

Area Community Services Employment and Training Council

Grand Rapids, Michigan

Financial Statements and Supplementary
Information

Year Ended June 30, 2021



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Area Community Services Employment & Training Council

Year Ended June 30, 2021

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Independent Auditor's Report

To the Council 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 the Area Community Services Employment & Training Council (the "Council"), as of and for the year ended June 30, 2021, 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; 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 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 the Area Community Services Employment & Training Council, as of June 30, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States require that the management's discussion and analysis and budgetary comparison information on pages 3 through 9 and 30 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, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements as a whole. 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* 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 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 additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, supplementary information is fairly stated in all material respects 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 10, 2022, on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the Council's 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 the Council's internal control over financial reporting and compliance.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

February 10, 2022

Area Community Services Employment & Training Council

Management's Discussion and Analysis

As management of the Area Community Services Employment and Training Council (the "Council"), we offer readers of this narrative an overview and analysis of the financial activities of the Council for the fiscal year ending June 30, 2021. 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) convenes employers within industry sectors to identify and address common workforce needs. Together with employers, educators, economic development and community partners, current and future talent gaps are being addressed.

Business Solutions

WMW has successfully integrated registered apprenticeships (RAs) and work-based learning strategies into their overall organizational strategy. The development of workforce-sponsored RAs has led to increased engagement and growth within the industry talent councils, allowed for increased recruitment of underrepresented populations (which has also supported the marketing and promotion of local one-stop centers), and moved WMW from case management to a career coaching system.

WMW currently sponsors 28 U.S. Department of Labor RA occupations in four industry sectors: health care, advanced manufacturing, information technology, and construction. Over the last year, nine new employers signed onto WMW's apprenticeship standards, bringing the total number of employers supported and participating in WMW-sponsored RA programs to 65 employers. A total of 199 WMW-sponsored registered apprentices have successfully completed their programs and another 109 apprentices are awaiting program completion.

Through a variety of state and federal programs, and in partnership with regional economic development agencies and educational institutions, WMW provided access to training funds to help develop a strong, skilled, and educated workforce. For the FY2020 Going PRO Talent Fund (GPTF) grant period, which went unfunded, however, 287 West Michigan employers were awarded \$13.1 million to train 8,664 individuals (498 apprentices, 4,024 classroom trainings, and 4,142 on-the-job trainings) through the GPTF. WMW issued 38 on-the-job training and subsidized employment contracts, and 121 incumbent worker training contracts. Recruitment services continued through the pandemic; the business solutions department posted and recruited for an average of 2,133 open position per month.

WMW serves as the convener and backbone support of five employer-led Industry Talent Councils that work collaboratively to develop solutions to address talent, curriculum, and workforce advocacy issues:

- Agribusiness Talent Council of West Michigan (est. 2019)
- Construction Careers Council (est. 2021)
- Discover Manufacturing (est. 2014)
- West Michigan Health Careers Council (est. 2015)
- West Michigan Tech Talent (est. 2015)

Area Community Services Employment & Training Council

Management's Discussion and Analysis

Industry Talent Councils are comprised of employers, economic and workforce development organizations, and educators who seek additional input from training providers, non-profit organizations, industry employer peers, and community-based organizations. Total ITC membership includes nearly 40 unique employers that participate directly on the councils. An additional 150 unique employers participated in projects developed and implemented by the councils. This participation number is lower than normal due to the Covid-19 pandemic; in 2019, over 400 employers participated in council-led projects.

One such council-led project is MiCareerQuest™, a unique, hands on career-exploration event. In 2020, the event was canceled due to state mandates restricting in-person events due to the pandemic. In April 2021, the event was held virtually, drawing 11,099 8th-12th grade students from 89 schools across West Michigan. 71 employers and 60 exhibits representing 126 high-demand occupations were highlighted.

Talent Solutions

In the 2020-2021 program year, WMW staff offered virtual services, while simultaneously moving back to in-person services. The team implemented a hybrid service delivery model, providing in-person appointments when job seekers are able and would benefit, but keeping virtual options open to reach a broader and more diverse population of job seekers. As early 2020 forced WMW into quickly delivering and offering virtual services, this year was about improving the delivery and tracking of those services.

WMW continued to innovate and offer quality services in accessible ways. WMW offered its core programming, such as its Partnership. Accountability. Training. Hope (PATH) welfare employment and training program and the Workforce Innovation and Opportunity Act, as well as innovative programs that have been developed in recent years, such as the RISE Up career development center in partnership with Mercy Health and the SOURCE and its WorkReady certification programming.

