

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

FINANCIAL STATEMENTS

June 30, 2016

Area Community Services Employment and Training Council

TABLE OF CONTENTS

June 30, 2016

	<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	21-34
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances - By Activity	35-48
Combining Statement of Fiduciary Assets and Liabilities	49
Schedule of Expenditures of Federal Awards	50-53
Notes to Schedule of Expenditures of Federal Awards	54
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>	55-56
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	57-58
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	59
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	60

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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, 2016, 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, 2016, 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 January 12, 2017, 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

January 12, 2017

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2016

As management of the Area Community Services Employment and Training council (ACSET), we offer readers of this narrative an overview and analysis of the financial activities of ACSET for the fiscal year ending June 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

At the start of its fiscal year, ACSET provided Community Action Agency (CAA) programs for Kent County and Workforce programs through Michigan Works! for the counties of Kent, Allegan, and Barry. On October 1, 2015, ACSET regionalized with four other area Michigan Works! Agencies and became known as West Michigan Works! (WMW), serving the counties of Kent, Allegan, Barry, Ionia, Montcalm, Muskegon, and Ottawa. The regionalization increased ACSET's annual budget from \$20 million to \$31 million. ACSET entered into contracts with the existing service providers for the counties of Ionia and Montcalm and hired the existing staff serving the counties of Muskegon and Ottawa.

ACSET's Net Position increased from \$922,696 to \$1,226,509 from June 30, 2015 to June 30, 2016. The increase is primarily a result of the regionalization discussed above. Also due to regionalization, ACSET acquired assets with a net value of \$274,924 consisting of capital assets and unrestricted cash.

Community Action Agency

As the recipient of a Community Services Block Grant (CSBG), ACSET completed the required Organizational Standards, 58 standards that address three broad categories: Maximum Feasible Participation, Vision and Direction, and Operations and Accountability. Toward the completion of the standards, ACSET CAA developed and implemented a customer satisfaction survey and completed a strategic planning process that concluded with the adoption of a strategic plan and a new mission.

The agency's 20th annual Walk for Warmth raised \$33,000 for emergency heating assistance for low-income households and seniors. WZZM TV13 continued their partnership and assisted with advertising and supporting the Walk. Consumers Energy continued to partner on this event matching funds 2:1. The Guiding Light Mission shared one of their chefs to compete with ACSET staff in the Battle of the Bowls fundraiser for the Walk and was a first time sponsor. The additional dollars raised allows ACSET to provide assistant to households that may not be eligible for mainstream funding.

ACSET's weatherization staff highlighted Weatherization Day at the state capital by interacting and instructing legislatures about the benefits of weatherization.

ACSET CAA funded a Metrics Study for Social Research in partnership with the Kent County Essential Needs Task Force. The study identified common outcomes and definitions across the county for a dashboard that will provide shared metrics that agencies and nonprofits can use to focus and align efforts and policy advocacy.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2016

West Michigan Works! Highlights

A strategic plan was created through a collaborative effort of the WMW Workforce Development Board, ACSET Governing Board, and staff, with input from the region's stakeholders. Stakeholders included community partners, education and training providers, economic development, employers and jobseekers. Some of the major outcomes of the process were the creation of a mission and vision, goals and strategies, and the formation of board committees. The five goals are: 1) Cultivate relationship with employers. 2) Increase the local talent pool. 3) Establish a network for innovative partnerships. 4) Develop diversity resources and strategies through innovative partnerships. 5) Increase board and staff engagement. The goals will be accomplished through the five committees: Outreach & Communications, Employer solutions, Talent Solutions, Strategic Partnerships, and the Executive Committee.

As a demand driven system, WMW has been convening employers within industry sectors to identify the common workforce needs since 2013. Together with employers, educators, economic development, and community partners, they address current and future talent gaps. In 2015, WMW, along with Kent ISD and the Construction Workforce Development Alliance, created MiCareerQuest in response to employers' need for future talent in construction, health sciences, information technology, and advanced manufacturing. The annual event draws more than 8,000 students from across West Michigan to experience careers in these high-demand industries. More than 2,000 employers and 800 volunteers are involved in the planning, the creation of hands-on activities and logistics.

WMW's Business Solutions Representatives serve over 5,000 employers within the seven county region each year. Through a variety of state and federal programs, and in partnership with regional economic development agencies and educational institutions, WMW provides access to a number of training options to help develop a strong, skilled, and educated workforce. WMW consistently receives a large percentage of state Skilled Trades Training Fund grants. In FY 2016, 80 area employers were awarded \$3.3 million in Skilled Trades Training Funds to train 3,229 individuals (129 apprentices, 2,297 classroom trainings, and 803 on-the-job trainings (OJT)). WMW issued 27 contracts for OJTs and subsidized employment, 79 Incumbent Worker contracts and 46 RESEA contracts.

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.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2016

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*.

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.

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 \$1,226,509 at the close of the most recent fiscal year. A summary of net position is as follows:

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2016

Summary of Net Position

	Governmental Activities	
	2016	2015
Current and other assets	\$ 4,222,324	\$ 3,275,767
Capital assets	490,048	403,833
Total assets	4,712,372	3,679,600
Current liabilities	3,301,732	2,471,938
Noncurrent liabilities	184,131	284,966
Total liabilities	3,485,863	2,756,904
Net position		
Invested in capital assets	490,048	403,833
Unrestricted	736,461	518,863
Total net position	\$ 1,226,509	\$ 922,696

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, 2016

Governmental Activities

During the year, ACSET invested \$22,069,209 (80.5%) of governmental activities expenses in Michigan Works! programs and \$5,147,161 (18.8%) in Community Action Agency programs. Unallocated depreciation represents .7% of governmental activities expenses.

Net position of ACSET, which consists only of governmental activities, increased by \$28,889 as a result of operations. Beginning net assets was restated to reflect \$274,924 of unrestricted cash and capital assets received through regionalization. A summary of the changes in net position is as follows:

Summary of Activities		
	Governmental Activities	
	2016	2015
Revenue		
Program revenue		
Operating grants and contributions	\$ 27,380,236	\$ 19,441,744
Charges for services	65,410	66,673
General revenue		
Unrestricted investment earnings	720	6,939
Total revenue	27,446,366	19,515,356
Expenses		
Michigan Works! programs	22,069,209	14,565,157
Community action programs	5,147,161	4,765,273
Administrative services	11,126	7,978
Unallocated depreciation	189,981	136,567
Total expenses	27,417,477	19,474,975
Increase in net position	28,889	40,381
Net position, beginning of year	922,696	882,315
Adjustment due to regionalization	274,924	-
Net position, end of year	\$ 1,226,509	\$ 922,696

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2016

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 \$621,879, an increase of \$216,877 over the prior year. This increase is primarily due to assets acquired through regionalization. At the end of the current fiscal year, unassigned fund balance of the general fund was \$355,534. The remaining portions of fund balance considered to be nonspendable consist of \$655 in inventory and \$265,690 in prepaid items that is not available for future spending.

