



**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street
Columbus, Ohio 43205

To the Board of Directors:

We have audited the accompanying financial statements of the governmental activities and major fund of Central Ohio Workforce Investment Corporation, Franklin County, Ohio (the Corporation), as of and for the year ended June 30, 2007, which collectively comprise the Corporation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities and major fund of Central Ohio Workforce Investment Corporation, Franklin County, Ohio, as of June 30, 2007, and the respective changes in cash financial position thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2008, on our consideration of the Corporation'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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Corporation did not present Management's Discussion and Analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be part of, the basic financial statements.

We conducted our audit to opine on the financial statements that collectively comprise the Corporation's basic financial statements. The Federal Awards Expenditures Schedule is 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 basic financial statements. We subjected the Federal Awards Expenditures Schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 25, 2008

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2007**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash	<u>\$ 444,578</u>
<i>Total Assets</i>	<u><u>\$ 444,578</u></u>
Net Assets	
Restricted for:	
Other Purposes	<u>444,578</u>
<i>Total Net Assets</i>	<u><u>\$ 444,578</u></u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2007**

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
Governmental Activities			Governmental Activities
Administration	\$ 306,818	\$ 904,011	\$ 597,193
WIA Adult	3,360,048	2,155,243	(1,204,805)
City Summer Youth	17,126	-	(17,126)
WIA Dislocated Worker	1,565,219	908,120	(657,099)
WIA Incumbent Worker	110,104	153,050	42,946
WIA National Emergency Grant - BRAC	81,663	61,917	(19,746)
One Stop Services	254,432	347,692	93,260
WIA Rapid Response	15,000	15,000	-
WIA Veteran Short Term Training Program	500	2,200	1,700
Youth Career Academy	19,846	111	(19,735)
WIA Youth - In School	1,632,356	2,163,686	531,330
WIA Youth - Out of School	746,603	1,023,975	277,372
Youth Continuation	1,193	-	(1,193)
Youth Works	791,629	-	(791,629)
Payroll and Benefits	1,647,896	1,349,954	(297,942)
<i>Total Governmental Activities</i>	<u>10,550,433</u>	<u>9,084,959</u>	<u>(1,465,474)</u>
			Change in Net Assets (1,465,474)
			<i>Net Assets Beginning of Year</i> <u>1,910,052</u>
			<i>Net Assets End of Year</i> <u>\$ 444,578</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE
GOVERNMENTAL FUND
JUNE 30, 2007**

	Special Revenue
Assets	
Equity in Pooled Cash	\$ 444,578
<i>Total Assets</i>	<u>444,578</u>
Fund Balance	
Unreserved:	
Reported in:	
Special Revenue Fund	444,578
<i>Total Fund Balance</i>	<u>\$ 444,578</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BASIS
FUND BALANCE - GOVERNMENTAL FUND
FOR THE YEAR ENDED JUNE 30, 2007**

	Special Revenue
Receipts	
WIA Allocations	\$ 8,323,617
City Summer Youth Program	304,943
Contributions	96,003
Grants	10,111
One Stop Services	347,692
Refunds	2,593
	9,084,959
 Disbursements	
Administration	306,818
WIA Adult	3,360,048
City Summer Youth	17,126
WIA Dislocated Worker	1,565,219
WIA Incumbent Worker	110,104
WIA National Emergency Grant - BRAC	81,663
One Stop Services	254,432
WIA Rapid Response	15,000
WIA Veteran Short Term Training Program	500
Youth Career Academy	19,846
WIA Youth - In School	1,632,356
WIA Youth - Out of School	746,603
Youth Continuation	1,193
Youth Works	791,629
Payroll and Benefits	1,647,896
	10,550,433
 <i>Net Change in Fund Balance</i>	 (1,465,474)
 <i>Fund Balance Beginning of Year</i>	 1,910,052
	444,578
 <i>Fund Balance End of Year</i>	 \$ 444,578

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007**

Note 1 - Reporting Entity

Central Ohio Workforce Investment Corporation (Corporation) was established in 2004 as a 501(c) not-for-profit organization. This non-profit is eligible to receive and administer funds granted by the Governor of the State of Ohio under the Workforce Investment Act (WIA) of 1998. The Corporation is known as the Local Workforce Board for Area 11 within the State and represents the City of Columbus and Franklin County, Ohio.