Continuing its work on the CareerPoint model, a process that help career coaches create individual career pathway plans, WMW partnered with Grand Rapids Community College to create both an in-person and online training program for career coaches. Additionally, WMW has partnered with TalNet and the Employment Services Collaborative in Kent County to create a resource navigator training, providing professional development opportunities for the area's organizations who assist individuals in connecting to community resources.

WMW implemented Clean Slate services, assisting individuals in expunging their criminal histories and providing increased access to employment and earnings. Funded by the State of Michigan, these services provide support service funds to assist with expungement-related activities, such as fingerprinting, background checks, fees for court records, and legal services.

The WMW Retention Solutions Network, a business resource network, served eight member employers, providing 1,594 success coach hours to help their employees address 917 barriers so they could remain productive on the job.

Area Community Services Employment & Training Council

Management's Discussion and Analysis

Youth Solutions

WMW utilized multiple funding sources to expand its programming to youth, ages 14-24. These opportunities included a robust summer work experience and exploration program, which consisted of both in-person and virtual opportunities. WMW partnered with Jobs for Michigan's graduates to provide premier programming for area youth.

Service Summary Impact

For the fiscal year 2021, WMW served 3,027 employers, 50,215 job seekers, filling 7,063 jobs with a total of \$418 million in wages earned.

FINANCIAL HIGHLIGHTS

The Council's total revenue reflects a decrease of \$1,670,408 in the fiscal year ending June 30, 2021 compared to the fiscal year ending June 30, 2020. This decrease in revenue is a result of a decrease in operating grants and contributions in the current year. The decrease in the Council's funding award/utilization is primarily the result of significant funding award decreases across several programs including the Going Pro Talent Fund program (\$1.4 million), Wagner-Peyser programs (\$379k), Trade Adjustment Assistance (\$438k) and American Promise (\$361k). A program with a significant increase was Unemployment Insurance State of MI \$744k.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: (1) government-wide financial statements (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required supplementary 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 the Council's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Council'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 the Council is improving or deteriorating.

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

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

Area Community Services Employment & Training Council

Management's Discussion and Analysis

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. The Council, like state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Council can be divided into two categories: governmental funds and proprietary 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.

The Council 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 the Council. The general fund is a major fund for financial reporting purposes as defined by generally accepted accounting principles.

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

Fund Financial Statements (Continued)

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 the Council's various functions. The Council utilizes an internal service fund to account for its compensated absences. Because these services primarily benefit the Council'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.

Notes to the Financial Statements

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

Area Community Services Employment & Training Council

Management's Discussion and Analysis

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information.

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 the Council, assets exceeded liabilities by \$1,197,364 at the close of the most recent fiscal year. A summary of net position is as follows at June 30:

Statement of Net Position Governmental Activities

	2021	2020
Current and other assets	\$ 5,544,773	\$ 4,292,154
Capital assets	478,144	567,031
Total assets	6,022,917	4,859,185
Current liabilities	4,825,553	3,565,712
Net position		
Net investment in capital assets	478,144	567,031
Unrestricted	719,220	726,442
Total net position	\$ 1,197,364	\$ 1,293,473

A portion of the Council’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. The Council uses these capital assets to provide services; consequently, these assets are not available for future spending.

Governmental Activities

During the year, the Council invested \$22,975,214 (98.86%) of governmental activities expenses in Michigan Works! Programs. Administrative services and unallocated depreciation represent 0.15% and 0.99% of governmental activities expenses, respectively.

Net position of the Council, which consists only of governmental activities, decreased by \$96,109 as a result of operations. A summary of the changes in net position is as follows:

Area Community Services Employment & Training Council

Management's Discussion and Analysis

Changes in Net Position Governmental Activities

	2021	2020
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 23,040,445	\$ 24,717,788
Charges for services	102,167	91,421
General revenues:		
Unrestricted investment earnings	1,352	5,163
Total revenues	23,143,964	24,814,372
Expenses:		
Michigan Works! programs	22,975,214	24,587,976
Administrative services	34,277	54,604
Unallocated depreciation	230,582	250,572
Total expenses	23,240,073	24,893,152
Change in net position	(96,109)	(78,780)
Net position, beginning of year	1,293,473	1,372,253
Net position, end of year	\$ 1,197,364	\$ 1,293,473

Financial Analysis of the Government's Funds

The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Budgetary Highlights

Over the course of the fiscal year, the Council made necessary budget adjustments to reflect current year activities. The total expenditure budget had a favorable variance of \$2,206,315 primarily due to favorable budget variances of \$1,612,293 in direct client services/training and \$227,028 in subrecipient program costs.

