

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

FINANCIAL STATEMENTS

June 30, 2017

Area Community Services Employment and Training Council

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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, 2017, 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, 2017, 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 February 16, 2018, 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.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

February 16, 2018

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2017

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, 2017. 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.

West Michigan Works! Highlights

As a demand driven system, West Michigan Works! (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, current and future talent gaps are addressed.

In 2016, WMW continued to align efforts with the strategic plan by forming and convening an employer solutions sub-committee and further cultivating relationships with employers and partners.

WMW, along with regional ISD partners and industry sector councils in construction, health care, information technology, and advanced manufacturing held the third annual MiCareerQuest. The event drew 9,000 middle and high school students from 87 schools across West Michigan. Nearly 800 employers from 70 different companies and 400 volunteers were involved in the planning and creation of hands-on activities highlighting over 100 high-demand careers. In collaboration with the Talent and Economic Development division of the State of Michigan, WMW is assisting other Michigan Works! agencies across the state to develop and implement MiCareerQuest events in their region.

WMW's business solutions representatives served over 5,000 employers within the seven-county region this year. Through a variety of state and federal programs, and in partnership with regional economic development agencies and educational institutions, WMW provided 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. This year was no exception; 122 West Michigan employers were awarded \$4.8 million in Skilled Trades Training Funds to train 3,934 individuals (218 apprentices, 2,381 classroom trainings, and 1335 on-the-job trainings (OJTs)). WMW issued 87 contracts for OJTs and subsidized employment, 88 Incumbent Worker contracts and 17 RESEA contracts.

This spring and summer, preparations were made to end subcontracts for services in Barry, Ionia, and Montcalm counties. This added an additional 15 staff, all of whom were trained and ready to work by July 1, 2017. As part of the process, a new service center in Hastings was opened, providing easier access to services for Barry County residents. In addition, plans were made to reduce the number of Youth Service Providers in Kent County beginning July 1, 2107. The savings reduction realized as a result of the reduction in the number of Youth Service providers will provide more funding for direct services to youth participants.

WMW took several strides to align with our strategic plan goal of increasing the region's talent pool, including a new partnership with North Kent Connect (NKC) to deliver services three days a week to job seekers out of their northern Kent County facility. WMW also added Certified Nursing Assistant (CNA) training labs in our Muskegon, Ottawa, and Westside Service Centers, increasing the capacity to train additional CNAs for regional employers. In addition, WMW started its second cohort of Medical Assistant Registered Apprenticeship Program students, a nationally recognized best practice.

ACSET trained 1,076 individuals in high demand careers and filled 8,330 jobs.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2017

Community Action Agency Highlights

The Council partnered with Calvin College Center for Social Research and the Essential Needs Task Force to develop a coordinated, system-wide approach to addressing energy, food, transportation, workforce development, and homelessness in Kent County. The partnership identified goals and strategies for each area to generate a long-term solution with aligned resources and systems.

The Council engaged in plans to transition the administration of the Kent County Community Action programs over to Kent County. The transition will take place on October 1, 2017. Efforts were made to present a seamless administrative transfer for those served under the Community Action programs. The majority of ACSET employees serving in the Community Action Programs will become employees of Kent County. This change will combine like activities and funding at Kent County and allow funds to be leveraged to better serve the Kent County community.

Financial Highlights

ACSET's total revenue reflect an increase of \$1.6 million dollars in the fiscal year ending June 30, 2017. \$33,000 of this increase is attributable to the Community Action Programs. The remaining increase is attributable to the Michigan Works! programs and is a result of reporting a full year under regionalization (as opposed to three months in the previous fiscal year) and recognizing an increase in Skilled Trades Training Funds (\$840,000).

Next Year's Budget

The following factors were considered in preparing ACSET's budget for the 2017-2018 year:

On October 1, 2017, ACSET will cease acting as the administrative entity for the Community Action Agency of Kent County. As a result, the Council anticipates the elimination of all Community Action Revenue beginning on October 1, 2107. Budgeted revenue and related expenses will decrease by \$3.5 million dollars.

As of April 1, 2017, ACSET ceased acting as the administrative entity for the Offender Success Program. As a result, the Council anticipates the budgeted revenue and related expenses will decrease by \$1.3 million dollars.

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.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2017

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

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

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

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

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

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

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.

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2017

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 \$1,445,896 at the close of the most recent fiscal year. A summary of net position is as follows:

Summary of Net Position		
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Current and other assets	\$ 4,506,523	\$ 4,222,324
Capital assets	<u>752,862</u>	<u>490,048</u>
Total assets	5,259,385	4,712,372
Current liabilities	3,729,438	3,301,732
Noncurrent liabilities	<u>84,051</u>	<u>184,131</u>
Total liabilities	3,813,489	3,485,863
Net position		
Invested in capital assets	752,862	490,048
Unrestricted	<u>693,034</u>	<u>736,461</u>
Total net position	<u>\$ 1,445,896</u>	<u>\$ 1,226,509</u>

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2017

A portion of ACSET's net position reflects unrestricted net position which is 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.

Governmental Activities

During the year, ACSET invested \$23,629,992 (81.3%) of governmental activities expenses in Michigan Works! programs and \$5,179,730 (17.8%) in Community Action Agency programs. Unallocated depreciation represents .8% of governmental activities expenses.

Net position of ACSET, which consists only of governmental activities, increased by \$156,630 as a result of operations. Beginning net assets was restated to reflect \$62,757 security deposits held by ACSET. A summary of the changes in net position is as follows:

Summary of Activities		
	Governmental Activities	
	<u>2017</u>	<u>2016</u>
Revenue		
Program revenue		
Operating grants and contributions	\$ 29,131,255	\$ 27,380,236
Charges for services	77,810	65,410
General revenue		
Unrestricted investment earnings	<u>805</u>	<u>720</u>
Total revenue	29,209,870	27,446,366
Expenses		
Michigan Works! programs	23,629,992	22,069,209
Community action programs	5,179,730	5,147,161
Administrative services	14,018	11,126
Unallocated depreciation	<u>229,500</u>	<u>189,981</u>
Total expenses	<u>29,053,240</u>	<u>27,417,477</u>
Increase in net position	156,630	28,889
Net position, beginning of year	1,226,509	922,696
Adjustment for Security Deposits Held	62,757	-
Adjustment due to regionalization	<u>-</u>	<u>274,924</u>
Net position, end of year	<u>\$ 1,445,896</u>	<u>\$ 1,226,509</u>

AREA COMMUNITY SERVICE EMPLOYMENT & TRAINING COUNCIL (ACSET)

Management's Discussion and Analysis

June 30, 2017

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 \$630,227, an increase of \$8,348 over the prior year. At the end of the current fiscal year, unassigned fund balance of the general fund was \$334,354. The remaining portions of fund balance considered to be nonspendable consist of \$295,873 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, 2017, amounted to \$752,862 (net of accumulated depreciation).