WIA funding is allocated to the State of Ohio by the United States Department of Labor based on a statutory formula. The State then allocates funding to Local Workforce Boards through the Ohio Department of Jobs and Family Services based on a formula. As the grant administrator, the Corporation is responsible for all federal compliance requirements applicable to the WIA program. The Corporation may pass funding through to another entity to administer the grant (sub-recipients).

The Corporation carries out the purpose of the WIA by assessing workforce needs, developing strategies, plans, programs, and resources to provide employment, training and education, and related services to the citizens of the local area; and to provide oversight and evaluation of such efforts. The purpose of WIA is to provide workforce investment activities through statewide and local workforce investment systems that increase the employment, retention, and earnings of participants and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

For financial reporting purposes, all departments and operations over which the Corporation exercises financial accountability are included in the reporting entity.

Note 2 - Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Corporation accounting policies.

A. Basis of Presentation

The Corporation's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Corporation as a whole. These statements include the financial activities of the primary government. All activities of the Corporation are governmental activities. Governmental activities generally are financed through intergovernmental receipts or other nonexchange transactions.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

The statement of net assets presents the cash balance of the governmental activities of the Corporation at year end. The statement of activities compares disbursements and program receipts for each program or function of the Corporation to governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Corporation is responsible. Program receipts include grants and contributions that are restricted to meeting the operational requirements of a particular program. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from general receipts.

Fund Financial Statements

During the year, the Corporation segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Corporation at this more detailed level. The focus of governmental fund financial statements is on major funds.

B. Fund Accounting

The Corporation uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The only fund of the Corporation is a governmental fund.

Governmental Funds

Governmental funds are those through which all governmental functions of the Corporation are financed. The following is the only governmental fund:

Special Revenue Fund – This fund accounts for proceeds from specific sources that are restricted to expenditure for specific purposes.

C. Basis of Accounting

The Corporation financial statements are prepared using the cash basis of accounting. Receipts are recorded in the financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

The Corporation's annual budget is primarily a management tool that assists its users in analyzing and tracking financial activity. Because of the Corporation's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. The Board of Directors formally approves the annual budget. Emphasis is placed on complying with grant budgets and the terms and conditions specific to each grant. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

The main funding sources for the audit period were federal, state and local grants which have grant periods that may or may not coincide with the Corporation's fiscal year. These grants are normally for a twenty-four month period but can be for shorter or longer terms. Although the annual budget is reviewed and approved by the Board of Directors, it is not a legally binding budget.

E. Cash

All cash received by the Corporation is deposited into a non-interest bearing checking account.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are imposed by grantors and laws of other governments. The Corporation has no restricted assets as of June 30, 2007.

G. Inventory and Prepaid Items

The Corporation reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the cash basis of accounting.

J. Employer Contributions to Social Security and Medicare

The Corporation recognizes the disbursement for employer contributions to Social Security and Medicare when they are paid. As described in Note 5, the employer contributions include portions for retirement benefits and for postretirement health care benefits.

K. Long-Term Obligations

The cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Corporation has not entered into any long-term obligations or capital leases as of June 30, 2007.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(Continued)**

Note 2 - Summary of Significant Accounting Policies (continued)

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through grantors or laws or regulations of other governments. The Corporation's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

Note 3 - Deposits and Investments

Monies held by the Corporation are placed into a non-interest bearing checking account. The Corporation has no investments.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the Corporation will not be able to recover deposits or collateral securities that are in the possession of an outside party. The Corporation has no deposit policy for custodial credit risk. At year end, the carrying amount of the Corporation deposits was \$444,578 and the bank balance was \$2,415,720. Of the bank balance \$100,000 was covered by FDIC insurance, \$1,650,000 was exposed to custodial credit risk because these deposits were uninsured and collateralized with securities held by the pledging financial institution, and \$665,720 was uninsured and uncollateralized.

Note 4 - Risk Management

The Corporation 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. During fiscal year 2007, the Corporation contracted with Philadelphia Insurance Companies for various types of insurance as follows:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage</u>
Commercial Property	\$ 500	\$ 10,000
Auto Liability	0	1,000,000
General Liability	0	2,000,000
Umbrella Liability	10,000	5,000,000
Public Officials Liability	10,000	5,000,000
Boiler and Machinery	1,000	75,000

There has been no material change in this coverage from the prior year. Settled claims have not exceeded this commercial coverage in any of the past two years.