Governmental funds. The focus of the Council's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Council'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, the Council's general fund reported ending fund balance of \$666,949, an increase of \$6,528 over the prior year.

Area Community Services Employment & Training Council

Management's Discussion and Analysis

Capital Assets and Debt Administration

Capital Assets

The Council’s investment in capital assets for its governmental activities as of June 30, 2021, amounted to \$478,144 (net of accumulated depreciation).

Office equipment	\$	183,495
Furniture and fixtures		29,647
Software		108,081
Vehicles		156,921
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Total	\$	478,144
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Additional information on the Council’s capital assets can be found in note 4 to the financial statements.

Debt

The Council does have a \$325,000 line of credit available to cover temporary operating shortfalls if needed. The line of credit was not used during the year ended June 30, 2021.

Contacting the Area Community Services Employment and Training Council's Management

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Council’s finances and to demonstrate the Council’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mr. Robert Perkins, Chief Financial Officer, at 1550 Leonard NE, Grand Rapids, Michigan 49505.

Area Community Services Employment & Training Council

Statement of Net Position

June 30, 2021

Assets:		
Cash and cash equivalents	\$	2,339,009
Grants and other receivables		2,844,455
Prepaid expenses		309,038
Deposits		52,271
Capital assets, net of accumulated depreciation		478,144
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TOTAL ASSETS	\$	6,022,917
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Liabilities:		
Accounts payable	\$	745,443
Accrued payroll and related expenses		2,611,347
Unearned revenue		419,618
Accrued compensated absences		1,049,145
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Total liabilities		4,825,553
<hr/>		
Net position:		
Net Investment in capital assets		478,144
Unrestricted		719,220
<hr/>		
Total net position		1,197,364
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TOTAL LIABILITIES AND NET POSITION	\$	6,022,917
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See accompanying notes to financial statements.

Area Community Services Employment & Training Council

Statement of Activities

Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
Michigan Works! programs	\$ 22,975,214	\$ 62,098	\$ 23,040,445	\$ 127,329
Unrestricted activities	34,277	40,069	-	5,792
Unallocated depreciation	230,582	-	-	(230,582)
Total	23,240,073	102,167	23,040,445	(97,461)
General revenues				
Unrestricted interest earnings				1,352
				Change in net position \$ (96,109)
				Net position - Beginning of Year 1,293,473
				Net position - End of Year \$ 1,197,364

See accompanying notes to financial statements.

Area Community Services Employment & Training Council

Balance Sheet - Governmental Fund

June 30, 2021

Assets:		
Cash	\$	1,289,864
Grants and other receivables		2,844,455
Prepaid expenses		309,038
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TOTAL ASSETS	\$	4,443,357
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Liabilities:		
Accounts payable	\$	745,443
Accrued payroll and related expenses		2,611,347
Unearned revenue		419,618
<hr/>		
Total liabilities		3,776,408
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Fund balance:		
Nonspendable		309,038
Unassigned		357,911
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Total Fund Balance		666,949
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TOTAL LIABILITIES AND FUND BALANCE	\$	4,443,357

See accompanying notes to financial statements.

Area Community Services Employment & Training Council

Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position

June 30, 2021

Total fund balance - Governmental funds	\$	666,949
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Total net position reported to governmental activities in the statement of net position are different from the amount reported above as to governmental funds balance because:

Capital assets used in government activities are not financial resources and, therefore, are not reported in the fund statements. Amounts reported for governmental activities in the statement of net position are:

Governmental capital assets	\$	1,789,493	
Governmental accumulated depreciation		(1,311,349)	
			478,144

Security deposits held by the Council's landlords are not financial resources and therefore are not reported as assets in the governmental fund		52,271
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Total net position - Governmental activities	\$	1,197,364
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See accompanying notes to financial statements.