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

Capital Assets	
	Governmental Activities
Office Equipment	\$ 463,731
Furniture & Fixtures	66,717
Software	61,176
Vehicles	161,238
Total assets	\$ 752,862

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, 2017.

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, 2017

	<u>Governmental Activities</u>
ASSETS	
Current assets	
Cash	\$ 984,590
Accounts receivable	2,610,645
Inventory	552,658
Prepays	295,873
Deposits	<u>62,757</u>
Total current assets	4,506,523
Noncurrent assets	
Capital assets, net of accumulated depreciation	<u>752,862</u>
TOTAL ASSETS	5,259,385
LIABILITIES	
Current liabilities	
Accounts and subcontractor payables	2,339,992
Unearned revenue	739,446
Current portion of compensated absences	<u>650,000</u>
Total current liabilities	3,729,438
Noncurrent liabilities	
Noncurrent portion of compensated absences	<u>84,051</u>
TOTAL LIABILITIES	<u>3,813,489</u>
NET POSITION	
Investment in capital assets	752,862
Unrestricted	<u>693,034</u>
TOTAL NET POSITION	<u>\$ 1,445,896</u>

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF ACTIVITIES

Year Ended June 30, 2017

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	\$ 23,629,992	\$ 47,386	\$ 23,891,658	\$ 309,052
Community action programs	5,179,730	7,875	5,239,597	67,742
Administrative services	14,018	22,549	-	8,531
Unallocated depreciation	229,500	-	-	(229,500)
TOTAL	<u>\$ 29,053,240</u>	<u>\$ 77,810</u>	<u>\$ 29,131,255</u>	155,825
		General Revenues		
			Unrestricted interest earnings	<u>805</u>
			CHANGE IN NET POSITION	156,630
			Restated net position, beginning of year	<u>1,289,266</u>
			Net position, end of year	<u>\$ 1,445,896</u>

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

BALANCE SHEET

GENERAL FUND

June 30, 2017

ASSETS	
Cash	\$ 250,489
Accounts receivable	2,610,645
Inventory	552,658
Prepays	<u>295,873</u>
 TOTAL ASSETS	 <u><u>\$ 3,709,665</u></u>
LIABILITIES	
Accounts and subcontractor payables	\$ 2,339,992
Unearned revenue	<u>739,446</u>
 TOTAL LIABILITIES	 3,079,438
FUND BALANCES	
Nonspendable	
Prepays	295,873
Unassigned	<u>334,354</u>
 TOTAL FUND BALANCES	 <u>630,227</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u><u>\$ 3,709,665</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, 2017

Total fund balance - governmental fund \$ 630,227

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 fund.

The cost of capital assets is	\$ 1,767,242
Accumulated depreciation is	<u>(1,014,380)</u>

Capital assets, net	752,862
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Security deposits held by Council's landlord's are not financial resources and therefore are not reported as assets in the governmental fund.

Deposits	62,757
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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>50</u>
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Net position of governmental activities	<u><u>\$ 1,445,896</u></u>
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Area Community Service Employment and Training Council

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

GENERAL FUND

Year Ended June 30, 2017

REVENUES	
Grants and other	\$ 29,131,256
Program income	77,716
Interest income	94
	<hr/>
TOTAL REVENUES	29,209,066
EXPENDITURES	
Operating costs	
Salaries and wages	8,065,919
Fringe benefits	3,185,300
Consumables	745,492
Transportation	288,440
Outside services	546,595
Space and communications	1,580,446
Equipment rent and maintenance	98,348
Equipment purchases	331,138
Other expenses	507,078
Subrecipient program costs	3,830,614
Direct client services	8,398,086
Commodities	1,623,262
	<hr/>
TOTAL EXPENDITURES	29,200,718
NET CHANGE IN FUND BALANCES	8,348
Fund balances, beginning of year	621,879
	<hr/>
Fund balances, end of year	<u>\$ 630,227</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, 2017

Net change in fund balance - total governmental fund \$ 8,348

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

Capital outlays are reported as expenditures in governmental fund. 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	\$ 492,314
Depreciation expense	<u>(229,500)</u>

Excess of capital outlay over depreciation expense 262,814

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>(114,532)</u>
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Change in net position of governmental activities \$ 156,630

Area Community Service Employment and Training Council

STATEMENT OF NET POSITION
Compensated Absences Internal Service Fund

June 30, 2017

ASSETS	
Cash	\$ 734,101
LIABILITIES	
Current liabilities	
Current portion of compensated absences	650,000
Noncurrent liabilities	
Noncurrent portion of compensated absences	<u>84,051</u>
TOTAL LIABILITIES	<u>734,051</u>
NET POSITION	
Unrestricted	<u><u>\$ 50</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, 2017

Revenue	
Charges for services	\$ 683,448
Expenses	
Employee benefits	683,448
Other expenses	<u>115,337</u>
Total expenses	<u>798,785</u>
Operating (loss)	(115,337)
Nonoperating revenue	
Interest income	<u>805</u>
Change in net position	(114,532)
Net position, beginning of year	<u>114,582</u>
Net position, end of year	<u><u>\$ 50</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, 2017

Cash flows from operating activities	
Cash receipts from interfund services provided	\$ 839,804
Cash payments to employees	<u>(723,865)</u>
Net cash provided in operating activities	115,939
Cash flows from investing activities	
Interest income received	<u>805</u>
Net increase in cash	116,744
Cash, beginning of year	<u>617,357</u>
Cash, end of year	<u><u>\$ 734,101</u></u>
Reconciliation of operating (loss) to net cash provided by operating activities	
Operating (loss)	\$ (115,337)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Decrease in due from other funds	156,356
Increase in compensated absences	<u>74,920</u>
Net cash provided by operating activities	<u><u>\$ 115,939</u></u>

See accompanying notes to the financial statements.

Area Community Service Employment and Training Council

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2017

	<u>Agency Funds</u>
ASSETS	
Cash	<u>\$ 452,073</u>
LIABILITIES	
Accounts payable	\$ 109,873
Accrued liabilities	<u>342,200</u>
TOTAL LIABILITIES	<u>\$ 452,073</u>

See accompanying notes to the financial statements.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

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 Innovation and Opportunity 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, 2017 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, 2017.

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.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and propriety fund 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.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - continued

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 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.

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.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Investments

For the year ended June 30, 2017, 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, 2017, 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.

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.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Capital Assets - continued

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, sick, and compensated leave 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.

