-A-26 | 17.245 | 151,462 |

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2015

| Federal Grantor/ Pass-Through Grantor/ Program Title | Award/ Contract Number | CFDA Number | Program Expenditures |
|--|------------------------------|------------------------------------|-------------------------|
| U.S. DEPARTMENT OF LABOR - CONTINUED | | | |
| Passed through Michigan Workforce Development Agency - continued | | | |
| Adult Program | AA240991355A26 | 17.258 ⁽¹⁾⁽⁴⁾ | \$ 1,708,212 |
| Youth Activities | AA253601455A26 | 17.259 ⁽¹⁾⁽⁴⁾ | 1,345,148 |
| Local Administration ⁽²⁾ | AA253601455A26 | 17.258,.259,.278 ⁽¹⁾⁽⁴⁾ | 405,707 |
| Service Center Operation | AA240991355A26 | 17.258,.259,.278 ⁽¹⁾⁽⁴⁾ | 156,690 |
| JAC Expansion | AA240991355A26 | 17.258,.259,.278 ⁽¹⁾⁽⁴⁾ | 42,052 |
| Dislocated Worker | AA240991355A26 | 17.278 ⁽¹⁾⁽⁴⁾ | 991,439 |
| TOTAL WIA CLUSTER | | | 4,649,248 |
| TOTAL U.S. DEPARTMENT OF LABOR | | | 7,903,520 |
| U.S. DEPARTMENT OF ENERGY | | | |
| Passed through Michigan Department of Human Services | | | |
| Weatherization Assistance | DOE 13-41016 | 81.042 | 594,136 |
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | |
| Passed through Area Agency on Aging of Western Michigan | | | |
| Special Programs for the Aging Title III, Part B Grants for Supportive Services and Senior Centers | | | |
| Outreach Services ⁽³⁾ | 51.1 | 93.044 | 26,974 |
| Passed through Senior Meals, Inc. | | | |
| Special Programs for the Aging Title III, Part C Nutrition Services ⁽³⁾ | 6005.10 | 93.045 | 27,500 |
| Passed through the Michigan Department of Human Services and the State of Michigan Workforce Development Agency | | | |
| Temporary Assistance for Needy Families | 1502MITANF | 93.558 | 3,206,029 |
| TANF/PATH Refugee | G-1302MITANF | 93.558 | 30,137 |
| TANF - Supportive Services | 1402MITANF | 93.558 | 8,000 |
| TANF - Supportive Services | 1502MITANF | 93.558 | 40,807 |

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2015

| Federal Grantor/ Pass-Through Grantor/ Program Title | Award/ Contract Number | CFDA Number | Program Expenditures |
|---|------------------------------|----------------|------------------------------------|
| U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED | | | |
| Passed through the Michigan Department of Human Services | | | |
| Low Income Home Energy Assistance (LIHEAP) | LIHEAP-13-41016 | 93.568 | \$ 65,858 |
| Low Income Home Energy Assistance (LIHEAP) Deliverable Fuels | LIHEAP-13-41016 | 93.568 | 129,002 |
| Community Services Block Grant | CSBG-14-41016 | 93.569 | 608,566 |
| Community Services Block Grant - Tax Preparation | CSBG-14-41016 | 93.569 | 9,756 |
| Community Services Block Grant - Migrant Services | CSBG-14-41016 | 93.569 | 10,969 |
| Community Services Block Grant - Discretionary | CSBG-14-41016 | 93.569 | 17,081 |
| Chafee Foster Care Independence Program | 1501MICLIP | 93.674 | 89,400 |
| Passed through the Michigan Community Action Agency Association | | | |
| Medicaid Enrollment | HLTH-1305-11-7791 | 93.778 | <u>92,617</u> |
| TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES | | | <u>4,362,696</u> |
| U.S. DEPARTMENT OF HOMELAND SECURITY | | | |
| Direct Program | | | |
| Emergency Food and Shelter Program | 472400-013 | 97.024 | <u>2,424</u> |
| TOTAL FEDERAL AWARD EXPENDITURES | | | <u><u>\$ 15,008,490</u></u> |

- (1) Denoted programs required to be clustered by the United States Department of Labor.
- (2) The Workforce Investment Act administrative cost pool expenditures are allocated to funding sources based on percentages of allocations made from each funding source.
- (3) Denoted programs required to be clustered by the United States Department of Health and Human Services.
- (4) Program is considered a "major" program.
- (5) Denoted programs required to be clustered by the United States Department of Agriculture.

AREA COMMUNITY SERVICES EMPLOYMENT AND TRAINING COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2015

NOTE A: BASIS OF PRESENTATION

Area Community Services Employment and Training Council, as a governmental organization reports on the modified accrual basis of accounting for financial statement presentation in accordance with accounting principles generally accepted in the United States of America.