Capital Asset and Debt Administration

Capital assets. ACSET's investment in capital assets for its governmental activities as of June 30, 2016, amounted to \$490,048 (net of accumulated depreciation).

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

Capital Assets	
	Governmental Activities
Office equipment	\$ 329,595
Furniture and fixtures	77,021
Software	7,691
Vehicles	75,741
Total	\$ 490,048

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, 2016.

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, 2016

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash	\$ 617,357
Accounts receivable	2,923,954
Inventory	415,323
Prepays	<u>265,690</u>
Total current assets	4,222,324
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>490,048</u>
 TOTAL ASSETS	 4,712,372
LIABILITIES	
Current liabilities	
Accounts and subcontractor payables	1,914,424
Unearned revenue	912,308
Current portion of compensated absences	<u>475,000</u>
Total current liabilities	3,301,732
Noncurrent liabilities	
Noncurrent portion of compensated absences	<u>184,131</u>
 TOTAL LIABILITIES	 <u>3,485,863</u>
NET POSITION	
Investment in capital assets	490,048
Unrestricted	<u>736,461</u>
 TOTAL NET POSITION	 <u>\$ 1,226,509</u>

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF ACTIVITIES

Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Michigan Works! programs	\$ 22,069,209	\$ 9,265	\$ 22,214,546	\$ 154,602
Community action programs	5,147,161	17,528	5,165,690	36,057
Administrative services	11,126	38,617	-	27,491
Unallocated depreciation	189,981	-	-	(189,981)
TOTAL	<u>\$ 27,417,477</u>	<u>\$ 65,410</u>	<u>\$ 27,380,236</u>	28,169
		General Revenues		
		Unrestricted interest earnings		<u>720</u>
		CHANGE IN NET POSITION		28,889
		Restated net position, beginning of year		<u>1,197,620</u>
		Net position, end of year		<u>\$ 1,226,509</u>

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

BALANCE SHEET

GENERAL FUND

June 30, 2016

ASSETS	
Accounts receivable	\$ 2,923,954
Inventory	415,323
Prepays	<u>265,690</u>
 TOTAL ASSETS	 <u><u>\$ 3,604,967</u></u>
LIABILITIES	
Accounts and subcontractor payables	\$ 1,914,424
Due to other funds	156,356
Unearned revenue	<u>912,308</u>
 TOTAL LIABILITIES	 2,983,088
FUND BALANCES	
Nonspendable	
Inventory	655
Prepays	265,690
Unassigned	<u>355,534</u>
 TOTAL FUND BALANCES	 <u>621,879</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 3,604,967</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, 2016

Total fund balance - governmental fund \$ 621,879

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	\$ 1,283,123
Accumulated depreciation is	<u>(793,075)</u>

Capital assets, net	490,048
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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>114,582</u>
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Net position of governmental activities	<u><u>\$ 1,226,509</u></u>
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Area Community Service Employment and Training Council

STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE

Year Ended June 30, 2016

REVENUES	
Grants and other	\$ 27,380,236
Program income	<u>65,410</u>
TOTAL REVENUES	27,445,646
EXPENDITURES	
Operating costs	
Salaries and wages	7,494,775
Fringe benefits	2,983,015
Consumables	667,744
Transportation	268,761
Outside services	552,465
Space and communications	1,493,046
Equipment rent and maintenance	76,578
Equipment purchases	115,610
Other expenses	405,033
Subrecipient program costs	4,189,048
Direct client services	7,837,461
Commodities	<u>1,334,699</u>
TOTAL EXPENDITURES	<u>27,418,235</u>
NET CHANGE IN FUND BALANCES	27,411
Restated fund balances, beginning of year	<u>594,468</u>
Fund balances, end of year	<u><u>\$ 621,879</u></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, 2016

Net change in fund balance - total governmental fund \$ 27,411

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	\$ 190,738
Depreciation expense	<u>(189,981)</u>

Excess of capital outlay over depreciation expense 757

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>721</u>
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Change in net position of governmental activities \$ 28,889

Area Community Service Employment and Training Council

STATEMENT OF NET POSITION
Compensated Absences Internal Service Fund

June 30, 2016

ASSETS	
Cash	\$ 617,357
Due from other funds	<u>156,356</u>
TOTAL ASSETS	773,713
LIABILITIES	
Current liabilities	
Current portion of compensated absences	475,000
Noncurrent liabilities	
Noncurrent portion of compensated absences	<u>184,131</u>
TOTAL LIABILITIES	<u>659,131</u>
NET POSITION	
Unrestricted	<u><u>\$ 114,582</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, 2016

Revenue	
Charges for services	\$ 476,649
Expenses	
Employee benefits	<u>476,649</u>
Operating income	-0-
Nonoperating revenue	
Interest income	<u>721</u>
Change in net position	721
Net position, beginning of year	<u>113,861</u>
Net position, end of year	<u><u>\$ 114,582</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, 2016

Cash flows from operating activities	
Cash receipts from interfund services provided	\$ 320,293
Cash payments to employees	<u>(252,410)</u>
Net cash provided in operating activities	67,883
Cash flows from investing activities	
Interest income received	<u>721</u>
Net increase in cash	68,604
Cash, beginning of year	<u>548,753</u>
Cash, end of year	<u><u>\$ 617,357</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:	
(Increase) in due from other funds	(156,356)
Increase in compensated absences	<u>224,239</u>
Net cash provided in operating activities	<u><u>\$ 67,883</u></u>

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2016

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 446,696</u>
LIABILITIES	
Accounts payable	\$ 138,160
Accrued liabilities	<u>308,536</u>
TOTAL LIABILITIES	<u>\$ 446,696</u>

See accompanying notes to the financial statements.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2016

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 to include Allegan County, October 1, 2014 to include Barry County, and October 1, 2015 to include Ionia County, Montcalm County, Muskegon County, and Ottawa County. 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, Barry, Ionia, Montcalm, Muskegon, and Ottawa 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, 2016 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, 2016.