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.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Deferred Inflows/Outflows of Resources - continued

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	\$ 984,590	\$ 452,073	\$ 1,436,663

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, 2017:

Checking/savings accounts	\$ 716,593
Money markets	720,070
Total deposits	\$ 1,436,663

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, \$1,275,157 of the Council's bank balance of \$2,019,531 was exposed to custodial credit risk because the balance was uninsured and uncollateralized.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

2. DEPOSITS - CONTINUED

Investment and Deposit Risk - continued

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

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

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

3. CAPITAL ASSETS

Capital asset activity for the year was as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital assets being depreciated				
Office equipment	\$ 652,278	\$ 268,462	\$ (8,195)	\$ 912,545
Furniture and fixtures	121,568	-	-	121,568
Software	46,649	66,125	-	112,774
Vehicles	462,628	157,727	-	620,355
	<u>1,283,123</u>	<u>492,314</u>	<u>(8,195)</u>	<u>1,767,242</u>
Less accumulated depreciation for:				
Office equipment	(322,683)	(134,326)	8,195	(448,814)
Furniture and fixture	(44,547)	(10,304)	-	(54,851)
Software	(38,958)	(12,640)	-	(51,598)
Vehicles	(386,887)	(72,230)	-	(459,117)
	<u>(793,075)</u>	<u>(229,500)</u>	<u>8,195</u>	<u>(1,014,380)</u>
Total capital assets being depreciated, net	<u>\$ 490,048</u>	<u>\$ 262,814</u>	<u>\$ -0-</u>	<u>\$ 752,862</u>

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

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

4. COMPENSATED ABSENCES

Changes in compensated absences for the year ended June 30, 2017 are as follows:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017	Amounts Due Within One Year
Governmental activities					
Compensated absences	\$ 659,131	\$ 758,368	\$ (683,448)	\$ 734,051	\$ 650,000

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

5. LEASES

The Council leases office space and various office equipment and vehicles. Lease terms range from two to twenty years with options to renew at varying terms. Rent payments for operating leases for the year ended June 30, 2017 was \$951,077.

Minimum future lease payments under operating leases as of June 30, 2017 are as follows:

Year Ended	Amount
2018	\$ 1,035,133
2019	998,430
2020	981,714
2021	810,538
2022	696,500
2023-2027	1,851,389
2028-2029	259,401
Total	\$ 6,633,105

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.

6. DEFINED CONTRIBUTION PLAN

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

Employer and employee contributions to the plan for the year ended June 30, 2017 amounted to \$589,835 each.

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

7. DEFERRED COMPENSATION PLAN

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

8. RISK MANAGEMENT

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

9. CONTINGENCIES

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

The Council has available a \$200,000 line of credit with interest charged at the bank's prime rate plus 1.50%. The agreement expires February 19, 2018 and is unsecured. There was no outstanding balance at June 30, 2017.

10. SUBSEQUENT EVENT

On October 1, 2017, the Council ceased acting as the administrative entity for the Community Action Agency of Kent County. An agreement was made between Kent County and the Council and was approved by state grantors for Kent County to become the administrative entity. This change will combine like activities and funding at Kent County and allow funds to be leveraged to better serve the Kent County Community. Community Action Agency revenues represented 18% of total grant revenues during the fiscal year ended June 30, 2017.

11. RESTATEMENT OF BEGINNING NET POSITION

Beginning net position has been restated for governmental activities to reflect deposits made connected to property leases.

Beginning net position	\$ 1,226,509
Security deposits held by Council's landlords	<u>62,757</u>
Restated beginning net position	<u><u>\$ 1,289,266</u></u>

**AREA COMMUNITY SERVICES EMPLOYMENT
AND TRAINING COUNCIL**
Notes to the Financial Statements
June 30, 2017

12. UPCOMING ACCOUNTING PRONOUNCEMENTS

In January 2017, the GASB issued Statement No. 84, *Fiduciary Activities*. The Statement establishes criteria for identifying fiduciary activities for all state and local governments, focusing on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries for whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The Council is currently evaluating the impact this standard will have on the financial statements when adopted during the 2019-2020 fiscal year.

In June 2017, the GASB issued Statement No. 87, *Leases*. The Statement increase the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases than previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provision of the contract. The Council is currently evaluating the impact this standard will have on the financial statements when adopted during the 2020-2021 fiscal year.

REQUIRED SUPPLEMENTARY INFORMATION

Area Community Service Employment and Training Council

General Fund

BUDGETARY COMPARISON SCHEDULE

Year Ended June 30, 2017

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
REVENUES				
Grants and other	\$ 29,008,000	\$ 30,410,000	\$ 27,507,994	\$ (2,902,006)
Commodities - Non-cash grant	1,268,000	1,750,000	1,623,262	(126,738)
Program income	33,000	65,000	77,716	12,716
Interest income	400	-	94	94
Total revenue	30,309,400	32,225,000	29,209,066	(3,015,934)
EXPENDITURES				
Operating costs:				
Salaries and wages	8,589,000	8,308,000	8,065,919	242,081
Fringe benefits	3,455,000	3,283,000	3,185,300	97,700
Consumables	623,000	830,000	745,492	84,508
Transportation	270,000	326,000	288,440	37,560
Outside services	563,000	583,000	546,595	36,405
Space & communications	1,740,000	1,681,000	1,580,446	100,554
Equipment rent & maintenance	81,000	120,000	98,348	21,652
Equipment purchases	244,000	583,000	331,138	251,862
Other expenses	389,000	596,000	507,078	88,922
Subrecipient program costs	4,988,000	4,372,000	3,830,614	541,386
Direct client services	8,099,000	9,793,000	8,398,086	1,394,914
Commodities	1,268,000	1,750,000	1,623,262	126,738
Total expenditures	30,309,000	32,225,000	29,200,718	3,024,282
Net change in fund balance	400	-0-	8,348	8,348
Fund balance, beginning of year	621,879	621,879	621,879	-0-
Fund balance, end of year	\$ 622,279	\$ 621,879	\$ 630,227	\$ 8,348

OTHER SUPPLEMENTARY INFORMATION

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY

June 30, 2017

	Unrestricted 106	Administrative Cost Pool 107	MWA Cost Pool 108	WIA Adult Regular 211
ASSETS				
Cash	\$ 668,727	\$ (231,528)	\$ 54,875	\$ 70,223
Accounts receivable	-	-	1,385	235,492
Inventory	-	-	-	-
Prepays	-	295,873	-	-
TOTAL ASSETS	\$ 668,727	\$ 64,345	\$ 56,260	\$ 305,715
LIABILITIES				
Accounts payable	\$ 38,500	\$ 64,345	\$ 56,260	\$ 305,715
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	38,500	64,345	56,260	305,715
FUND BALANCES				
Nonspendable				
Prepays	-	295,873	-	-
Unassigned	630,227	(295,873)	-	-
TOTAL FUND BALANCES	630,227	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 668,727	\$ 64,345	\$ 56,260	\$ 305,715

