



Dave Yost • Auditor of State

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Area 7 Workforce Investment Board
Montgomery County
1111 S. Edwin C. Moses Blvd.
Dayton, Ohio 45422

To the Workforce Investment Board:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities of the Area 7 Workforce Investment Board, Montgomery County, Ohio (the Board), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Board's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Board's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the governmental activities of the Area 7 Workforce Investment Board, Montgomery County, Ohio, as of June 30, 2015, and the change in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

We applied no procedures to Management's Discussion & Analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 6, 2016, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on 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 Board's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 6, 2016

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

This discussion and analysis of the Area 7 Workforce Investment Board's (the Board) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2015, within the limitations of the Board's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Board's financial performance.

Highlights

Key Highlights for 2015 are as follows:

- The Board's receipts are solely from support from Federal and State governmental agencies. The federal receipts are designated for employment and training related activities.
- The Board's total net position increased by \$1,052,862;
- The Board's program receipts decreased by \$3,806,246;
- The Boards program disbursements decreased by \$3,921,788;

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Board's cash basis of accounting.

Report Components

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the cash activities of the Board.

The notes to the basic financial statements are an integral part of the financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)
(Continued)**

Reporting the Government as a Whole

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis reflects how the Board did financially during 2015, within the limitations of the cash basis accounting. These two statements report the Board's net position and changes in net position. The Statement of Activities – Cash Basis presents the receipt and disbursement activity during 2015. These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received as cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

These statements report the Board's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Board's financial health. Over time, increases or decreases in the Board's cash position is one indicator of whether the Board's financial health is improving or deteriorating. When evaluating the Board's financial condition, you should also consider the reliance on non-local financial resources for operations and the need for continued growth in revenue sources.

The Government as a Whole

The Statement of Net Position – Cash Basis provides the perspective of the Board as a whole and Table 1 provides a summary of the Board's position for 2015 compared to 2014.

**Table 1
Statement of Net Position – Cash Basis**

	2015	2014
Assets:		
Cash	\$2,437,999	\$1,385,137
Net Position:		
Restricted:		
Grant Programs	2,437,999	1,385,137
Total Net Position	\$2,437,999	\$1,385,137

Table 2 reflects the change in net position during fiscal year 2015 as well as a comparative analysis of fiscal year 2014.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)
(Continued)**

**Table 2
Statement of Activities – Cash Basis**

	2015	2014
Program Disbursements:		
Workforce Development:		
Adult	\$8,032,039	\$5,346,961
Dislocated Worker	6,824,300	4,068,705
Rapid Response Grant	1,713,419	
National Emergency Grant	354,302	(15,978)
Youth	6,581,506	1,834,443
Youth ARRA Stimulus		5,669,112
One Stop Memorandum of Understanding	495,936	11,967,557
Temporary Assistance for Needy Families	2,311,158	772,870
Industry Workforce Alliance	180,486	803,844
Administration	1,647,091	1,614,511
Total Program Disbursements	28,140,237	32,062,025
Program Receipts		
Workforce Development:		
Adult	8,187,943	6,042,441
Dislocated Worker	7,692,136	3,989,279
Rapid Response Grants	1,723,894	1,851,306
Youth	7,293,455	5,868,017
National Emergency Grant	1,313	11,758,174
One Stop Memorandum of Understanding	497,009	772,870
Temporary Assistance for Needy Families	2,402,526	836,808
Industry Workforce Alliance	172,758	
Administration	1,221,790	1,880,175
Total Program Receipts	29,192,824	32,999,070
Other Financing Sources/(Uses):		
Investment Earnings	275	255
Refund of Prior Year Disbursements		109,700
Total Other Financing Sources/(Uses)	275	109,955
Increase(Decrease) in Net Position	\$1,052,862	\$1,047,000

Federal and State grants represent 100% of total program receipts.

Administrative receipts represent less than 10% of the total allocation and are primarily comprised of federal grant revenue.

Receipts and disbursements for the year were largely for direct services by member counties for training, and supportive and employment related activities for both job seekers and employers within and outside of the Board.

Capital Assets

The Board does not own any capital assets. All capital assets used by the Board are owned by Montgomery County.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
UNAUDITED
(Continued)**

Debt

The Board has no debt obligations.

Contractual Obligations

The Board entered into a contract with Clark State Community College, for the period October 1, 2014 through September 30, 2015, at a cost of \$628,201, for continuation and maintenance of Board headquarters and administrative services.