Area Community Services Employment & Training Council

Statement of Revenue, Expenditures, and Changes in Fund Balance - Governmental Fund

Year Ended June 30, 2021

Revenue:	
Grants and other	\$ 23,040,445
Program income	102,167
Interest income	601
<hr/>	
Total revenue	23,143,213
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Expenditures:	
Operating costs	
Salaries and wages	10,187,546
Fringe benefits	3,526,846
Consumables	926,231
Transportation	49,088
Outside services	929,909
Space and communications	1,775,995
Equipment rent and maintenance	42,506
Equipment purchases	201,454
Other expenditures	573,431
Subrecipient program costs	591,972
Direct client services/training	4,331,707
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Total expenditures	23,136,685
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Net change in fund balance	6,528
Fund balance - Beginning of Year	660,421
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Fund balance - End of Year	\$ 666,949
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See accompanying notes to financial statements.

Area Community Services Employment & Training Council Reconciliation of Statement of Revenue, Expenditures, and Changes in Fund Balance of the Governmental Fund to the Statement of Activities

Year Ended June 30, 2021

Net change in fund balances - Total governmental funds	\$	<u>6,528</u>
<p>Amounts reported for governmental activities in the statement of activities are different because:</p> <p>The acquisition of capital assets are reported in the governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expenses in the statement of activities.</p>		
Capital outlay reported in governmental fund statements	\$	141,695
Depreciation expense and loss on disposal reported in the statement of activities		<u>(230,582)</u>
Excess of depreciation expense over capital outlay		(88,887)
Changes in the amount of security deposits held by the Council's landlords are not current period expenses and are not recognized in the governmental fund.		<u>(13,750)</u>
Change in net position - Governmental activities	\$	<u><u>(96,109)</u></u>

See accompanying notes to financial statements.

Area Community Services Employment & Training Council
Statement of Net Position
Compensated Absences Internal Service Fund

June 30, 2021

Assets:		
Cash	\$	1,049,145
<hr/>		
TOTAL ASSETS	\$	1,049,145
<hr/>		
Liabilities:		
Accrued compensated absences		1,049,145
<hr/>		
Total liabilities		1,049,145
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Net position:		
Unrestricted		-
<hr/>		
Total net position		-
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TOTAL LIABILITIES AND NET POSITION	\$	1,049,145

See accompanying notes to financial statements.

Area Community Services Employment & Training Council

Statement of Revenue, Expenditures, and Changes in Net Position - Compensated Absences Internal Service Fund

Year Ended June 30, 2021

Revenue:	
Charges for services	\$ 1,467,079
Interest income	752
<hr/>	
Total revenue	1,467,831
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Expenditures:	
Employee benefits	1,467,831
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Total expenditures	1,467,831
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Net change in fund balance	-
Fund balance - Beginning of Year	-
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Fund balance - End of Year	\$ -
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See accompanying notes to financial statements.

Area Community Services Employment & Training Council
Statement of Cash Flows
Compensated Absences Internal Service Fund

Year Ended June 30, 2021

Cash flows from operating activities		
Cash receipts from interfund services provided	\$	1,467,079
Cash payments to employees		(1,298,318)
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Net cash provided by operating activities		168,761
Cash flows from investing activities		
Interest income received		752
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Net increase in cash		169,513
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Cash, beginning of year		879,632
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Cash, end of year	\$	1,049,145

See accompanying notes to financial statements.

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

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. The Council is primarily supported through federal and state government grants. Approximately 73% of the total funding is federal pass-through funds received from the Department of Labor and Economic Opportunity - State of Michigan.

The financial statements of the Council have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting principles and policies utilized by the Council are described below.

Reporting Entity

This report includes all of the funds of the Council. The reporting entity for the Council consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that their exclusion would cause the reporting entity's financial statements to be misleading or incomplete. A legally separate organization should be reported as a component unit if the elected officials of the primary government are financially accountable to the organization. The primary government is financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the primary government. The primary government may be financially accountable if an organization is fiscally dependent on the primary government.

A legally separate, tax-exempt organization should be reported as a component unit of a reporting entity if all of the following criteria are met: (1) the economic resources received or held by the separate organization are entirely or almost entirely for the direct benefit of the primary government, its component units, or its constituents; (2) the primary government is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the separate organization; (3) the economic resources received or held by an individual organization that the specific primary government, or its component units, is entitled to, or has the ability to otherwise access, are significant to that primary government. This report does not contain any component units.

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

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, 2021.

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 and proprietary funds.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide and proprietary 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.

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.

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Additionally, the government reports the following fund type:

The Internal Service Fund is used to report assets held by the Council to satisfy its obligation for compensated absences of its employees.

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 and Cash Equivalents

The Council's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State statutes authorize the Council to deposit in the account of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

Grants and Other Receivables

Grants and other receivables 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, 2021, no allowance was necessary.