Note 5 - Social Security and Medicare

The Corporation employees contribute to Social Security and Medicare, social benefit plans. The plans provide for retirement, healthcare and prescription drug benefits including survivor and disability benefits to participants. Each employee contributes 6.2% and 1.45% of their gross pay to Social Security and Medicare respectively. The Corporation matches this contribution by contributing an additional 6.2% and 1.45%. The Corporation has contributed 100% of their required Social Security and Medicare payments.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2007
(Continued)**

Note 6 – Operating Leases

The Corporation entered into a lease agreement for office space with the Buckeye Union Insurance Company June 21, 2006. In December of 2006, the City of Columbus purchased the building from the Buckeye Union Insurance Company and assumed the lease between the Corporation and the Buckeye Union Insurance Company. The Corporation disbursed \$693,315 to pay lease costs for the year ended June 30, 2007. Future lease payments are as follows:

Fiscal Year	Amount
2008	\$ 924,420
2009	952,153
2010	980,501
2011	1,010,083
Total	<u>\$ 3,867,157</u>

Note 7 – Related Party Transactions

Various Board Members are employed by companies that provide services to the Corporation. The following table describes each:

<u>Company</u>	<u>Board Member</u>	<u>Amount</u>	<u>Service</u>
Columbus State Community College	Jan Wagner	\$539,974	Program
Dawson Resources	Michael Linton	10,632	Professional Services
Eastland-Fairfield Career Tech.	Dr. Mark Weedy	456,631	Program
Franklin County DJFS	Doug Holmes	711,123	Program
Mount Carmel College of Nursing	Dr. Anne E. Schiele	87,887	Program
Ohio State University	Rebecca Andrea	29,521	Program
Electrical Trades Union	Stephen Lipster	105,783	Program
City of Columbus	Trudy Bartley	468,511	Facility Rent

Note 8 – Contingent Liabilities

Amounts grantor agencies pay to the Corporation are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

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**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2007**

Federal Grantor Agency/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Expenditures
<u>U.S. DEPARTMENT OF LABOR</u>			
<i>Passed Through Ohio Department of Job & Family Services</i>			
Workforce Investment Act Cluster:			
Adult Program (SFY05)	G-05-15-1270	17.258	\$ 910,368
Adult Program (SFY06)	G-67-15-1004	17.258	2,197,214
Adult Administration (SFY06)	G-67-15-1004	17.258	249,633
Adult Program (SFY07)	G-67-15-1004	17.258	736,496
Adult Administration (SFY07)	G-67-15-1004	17.258	29,664
Total for CFDA 17.258			<u>4,123,375</u>
Youth Program (SFY05)	G-05-15-1270	17.259	33,837
Youth Program (SFY06)	G-67-15-1004	17.259	1,820,039
Youth Administration (FY06)	G-67-15-1004	17.259	206,781
Youth Program (SFY07)	G-67-15-1004	17.259	1,216,898
Youth Administration (SFY07)	G-67-15-1004	17.259	49,014
Total for CFDA 17.259			<u>3,326,569</u>
Dislocated Worker Program (SFY05)	G-05-15-1270	17.260	358,180
Dislocated Worker Program (SFY06)	G-67-15-1004	17.260	1,478,105
Dislocated Worker Administration (SFY06)	G-67-15-1004	17.260	167,932
Dislocated Worker Program (SFY07)	G-67-15-1004	17.260	183,399
Dislocated Worker Administration (SFY07)	G-67-15-1004	17.260	7,387
Total for CFDA 17.260			<u>2,195,003</u>
Total Workforce Investment Act Cluster			<u>9,644,947</u>
TOTAL U.S. DEPARTMENT OF LABOR			<u>9,644,947</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
<i>Passed through the City of Columbus</i>			
Community Development Block Grant	20-1175160	14.218	93,600
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			<u>93,600</u>
<u>U.S. DEPARTMENT OF HUMAN SERVICES</u>			
<i>Passed through the Franklin County Department of Jobs and Family Services</i>			
Temporary Assistance for Needy Families	20-1175160	93.558	208,053
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES			<u>208,053</u>
Total Federal Awards Expenditures			<u>\$ 9,946,600</u>

The accompanying notes are an integral part of this schedule.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2007**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) summarizes activity of the Corporation's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – SUBRECIPIENTS

The Corporation passes-through federal assistance received from the Ohio Department of Jobs and Family Services to governmental and non-governmental entities. As described in Note A, the Corporation records expenditures of federal awards to subrecipients when paid in cash.