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, 2016

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, 2016

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, 2016, 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, 2016, 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, 2016

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 acquisition 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, 2016

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	\$ 617,357	\$ 446,696	\$ 1,064,053

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, 2016:

Checking/savings accounts	\$ 466,222
Money markets	589,364
Petty cash	8,467
Total deposits	\$ 1,064,053

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2016

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, \$1,035,647 of the Council's bank balance of \$1,779,413 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:

	Restated Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital assets being depreciated				
Office equipment	\$ 545,077	\$ 182,612	\$ (75,411)	\$ 652,278
Furniture and fixtures	121,568	-	-	121,568
Software	38,554	8,095	-	46,649
Vehicles	462,597	31	-	462,628
Total capital assets being depreciated	1,167,796	190,738	(75,411)	1,283,123
Less accumulated depreciation for:				
Office equipment	(299,837)	(97,830)	74,984	(322,683)
Furniture and fixture	(33,270)	(11,277)	-	(44,547)
Software	(33,090)	(5,868)	-	(38,958)
Vehicles	(312,308)	(74,579)	-	(386,887)
Total accumulated depreciation	(678,505)	(189,554)	74,984	(793,075)
Total capital assets being depreciated, net	<u>\$ 489,291</u>	<u>\$ 1,184</u>	<u>\$ (427)</u>	<u>\$ 490,048</u>

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2016

3. CAPITAL ASSETS - CONTINUED

Depreciation expense is not allocated in the government-wide statement of activities. The current depreciation expense in the Governmental Activities of \$189,554 has been adjusted by \$427 for disposal of capital assets during the year, in accordance with GASB Statement No. 34 implementation guide states that immaterial losses may be handled as an adjustment to the current period's depreciation expense.

4. INTERFUND RECEIVABLES AND PAYABLES

The amount of interfund receivables and payables at June 30, 2016, are as follows:

Due to Internal Service Fund from:	
General Fund	<u>\$ 156,356</u>

Amounts appearing as interfund payables and receivables arise from two types of transactions. One type of transaction is where a fund will pay for a good or service that at least a portion of the benefit belongs to another fund. The second type of transaction is where one fund provides a good or service to another fund. Balances at the end of the year are for transfers that have not cleared as of the balance sheet date.

5. COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2016 are as follows:

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016	Amounts Due Within One Year
Governmental activities					
Compensated absences	<u>\$ 434,892</u>	<u>\$ 700,888</u>	<u>\$ (476,649)</u>	<u>\$ 659,131</u>	<u>\$ 475,000</u>

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

6. 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, 2016 was \$915,474.

Minimum future lease payments under operating leases as of June 30, 2016 are as follows:

Year	Amount
2017	\$ 1,046,794
2018	930,214
2019	891,319
2020	717,077
2021	605,548
2022-2026	1,632,557
2027-2029	<u>409,751</u>
Total	<u>\$ 6,233,260</u>

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2016

6. LEASES - CONTINUED

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.

7. 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, 2016 amounted to \$533,166 and \$521,320, respectively.

8. 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.

9. 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.

10. 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 1.50%. The agreement expires February 19, 2017, and is unsecured. There was no outstanding balance at June 30, 2016.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**

Notes to the Financial Statements

June 30, 2016

11. RESTATEMENT OF BEGINNING NET POSITION/FUND BALANCE

Beginning net position/fund balance has been restated for governmental activities and the General Fund, respectively, due to a government acquisition.

Governmental Activities

Beginning net position	\$ 922,696
Capital assets received from Muskegon County related to government acquisition	85,458
Government acquisition	<u>189,466</u>
Restated beginning net position	<u><u>\$ 1,197,620</u></u>

General Fund (Fund 106)

Beginning fund balance	\$ 405,002
Government acquisition	<u>189,466</u>
Restated beginning fund balance	<u><u>\$ 594,468</u></u>

REQUIRED SUPPLEMENTARY INFORMATION

Area Community Service Employment and Training Council

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2016

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Grants and other	\$ 18,446,476	\$ 29,688,000	\$ 26,045,537	\$ (3,642,463)
Commodities - Non-cash grant	1,433,087	1,317,000	1,334,699	17,699
Program income	20,000	20,000	65,410	45,410
Contributions	35,000	209,000	-	(209,000)
Interest income	620	650	-	(650)
Total revenue	19,935,183	31,234,650	27,445,646	(3,789,004)
EXPENDITURES				
Operating costs:				
Salaries and wages	5,424,622	7,667,500	7,494,775	172,725
Fringe benefits	2,093,452	3,124,500	2,983,015	141,485
Consumables	543,378	769,000	667,744	101,256
Transportation	207,326	297,000	268,761	28,239
Outside services	310,447	656,000	552,465	103,535
Space & communications	956,586	1,544,000	1,493,046	50,954
Equipment rent & maintenance	60,271	100,000	76,578	23,422
Equipment purchases	61,629	166,000	115,610	50,390
Other expenses	317,464	468,000	405,033	62,967
Subrecipient program costs	7,295,701	4,789,000	4,189,048	599,952
Direct client services	1,226,220	10,117,000	7,837,461	2,279,539
Commodities	1,433,087	1,335,000	1,334,699	301
Total expenditures	19,930,183	31,033,000	27,418,235	3,614,765
Net change in fund balance	5,000	201,650	27,411	(174,239)
Restated fund balance, beginning of year	594,468	594,468	594,468	-0-
Fund balance, end of year	\$ 599,468	\$ 796,118	\$ 621,879	\$ (174,239)

OTHER SUPPLEMENTARY INFORMATION

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY

June 30, 2016

	Unrestricted 106	Administrative Cost Pool 107	MWA Cost Pool 108	WIA Adult Regular 211
ASSETS				
Cash	\$ 662,076	\$ (63,231)	\$ 27,249	\$ 87,279
Accounts receivable	5	-	-	382,072
Inventory	-	-	-	-
Prepays	-	265,690	-	-
TOTAL ASSETS	\$ 662,081	\$ 202,459	\$ 27,249	\$ 469,351
LIABILITIES				
Accounts payable	\$ 40,202	\$ 46,103	\$ 27,249	\$ 469,351
Due to other funds	-	156,356	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	40,202	202,459	27,249	469,351
FUND BALANCES				
Nonspendable				
Inventory	-	-	-	-
Prepays	-	265,690	-	-
Unassigned	621,879	(265,690)	-	-
TOTAL FUND BALANCES	621,879	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 662,081	\$ 202,459	\$ 27,249	\$ 469,351

