



**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEARS ENDED JUNE 30, 2008**



**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, 2008, 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, 2008, 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 February 5, 2009, 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 cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

February 5, 2009

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2008**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$40,557</u>
<i>Total Assets</i>	<u><u>\$40,557</u></u>
<b>Net Assets</b>	
Restricted for:	
Other Purposes	<u>40,557</u>
<i>Total Net Assets</i>	<u><u>\$40,557</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, 2008**

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
<b>Governmental Activities</b>			Governmental Activities
Administration	\$446,888	\$0	(\$446,888)
OneStop Services	302,284	375,412	73,128
Summer Youth Works	0	595,000	595,000
WIA Adult	2,622,565	2,753,799	131,234
WIA Dislocated Worker	1,556,920	804,662	(752,258)
WIA Incumbent Worker	261,527	184,350	(77,177)
WIA National Emergency Grant - BRAC	17,321	(5,026)	(22,347)
WIA Rapid Response	12,500	0	(12,500)
WIA Veteran Short Term Training Program	7,100	9,390	2,290
WIA Veterans Rapid Response	3,638	11,636	7,998
WIA Youth - In School	742,731	979,147	236,416
WIA Youth - Out of School	182,816	400,106	217,290
Workforce Services	7,000	7,000	0
Workkeys	28,663	4,745	(23,918)
Youth Career Academy	21,201	35,397	14,196
Youth Systems Building	144	15,054	14,910
Youth Works	1,997,003	1,643,926	(353,077)
Payroll and Benefits	2,175,653	2,167,335	(8,318)
<i>Total Governmental Activities</i>	<u>10,385,954</u>	<u>9,981,933</u>	<u>(404,021)</u>
			Change in Net Assets (404,021)
			<i>Net Assets Beginning of Year</i> <u>444,578</u>
			<i>Net Assets End of Year</i> <u><u>\$40,557</u></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, 2008**

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	<u>Special Revenue</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$40,557</u>
<i>Total Assets</i>	<u><u>\$40,557</u></u>
<b>Fund Balance</b>	
Unreserved:	
Reported in:	
Special Revenue Fund	<u>40,557</u>
<i>Total Fund Balance</i>	<u><u>\$40,557</u></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, 2008**

	Special Revenue
<b>Receipts</b>	
WIA Allocations	\$6,763,876
Contributions	1,772,603
Grants	599,979
OneStop Contributions	375,412
Rent Income	470,063
<i>Total Receipts</i>	9,981,933
<b>Disbursements</b>	
Administration	\$446,888
OneStop Services	302,284
WIA Adult	2,622,565
WIA Dislocated Worker	1,556,920
WIA Incumbent Worker	261,527
WIA National Emergency Grant - BRAC	17,321
WIA Rapid Response	12,500
WIA Veteran Short Term Training Program	7,100
WIA Veterans Rapid Response	3,638
WIA Youth - In School	742,731
WIA Youth - Out of School	182,816
Workforce Services	7,000
Workkeys	28,663
Youth Career Academy	21,201
Youth Systems Building	144
Youth Works	1,997,003
Payroll and Benefits	2,175,653
<i>Total Disbursements</i>	10,385,954
<i>Net Change in Fund Balance</i>	(404,021)
<i>Fund Balance Beginning of Year</i>	444,578
<i>Fund Balance End of Year</i>	\$40,557

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, 2008**

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**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 occupational skill attainment by participants, 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's 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, 2008  
(Continued)**

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**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 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 and receipts of interest earned on grants that is required to be used to support 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 most 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's 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.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 2 - Summary of Significant Accounting Policies** (continued)

These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

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's net assets are restricted for Other Purposes.

**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. Employer Contributions to Cost-Sharing Pension Plans**

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 pension benefits and for postretirement health care benefits.

**J. 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 is 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, 2008.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008  
(Continued)**

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**K. 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 \$40,557 and the bank balance was \$1,099,762. Of the bank balance \$100,000 was covered by FDIC insurance and \$999,762 was collateralized with securities held by the pledging financial institution.

**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 2008, 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	\$ 500,000
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	380,000

There has been no material change in coverage from the prior year and there have been no settled claims for commercial coverage in any of the past three years.