The subrecipients have certain compliance responsibilities related to administering these federal programs. Under OMB Circular A-133, the Corporation is responsible for monitoring subrecipients to provide assurance that federal awards are expended for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and performance goals are achieved. The total amount of federal assistance provided to subrecipients by the Corporation for each federal program is summarized below:

Program Title	CFDA#	Amounts Provided to Subrecipients
Workforce Investment Act – Adult Program	17.258	\$1,522,392
Workforce Investment Act – Youth Program	17.259	1,622,372
Workforce Investment Act – Dislocated Worker Program	17.260	186,447



Mary Taylor, CPA

Auditor of State

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

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street
Columbus, Ohio 43205

To the Board of Directors:

We have audited the financial statements of the governmental activities and the major fund of Central Ohio Workforce Investment Corporation, Franklin County, Ohio (the Corporation) as of and for the year ended June 30, 2007, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated January 25, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Corporation's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions on the financial statements, but not to opine on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Corporation's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiency described above is not a material weakness.

We also noted certain internal control matters that we reported to the Corporation's management in a separate letter dated January 25, 2008.

Compliance and Other Matters

As part of reasonably assuring whether the Corporation'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, providing an opinion 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*.

The Corporation's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Corporation's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the finance committee, management, the Board of Directors, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 25, 2008



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street
Columbus, Ohio 43205

To the Board of Directors:

Compliance

We have audited the compliance of Central Ohio Workforce Investment Corporation, Franklin County, Ohio (the Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to its major federal program for the year ended June 30, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the Corporation's major federal program. The Corporation's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Corporation's compliance with those requirements.

As described in finding 2007-002 in the accompanying schedule of findings, the Corporation did not comply with requirements regarding cash management applying to its WIA Program. Compliance with this requirement is necessary, in our opinion, for the Corporation to comply with requirements applicable to this program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, complied, in all material respects, with the requirements referred to above applying to its major federal program for the year ended June 30, 2007. The results of auditing procedures also disclosed instances of noncompliance with those requirements that OMB Circular A-133 requires us to report which are described in the accompanying schedule of findings as items 2007-003 and 2007-004.

Internal Control Over Compliance

The Corporation's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Corporation's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Corporation's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the Corporation's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the Corporation's ability to administer a federal program such that there is more than a remote likelihood that the Corporation's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as findings 2007-002 through 2007-006 to be significant deficiencies.

A material weakness is significant deficiency, or combination of significant deficiencies, that result in more than a remote likelihood that the Corporation's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements. Of the significant deficiencies in internal control over compliance described in the accompanying schedule of findings, we consider finding 2007-002 to be a material weakness.

The Corporation's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the Corporation's responses and, accordingly, we express no opinion on them.

We intend this report solely for the information and use of the finance committee, management, Board of Directors, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 25, 2008

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(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?	Yes
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list):	Workforce Investment Act Cluster – CFDA # 17.258, 17.259, 17.260
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

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

Finding Number	2007-001
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Financial Reporting – Significant Deficiency

The Corporation entered into a consulting agreement with the Auditor of State to compile the financial statements of the Central Ohio Workforce Investment Corporation. In order for this compilation to be successful, the Corporation must post transactions to the accounting system accurately. The Chief Financial Officer performs monthly bank reconciliations and management and the Board review detailed expenditure and receipt reports and monthly financial reports. However, in order for the review to be effective, the Board should not only monitor the authorization of transactions, but also the accuracy and completeness of transactions.

During our audit, one adjustment and one unadjusted difference were noted. The adjustment was posted to report a receipt of the State’s One-Stop operation contribution and subsequent disbursement to the One-Stop operator (FCDJFS) in the amount of \$254,432. The unadjusted difference was due to the Corporation recording rent from a sublease agreement as a reduction of expenditures instead of revenue. The amount of rent recorded in this fashion was \$119, 559, which is below the tolerable error amount.

We recommend management and the Board monitor the accuracy and completeness of expenditures and receipts during their review of monthly financial reports. The cash reconciliation should be provided to provide assurance that transactions reported are completed and posted accurately.