WIA Youth Regular 212	WIA Dislocated Worker Regular 213/280	WIA Service Center Operations 217	Employment Service 218	Capacity Building 219	SWA Rapid Response 222
\$ (34,596) 284,256 - -	\$ (54,245) 176,750 - -	\$ 360 109,957 - -	\$ (163,802) 200,503 - -	\$ - - - -	\$ - - - -
<u>\$ 249,660</u>	<u>\$ 122,505</u>	<u>\$ 110,317</u>	<u>\$ 36,701</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
\$ 249,660 -	\$ 64,740 57,765	\$ 110,317 -	\$ 36,701 -	\$ - -	\$ - -
249,660	122,505	110,317	36,701	-0-	-0-
- -	- -	- -	- -	- -	- -
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 249,660</u>	<u>\$ 122,505</u>	<u>\$ 110,317</u>	<u>\$ 36,701</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, 2017

	Summer Learning 224	Michigan Prisoner Re-entry 225	Fresh Start 226	Future Prep'd 227
ASSETS				
Cash	\$ 37,702	\$ (14,382)	\$ -	\$ -
Accounts receivable	-	14,382	3	-
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 37,702	\$ -0-	\$ 3	\$ -0-
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ 3	\$ -
Unearned revenue	37,702	-	-	-
TOTAL LIABILITIES	37,702	-0-	3	-0-
FUND BALANCES				
Nonspendable				
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 37,702	\$ -0-	\$ 3	\$ -0-

Fostercare SYEP Administration 230	SYEP Supportive Services 231	WIA Administration 233	Trade Adjustment Assistance 234	Jobs for America's Graduates 246	Job Driven NEG 247
\$ (3,203)	\$ 450	\$ (4,495)	\$ 12,162	\$ 4,305	\$ -
31,139	1,117	7,804	51,985	29,503	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 27,936</u>	<u>\$ 1,567</u>	<u>\$ 3,309</u>	<u>\$ 64,147</u>	<u>\$ 33,808</u>	<u>\$ -0-</u>
\$ 27,936	\$ 1,567	\$ 3,309	\$ 64,147	\$ 33,808	\$ -
-	-	-	-	-	-
27,936	1,567	3,309	64,147	33,808	-0-
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
<u>\$ 27,936</u>	<u>\$ 1,567</u>	<u>\$ 3,309</u>	<u>\$ 64,147</u>	<u>\$ 33,808</u>	<u>\$ -0-</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2017

	Skilled Trades Training <u>248/251/262</u>	MI Coalition Adv. Mfging 252	Career Jump Start MAT2 254	Designation Incentive 255
ASSETS				
Cash	\$ 250,100	\$ -	\$ -	\$ (544)
Accounts receivable	463,784	-	-	544
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	<u>\$ 713,884</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>
LIABILITIES				
Accounts payable	\$ 713,884	\$ -	\$ -	\$ -
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	713,884	-0-	-0-	-0-
FUND BALANCES				
Nonspendable				
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 713,884</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

RESEA Training 258	Linked Muskegon 259	DTE United Way Youth 260	RESEA 2016 261	MICAREER Quest 263	America's Promise 265
\$ 30	\$ (4,370)	\$ -	\$ (11,684)	\$ -	\$ (30,705)
38,906	7,355	29,524	16,736	-	31,059
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 38,936</u>	<u>\$ 2,985</u>	<u>\$ 29,524</u>	<u>\$ 5,052</u>	<u>\$ -0-</u>	<u>\$ 354</u>
\$ 38,936	\$ 338	\$ 29,524	\$ 5,052	\$ -	\$ 354
-	2,647	-	-	-	-
38,936	2,985	29,524	5,052	-0-	354
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 38,936</u>	<u>\$ 2,985</u>	<u>\$ 29,524</u>	<u>\$ 5,052</u>	<u>\$ -0-</u>	<u>\$ 354</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2017

	Apprenticeship Coordinator 266	Apprenticeship USA Base 267	Apprenticeship USA Industry 268	Talent 2025 278
	<u>266</u>	<u>267</u>	<u>268</u>	<u>278</u>
ASSETS				
Cash	\$ (549)	\$ (862)	\$ 7,742	\$ -
Accounts receivable	551	30,829	182,327	-
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	<u>\$ 2</u>	<u>\$ 29,967</u>	<u>\$ 190,069</u>	<u>\$ -0-</u>
LIABILITIES				
Accounts payable	\$ 2	\$ 29,967	\$ 190,069	\$ -
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	2	29,967	190,069	-0-
FUND BALANCES				
Nonspendable				
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 2</u>	<u>\$ 29,967</u>	<u>\$ 190,069</u>	<u>\$ -0-</u>

JAC SAF Holland 279	GF/GP Jet 303	TANF PATH 304	TANF & GF/GP PATH Refugee 308	Food Assistance Employment & Training 309	SAM GRTS SNAP 311
\$ (1,702)	\$ 146	\$ (123,695)	\$ (49,840)	\$ (32,029)	\$ (4,243)
5,028	6	324,010	50,009	39,900	6,375
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,326</u>	<u>\$ 152</u>	<u>\$ 200,315</u>	<u>\$ 169</u>	<u>\$ 7,871</u>	<u>\$ 2,132</u>
\$ 3,326	\$ -	\$ 200,315	\$ 169	\$ 7,871	\$ 2,132
-	152	-	-	-	-
3,326	152	200,315	169	7,871	2,132
-	-	-	-	-	-
-	-	-	-	-	-
-0-	-0-	-0-	-0-	-0-	-0-
<u>\$ 3,326</u>	<u>\$ 152</u>	<u>\$ 200,315</u>	<u>\$ 169</u>	<u>\$ 7,871</u>	<u>\$ 2,132</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2017

	TANF Supportive Services 312	LIHEAP WX 503	DTE Energy 510	DOE WX 520
ASSETS				
Cash	\$ (24,266)	\$ (4,775)	\$ 9,175	\$ (29,697)
Accounts receivable	24,266	8,794	-	29,894
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ -0-	\$ 4,019	\$ 9,175	\$ 197
LIABILITIES				
Accounts payable	\$ -	\$ 4,019	\$ -	\$ 197
Unearned revenue	-	-	9,175	-
TOTAL LIABILITIES	-0-	4,019	9,175	197
FUND BALANCES				
Nonspendable				
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ -0-	\$ 4,019	\$ 9,175	\$ 197

CSBG-D Dual Generation 525	CSBG 526	Older Americans 541	Senior Meals 542	Senior Millage 545-548	Nutrition Services Incentive Program 549
\$ -	\$ (64,740)	\$ (4,648)	\$ -	\$ (54,299)	\$ (9,087)
-	75,844	4,648	-	64,186	10,497
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -0-</u>	<u>\$ 11,104</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,887</u>	<u>\$ 1,410</u>
\$ -	\$ 11,104	\$ -	\$ -	\$ 9,887	\$ 1,410
-	-	-	-	-	-
-0-	11,104	-0-	-0-	9,887	1,410
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ -0-</u>	<u>\$ 11,104</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ 9,887</u>	<u>\$ 1,410</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2017