The Board entered into a Memorandum of Understanding with Montgomery County, for the period July 1, 2014 through June 30, 2015, to provide fiscal agent and business driven services. This Memorandum of Understanding was established not to exceed \$124,170 for Montgomery County Auditor and Treasurer to provide financial processing and accountability services for Area 7 Workforce Investment Board.

Contacting the Board's Financial Management

This financial report is designed to provide the Chief Elected Officials and the Workforce Investment Board with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to the Chief Financial Officer, Area 7 Workforce Investment Board, 1111 South Edwin C. Moses Blvd., Dayton, Ohio 45422, (937) 225-5590.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015**

Assets:	
Cash	\$2,437,999
Total Assets	<u>2,437,999</u>
Net Position:	
Restricted:	
Grant Programs	2,437,999
Total Net Position	<u>\$2,437,999</u>

See accompanying notes to the basic financial statements.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

Program Disbursements:

Workforce Development:

Adult	\$8,032,039
Dislocated Worker	6,824,300
Rapid Response Grants	1,713,419
National Emergency Grants	354,302
Youth	6,581,506
One Stop Memorandum of Understanding	495,936
Temporary Assistance for Needy Families	2,311,158
Industry Workforce Alliance	180,486
Administration	1,647,091
Total Program Disbursements	<u>28,140,237</u>

Program Receipts:

Operating Grants:

Adult	8,187,943
Dislocated Worker	7,692,136
Rapid Response Grants	1,723,894
National Emergency Grants	1,313
Youth	7,293,455
One Stop Memorandum of Understanding	497,009
Temporary Assistance for Needy Families	2,402,526
Industry Workforce Alliance	172,758
Administration	1,221,790
Total Program Receipts	<u>29,192,824</u>

Total Receipts over Disbursements 1,052,587

Other Financing Sources:

Investment Earnings	<u>275</u>
Total Other Financing Sources	<u>275</u>

Change in Net Position 1,052,862

Net Position Beginning of Year 1,385,137

Net Position Ending of Year \$2,437,999

See accompanying notes to the basic financial statements.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

1. DESCRIPTION OF AREA 7 WORKFORCE INVESTMENT BOARD AND THE REPORTING ENTITY

A. Description of the Entity

The Workforce Investment Act (WIA) is a federally funded program that provides employment and job training services to eligible adults, dislocated workers and youth. The United States Department of Labor (DOL) is the federal agency responsible for the program. The Ohio Department of Job and Family Services (ODJFS) is the oversight agency for the State of Ohio.

Area 7 Workforce Investment Board (the Board) is designated as a local Workforce Investment Area under WIA 116 and its geopolitical span includes 43 counties. The grant recipient is the Ohio Area 7 Consortium of Chief Elected Officials from the counties within the local area. The functions of the consortium are carried out by a Board of Governors, which consists of the Chief Elected Official (CEO) of each participating sub area.

In accordance with WIA 117, the consortium established a local Workforce Investment Policy Board (WIB) to set policy for the local workforce investment system. The local board employs an Executive Director, Policy Director, and a secretary. The WIB staff perform administrative functions for the Board and are employees of Clark State Community College.

The Grant Recipient (the Consortium) designated Montgomery County Department of Job and Family Services (MCDJFS), an agency that is under the governance of the Montgomery County Board of Commissioners, as the Fiscal Agent for the Area 7 Workforce Investment Board. The Fiscal Agent has responsibility to disburse funds to the participating sub-areas known as Sub-grantees at the direction of both the Consortium and the Board. Funds flow from the State to MCDJFS and are passed onto the 43 individual counties based on allocations established by the State. The individual counties have responsibility for the operation of the Adult, Dislocated Worker, Rapid Response, National Emergency Grants and Youth programs for their respective county.

Through a consortium process, the Area 7 Board has designated 11 regional one-stop operators and 32 satellite one-stop offices throughout Area 7.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included, ensuring that the basic financial statements are not misleading. The primary government of the Board consists of the general fund, departments, and boards that are not legally separate from the Board. The Board's financial statements include Adult, Dislocated Worker, Rapid Response, Youth, National Emergency Grant, One Stop Memorandum of Understanding, Temporary Assistance for Needy Families, Industry Workforce Alliance, and Administrative programs. The Board has no component units.

The Board's management believes these financial statements present all activities for which the Board is financially accountable.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements follow the basis of accounting the Auditor of State prescribes or permits.