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Prepaid Expenses

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 estimated acquisition value at the date of donation.

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

Depreciation of capital assets is charged to an expense on the government-wide statement of activities as unallocated depreciation. Depreciation has been provided using the straight-line method over the estimated useful life of the asset, from 5 to 20 years.

Capital assets purchased with grant funds are owned by the Council while used in the program for which they were purchased or in other future authorized programs. However, the various funding sources have a reversionary interest in the capital assets purchased with grant funds. Their disposition, as well as the ownership of any proceeds therefrom, is subject to funding source regulations. The net book value of grant-funded capital assets included on the government-wide financial statements is \$478,144.

Accrued 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.

Unearned Revenue

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

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States 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 expenditures during the reporting period. Actual results could differ from those estimates.

Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the statement of net position and the balance sheet, when applicable, will 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.

Net Position and Fund Balance Reporting

Net position represents the difference between assets and deferred outflow of resources and liabilities and deferred inflow of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position represents the difference between assets and liabilities in the government-wide financial statements. Net position invested in capital assets consist of capital assets, net of accumulated depreciation. Net positions are reported as restricted in the government-wide financial statements when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. No such restrictions exist as of June 30, 2021.

When both restricted and unrestricted resources are available for use, it is the Council's policy to use externally restricted resources first.

In the fund financial statements, governmental funds report aggregate amounts for five classifications of fund balances based on the constraints imposed on the use of these resources.

Nonspendable fund balance: the related assets form does not allow expenditure of the balance. The assets are either (1) not in a spendable form or (2) legally or contractually required to be maintained intact. Nonspendable fund balance of \$309,038 at June 30, 2021 consists of prepaid expenses, which are not in spendable form.

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Net Position and Fund Balance Reporting (Continued)

Restricted fund balance: This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. Currently, the Council does not have any restricted fund balances.

Committed fund balance: These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions by the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors removes the specified use by taking the same type of action that imposed the original commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Currently, the Council does not have any committed fund balances.

Assigned fund balance: This classification reflects the amounts constrained by the Board of Directors "intent" to be used for specific purposes but are neither restricted nor committed. The Board of Directors and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the General Fund, that are not classified as nonspendable and are neither restricted nor committed. Currently, the Council does not have any assigned fund balances.

Unassigned fund balance: This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

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 externally restricted resources first, then unrestricted resources - committed, assigned and unassigned - in order as needed.

Cost Allocation

Joint costs are allocated to benefiting programs using various allocation methods, depending on the type of joint cost being allocated. Whenever possible, costs are allocated directly to each program. Joint costs are those costs incurred for the common benefit of all Council programs that cannot be readily identified with a final cost objective.

Upcoming Accounting Pronouncements

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 2021-2022 fiscal year.

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements (Continued)

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangement*. The statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The Council is currently evaluating the impact this standard will have on the financial statements when adopted during the 2022-2023 fiscal year.

Subsequent Events

The Council has evaluated events and transactions for potential recognition or disclosure in the financial statements through February 10, 2022, which is the date the financial statements were available to be issued.

Note 2: Cash and Cash Equivalents

The Council maintains cash balances at two banks. Accounts at these local banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Balances in excess of \$250,000 are not collaterally secured by the banks. Custodial credit risk for deposits is the risk that in the event of the failure of a depository financial institution, the Council will not be able to recover deposits that are in the possession of an outside party. As of June 30, 2021, \$2,141,118 of the Council's bank balance of \$2,637,295 was exposed to custodial credit risk because it was uninsured and uncollateralized. The carrying value on the books for deposits at the end of the year was \$2,339,009.

Deposits are comprised of the following at June 30, 2021:

Checking/savings accounts	\$	713,639
Money markets		1,625,370
<hr/>		
Total	\$	2,339,009

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 3: Grants and other receivables

Grants and other receivables consists of amounts owed to the Council from other governmental entities. These consist of the following as of June 30, 2021:

Going pro	\$ 1,897,219
WIOA	391,255
TANF/PATH	204,951
Employment fund	113,141
Community ventures	36,189
Other programs	201,700
<hr/>	
Total	\$ 2,844,455

Note 4: Capital Assets

Capital asset balances and activity for the year ended June 30, 2021, were as follows:

Governmental Activities:	Balance 06/30/20	Increases	Decreases and Transfers	Balance 06/30/21
Capital assets, being depreciated:				
Office equipment	\$ 1,035,235	\$ 10,595	\$ (9,585)	\$ 1,036,245
Furniture and fixtures	121,568	-	-	121,568
Software	95,922	131,100	-	227,022
Vehicles	404,658	-	-	404,658
<hr/>				
Total capital assets, being depreciated	1,657,383	141,695	(9,585)	1,789,493
<hr/>				
Less accumulated depreciation for				
Office equipment	(749,343)	(112,992)	9,585	(852,750)
Furniture and fixtures	(85,174)	(6,747)	-	(91,921)
Software	(79,278)	(39,663)	-	(118,941)
Vehicles	(176,557)	(71,180)	-	(247,737)
<hr/>				
Total accumulated depreciation	(1,090,352)	(230,582)	9,585	(1,311,349)
<hr/>				
Total capital assets, being depreciated, net	\$ 567,031	\$ (88,887)	-	\$ 478,144
<hr/>				
Governmental activities capital assets, net	567,031	(88,887)	-	478,144

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

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 5: Compensated Absences

Changes in compensated absences for the year ended June 30, 2021 are as follows:

	Balance 06/30/20	Additions	Deletions	Balance 06/30/21	Amounts Due Within One Year
Governmental activities					
Compensated absences	\$ 879,632	\$ 1,467,831	\$ (1,298,318)	\$ 1,049,145	\$ 1,049,145
Total	\$ 879,632	\$ 1,467,831	\$ (1,298,318)	\$ 1,049,145	\$ 1,049,145

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

Note 6: Leases

The Council leases office space and various office equipment and vehicles. Lease terms range from 2 to 20 years with options to renew at varying terms. Rent payments for operating leases for the year ended June 30, 2021 were \$1,061,181.

Minimum future lease payments under operating leases as of June 30, 2021, are as follows:

2022	\$ 965,522
2023	796,622
2024	259,127
2025	250,957
2026	179,206
Thereafter	281,142
Total	\$ 2,732,576

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

Area Community Services Employment & Training Council

Notes to Financial Statements

Note 7: Defined Contribution Plan

The Council provides retirement benefits to substantially all employees through a defined contribution money purchase retirement plan, which is administered by a mutual 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, 2021 amounted to \$735,736 each.

Note 8: Deferred Compensation Plan

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

Note 9: Risk Management

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

Note 10: Contingencies

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

The Council has available a \$325,000 line of credit with interest charged at the bank's prime rate plus 1.50%. The agreement expires March 8, 2022 and is unsecured. There was no outstanding balance at June 30, 2021.

Required Supplementary Information

Area Community Services Employment & Training Council

Schedule A

Budgetary Comparison Schedule - General Fund

Year Ended June 30, 2021

	Budget Original	Budget Final	Actual	Amount Over (Under) Budget Final
Revenue:				
Grants and other	\$ 25,890,000	\$ 25,243,000	\$ 23,040,445	\$ (2,202,555)
Program income	100,000	100,000	102,167	2,167
Interest income	-	-	601	601
Total revenue	25,990,000	25,343,000	23,143,213	(2,199,787)
Expenditures:				
Operating costs:				
Wages	9,834,000	10,298,000	10,187,546	(110,454)
Fringe	3,443,000	3,552,000	3,526,846	(25,154)
Consumables	571,000	982,000	926,231	(55,769)
Transportation	280,000	64,000	49,088	(14,912)
Outside Services	767,000	972,000	929,909	(42,091)
Space and communications	1,650,000	1,810,000	1,775,995	(34,005)
Equipment rent & maintenance	105,000	55,000	42,506	(12,494)
Equipment purchases	262,000	242,000	201,454	(40,546)
Other expenses	590,000	605,000	573,431	(31,569)
Subcontracted program costs	843,000	819,000	591,972	(227,028)
Direct client services/training	7,645,000	5,944,000	4,331,707	(1,612,293)
Total expenditures	25,990,000	25,343,000	23,136,685	(2,206,315)
Excess of revenue over expenditures	-	-	6,528	6,528
Fund balance - Beginning of Year	660,421	660,421	660,421	-
Fund balance - End of Year	\$ 660,421	\$ 660,421	\$ 666,949	\$ 6,528