	TEFAP 601	CSFP 602	EFSP 605	Summer Fuel 609
ASSETS				
Cash	\$ (39,524)	\$ (12,515)	\$ -	\$ -
Accounts receivable	-	299	-	-
Inventory	442,039	110,619	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 402,515	\$ 98,403	\$ -0-	\$ -0-
LIABILITIES				
Accounts payable	\$ 1,148	\$ 3,506	\$ -	\$ -
Unearned revenue	401,367	94,897	-	-
TOTAL LIABILITIES	402,515	98,403	-0-	-0-
FUND BALANCES				
Nonspendable				
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 402,515	\$ 98,403	\$ -0-	\$ -0-

EAP 610	LCA Deliverables 612	LSP - DTE 613	Consumers Energy 614	CGR Water 615	LCA LIHEAP 616
\$ 88,739	\$ -	\$ 5,671	\$ 378	\$ 56,696	\$ (4,216)
-	-	-	-	-	5,598
-	-	-	-	-	-
<u>\$ 88,739</u>	<u>\$ -0-</u>	<u>\$ 5,671</u>	<u>\$ 378</u>	<u>\$ 56,696</u>	<u>\$ 1,382</u>
\$ 18,124	\$ -	\$ -	\$ 181	\$ 7,316	\$ 1,382
70,615	-	5,671	197	49,380	-
88,739	-0-	5,671	378	56,696	1,382
-	-	-	-	-	-
-	-	-	-	-	-
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>\$ 88,739</u>	<u>\$ -0-</u>	<u>\$ 5,671</u>	<u>\$ 378</u>	<u>\$ 56,696</u>	<u>\$ 1,382</u>

Area Community Service Employment and Training Council

General Fund

COMBINING SCHEDULE OF BALANCE SHEET ACCOUNTS - BY ACTIVITY - CONTINUED

June 30, 2017

	MCA MEAP 617	Medicaid Enrolls 620	ITP Fund 630	CGR Admin 640
ASSETS				
Cash	\$ -	\$ (13,235)	\$ 383	\$ -
Accounts receivable	1,576	13,587	237	-
Inventory	-	-	-	-
Prepays	-	-	-	-
TOTAL ASSETS	\$ 1,576	\$ 352	\$ 620	\$ -0-
LIABILITIES				
Accounts payable	\$ 1,576	\$ 352	\$ 620	\$ -
Unearned revenue	-	-	-	-
TOTAL LIABILITIES	1,576	352	620	-0-
FUND BALANCES				
Nonspendable				
Prepays	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND BALANCES	-0-	-0-	-0-	-0-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,576	\$ 352	\$ 620	\$ -0-

<u>CGR Support Fund 641</u>	<u>Kent County Admin 642</u>	<u>Kent County Support Fund 643</u>	<u>Total</u>
\$ 11	\$ 296	\$ 9,794	\$ 250,489
-	-	-	2,610,645
-	-	-	552,658
-	-	-	295,873
<u>\$ 11</u>	<u>\$ 296</u>	<u>\$ 9,794</u>	<u>\$ 3,709,665</u>
\$ 11	\$ -	\$ 212	\$ 2,339,992
-	296	9,582	739,446
11	296	9,794	3,079,438
-	-	-	295,873
-	-	-	334,354
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>630,227</u>
<u>\$ 11</u>	<u>\$ 296</u>	<u>\$ 9,794</u>	<u>\$ 3,709,665</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, 2017

	Unrestricted 106	Administrative Cost Pool 107	MWA Cost Pool 108	WIA Adult Regular 211
REVENUE				
Grants and other	\$ -	\$ -	\$ -	\$ 3,284,135
Program income	22,454	-	-	1,833
Other revenue	94	-	-	-
TOTAL REVENUES	22,548	-0-	-0-	3,285,968
EXPENDITURES				
Operating costs				
Salaries and wages	-	-	-	943,663
Fringe benefits	909	-	-	364,819
Consumable	608	-	-	45,485
Transportation	2,360	-	-	28,890
Outside services	-	-	-	45,044
Space and communications	211	-	-	150,275
Equipment rent and maintenance	14	-	-	6,946
Equipment purchases	-	-	-	16,424
Other expenses	9,893	-	-	42,392
Subrecipient program costs	1	-	-	363,085
Direct client services/Training	204	-	-	1,278,945
Commodities	-	-	-	-
TOTAL EXPENDITURES	14,200	-0-	-0-	3,285,968
NET CHANGE IN FUND BALANCES	8,348	-0-	-0-	-0-
Fund balances, beginning of year	621,879	-	-	-
Fund balances, end of year	<u>\$ 630,227</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

WIA Youth Regular 212	WIA Dislocated Worker Regular 213/280	WIA Service Center Operations 217	Employment Service 218	Capacity Building 219	SWA Rapid Response 222
\$ 2,543,402	\$ 972,828	\$ 580,380	\$ 1,535,709	\$ 156,250	\$ 7,563
-	-	-	45,386	-	-
-	-	-	-	-	-
2,543,402	972,828	580,380	1,581,095	156,250	7,563
610,072	383,215	-	807,117	-	-
241,051	149,703	-	337,716	-	-
28,593	16,616	134,370	33,045	-	7,563
18,878	10,284	2,764	16,632	-	-
23,722	13,582	11,213	63,740	-	-
106,549	76,191	375,668	124,237	-	-
4,423	2,956	31,007	9,264	-	-
8,533	6,404	10,954	6,540	-	-
36,641	14,876	(596)	28,476	156,250	-
1,298,034	230,249	15,000	153,977	-	-
166,906	68,752	-	351	-	-
-	-	-	-	-	-
2,543,402	972,828	580,380	1,581,095	156,250	7,563
-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, 2017

	Summer Learning 224	Michigan Prisoner Re-entry 225	Fresh Start 226	Future Prep'd 227
REVENUE				
Grants and other	\$ 311,672	\$ 1,320,368	\$ 612	\$ 120
Program income	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	311,672	1,320,368	612	120
EXPENDITURES				
Operating costs				
Salaries and wages	5,193	267,715	228	81
Fringe benefits	1,775	101,764	79	27
Consumable	169	14,068	8	1
Transportation	144	8,531	11	2
Outside services	190	10,597	12	3
Space and communications	497	18,564	240	3
Equipment rent and maintenance	37	1,314	16	-
Equipment purchases	29	6,398	-	-
Other expenses	272	10,767	18	3
Subrecipient program costs	303,366	430,806	-	-
Direct client services/Training	-	449,844	-	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	311,672	1,320,368	612	120
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