WIA Youth Regular 212	WIA Dislocated Worker Regular 213	WIA Service Center Operations 217	Employment Service 218	Capacity Building 219	Higher Concentration Youth 221
\$ (9,907)	\$ 100,451	\$ 627	\$ (297,604)	\$ -	\$ -
270,275	-	48,866	319,900	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 260,368</u>	<u>\$ 100,451</u>	<u>\$ 49,493</u>	<u>\$ 22,296</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 260,368	\$ 53,605	\$ 49,493	\$ 22,296	\$ -	\$ -
-	-	-	-	-	-
-	46,846	-	-	-	-
260,368	100,451	49,493	22,296	-0-	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 260,368</u>	<u>\$ 100,451</u>	<u>\$ 49,493</u>	<u>\$ 22,296</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2016

	SWA Rapid Response 222	Summer Learning 224	Michigan Prisoner Re-entry 225	Fresh Start 226
ASSETS				
Cash	\$ (7,563)	\$ 169,821	\$ 22,653	\$ (1,259)
Accounts receivable	7,563	278,366	123,876	1,259
Inventory	-	-	655	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ -0-	\$ 448,187	\$ 147,184	\$ -0-
LIABILITIES				
Accounts payable	\$ -	\$ 115,033	\$ 147,184	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	333,154	-	-
TOTAL LIABILITIES	-0-	448,187	147,184	-0-
FUND BALANCES				
Nonspendable				
Inventory	-	-	655	-
Prepays	-	-	-	-
Unassigned	-	-	(655)	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ -0-	\$ 448,187	\$ 147,184	\$ -0-

Future Prep'd 227	Fostercare SYEP Administration 230	SYEP Supportive Services 231	WIA Administration 233	Trade Adjustment Assistance 234	Trade 2002 236
\$ (330)	\$ (295)	\$ -	\$ (70,226)	\$ 16,723	\$ -
330	32,776	-	72,809	131,275	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -0-</u>	<u>\$ 32,481</u>	<u>\$ -0-</u>	<u>\$ 2,583</u>	<u>\$ 147,998</u>	<u>\$ -0-</u>
\$ -	\$ 32,481	\$ -	\$ 2,583	\$ 147,998	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-0-	32,481	-0-	2,583	147,998	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 32,481</u>	<u>\$ -0-</u>	<u>\$ 2,583</u>	<u>\$ 147,998</u>	<u>\$ -0-</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2016

	Trade 2009/2011 237	Employer Based Training Foundation 238	Trade Case Management 244	Trade Reversion 245
ASSETS				
Cash	\$ -	\$ (76,250)	\$ -	\$ -
Accounts receivable	-	76,250	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ -0-	\$ -0-	\$ -0-	\$ -0-
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	-0-	-0-	-0-	-0-
FUND BALANCES				
Nonspendable				
Inventory	-	-	-	-
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Jobs for America's Graduates 246	Job Driven NEG 247	Skilled Trades Training 242/248/251	UIA Reemployment & Eligibility 249	MI Coalition Adv. Mfging 252	Unemployment Insurance State Administration 253
\$ (10,407)	\$ (34,780)	\$ (21,385)	\$ -	\$ (17,981)	\$ 1,343
30,452	49,537	211,873	-	18,268	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 20,045</u>	<u>\$ 14,757</u>	<u>\$ 190,488</u>	<u>\$ -0-</u>	<u>\$ 287</u>	<u>\$ 1,343</u>
\$ 20,045	\$ 14,757	\$ 190,488	\$ -	\$ 287	\$ 1,343
-	-	-	-	-	-
-	-	-	-	-	-
20,045	14,757	190,488	-0-	287	1,343
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 20,045</u>	<u>\$ 14,757</u>	<u>\$ 190,488</u>	<u>\$ -0-</u>	<u>\$ 287</u>	<u>\$ 1,343</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2016

	Career Jump Start MAT2 254	Designation Incentive 255	Migrant Seasonal 256	Walmart 257
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
ASSETS				
Cash	\$ 3,133	\$ 52,629	\$ -	\$ 1
Accounts receivable	-	-	-	-
Inventory	-	-	-	-
Prepays	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 3,133</u></u>	<u><u>\$ 52,629</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1</u></u>
LIABILITIES				
Accounts payable	\$ 276	\$ 21,459	\$ -	\$ 1
Due to other funds	-	-	-	-
Unearned revenue	2,857	31,170	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	3,133	52,629	-0-	1
FUND BALANCES				
Nonspendable				
Inventory	-	-	-	-
Prepays	-	-	-	-
Unassigned	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u> -0-</u>	<u> -0-</u>	<u> -0-</u>	<u> -0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>\$ 3,133</u></u>	<u><u>\$ 52,629</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ 1</u></u>

RESEA Training 258	Linked Muskegon 259	DTE United Way Youth 260	RESEA 2016 261	Career Jump Start 264	GF/GP Jet 303
\$ (46,070)	\$ (8,156)	\$ -	\$ (33,201)	\$ (13,950)	\$ 2,080
68,541	9,015	447	33,201	13,950	207
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 22,471</u>	<u>\$ 859</u>	<u>\$ 447</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,287</u>
\$ 22,471	\$ 859	\$ 447	\$ -	\$ -	\$ 2,287
-	-	-	-	-	-
-	-	-	-	-	-
22,471	859	447	-0-	-0-	2,287
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
<u>\$ 22,471</u>	<u>\$ 859</u>	<u>\$ 447</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 2,287</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2016

	TANF PATH 304	GF/GP PATH Refugee 308	Food Assistance Employment & Training 309	SAM GRTS SNAP 311
ASSETS				
Cash	\$ (98,305)	\$ (49,784)	\$ 14,966	\$ (505)
Accounts receivable	224,294	50,000	-	736
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 125,989	\$ 216	\$ 14,966	\$ 231
LIABILITIES				
Accounts payable	\$ 125,989	\$ 216	\$ 6,452	\$ 231
Due to other funds	-	-	-	-
Unearned revenue	-	-	8,514	-
TOTAL LIABILITIES	125,989	216	14,966	231
FUND BALANCES				
Nonspendable				
Inventory	-	-	-	-
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 125,989	\$ 216	\$ 14,966	\$ 231

TANF Supportive Services 312	LIHEAP WX 503	Energy Optimization 507	DTE Energy 510	DOE WX 520	CSBG-D Dual Generation 525
\$ 806	\$ (11,138)	\$ -	\$ 11,043	\$ (23,019)	\$ (1,823)
865	19,949	-	-	23,818	1,831
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,671</u>	<u>\$ 8,811</u>	<u>\$ -0-</u>	<u>\$ 11,043</u>	<u>\$ 799</u>	<u>\$ 8</u>
\$ 1,671	\$ 8,811	\$ -	\$ -	\$ 799	\$ 8
-	-	-	-	-	-
-	-	-	11,043	-	-
1,671	8,811	-0-	11,043	799	8
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 1,671</u>	<u>\$ 8,811</u>	<u>\$ -0-</u>	<u>\$ 11,043</u>	<u>\$ 799</u>	<u>\$ 8</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2016