See Independent Auditor's Report

Other Supplementary Information

Area Community Services Employment & Training Council

Schedule B-1

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Grantor/Pass-Through Grantor/ Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Total Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
SNAP Cluster				
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
Food Assistance Employment & Training FY20	10.561	202020Q8750342	-	41,741
Food Assistance Employment & Training FY21 -Support Services		202020Q8750342	-	154,735
Plus Program FY20		202019S251942	4,601	5,751
Plus Program FY21		202019S251942	14,160	17,700
Total Federal Expenditures SNAP Cluster AL #10.561			18,761	219,927
U.S. DEPARTMENT OF LABOR				
Employment Services Cluster				
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
Wagner Peyser 7(A) Employment Services AY19	17.207	ES334001955A26	-	498,460
AY19 Wagner Peyser 7(A) Clean Slate Pilot		ES334001955A26	-	49,957
AY20 Wagner Peyser 7(A) MWA 7A		ES334001955A26	-	1,324,187
AY20 Wagne Peyser 7(B) IFA - MSFW		ES34	-	19,714
Total Federal Expenditures AL #17.207			-	1,892,318
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
FY21 VETS Infrastructure Funding Agreements	17.801	DV35	-	26,278
Total Federal Expenditures AL #17.801			-	26,278
Total Federal Expenditures Employment Services Cluster AL #17.207, 17.801			-	1,918,596
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
AY20 Unemployment Insurance - PY20 IFA	17.225	UI340652055A26	-	14,936
AY21 Unemployment Insurance - PY20 IFA		UI35	-	50,697
CY19 RESEA 2019		UI328461960A26	-	1,856
CY20 RESEA 2020		UI328461960A26	-	172,567
FY20 UI Claims Assistance		UI340652055A26	-	744,289
Total Federal Expenditures AL #17.225			-	984,345
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
Trade Adjustment Assistance - TAA AY18	17.245	TA317061855A26	-	271,625
Trade Adjustment Assistance - TAA AY19		TA326581955A26	-	305,412
Total Federal Expenditures AL #17.245			-	577,037
WIOA Cluster				
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
Adult Program	17.258	AA332361955A26	-	1,098,902
Adult Program		AA342361955A26	-	1,458,738
Integrated Education and Training (IET)		AA308461755A26	-	-4
Capacity Building		AA321961855A26	-	31,564
MICA 2.0 - Cycle I		AA321961855A26	-	45,573
Local Administration		AA332361955A26	-	205,664
Summer Young Professionals 2020 Initiative		AA332361955A26	-	42,965
Local Administration		AA342361955A26	-	-1,408
Integrated Education and Training (IET)		AA332361955A26	-	247
Summer Young Professionals 2021 Initiative		AA347752055A26	-	11,176
Total Federal Expenditures AL #17.258			-	2,893,417
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
Youth Activities	17.259	AA342361955A26	364,369	1,168,665
Youth Activities		AA332361955A26	265,906	1,226,762
Integrated Education and Training (IET)		AA308461755A26	-	-4
Capacity Building		AA321961855A26	-	34,374
MICA 2.0 - Cycle I		AA321961855A26	-	48,254
Local Administration		AA332361955A26	-	217,761
Summer Young Professionals 2020 Initiative		AA332361955A26	-	45,492
Local Administration		AA342361955A26	-	-1,533
Integrated Education and Training (IET)		AA332361955A26	-	269
Summer Young Professionals 2021 Initiative		AA347752055A26	-	12,171
Total Federal Expenditures AL #17.259			630,275	2,752,211