Fostercare SYEP Administration 230	SYEP Supportive Services 231	WIA Administration 233	Trade Adjustment Assistance 234	Jobs for America's Graduates 246	Job Driven NEG 247
\$ 179,923	\$ 7,067	\$ 446,997	\$ 991,698	\$ 214,773	\$ 33,460
-	-	-	-	-	-
-	-	-	-	-	-
179,923	7,067	446,997	991,698	214,773	33,460
9,246	-	251,156	206,485	37,674	22,162
3,279	-	99,482	80,891	14,682	7,803
164	-	11,440	9,974	1,685	346
168	-	5,804	6,016	5,555	418
256	-	10,976	8,318	1,273	592
471	-	46,476	21,847	8,094	926
(3)	-	2,336	1,542	321	22
10	-	9,644	2,437	291	-
408	-	9,683	8,121	5,879	1,191
165,924	-	-	40,975	71,030	-
-	7,067	-	605,092	68,289	-
-	-	-	-	-	-
179,923	7,067	446,997	991,698	214,773	33,460
-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, 2017

	Skilled Trades Training 248/251/262	MI Coalition Adv. Mfging 252	Career Jump Start MAT2 254	Designation Incentive 255
REVENUE				
Grants and other	\$ 3,371,504	\$ 8,732	\$ 9,077	\$ 149,359
Program income	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	3,371,504	8,732	9,077	149,359
EXPENDITURES				
Operating costs				
Salaries and wages	39,706	12	2,630	89,906
Fringe benefits	15,238	5	1,154	38,592
Consumable	1,587	(14)	66	2,448
Transportation	814	1	45	1,574
Outside services	1,552	8,487	36	3,246
Space and communications	3,746	205	475	6,887
Equipment rent and maintenance	905	35	45	216
Equipment purchases	102	-	(4)	-
Other expenses	1,574	1	(802)	6,490
Subrecipient program costs	-	-	5,432	-
Direct client services/Training	3,306,280	-	-	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	3,371,504	8,732	9,077	149,359
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

RESEA Training 258	Linked Muskegon 259	DTE United Way Youth 260	RESEA 2016 261	MICAREER Quest 263	America's Promise 265
\$ 164,186	\$ 8,434	\$ 134,077	\$ 50,350	\$ 10,000	\$ 31,059
-	-	-	-	-	-
-	-	-	-	-	-
164,186	8,434	134,077	50,350	10,000	31,059
39,424	3,374	-	23,698	-	16,711
14,595	1,704	-	10,742	-	6,391
1,468	303	-	775	-	5,372
1,038	163	3	784	-	337
1,581	166	-	981	10,000	572
4,741	1,000	-	2,089	-	1,033
241	34	280	164	-	156
516	168	-	66	-	38
2,143	130	567	570	-	449
-	-	-	10,481	-	-
98,439	1,392	133,227	-	-	-
-	-	-	-	-	-
164,186	8,434	134,077	50,350	10,000	31,059
-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, 2017

	Apprenticeship Coordinator 266	Apprenticeship USA Base 267	Apprenticeship USA Industry 268	Talent 2025 278
REVENUE				
Grants and other	\$ 551	\$ 30,829	\$ 214,411	\$ 10,000
Program income	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	551	30,829	214,411	10,000
EXPENDITURES				
Operating costs				
Salaries and wages	355	477	209	-
Fringe benefits	114	190	85	-
Consumable	9	12	8	-
Transportation	9	114	4	-
Outside services	11	13	67	-
Space and communications	37	32	19	-
Equipment rent and maintenance	9	1	6	-
Equipment purchases	-	2	-	-
Other expenses	7	7	13	-
Subrecipient program costs	-	-	-	10,000
Direct client services/Training	-	29,981	214,000	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	551	30,829	214,411	10,000
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

JAC SAF Holland 279	GF/GP Jet 303	TANF PATH 304	TANF & GF/GP PATH Refugee 308	Food Assistance Employment & Training 309	SAM GRTS SNAP 311
\$ 19,028	\$ 1,823,859	\$ 4,603,406	\$ 108,531	\$ 298,111	\$ 24,016
-	-	-	-	167	-
-	-	-	-	-	-
19,028	1,823,859	4,603,406	108,531	298,278	24,016
1,308	740,653	2,191,479	49,178	165,644	-
555	299,268	853,748	16,335	65,260	-
-	223,941	120,627	1,300	6,441	-
20	25,134	53,488	1,154	8,055	-
19	53,813	82,619	1,690	6,577	-
-	110,864	300,816	1,588	14,357	-
-	5,988	17,693	631	1,155	-
-	81,949	92,822	3	1,102	-
-	37,364	74,730	1,602	6,656	-
16,159	14,473	250,008	-	4,025	-
967	230,412	565,376	35,050	19,006	24,016
-	-	-	-	-	-
19,028	1,823,859	4,603,406	108,531	298,278	24,016
-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, 2017

	TANF Supportive Services 312	LIHEAP WX 503	DTE Energy 510	DOE WX 520
REVENUE				
Grants and other	\$ 235,181	\$ 184,767	\$ 1,868	\$ 486,839
Program income	-	-	-	-
Other revenue	-	-	-	-
TOTAL REVENUES	235,181	184,767	1,868	486,839
EXPENDITURES				
Operating costs				
Salaries and wages	-	48,368	(224)	118,776
Fringe benefits	-	18,688	(102)	46,515
Consumable	-	1,616	(2)	2,376
Transportation	-	762	(1)	7,905
Outside services	-	857	(5)	2,953
Space and communications	-	1,844	(6)	7,831
Equipment rent and maintenance	-	74	-	261
Equipment purchases	-	266	-	52
Other expenses	-	253	(4)	1,078
Subrecipient program costs	-	112,039	2,212	299,092
Direct client services/Training	235,181	-	-	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	235,181	184,767	1,868	486,839
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	\$ -0-	\$ -0-	\$ -0-	\$ -0-

CSBG-D Dual Generation 525	CSBG 526	Older Americans 541	Senior Meals 542	Senior Millage 545-548	Nutrition Services Incentive Program 549
\$ 3,468	\$ 1,042,844	\$ 29,957	\$ 2,681	\$ 424,219	\$ 10,497
-	-	-	-	6,742	-
-	-	-	-	-	-
3,468	1,042,844	29,957	2,681	430,961	10,497
2,569	381,619	20,244	-	213,479	-
866	161,115	8,075	-	82,969	-
24	29,859	595	-	12,225	-
8	27,564	56	-	33,943	-
-	81,446	306	-	29,887	-
-	63,888	502	-	12,707	-
1	8,712	33	-	371	-
-	85,573	39	-	262	-
-	20,991	107	2,681	10,872	10,497
-	-	-	-	34,246	-
-	182,077	-	-	-	-
-	-	-	-	-	-
3,468	1,042,844	29,957	2,681	430,961	10,497
-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, 2017