	CSBG 526	CSBG Tax Fund 527	CSBG Migrant 529	CSBG Discretionary 532
ASSETS				
Cash				
Accounts receivable	\$ (304,417)	\$ -	\$ -	\$ -
Inventory	370,144	-	-	-
Prepays	-	-	-	-
	-	-	-	-
TOTAL ASSETS	\$ 65,727	\$ -0-	\$ -0-	\$ -0-
LIABILITIES				
Accounts payable	\$ 65,727	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Unearned revenue	-	-	-	-
	-	-	-	-
TOTAL LIABILITIES	65,727	-0-	-0-	-0-
FUND BALANCES				
Nonspendable				
Inventory	-	-	-	-
Prepays	-	-	-	-
Unassigned	-	-	-	-
	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 65,727	\$ -0-	\$ -0-	\$ -0-

Older Americans 541	Senior Meals 542	Senior Millage 545-548	TEFAP 601	CSFP 602	EFSP 605
\$ (123)	\$ 2,681	\$ 7,813	\$ (18,356)	\$ (2,237)	\$ -
123		27,576	-	-	-
-	-	-	287,938	126,730	-
-	-	-	-	-	-
<u>\$ -0-</u>	<u>\$ 2,681</u>	<u>\$ 35,389</u>	<u>\$ 269,582</u>	<u>\$ 124,493</u>	<u>\$ -0-</u>
\$ -	\$ -	\$ 11,062	\$ 966	\$ 702	\$ -
-	-	-	-	-	-
-	2,681	24,327	268,616	123,791	-
-0-	2,681	35,389	269,582	124,493	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 2,681</u>	<u>\$ 35,389</u>	<u>\$ 269,582</u>	<u>\$ 124,493</u>	<u>\$ -0-</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2016

	EAP 610	LCA Deliverables 612	LSP - DTE 613	Consumers Energy 614	CGR Water 615
ASSETS					
Cash	\$ 15,850	\$ (9,918)	\$ 2,829	\$ 719	\$ 11,991
Accounts receivable	-	9,918	-	-	-
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
TOTAL ASSETS	\$ 15,850	\$ -0-	\$ 2,829	\$ 719	\$ 11,991
LIABILITIES					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ 2,777
Due to other funds	-	-	-	-	-
Unearned revenue	15,850	-	2,829	719	9,214
TOTAL LIABILITIES	15,850	-0-	2,829	719	11,991
FUND BALANCES					
Nonspendable					
Inventory	-	-	-	-	-
Prepays	-	-	-	-	-
Unassigned	-	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 15,850	\$ -0-	\$ 2,829	\$ 719	\$ 11,991

Medicaid Enrolls 620	ITP Fund 630	CGR Admin 640	CGR Support Fund 641	Kent County Admin 642	Kent County Support Fund 643	Total
\$ (13,579)	\$ 1,357	\$ -	\$ 541	\$ 5,594	\$ 23,544	\$ -0-
13,587	-	-	-	-	-	2,923,954
-	-	-	-	-	-	415,323
-	-	-	-	-	-	265,690
<u>\$ 8</u>	<u>\$ 1,357</u>	<u>\$ -0-</u>	<u>\$ 541</u>	<u>\$ 5,594</u>	<u>\$ 23,544</u>	<u>\$ 3,604,967</u>
\$ 8	\$ 207	\$ -	\$ 132	\$ -	\$ -	\$ 1,914,424
-	-	-	-	-	-	156,356
-	1,150	-	409	5,594	23,544	912,308
8	1,357	-0-	541	5,594	23,544	2,983,088
-	-	-	-	-	-	655
-	-	-	-	-	-	265,690
-	-	-	-	-	-	355,534
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>621,879</u>
<u>\$ 8</u>	<u>\$ 1,357</u>	<u>\$ -0-</u>	<u>\$ 541</u>	<u>\$ 5,594</u>	<u>\$ 23,544</u>	<u>\$ 3,604,967</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, 2016

	Unrestricted 106	Administrative Cost Pool 107	MWA Cost Pool 108	WIA Adult Regular 211
REVENUE	\$ -	\$ -	\$ -	\$ 3,787,712
Grants and other	38,617	-	-	-
Program income	-	-	-	-
TOTAL REVENUES	38,617	-0-	-0-	3,787,712
EXPENDITURES				
Operating costs	-	-	-	984,999
Salaries and wages	-	-	-	402,066
Fringe benefits	200	-	-	93,662
Consumable	2,972	-	-	31,968
Transportation	-	-	-	44,240
Outside services	-	-	-	261,392
Space and communications	-	-	-	11,033
Equipment rent and maintenance	-	-	-	4,248
Equipment purchases	5,864	-	-	51,105
Other expenses	1,995	-	-	329,844
Subrecipient program costs	175	-	-	1,573,155
Direct client services/Training	-	-	-	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	11,206	-0-	-0-	3,787,712
NET CHANGE IN FUND BALANCES	27,411	-0-	-0-	-0-
Restated fund balances, beginning of year	594,468	-	-	-
Fund balances, end of year	\$ 621,879	\$ -0-	\$ -0-	\$ -0-

WIA Youth Regular 212	WIA Dislocated Worker Regular 213	WIA Service Center Operations 217	Employment Service 218	Capacity Building 219	Higher Concentration Youth 221
\$ 2,210,795	\$ 1,165,078	\$ 116,367	\$ 1,035,574	\$ 150,000	\$ 1,227
-	-	-	9,265	-	-
2,210,795	1,165,078	116,367	1,044,839	150,000	1,227
432,238	348,177	-	521,936	-	-
175,436	140,518	-	200,704	-	-
32,783	37,170	22,097	41,585	-	-
15,595	9,695	144	16,106	-	-
24,204	14,618	46,604	22,848	-	120
121,524	92,087	20,227	85,330	-	-
3,053	4,437	180	3,547	-	-
1,667	1,966	12,998	6,659	-	-
32,360	19,407	1,940	24,244	-	-
1,306,971	240,087	12,177	121,880	150,000	1,107
64,964	256,916	-	-	-	-
-	-	-	-	-	-
2,210,795	1,165,078	116,367	1,044,839	150,000	1,227
-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, 2016