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Area Community Services Employment and Training Council, and is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic financial statements.

NOTE B: SUBRECIPIENTS

The Council administers certain federal awards programs through subrecipients. Those subrecipients are not considered part of the Area Community Services Employment Training Council reporting entity. Of the federal expenditures presented in the Schedule of Expenditures of Federal Awards, the Council provided federal awards to subrecipients as follows:

| <u>Program Title</u> | <u>CFDA Number</u> | <u>Amount Provided to Subrecipients</u> |
|---|------------------------|---|
| Employment Service/Wagner- Peyser Act Funded Activities | 17.207 | \$ 44,986 |
| Trade Adjustment Assistance -2009/2011 | 17.245 | 14,976 |
| Workforce Investment Act (WIA) - Adult | 17.258 | 76,347 |
| Workforce Investment Act (WIA) - Youth | 17.259 | 1,226,650 |
| Workforce Investment Act (WIA) - Dislocated Worker | 17.278 | 82,594 |
| Chafee Foster Care Program | 93.674 | 83,000 |
| Temporary Assistance for Needy Families - PATH | 93.558 | <u>191,128</u> |
| Total Provided to Subrecipients | | <u><u>\$ 1,719,681</u></u> |

NOTE C: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the federal revenues reported in the June 30, 2015 basic financial statements to the expenditures the Council administered federal programs reported in the Schedule of Expenditures of Federal Awards:

| | <u>Grants</u> | <u>Less State/Local Revenue</u> | <u>Federal Award Expenditures</u> |
|------------------------------------|----------------------|-------------------------------------|---|
| PRIMARY GOVERNMENT GENERAL FUND | <u>\$ 19,432,163</u> | <u>\$ 4,423,673</u> | <u>\$ 15,008,490</u> |

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



2851 Charlevoix Drive SE
Suite 330
Grand Rapids, MI 49546
(616) 825-6836
FAX: (616) 825-6837

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the ACSET Governing Board
Area Community Services Employment & Training Council
Grand Rapids, Michigan

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Area Community Services Employment & Training Council (the Council) as of and for the year ended June 30, 2015, and the related notes to the financial statements which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 12, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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.

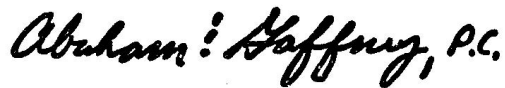
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 12, 2016

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
Alan D. Panter, CPA
William I. Tucker IV, CPA



2851 Charlevoix Drive SE
Suite 330
Grand Rapids, MI 49546
(616) 825-6836
FAX: (616) 825-6837

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

To the ACSET Governing Board
Area Community Services Employment & Training Council
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited the Area Community Services Employment & Training Council (the Council) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended June 30, 2015. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

February 12, 2016

AREA COMMUNITY SERVICES EMPLOYMENT AND TRAINING COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2015

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

| | | | | |
|---|-------|-----|---------|---------------|
| Material weakness(es) identified? | _____ | Yes | ___X___ | No |
| Significant deficiency(ies) identified? | _____ | Yes | ___X___ | None reported |
| Noncompliance material to financial statements noted? | _____ | Yes | ___X___ | No |

Federal Awards

Internal control over major programs:

| | | | | |
|---|-------|-----|---------|---------------|
| Material weakness(es) identified? | _____ | Yes | ___X___ | No |
| Significant deficiency(ies) identified? | _____ | Yes | ___X___ | None reported |

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? _____ Yes ___X___ No

Identification of major programs:

| CFDA Number(s) | Name of Federal Program or Cluster |
|------------------------|------------------------------------|
| 17,258, 17.259, 17.278 | Workforce Investment Act Cluster |

Dollar threshold used to distinguish between Type A and Type B programs: \$ 450,255

Auditee qualified as low-risk auditee? ___X___ Yes _____ No

Section II - Financial Statement Findings

None noted.

Section III - Federal Award Findings and Questioned Costs

None noted.

AREA COMMUNITY SERVICES EMPLOYMENT AND TRAINING COUNCIL

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2015

FINDINGS/NONCOMPLIANCE

Significant Deficiencies and Material Weaknesses Related to Internal Controls Over the Financial Statements.

No prior audit findings noted.

Findings Related to Compliance with Requirements Applicable to the Financial Statements.

2014-001 UNFAVORABLE BUDGET VARIANCES

Condition: During our review of the Council's compliance with the budgeting act, we noted that expenditures had exceeded the amounts appropriated in certain areas within the General Fund.

Resolution: This issue is evaluated separately each year, however, this issue was not noted during the current audit. We consider this issue resolved.

Findings Related to Compliance with Requirements Applicable to Federal Awards and Internal Control Over Compliance in Accordance with OMB Circular A-133.

No prior audit findings noted.