	TEFAP 601	CSFP 602	EFSP 605	Summer Fuel 609
REVENUE				
Grants and other	\$ 1,516,650	\$ 423,914	\$ 35,200	\$ 47,319
Program income	-	323	-	-
Other revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL REVENUES	1,516,650	424,237	35,200	47,319
EXPENDITURES				
Operating costs				
Salaries and wages	56,169	38,944	-	-
Fringe benefits	21,867	15,292	-	-
Consumable	2,156	9,086	-	-
Transportation	3,810	8,659	-	-
Outside services	29,415	26,475	-	-
Space and communications	79,989	24,134	-	-
Equipment rent and maintenance	127	96	-	-
Equipment purchases	262	55	-	-
Other expenses	629	460	-	-
Subrecipient program costs	-	-	-	-
Direct client services/Training	-	-	35,200	47,319
Commodities	1,322,226	301,036	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES	1,516,650	424,237	35,200	47,319
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances, end of year	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>	<u>\$ -0-</u>

EAP 610	LCA Deliverables 612	LSP - DTE 613	Consumers Energy 614	CGR Water 615	LCA LIHEAP 616
\$ 413,577	\$ 29,951	\$ 1,038	\$ 22,603	\$ 179,233	\$ 40,001
-	-	-	-	-	-
-	-	-	-	-	-
413,577	29,951	1,038	22,603	179,233	40,001
44,349	14,211	703	-	10,548	5,042
12,176	3,743	274	-	4,068	1,294
876	134	18	-	224	57
-	-	5	-	26	-
24	1,782	14	-	491	171
1,115	303	17	-	261	132
(50)	116	-	-	20	5
-	-	-	-	11	-
209	139	7	-	47	8
-	-	-	-	-	-
354,878	9,523	-	22,603	163,537	33,292
-	-	-	-	-	-
413,577	29,951	1,038	22,603	179,233	40,001
-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, 2017

	MCA MEAP 617	Medicaid Enrolls 620	ITP Fund 630	CGR Admin 640
REVENUE				
Grants and other	\$ 10,880	\$ 100,318	\$ 16,613	\$ 15,000
Program income	-	-	811	-
Other revenue	-	-	-	-
TOTAL REVENUES	10,880	100,318	17,424	15,000
EXPENDITURES				
Operating costs				
Salaries and wages	-	57,445	4,411	10,463
Fringe benefits	-	22,562	1,724	3,816
Consumable	-	12,378	63	137
Transportation	-	150	3,084	26
Outside services	-	835	7,935	251
Space and communications	-	5,928	106	261
Equipment rent and maintenance	-	609	6	14
Equipment purchases	-	96	72	-
Other expenses	-	315	23	32
Subrecipient program costs	-	-	-	-
Direct client services/Training	10,880	-	-	-
Commodities	-	-	-	-
TOTAL EXPENDITURES	10,880	100,318	17,424	15,000
NET CHANGE IN FUND BALANCES	-0-	-0-	-0-	-0-
Fund balances, beginning of year	-	-	-	-
Fund balances, end of year	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>	<u><u>\$ -0-</u></u>

CGR Support Fund 641	Kent County Admin 642	Kent County Support Fund 643	TOTAL
\$ 115,900	\$ 20,299	\$ 63,962	\$ 29,131,256
-	-	-	77,716
-	-	-	94
115,900	20,299	63,962	29,209,066
78,516	13,076	38,440	8,065,919
28,380	5,591	18,431	3,185,300
1,563	382	3,247	745,492
2,745	43	461	288,440
1,945	229	636	546,595
2,004	320	972	1,580,446
104	22	73	98,348
1	9	12	331,138
642	627	1,690	507,078
-	-	-	3,830,614
-	-	-	8,398,086
-	-	-	1,623,262
115,900	20,299	63,962	29,200,718
-0-	-0-	-0-	8,348
-	-	-	621,879
\$ -0-	\$ -0-	\$ -0-	\$ 630,227

Area Community Service Employment and Training Council

COMBINING STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES

June 30, 2017

	<u>Payroll Fund</u>	<u>Agency Fund</u>	<u>Total</u>
ASSETS			
Cash	<u>\$ 379,651</u>	<u>\$ 72,422</u>	<u>\$ 452,073</u>
LIABILITIES			
Accounts payable	\$ 37,451	\$ 72,422	\$ 109,873
Accrued liabilities	<u>342,200</u>	<u>-</u>	<u>342,200</u>
TOTAL LIABILITIES	<u>\$ 379,651</u>	<u>\$ 72,422</u>	<u>\$ 452,073</u>

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>Award/Contract Number</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>Pass-through to Subrecipients</u>
U.S. DEPARTMENT OF AGRICULTURE				
Passed through the Workforce Development Agency - State of Michigan				
Food Assistance Employment & Training FY16	16162MI100S2520	10.561	\$ 53,503	\$ 4,025
Food Assistance Employment & Training FY17	201717Q750342	10.561	244,775	-
Food Assistance Employment & Training FY16 - Support	16162MI100S2520	10.561	4,516	195
Food Assistance Employment & Training FY17 - Support	201717Q252042	10.561	19,500	-
Passed through				
Nutrition Services Incentive Program	N/A	93.053	10,497	-
Passed through Michigan Department of Education				
Cash Assistance				
Emergency Food Assistance Program ^{(3) (4)}	170990	10.568	194,424	-
Commodity Supplemental Food Program ^{(3) (4)}	170930	10.565	123,201	-
Non-cash Assistance				
Emergency Food Assistance Program ^{(3) (4)}	170990	10.568	1,322,226	-
Commodity Supplemental Food Program ^{(3) (4)}	170930	10.565	301,036	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE			2,273,678	4,220
U.S. DEPARTMENT OF LABOR				
Passed through Workforce Development Agency - State of Michigan				
Wagner-Peyser Activities				
Employment Services AY15 ⁽⁴⁾	ES274971555A26	17.207	632,511	99,915
Employment Services AY16 ⁽⁴⁾	ES294191655A26	17.207	948,584	54,062
RESEA 2016	UI281381660A26	17.225	33,632	5,483
RESEA 2016	UI302241760A26	17.225	16,718	4,999
Total Wagner-Peyser Activities			1,631,445	164,459
Trade Activities				
Trade Adjustment Assistance - TAARA 15 ⁽⁴⁾	TA267311555A26	17.245	347,984	2,192
Trade Adjustment Assistance - TAARA 16 ⁽⁴⁾	TA280571655A26	17.245	643,714	-
Michigan Coalition Advance Manufacturing (TAACCCT)	TC-25059-13-60-A-26	17.282	8,732	-
Total Trade Activities			1,000,430	2,192