The statement of net position (cash basis), and the statement of activities (cash basis), display information about the Board as a whole. These statements include the financial activities of the Board. The statement of net position (cash basis) presents the financial condition of the governmental activities of the Board at year-end. The Statement of Activities (cash basis) displays information about the Board as a whole. The Statement of Activities (cash basis) presents a comparison between direct expenses and operating grants for each program or function of the Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore, clearly identifiable to a particular function. Operating revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The comparison of direct expenses with operating revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Board.

1. Fund Accounting

The Board uses a fund accounting system to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The Board utilizes the governmental category of funds.

2. Governmental Funds

Governmental funds are those through which most governmental functions of the Board typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. The General Fund is the Board's only fund:

General Fund - The general fund accounts for all financial resources of the Board. The general fund balance is available for any purpose in accordance with Ohio law.

3. Measurement Focus

The Board has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Board's cash basis of accounting, receipts are recognized when received in cash, rather than when earned, and disbursements when paid, rather than when a liability is incurred.

4. Basis of Accounting

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments*, as applicable to the Board's cash basis of accounting.

B. Cash

The Montgomery County Treasurer is the custodian for the Board's cash. The Board's assets are held in the Montgomery County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

C. Capital Assets

The Board does not own any capital assets. All capital assets used by the Board are owned by Montgomery County.

D. Long-term Obligations

The Board did not have any long-term obligations.

3. CASH AND DEPOSITS

The Montgomery County Treasurer maintains a cash pool used by all of the County's funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the Board's deposits with the Montgomery County Treasurer was \$2,437,999. Montgomery County, as the fiscal agent for the Board, is responsible for maintaining adequate depositor collateral for all funds in the County's pooled cash and deposit accounts.

4. RISK MANAGEMENT

For the year ended June 30, 2015 the Board maintained Commercial Insurance coverage for the following risks:

- Director, Officer, Trustee, and Organization Liability \$1,000,000;
- Employment Practicing Liability \$1,000,000;

5. CONTRACTED SERVICES

The Board does not have any employees. They contract for accounting, administrative, use of facility and management services from other governmental agencies.

6. CONTRACTUAL OBLIGATIONS

The Board entered into a contract with Clark State Community College, for the period October 1, 2014 through September 30, 2015, at a cost of \$628,201, for continuation and maintenance of Board headquarters and administrative services.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(Continued)**

6. CONTRACTUAL OBLIGATIONS (Continued)

The Board entered into a Memorandum of Understanding with Montgomery County, for the period July 1, 2014 through June 30, 2015, to provide fiscal agent and business driven services. This Memorandum of Understanding was established not to exceed \$124,170 for Montgomery County Auditor and Treasurer to provide financial processing and accountability services for Area 7 Workforce Investment Board.

7. CONTINGENCIES

A. Litigation

The Board is not a party to any litigation.