Official’s Response/Corrective Action Plan: For fiscal year 2008, the MOU payments and the sublease agreement are booked as revenues on the financial statements. Staff will account for these entries as reconciling items for state reporting as they were instructed to report these entries as net expenditures. These new procedures have been placed in operation as of March 25, 2008 and Shirley Costantino will be responsible for assuring appropriate line codes are used for all financial reporting.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	2007-002
CFDA Title and Number	Workforce Investment Act Cluster 17.258, 17.259, 17.260
Federal Award Number / Year	G-67-15-1004
Federal Agency	U.S. Department of Labor (USDOL)
Pass-Through Agency	Ohio Department of Jobs and Family Services

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Cash Management – Material Noncompliance – Significant Deficiency/Material Weakness

29 C.F.R. Section 97.20(b)(7) states that procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used. Grantees must establish reasonable procedures to ensure the receipt of reports on subgrantees' cash balances and cash disbursements in sufficient time to enable them to prepare complete and accurate cash transactions reports to the awarding agency. When advances are made by letter of credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements.

The Ohio Department of Job and Family Services current policy indicates a 10 day disbursement cycle. This time cycle requires that the daily balances of the sub-grantee not exceed 10 days' needs.

The following table specifies the draw request balances disbursed in excess of 10 days:

Draw Date	Amount	Expenditures Within 10 Days	Balance of Draw	Balance expended	Days Past 10 Days
September 12, 2006	\$300,573	\$83,065	\$217,508	September 28, 2006	6
September 19, 2006	397,193	74,729	322,464	October 31, 2006	32
September 30, 2006	120,111	0	120,111	November 10, 2006	31
October 3, 2006	20,044	0	20,044	November 14, 2006	32
December 5, 2006	140,647	3,410	137,237	December 20, 2006	5
December 27, 2006	201,555	66,999	134,556	January 11, 2007	5
January 5, 2007	1,152,496	303,195	849,301	January 31, 2007	16
January 9, 2007	313,111	0	313,111	February 23, 2007	35
January 30, 2007	223,083	0	223,083	February 23, 2007	14
March 7, 2007	479,267	345,706	133,561	March 21, 2007	4
March 13, 2007	257,319	0	257,319	March 29, 2007	6
March 27, 2007	682,476	432,514	249,962	April 24, 2007	18
May 30, 2007	931,745	116,412	815,333	May 30, 2007	9
June 19, 2007	1,900,449	1,130,729	769,720	June 23, 2007	24

The Corporation has implemented procedures to draw down funding for immediate needs however there are instances where more is received than requested as a result of state procedures that have been implemented. Each quarter and at year end the Ohio Department of Jobs and Family Services performs a reconciliation of draws requested to disbursements, accruals and obligations reported by the Corporation. Additional funding is submitted to the Corporation based on these reconciliations causing excess funding to be held for more than 10 days.

We recommend the Corporation contact their pass through agency to discuss procedures that can be performed collectively to ensure that Federal cash on hand is kept at a minimal balance.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Cash Management – Material Noncompliance – Significant Deficiency/Material Weakness (Continued)

Officials' Response/Corrective Action Plan: The Chief Financial Officer will continue to participate in the State's quarterly fiscal officers' meetings, WIB Directors' meetings as appropriate, and other special interest meetings relating to cash management. This is a serious problem throughout the State. The Chief Financial Officer is committed to assisting in eliminating this audit finding and developing as resolution that works for all parties involved. COWIC has started to maintain support for their efforts to comply with these regulations as of March 25, 2008 and Shirley Costantino will be responsible for these procedures.

Finding Number	2007-003
CFDA Title and Number	Workforce Investment Act Cluster 17.258, 17.259, 17.260
Federal Award Number / Year	G-67-15-1004
Federal Agency	U.S. Department of Labor (USDOL)
Pass-Through Agency	Ohio Department of Jobs and Family Services

Reporting – Material Noncompliance – Significant Deficiency

20 C.F.R. Section 667.300(d) requires that quarterly reports are due no later than 45 days after the end of each quarter.

Four out of the four quarterly reports were filed 26 to 41 days past the required due date.

We recommend that the Corporation implement procedures to provide assurance that required reports are filed in a timely manner in accordance with the above requirements.

Officials' Response/Corrective Action Plan: Timely state reporting is a performance goal for the Chief Financial Officer for 2008. While the ODJFS Bureau of County Finance and Technical Assistance (BCFTA) extends the quarterly deadlines beyond the 45 days of quarter-end, COWIC will submit all uploads prior to the 45 days and then wait for BCFTA to provide the quarterly certifications. In this way, COWIC staff will do all in their power to meet WIA regulations. COWIC has started to maintain support for their efforts to comply with these regulations as of March 25, 2008 and Shirley Costantino will be responsible for these procedures.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Finding Number	2007-004
CFDA Title and Number	Workforce Investment Act Cluster 17.258, 17.259, 17.260
Federal Award Number / Year	G-67-15-1004
Federal Agency	U.S. Department of Labor (USDOL)
Pass-Through Agency	Ohio Department of Jobs and Family Services

Program Income – Material Noncompliance – Significant Deficiency

20 C.F.R. Section 667.200(a)(5) requires the addition method, described in 29 C.F.R. Section 95.24 to be used for all program income earned under WIA Title I grants. The addition method requires program income to be added to the program budget and spent in accordance with the program requirements.