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ <u>Program Title</u>	<u>Award/Contract Number</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>Pass-through to Subrecipients</u>
U.S. DEPARTMENT OF LABOR - CONTINUED				
Passed through Workforce Development Agency - State of Michigan - continued				
Workforce Investment Act (WIA) Activities				
Dislocated Worker	AA253601455A26	17.278	\$ 176,750	\$ -
Rapid Response - CRM	AA253601455A26	17.258,,259,,278 ⁽¹⁾	7,563	-
Designation Incentive	AA253601455A26	17.258,,259,,278 ⁽¹⁾	149,359	-
Talent 2025 (Rapid Response)	N/A	17.278 ⁽¹⁾	10,000	-
Total WIA Activities			343,672	-0-
Workforce Innovation and Opportunity Act (WIOA) Activities AY 15				
Adult Program	AA267861555A26	17.258 ⁽¹⁾	1,270,476	132,016
Youth Activities	AA267861555A26	17.259 ⁽¹⁾	980,146	492,202
Dislocated Worker	AA267861555A26	17.278 ⁽¹⁾	397,634	60,159
Service Center Operation	AA267861555A26	17.258,,259,,278 ⁽¹⁾	375,350	5,269
Local Administration ⁽²⁾	AA267861555A26	17.258,,259,,278 ⁽¹⁾	446,997	-
SAF Holland JAC	SAF HOLLAND JAC	17.278 ⁽¹⁾	19,028	-
Total WIOA Activities AY 15			3,489,631	689,646
Workforce Innovation and Opportunity Act (WIOA) Activities AY 16				
Adult Program	AA283231655A26	17.258 ⁽¹⁾	2,015,492	231,069
Youth Activities	AA283231655A26	17.259 ⁽¹⁾	1,563,256	805,832
Dislocated Worker	AA283231655A26	17.278 ⁽¹⁾	398,444	170,091
Service Center Operation	AA267861555A26	17.258,,259,,278 ⁽¹⁾	205,030	9,731
Capacity Building	AA267861555A26	17.258,,259,,278 ⁽¹⁾	156,250	-
Apprenticeship Coordinators	AA267861555A26	17.258,,259,,278 ⁽¹⁾	550	-
Total WIOA Activities AY 16			4,339,022	1,216,723
Total WIA/WIOA Cluster			8,172,325	1,906,369

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2017

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				
Workforce Investment Act (WIA) Activities				
Job Driven NEG	EM258641460A26	17.277	\$ 33,460	\$ -
GRCC-AMERICA'S PROMISE	HG-30130-17-60-A-26	17.268	31,059	-
The Michigan Talent Investment Agency (TIA)				
ApprenticeshipUSA State Expansion BASE Medical	MAICA_17_BASE	17.285	30,829	-
ApprenticeshipUSA State Expansion Industry	MAICA_17_Industry	17.285	214,411	-
Total Michigan Talent Investment Agency			<u>245,240</u>	<u>-0-</u>
TOTAL U.S. DEPARTMENT OF LABOR			11,113,959	2,073,020
U.S. DEPARTMENT OF ENERGY				
Passed through Michigan Department of Human Services				
Weatherization Assistance	DE-EE0006161	81.042	486,839	-
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	29,957	-
Passed through the Workforce Development Agency - State of Michigan				
Chafee Foster Care Independence Program - SYEP FY16	1601MICLIP	93.674	140,062	128,386
Chafee Foster Care Independence Program - SYEP FY17	1701MICLIP	93.674	39,861	37,538
Total Chafee Foster Care			179,923	165,924
Temporary Assistance for Needy Families (TANF)				
TANF - PATH Refugee FY17	1701MITANF	93.558	50,000	-
TANF - SYEP Supportive Services FY16	1601MITANF	93.558	4,950	4,950
TANF - SYEP Supportive Services FY17	1701MITANF	93.558	2,117	2,117
TANF - PATH FY16	1601MITANF	93.558	1,046,957	65,280
TANF - PATH FY17	1701MITANF	93.558	3,556,449	216,504
TANF - TANF Supportive Services FY16	1601MITANF	93.558	30,135	17,653
TANF - TANF Supportive Services FY17	1701MITANF	93.558	205,046	27,489
Total TANF Cluster			4,895,654	333,993

Area Community Service Employment and Training Council

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

Year Ended June 30, 2017

Federal Grantor/ Pass-Through Grantor/ Program Title	Award/Contract Number	CFDA Number	Program Expenditures	Pass-through to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES - CONTINUED				
Passed through the Michigan Department of Human Services				
Low Income Home Energy Assistance (LIHEAP)	16B1MILIEA	93.568	\$ 184,767	\$ -
Low Income Home Energy Assistance (LIHEAP) Summer Fuels	LIHEAP-13-41016	93.568	47,319	-
Low Income Home Energy Assistance (LIHEAP) Deliverable Fuels	LIHEAP-13-41016	93.568	29,951	-
Low Income Home Energy Assistance (LIHEAP) Deliverable Fuels	16BIMILIEA	93.568	40,001	-
Community Services Block Grant- Dual Generation	CSBG-D-14-41016	93.569	3,468	-
Community Services Block Grant	CSBG-14-41016	93.569	<u>1,042,845</u>	<u>-</u>
			1,348,351	-0-
Passed through MAXIMUS Health Services and the Michigan Community Action Agency Association				
Medicaid Enrollment	HLTH-1305-11-7791	93.778	<u>100,318</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			6,554,203	499,917
U.S. DEPARTMENT OF HOMELAND SECURITY				
Direct Program				
Emergency Food and Shelter Program	472400.013	97.024	<u>35,200</u>	<u>-</u>
TOTAL FEDERAL AWARD EXPENDITURES			<u>\$ 20,463,879</u>	<u>\$ 2,577,157</u>

- (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 Agriculture.
- (4) Program is considered a "major" program.

AREA COMMUNITY SERVICES EMPLOYMENT AND TRAINING COUNCIL

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2017

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, 2017 basic financial statements to the expenditures the Council administered federal programs reported in the Schedule of Expenditures of Federal Awards:

	Grants	Less State/Local Revenue	Federal Award Expenditures
PRIMARY GOVERNMENT GENERAL FUND	\$ 29,131,256	\$ 8,667,377	\$ 20,463,879



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, 2017, and the related notes to the financial statements which collectively comprise the Council's basic financial statements and have issued our report thereon dated February 16, 2018.

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 or significant deficiencies 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.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

February 16, 2018



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, 2017. 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, 2017.

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.

Stevens Kirinovic & Tucker, P.C.

STEVENS, KIRINOVIC & TUCKER, P.C.
Certified Public Accountants

February 16, 2018

AREA COMMUNITY SERVICES EMPLOYMENT AND TRAINING COUNCIL

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2017

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
10.565, 10.568 17.207 17.245	Food Distribution Cluster Wagner-Peyser Employment Services Trade Adjustment Assistance

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, 2017

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 Uniform Guidance.

No prior audit findings noted.