	SWA Rapid Response 222	Summer Learning 224	Michigan Prisoner Re-entry 225	Fresh Start 226
REVENUE				
Grants and other	\$ 7,563	\$ 459,644	\$ 1,509,645	\$ 1,259
Program income	-	-	-	-
TOTAL REVENUES	7,563	459,644	1,509,645	1,259
EXPENDITURES				
Operating costs				
Salaries and wages	-	5,503	242,239	845
Fringe benefits	-	1,919	97,047	311
Consumable	7,563	164	9,181	36
Transportation	-	238	7,650	16
Outside services	-	124	54,459	11
Space and communications	-	430	13,832	23
Equipment rent and maintenance	-	106	1,432	2
Equipment purchases	-	-	1,572	-
Other expenses	-	278	9,217	15
Subrecipient program costs	-	450,882	501,709	-
Direct client services/Training	-	-	571,307	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	7,563	459,644	1,509,645	1,259
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Restated fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Future Prep'd 227	Fostercare SYEP Administration 230	SYEP Supportive Services 231	WIA Administration 233	Trade Adjustment Assistance 234	Trade 2002 236
\$ 330	\$ 155,090	\$ 7,400	\$ 716,331	\$ 1,079,746	\$ 15,059
-	-	-	-	-	-
330	155,090	7,400	716,331	1,079,746	15,059
221	7,926	-	408,637	236,588	49
81	3,210	-	158,681	94,541	-
10	1,803	-	46,872	14,014	3
4	171	-	8,544	8,574	0
3	369	-	19,160	7,244	-
6	1,430	-	47,095	36,950	21
1	26	-	1,497	2,120	-
-	-	-	1,113	794	-
4	853	-	24,732	10,537	-
-	139,302	7,400	-	33,865	-
-	-	-	-	634,519	14,986
-	-	-	-	-	-
330	155,090	7,400	716,331	1,079,746	15,059
-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, 2016

	Trade 2009/2011 237	Employer Based Training Foundation 238	Trade Case Management 244	Trade Reversion 245
REVENUE				
Grants and other	\$ 144,126	\$ 76,250	\$ 196,452	\$ 40,837
Program income	-	-	-	-
TOTAL REVENUES	144,126	76,250	196,452	40,837
EXPENDITURES				
Operating costs				
Salaries and wages	8,202	-	126,369	1,699
Fringe benefits	3,215	-	46,614	622
Consumable	191	-	3,399	34
Transportation	79	-	2,599	7
Outside services	160	26,780	2,171	107
Space and communications	4,558	45,509	4,804	43
Equipment rent and maintenance	5	3,961	135	1
Equipment purchases	-	-	-	-
Other expenses	503	-	3,811	15
Subrecipient program costs	-	-	6,550	-
Direct client services/Training	127,213	-	-	38,309
Commodities	-	-	-	-
TOTAL EXPENDITURES	144,126	76,250	196,452	40,837
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Restated fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Jobs for America's Graduates 246	Job Driven NEG 247	Skilled Trades Training 242/248/251	UIA Reemployment & Eligibility 249	MI Coalition Adv. Mfging 252	Unemployment Insurance State Administration 253
\$ 67,406	\$ 124,543	\$ 2,531,144	\$ 123,633	\$ 45,268	\$ 47,171
-	-	-	-	-	-
67,406	124,543	2,531,144	123,633	45,268	47,171
4,487	15,852	97,025	77,704	27,235	26,990
1,537	6,101	37,674	29,754	11,073	13,010
161	805	4,742	2,548	1,364	1,300
98	294	4,904	241	702	563
91	11,423	2,080	1,956	761	521
894	1,205	6,675	4,931	2,706	2,736
77	11,246	842	503	241	207
-	29	51	853	-	533
126	1,085	3,676	1,217	1,186	1,311
59,435	1,784	-	3,926	-	-
500	74,719	2,373,475	-	-	-
-	-	-	-	-	-
67,406	124,543	2,531,144	123,633	45,268	47,171
-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, 2016

	Career Jump Start MAT2 254	Designation Incentive 255	Migrant Seasonal 256	Walmart 257
REVENUE				
Grants and other	\$ 23,473	\$ 641	\$ 210,965	\$ 23,000
Program income	-	-	-	-
TOTAL REVENUES	23,473	641	210,965	23,000
EXPENDITURES				
Operating costs				
Salaries and wages	5,748	-	122,589	4,616
Fringe benefits	3,466	-	53,937	1,460
Consumable	566	-	5,267	212
Transportation	394	-	5,256	812
Outside services	286	641	2,900	93
Space and communications	845	-	13,974	1,118
Equipment rent and maintenance	112	-	253	19
Equipment purchases	9	-	761	-
Other expenses	12,047	-	5,983	876
Subrecipient program costs	-	-	-	11,194
Direct client services/Training	-	-	45	2,600
Commodities	-	-	-	-
TOTAL EXPENDITURES	23,473	641	210,965	23,000
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Restated fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

RESEA Training 258	Linked Muskegon 259	DTE United Way Youth 260	RESEA 2016 261	Career Jump Start 264	GF/GP Jet 303
\$ 84,221	\$ 9,015	\$ 447	\$ 33,201	\$ 13,950	\$ 615,010
-	-	-	-	-	-
84,221	9,015	447	33,201	13,950	615,010
11,106	4,039	-	19,902	9,184	229,307
4,438	1,533	-	7,279	2,629	79,689
671	203	-	802	66	54,189
433	90	-	495	120	5,309
273	97	-	556	64	7,432
1,516	1,058	-	1,212	1,793	37,252
83	33	-	171	-	1,208
31	-	-	-	-	-
421	172	447	831	94	20,626
-	-	-	1,953	-	33,855
65,249	1,790	-	-	-	146,143
-	-	-	-	-	-
84,221	9,015	447	33,201	13,950	615,010
-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, 2016

	TANF PATH 304	GF/GP PATH Refugee 308	Food Assistance Employment & Training 309	SAM GRTS SNAP 311
REVENUE				
Grants and other	\$ 4,886,280	\$ 124,132	\$ 136,900	\$ 8,922
Program income	-	-	-	-
TOTAL REVENUES	4,886,280	124,132	136,900	8,922
EXPENDITURES				
Operating costs				
Salaries and wages	2,272,653	69,603	65,047	-
Fringe benefits	913,258	28,981	25,572	-
Consumable	151,449	3,028	4,395	-
Transportation	67,018	1,644	2,446	-
Outside services	86,087	1,296	2,087	-
Space and communications	466,832	2,484	5,248	-
Equipment rent and maintenance	19,046	585	559	-
Equipment purchases	14,852	582	303	-
Other expenses	107,287	2,599	5,442	-
Subrecipient program costs	202,407	-	14,077	-
Direct client services/Training	585,391	13,330	11,724	8,922
Commodities	-	-	-	-
TOTAL EXPENDITURES	4,886,280	124,132	136,900	8,922
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Restated fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