The Corporation earned program income in the amount of \$119,559 by subleasing office space that was leased by the Corporation with WIA grant funds. The Corporation posted this program income by reducing expenditures. This led to federal expenditures being under-reported on the Federal Schedule.

We recommend the Corporation’s Board and Management review the requirements for program income and establish controls that will detect and properly report program income in the future.

Officials’ Response/Corrective Action Plan: This audit finding has been corrected, and program income is booked and accounted for upon receipt of sublease rental income. The new methods of booking program income have been put into place as of March 25, 2008 and Shirley Costantino will be responsible for assuring that appropriate line codes are used for all financial reporting.

Finding Number	2007-005
CFDA Title and Number	Workforce Investment Act Cluster 17.258, 17.259, 17.260
Federal Award Number / Year	G-67-15-1004
Federal Agency	U.S. Department of Labor (USDOL)
Pass-Through Agency	Ohio Department of Jobs and Family Services

Office Lease – Significant Deficiency

December of 2006 the City of Columbus purchased the office building leased by the Corporation from the Buckeye Insurance Company. Upon purchasing the building, the City of Columbus assumed all lease agreements in place between Buckeye Insurance and all lessees. This will result in the Corporation making lease payments to the City of Columbus with WIA funding in the amount of \$4,560,472 over a four year period.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2007
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

Office Lease – Significant Deficiency (Continued)

Leasing office space is an allowable WIA activity and costs, however, procurements with other governments are to be on a cost reimbursement basis as is stated in 20 C.F.R. Section 667.200(a)(3). 20 C.F.R. Section 67.200(a)(3) states that in addition to the requirements at 29 C.F.R. Section 95.48 or 29 C.F.R. Section 97.36(i) (as appropriate), all procurement contracts and other transactions between Local Boards and units of State or local governments must be conducted only on a cost reimbursement basis. No provision for profit is allowed. (WIA sec. 184(a)(3)(B)).

We recommend that the Corporation contact their oversight agency, Ohio Department of Jobs and Family Services, to determine if the above agreement would be exempt from 20 C.F.R. Section 667.200(a)(3). The Corporation should also contact the City of Columbus and request documentation as to any profit that may be earned. Based on guidance provided by the Ohio Department of Jobs and Family Services and documentation from the City of Columbus the Corporation and the City of Columbus may need to evaluate the current agreement that is in place to provide assurance that the above WIA requirements are met.

Officials' Response/Corrective Action Plan: The President and CFO of COWIC will work with appropriate staff at ODJFS and City Hall to determine if cost reimbursement is the appropriate basis for rental payments or if the rental agreement is exempt. Suzanne Coleman-Tolbert and Shirley Costantino will be responsible for meeting with the City of Columbus to make this determination by June 30, 2008.

Finding Number	2007-006
CFDA Title and Number	Workforce Investment Act Cluster 17.258, 17.259, 17.260
Federal Award Number / Year	G-67-15-1004
Federal Agency	U.S. Department of Labor (USDOL)
Pass-Through Agency	Ohio Department of Jobs and Family Services

Financial Reporting - Significant Deficiency

See GAGAS finding # 2007-001 above; OMB Circular A-133 also requires us to report this finding. The significant deficiency in Financial Reporting led to an unadjusted difference in the Federal Schedule relating to Program Income.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2007**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2006-001, 2006-007	Authorization of nonpayroll purchases and transaction classification	Partially	Repeated as a management letter comment.
2006-002, 2006-008	Intergovernmental revenue controls	Yes	
2006-003	Controls over ITA accounts	Yes	
2006-004	Cash management	No	Repeated as finding 2007-002
2006-005	Reporting	Partially	Repeated as finding 2007-003
2006-006	Subrecipient monitoring	Yes	



Mary Taylor, CPA
Auditor of State

CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION

FRANKLIN 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
APRIL 8, 2008**