



**Monterey County Workforce Investment Board (WIB)**  
**LOCAL POLICY BULLETIN #2007-08**

Effective Date: December 5, 2007  
Full WIB Adopted: December 5, 2007

**TO:** All Monterey County Providers of Workforce Investment Act (WIA) Title I Services

**SUBJECT:** Financial Reporting Policy for Workforce Investment Act (WIA) Subrecipients

**PURPOSE:** This policy provides procedure and guidance to subrecipients who are required to comply with Federal and State WIA Title I expenditure reporting requirements. This policy is relative only to financial data and does not change current participant report requirements.

**REFERENCE:**

- Office of Management & Budget (OMB) Circular A-87: Cost Principles for State, Local and Indian Tribal Governments
- OMB Circular A-122: Cost Principal for Non-Profit Organizations
- Title 29 Code of Federal Regulations (CFR) Part 95: Grants and Agreements with institutions of higher Education, hospitals, and other non-profit organizations
- Title 29 CFR Part 97: Uniform Administrative Requirements for Grants and Cooperative Agreements to State and Local Government
- WIA Directive - WIAD00-1, Subject: Allowable Costs (August 24, 2000)

**POLICY:** Effective July 1, 2007, all subrecipients are required to use the accrual basis of accounting and submit a summary of WIA expenditure reports to the Monterey County Office for Employment Training's Fiscal Office on a monthly basis. The time limit for the expenditure of these funds is specified in each signed subgrant agreement, including grant award modifications.

**Definition of Terms:**

- Accrual Basis of Accounting – The accounting basis wherein revenue and expenses are recorded in the period in which they are earned or incurred regardless of whether cash is received or disbursed in that period. This is the accounting basis that grantee and sub-grantees must use in order to conform to generally accepted accounting principles as required by WIA.
- Accrued Expenditures – Charges incurred by the grantee and sub-grantee during a given period requiring the provision of funds for 1) goods and other tangible property received, 2) services performed by employees, contractors, sub-grantees, sub-contractors and other payees, and 3) other amounts becoming owed under programs for which no current services or performance is required, such as annuities, insurance claims and other benefit payments.
- Obligations – An obligation means the amount of orders placed, contracts and sub-grants awarded, goods and services received, and similar transactions during a funding period that will require payment by the recipient or subrecipient during the same or future period.
- Net Income Method – The accounting approach that has the costs incidental to the generation of program income netted against or deducted from the gross program income to determine the amount of net program income. The expenditures and revenues associated with performing the activity that generates program income are tracked separately in the accounting records. At the end of the project, revenues and expenses are netted to determine the amount of net program income. Net program income is then recorded in the WIA program income account by appropriate title and funding period. At this time, the net income method is used in the accounting for revenue and costs associated with generating program income must be used for the WIA program.
- Program Income – The gross income received by the local area or sub-grantee directly generated by a grant support activity, or earned only as a result of the grant agreement during the grant period. At this time, the net income method used in accounting for revenue and costs associated with generating program income must be used for the WIA program.



- Un-liquidated Obligations – Un-liquidated obligations are the dollar amount of orders placed or contracts and sub-grants awarded that are to be paid at a future date. Un-liquidated obligations are the amount of obligations incurred by the sub-grantee for which an outlay has not been recorded.

**INQUIRIES:** For questions or assistance related to this policy, please contact the Monterey County Workforce Investment Board staff at (831) 796-6434.

This policy is posted on the WIB website located at: [www.montereycountywib.org/policies/](http://www.montereycountywib.org/policies/)