TANF Supportive Services 312	LIHEAP WX 503	Energy Optimization 507	DTE Energy 510	DOE WX 520	CSBG-D Dual Generation 525
\$ 228,739	\$ 317,380	\$ 3,742	\$ 1,861	\$ 452,605	\$ 14,787
-	-	-	-	2,500	-
228,739	317,380	3,742	1,861	455,105	14,787
-	79,422	-	-	79,751	8,319
-	27,979	-	-	31,550	2,569
-	1,886	-	26	6,053	-
-	2,378	-	-	9,814	7
-	1,761	-	-	1,864	-
-	2,672	-	-	7,332	-
-	198	-	-	729	-
-	64	-	-	610	-
-	1,543	-	-	4,050	-
-	199,477	3,742	1,835	313,352	-
228,739	-	-	-	-	3,892
-	-	-	-	-	-
228,739	317,380	3,742	1,861	455,105	14,787
-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, 2016

	CSBG 526	CSBG Tax Fund 527	CSBG Migrant 529	CSBG Discretionary 532
REVENUE				
Grants and other	\$ 970,156	\$ 3,065	\$ 2,531	\$ 3,120
Program income	-	-	-	-
TOTAL REVENUES	970,156	3,065	2,531	3,120
EXPENDITURES				
Operating costs				
Salaries and wages	328,593	518	948	2,256
Fringe benefits	147,422	193	351	836
Consumable	82,531	715	98	-
Transportation	16,200	-	126	28
Outside services	65,331	-	-	-
Space and communications	92,831	1,639	33	-
Equipment rent and maintenance	7,121	-	-	-
Equipment purchases	22,609	-	-	-
Other expenses	23,515	-	-	-
Subrecipient program costs	-	-	-	-
Direct client services/Training	184,003	-	975	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	970,156	3,065	2,531	3,120
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Restated fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

Older Americans 541	Senior Meals 542	Senior Millage 545-548	TEFAP 601	CSFP 602	EFSP 605
\$ 28,058	\$ -	\$ 380,784	\$ 1,215,222	\$ 436,300	\$ 37,576
-	-	13,167	-	508	-
28,058	-0-	393,951	1,215,222	436,808	37,576
18,977	-	165,812	69,503	26,832	-
7,506	-	72,134	24,708	10,597	-
234	-	11,351	4,500	2,627	-
154	-	34,358	2,732	6,560	-
55	-	41,209	24,341	19,979	-
1,095	-	8,974	69,846	12,088	-
6	-	650	154	107	-
-	-	532	42,077	128	-
31	-	20,689	408	144	-
-	-	38,242	-	-	-
-	-	-	-	-	37,576
-	-	-	976,953	357,746	-
28,058	-0-	393,951	1,215,222	436,808	37,576
-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, 2016

	EAP 610	LCA Deliverables 612	LSP - DTE 613	Consumers Energy 614	CGR Water 615
REVENUE					
Grants and other	\$ 756,278	\$ 65,133	\$ 2,668	\$ 27,202	\$ 149,842
Program income	-	-	-	-	-
TOTAL REVENUES	756,278	65,133	2,668	27,202	149,842
EXPENDITURES					
Operating costs					
Salaries and wages	118,408	4,742	1,863	-	10,071
Fringe benefits	35,032	1,529	739	-	4,263
Consumable	2,087	119	66	-	183
Transportation	-	-	-	-	21
Outside services	2,048	149	-	-	446
Space and communications	1,670	103	-	-	222
Equipment rent and maintenance	240	4	-	-	10
Equipment purchases	56	12	-	-	-
Other expenses	129	13	-	-	64
Subrecipient program costs	-	-	-	-	-
Direct client services/Training	596,608	58,462	-	27,202	134,562
Commodities	-	-	-	-	-
TOTAL EXPENDITURES	756,278	65,133	2,668	27,202	149,842
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-	-0-
Restated fund balances, beginning of year	-	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -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
\$ 105,953	\$ 12,765	\$ 15,000	\$ 115,900	\$ 6,510	\$ 41,252	\$ 27,380,236
-	1,353	-	-	-	-	65,410
105,953	14,118	15,000	115,900	6,510	41,252	27,445,646
66,015	1,671	10,255	78,332	4,199	29,573	7,494,775
26,071	219	3,998	28,647	1,594	8,722	2,983,015
7,830	247	238	3,542	138	738	667,744
201	556	27	191	18	209	268,761
787	11,412	137	772	67	241	552,465
3,970	13	230	1,594	210	784	1,493,046
529	-	10	81	5	13	76,578
200	-	3	13	-	285	115,610
350	-	102	2,718	279	687	405,033
-	-	-	-	-	-	4,189,048
-	-	-	10	-	-	7,837,461
-	-	-	-	-	-	1,334,699
105,953	14,118	15,000	115,900	6,510	41,252	27,418,235
-0-	-0-	-0-	-0-	-0-	-0-	27,411
-	-	-	-	-	-	594,468
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ 621,879

Area Community Service Employment and Training Council

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2016

	<u>Payroll Fund</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 331,160</u>	<u>\$ 115,536</u>	<u>\$ 446,696</u>
LIABILITIES			
Accounts payable	\$ 22,624	\$ 115,536	\$ 138,160
Accrued liabilities	<u>308,536</u>	<u>-</u>	<u>308,536</u>
TOTAL LIABILITIES	<u>\$ 331,160</u>	<u>\$ 115,536</u>	<u>\$ 446,696</u>

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Award/Contract Number	CFDA Number	Program Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Workforce Development Agency - State of Michigan				
Supplemental Nutrition Assistance Program	16162MI100S2520	10.561	\$ 136,900	\$ 14,077
Assistance Program	16162MI100S2520	10.561	8,922	-
Passed through Michigan Department of Education				
Cash Assistance				
Emergency Food Assistance Program ⁽⁵⁾	151525MI05348102	10.568	238,269	-
Commodity Supplemental Food Program ⁽⁵⁾	151525MI05348102	10.565	79,062	-
Non-cash Assistance				
Emergency Food Assistance Program ⁽⁵⁾	151525MI05348102	10.568	976,953	-
Commodity Supplemental Food Program ⁽⁵⁾	151525MI05348102	10.565	<u>357,746</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,797,852	14,077
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Passed through the City of Grand Rapids				
Community Development Block Grants	21531	14.218	130,900	-
Passed through Kent County				
Community Development Block Grants	N/A	14.218	<u>47,761</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			178,661	-0-
U.S. DEPARTMENT OF LABOR				
Passed through Workforce Development Agency - State of Michigan				
Wagner-Peyser Funded Activities				
Employment Services	ES274971555A26	17.207	1,044,838	121,880
Migrant Seasonal Farm Worker	ES274971555A26	17.207	210,965	-
REA Pilot Program	UI252111455A26	17.225	123,633	3,926
RESEA 2016	UI281381660A26	17.225	33,201	1,953
RESEA Unemployment	UI271181555A26	17.225	47,171	-