B. Grants

The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2015 will not have a material adverse effect on the Board.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Pass - Through Entity Number	Disbursements
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Job and Family Services</i>			
<i>Workforce Investment Act (WIA) Cluster:</i>			
Adult Formula Program (SFY15)	17.258	(A)	\$2,638,608
Adult Formula Program Administrative (SFY15)	17.258	(A)	230,864
Adult Formula Program (SFY14)	17.258	(A)	4,452,546
Adult Formula Program Administrative (SFY14)	17.258	(A)	431,004
Adult Formula Program (SFY13)	17.258	(A)	266,734
Adult Formula Program Administrative (SFY13)	17.258	(A)	29,731
Adult Formula Program Administrative (SFY12)	17.258	(A)	744
State Special Project Initiatives (SFY14)	17.258	(A)	659,069
WIA Transition	17.258	(A)	15,083
Total WIA/WIOA-Adult Program			<u>8,724,383</u>
Youth Formula Program (SFY 15)	17.259	(A)	2,009,316
Youth Formula Program Administrative (SFY 15)	17.259	(A)	83,657
Youth Formula Program (SFY 14)	17.259	(A)	4,290,267
Youth Formula Program Administrative (SFY 14)	17.259	(A)	146,000
Youth Formula Program (SFY 13)	17.259	(A)	281,923
Youth Formula Program Administrative (SFY 13)	17.259	(A)	21,066
Total WIA/WIOA-Youth Activities			<u>6,832,229</u>
Dislocated Worker Formula Grants (SFY15)	17.278	(A)	1,170,366
Dislocated Worker Formula Administrative (SFY15)	17.278	(A)	346,732
Dislocated Worker Formula Grants (SFY14)	17.278	(A)	4,892,778
Dislocated Worker Formula Administrative (SFY14)	17.278	(A)	333,928
Dislocated Worker Formula Grants (SFY13)	17.278	(A)	761,155
Dislocated Worker Formula Administrative (SFY13)	17.278	(A)	23,365
Rapid Response (SFY15)	17.278	(A)	1,669,518
Rapid Response (SFY14)	17.278	(A)	43,901
Total WIA/WIOA - Dislocated Worker Formula Grants			<u>9,241,743</u>
Total Workforce Investment Act (WIA) Cluster			<u>24,798,355</u>
<i>Incentive Grants - WIA Section 503:</i>			
Industry Workforce Alliance (SFY15)	17.267	(A)	180,486
Total Incentive Grants - WIA Section 503 Grants			<u>180,486</u>
<i>WIOA National Dislocated Worker Grants/WIA National Emergency Grants:</i>			
National Emergency Grant _ OH-27-Long-Term Dislocated	17.277	(A)	354,302
Total WIOA National Dislocated Worker Grants/ WIA National Emergency Grants			<u>354,302</u>
<i>Employment Service/Wagner-Peyser Funded Activities:</i>			
Employment Service/Wagner-Peyser Funded Activities (SFY15)	17.207	(A)	346,015
Employment Service/Wagner-Peyser Funded Activities (SFY14)	17.207	(A)	149,921
Total Employment Service/Wagner-Peyser Funded Activities			<u>495,936</u>
Total Federal Assistance - U.S. Department of Labor			<u>25,829,079</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<i>Passed Through Ohio Department of Job and Family Services</i>			
<i>Temporary Assistance for Needy Families (TANF):</i>			
Connect the DOTS - TANF (SFY15)	93.558	(A)	304,778
Ohio Works First Program (SFY15)	93.558	(A)	2,006,380
Total Temporary Assistance for Needy Families (TANF):			<u>2,311,158</u>
Total Federal Assistance - U.S. Department of Health and Human Services			<u>2,311,158</u>
Total Federal Assistance - All Departments			<u>\$28,140,237</u>

(A) Entity number not known or not applicable

The Notes to the Schedule of Federal Award Expenditures are an integral part of this schedule.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARD EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Award Expenditures (the Schedule) reports the Area 7 Workforce Investment Board's (the Board's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUB-RECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Job and Family Services to other governments (sub-recipients). As Note A describes, the Board reports expenditures of Federal awards to sub-recipients when paid in cash.

As a sub-recipient, the Board has certain compliance responsibilities, such as monitoring its sub-recipients to help assure they use these sub-awards as authorized by laws, regulations and the provisions of contracts or grant agreements, and that sub-recipients achieve the award's performance goals.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Area 7 Workforce Investment Board
Montgomery County
1111 S. Edwin C. Moses Blvd.
Dayton, Ohio 45422

To the Workforce Investment Board:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities of the Area 7 Workforce Investment Board, Montgomery County, (the Board) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated May 6, 2016, wherein we noted the Board uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Board's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

May 6, 2016



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

Area 7 Workforce Investment Board
Montgomery County
1111 S. Edwin C. Moses Blvd.
Dayton, Ohio 45422

To the Workforce Investment Board:

Report on Compliance for Each Major Federal Program

We have audited the Area 7 Workforce Investment Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the Area 7 Workforce Investment Board's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal programs.

Management's Responsibility

The Board's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Board's compliance for each of the Board's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Board's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Board's major programs. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, the Area 7 Workforce Investment Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Board's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Board'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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

May 6, 2016

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	WIA Cluster: <ul style="list-style-type: none"> • CFDA 17.258 – WIA/WIOA Adult Program • CFDA 17.259 – WIA/WIOA Youth Activities • CFDA 17.278 – WIA/WIOA Dislocated Worker Formula Grants CFDA 93.558 – Temporary Assistance for Needy Families (TANF)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 844,207 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2014-001	Ohio Rev. Code §117.38 – Failure to file annual report with the Auditor of State	Yes	
2014-002	29 CFR 97.21(b) and Ohio Admin. Code §5101:9-7-04(B), §5101:9-7-04(C)(1)(2)(3) and 5101:9-7-04(D) – Failure to comply with cash management requirements	Yes	

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AREA 7 WORKFORCE INVESTMENT BOARD

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 7, 2016