Area Community Services Employment & Training Council

Schedule B-2

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Grantor/Pass-Through Grantor/ Program or Cluster Title	AL Number	Pass-Through Entity Identifying Number	Passed Through to Sub-recipients	Total Expenditures
U.S. DEPARTMENT OF LABOR (Continued)				
WIOA Cluster (Continued)				
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
NEG TET - Retail Trade DW	17.278	DW325501860A26	-	145,940
Rapid Response CRM		AA321961855A26	-	7,563
Dislocated Worker		AA332361955A26	-	397,155
Dislocated Worker		AA342361955A26	-	700,994
Integrated Education and Training (IET)		AA308461755A26	-	(5)
Capacity Building		AA321961855A26	-	27,724
MICA 2.0 - Cycle I		AA321961855A26	-	40,211
Local Administration		AA332361955A26	-	181,468
Summer Young Professionals 2020 Initiative		AA332361955A26	-	37,910
Local Administration		AA342361955A26	-	(1,237)
Integrated Education and Training (IET)		AA332361955A26	-	217
Summer Young Professionals 2021 Initiative		AA347752055A26	-	9,817
Total Federal Expenditures AL #17.278			-	1,547,757
Total Federal Expenditures WIOA Cluster AL #17.258, 17.259, 17.278			630,275	7,193,385
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
MIREACH	17.268	HG359222160A26	-	2,183
America's Promise		HG-30130-17-60-A-26	-	317,192
One Workforce		17.268-H-1B	-	809
Total Federal Expenditures AL #17.268			-	320,184
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
DW NEG COVID-19 Recovery Project	17.277	DW349062060A26	-	121,563
Total Federal Expenditures AL #17.277			-	121,563
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
MAICA 2.0	17.285	AP300981660A26	-	51,840
Going PRO Apprenticeship PY18		AP334931960A26	-	48,697
Total Federal Expenditures AL #17.285			-	100,537
TOTAL U.S. DEPARTMENT OF LABOR			630,275	11,215,647
U.S. DEPARTMENT OF EDUCATION				
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
FY21 State Vocational Rehab Services - IFA	84.126	H126A200099	-	77,873
Total Federal Expenditures AL #84.126			-	77,873
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
TANF - SYEP Supportive Services FY21	93.558	211MITANF	-	1,580
TANF - PATH FY20		2001MITANF	-	1,405,479
TANF - PATH FY21		2001MITANF	-	3,710,531
TANF - Refugee FY21		2001MITANF	-	84,489
TANF - PATH Supportive Services FY20		201MITANF	-	14,839
TANF - PATH Supportive Services FY21		211MITANF	-	152,563
Total Federal Expenditures AL #93.558			-	5,369,481
Passed through The Department of Labor and Economic Opportunity - State of Michigan				
Chafee Foster Care-SYEP FY20	93.674	1901MICILP	-	14,030
Chafee Foster Care-SYEP FY21		1901MICILP	-	4,594
Total Federal Expenditures AL #93.674			-	18,624
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	5,388,105
TOTAL FEDERAL AWARD EXPENDITURES			649,036	16,823,679

See Independent Auditor's Report.

Area Community Services Employment & Training Council

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - 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 2.

Note 2 - Reconciliation to Schedule of Expenditures of Federal Awards

	<u>Grants</u>	<u>Less: State and Local Revenue</u>	<u>Federal Award Expenditures</u>
Primary Governmental Fund	\$ 23,040,445	(\$ 6,216,766)	\$ 16,823,679

Note 3 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Note 4 - Indirect Cost Rate

Area Community Services Employment and Training Council has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters

Area Community Services Employment & Training Council
Grand Rapids, Michigan

We have audited, in accordance with auditing standards generally accepted in the United States and the standards applicable to 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 as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Area Community Services Employment & Training Council's basic financial statements, and have issued our report thereon dated February 10, 2022.

Auditor's Responsibility

In planning and performing our audit of the financial statements, we considered Area Community Services Employment & Training Council's internal control over financial reporting ("internal control") as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Area Community Services Employment & Training Council's internal control. Accordingly, we do not express an opinion on the effectiveness of Area Community Services Employment & Training 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Area Community Services Employment & Training 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance, and the results of that testing, and not to provide an opinion on the effectiveness of Area Community Services Employment & Training 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 Area Community Services Employment & Training Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

February 10, 2022

Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance

Area Community Services Employment & Training Council
Grand Rapids, Michigan

Report on Compliance for Each Major Federal Program

We have audited Area Community Services Employment & Training Council's compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement, that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021. Area Community Services Employment & Training 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 for Compliance

Management is responsible for compliance with the 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 Area Community Services Employment & Training 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; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; 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 Area Community Services Employment & Training 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 on Area Community Services Employment & Training Council's compliance.

Opinion

In our opinion, 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, 2021.

Report on Internal Control Over Compliance

Management of Area Community Services Employment & Training 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 Area Community Services Employment & Training Council's internal control over compliance with the types of requirements that could have a direct and material effect on a 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 Area Community Services Employment & Training 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 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 and therefore material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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.

Wipfli LLP

Wipfli LLP
Madison, Wisconsin

February 10, 2022

Area Community Services Employment & Training Council

Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued on whether the financial statements were prepared in accordance with GAAP: 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 Title 2 with CFR 200.516(a)? Yes X No

Identification of major programs

<u>AL Number(s)</u>	<u>Federal Program or Cluster</u>
17.225	Unemployment Insurance
93.558	Temporary Assistance for Needy Families

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

Section III - Federal Award Findings and Questioned Costs

None

Section IV - Summary Schedule of Prior Year Findings

None