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Award/Contract Number	CFDA Number	Program Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF LABOR - CONTINUED				
Passed through Workforce Development Agency - State of Michigan - continued				
Trade Activities				
Trade Adjustment Assistance - Case Management	TA-22663-13-55-A-26	17.245	\$ 196,452	\$ 6,550
Trade Adjustment Assistance - 2002	TA-22663-13-55-A-26	17.245	15,059	-
Trade Adjustment Assistance - 2009/2011	TA-22663-13-55-A-26	17.245	144,126	2,785
Trade Adjustment Assistance - Reversion 2014	TA-22663-13-55-A-26	17.245	40,837	1,492
Trade Adjustment Assistance - TAARA 15	TA252941455A26	17.245	1,079,746	35,899
Trade Adjustment Assistance - Business Services EBT	TA252941455A26	17.245	76,250	-
Michigan Coalition Advance Manufacturing (TAACCCT)	TC-25059-13-60-A-26	17.282	45,268	-
Job Driven NEG	EM258641460A26	17.277	124,543	1,784
Workforce Investment Act (WIA) Activities				
Adult Program	AA253601455A26	17.258 ⁽¹⁾	749,294	-
Youth Activities	AA253601455A26	17.259 ⁽¹⁾	584,422	-
Dislocated Worker	AA253601455A28	17.278 ⁽¹⁾	110,755	-
Service Center Operation	AA253601455A26	17.258,259,278 ⁽¹⁾	47,603	-
Rapid Response - CRM	AA240991355A26	17.278 ⁽¹⁾	7,563	-
Local Administration ⁽²⁾	AA253601455A29	17.258,259,278 ⁽¹⁾	144,574	-
Designation Incentive	AA253601455A26	17.258,259,278 ⁽¹⁾	641	-
Rapid Response CJS	AA240991355A26	17.258 ⁽¹⁾	13,950	-
Total WIA Activities			1,658,802	-
Workforce Innovation and Opportunity Act (WIOA) Activities				
Adult Program	AA267861555A26	17.258 ⁽¹⁾	3,038,419	329,844
Youth Activities	AA267861555A26	17.259 ⁽¹⁾	1,626,372	1,304,089
Dislocated Worker	AA267861555A26	17.278	1,054,323	240,087
Service Center Operation	AA267861555A26	17.258,259,278 ⁽¹⁾	18,550	12,177
Capacity Building	AA267861555A26	17.258,259,278 ⁽¹⁾	150,000	-
High Concentration Youth	AA267861555A26	17.258,259,278 ⁽¹⁾	1,227	-
Local Administration ⁽²⁾	AA267861555A26	17.258,259,278 ⁽¹⁾	571,756	-
Total WIOA Activities			6,460,647	1,886,197
Total WIA/WIOA Cluster			8,119,449	1,886,197
TOTAL U.S. DEPARTMENT OF LABOR			11,301,538	2,062,466

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Award/Contract Number	CFDA Number	Program Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF ENERGY				
Passed through Michigan Department of Human Services Weatherization Assistance	DOE 13-41016	81.042	\$ 455,105	\$ -
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	28,058	-
Passed through the Workforce Development Agency - State of Michigan Chafee Foster Care Independence Program Temporary Assistance for Needy Families (TANF) ⁽⁴⁾	1601MICILP	93.674	155,090	139,302
TANF - SYEP Supportive Services	1601MITANF	93.558	7,400	7,400
TANF - PATH	1601MITANF	93.558	4,886,280	269,962
TANF - TANF Supportive Services	1601MITANF	93.558	228,739	16,302
Total TANF Cluster			5,122,419	293,664
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	317,380	-
Low Income Home Energy Assistance (LIHEAP) Deliverable Fuels	LIHEAP-13-41016	93.568	65,133	-
Community Services Block Grant- Dual Generation ⁽⁴⁾	CSBG-D-14-41016	93.569	14,787	-
Community Services Block Grant ⁽⁴⁾	CSBG-14-41016	93.569	970,156	-
Community Services Block Grant - Tax Preparation ⁽⁴⁾	CSBG-14-41016	93.569	3,065	-
Community Services Block Grant - Migrant Services ⁽⁴⁾	CSBG-14-41016	93.569	2,531	-
Community Services Block Grant - Discretionary ⁽⁴⁾	CSBG-14-41016	93.569	3,120	-
Passed through MAXIMUS Health Services and the Michigan Community Action Agency Association Medicaid Enrollment	HLTH-1305-11-7791	93.778	105,953	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			6,787,692	432,966

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2016

Federal Grantor/ Pass-Through Grantor/ Program Title	Award/Contract Number	CFDA Number	Program Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY Direct Program Emergency Food and Shelter Program	472400-013	97.024	\$ 37,576	\$ -
TOTAL FEDERAL AWARD EXPENDITURES			\$ 20,558,424	\$ 2,509,509

- (1) Denoted programs required to be clustered by the United States Department of Labor.
- (2) The Workforce Investment Act/Workforce Innovation and Opportunity 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, 2016

NOTE A: BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Area Community Services Employment and Training Council and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements, which are reconciled in Note B. The Council has elected not to use the 10 percent *de minimus* indirect rate allowed under the Uniform Guidance.

NOTE B: RECONCILIATION TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The following reconciles the federal revenues reported in the June 30, 2016 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>\$ 27,380,236</u>	<u>\$ 6,821,812</u>	<u>\$ 20,558,424</u>

Principals

Dale J. Abraham, CPA
Steven R. Kirinovic, CPA
Aaron M. Stevens, CPA
Eric J. Glashouwer, CPA
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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, 2016, and the related notes to the financial statements which collectively comprise the Council's basic financial statements and have issued our report thereon dated January 12, 2017.

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 is 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 Council'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.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

January 12, 2017

Principals

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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's (the Council) compliance with the types of compliance requirements described in the *OMB 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, 2016. 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 Area Community Services Employment & Training 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Abraham & Gaffney, P.C.

ABRAHAM & GAFFNEY, P.C.
Certified Public Accountants

January 12, 2017

AREA COMMUNITY SERVICES EMPLOYMENT AND TRAINING COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2016

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 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families Cluster Community Services Block Grant
93.569	

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

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, 2016

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.

No prior audit findings noted.

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

No prior audit findings noted.