**Note 5 - Postemployment Benefits**

Corporation employees contribute to Social Security and Medicare. 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, 2008  
(Continued)**

**Note 6 – Leases**

The Corporation leases a building from the City of Columbus for office space. The Corporation disbursed \$924,420 to pay lease costs for the year ended June 30, 2008. Future lease payments are as follows:

Fiscal Year	Amount
2009	\$ 952,153
2010	980,501
2011	1,010,083
Total	<u>\$ 2,942,737</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>
City of Columbus	Erika Clark-Jones	\$924,420.00	Facility Rent
City of Columbus	William P. Webster		Facility Rent
Columbus City Schools	Gene Harris, PhD	178,890.54	Program Services
Columbus State Community College	Jan Wagner, PhD, RN	414,148.58	Program Services
Eastland Fairland Career & Technical Schools	Dr. Mark Weedy	360,215.93	Program Services
Franklin County	Douglas Lumpkin	578,349.35	Program Services
Franklin County	Rollin Seward		Program Services
Mount Carmel Health Care System	Dr. Ann E. Schiele	36,578.25	Program Services
Ohio State University	Rebecca Andre, PhD	51,501.00	Program Services
The Electrical Trades Center	Stephen Lipster	29,684.29	Program Services

**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. On February 5, 2009, the Ohio Department of Jobs and Family Services requested the Corporation refund \$36,070 relating to fiscal year 2005 grant expenditures.

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**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2008**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i>	Pass Through Entity Number	Federal CFDA Number	Disbursements
Program Title			
<b>U.S. DEPARTMENT OF LABOR</b>			
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
<i>Workforce Investment Act (WIA) Cluster</i>			
Adult Program (SFY 07)	G-67-15-1004	17.258	\$ 1,876,898
Adult Administration (SFY 07)	G-67-15-1004	17.258	334,514
Adult Program (SFY 08)	G-89-15-0585	17.258	1,561,645
Adult Administration (SFY 08)	G-89-15-0585	17.258	<u>169,196</u>
<b>Total for CFDA 17.258</b>			<b><u>3,942,253</u></b>
Youth Program (SFY 07)	G-67-15-1004	17.259	739,804
Youth Administration (SFY 07)	G-67-15-1004	17.259	131,853
Youth Program (SFY 08)	G-89-15-0585	17.259	332,722
Youth Administration (SFY 08)	G-89-15-0585	17.259	<u>36,049</u>
<b>Total for CFDA 17.259</b>			<b><u>1,240,428</u></b>
Dislocated Worker Program (SFY 06)	G-67-15-1004	17.260	179,498
Dislocated Worker Program (SFY 07)	G-67-15-1004	17.260	1,392,852
Dislocated Worker Administration (SFY 07)	G-67-15-1004	17.260	248,244
Dislocated Worker Program (SFY 08)	G-89-15-0585	17.260	964,074
Dislocated Worker Administration (SFY 08)	G-89-15-0585	17.260	<u>104,452</u>
<b>Total for CFDA 17.260</b>			<b><u>2,889,120</u></b>
<b>Total Workforce Investment Act (WIA) Cluster</b>			<b><u>8,071,801</u></b>
Employment Services/Wagner-Peyser Funded Activities Grant	20-1175160	17.207	<u>7,000</u>
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b><u>8,078,801</u></b>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Passed Through City of Columbus</i>			
Community Development Block Grant	20-1175160	14.218	<u>156,000</u>
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b><u>156,000</u></b>
<b>U.S. DEPARTMENT OF HUMAN SERVICES</b>			
<i>Passed Through Ohio Department of Job and Family Services and Passed Through Franklin County Department of Job and Family Services</i>			
Temporary Assistance for Needy Families	20-1175160	93.558	<u>951,257</u>
<b>TOTAL U.S. DEPARTMENT OF HUMAN SERVICES</b>			<b><u>951,257</u></b>
<b>Total</b>			<b><u>\$ 9,186,058</u></b>

*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, 2008**

**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 to governmental and nongovernmental entities (subrecipients). As described in Note A, the Corporation records expenditures of Federal awards to subrecipients when paid in cash.

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

<b>Program Title</b>	<b>CFDA</b>	<b>Amounts Provided to Subrecipients</b>
Workforce Investment Act – Adult Program	17.258	\$1,169,114
Workforce Investment Act – Youth Program	17.259	364,860
Workforce Investment Act – Dislocated Worker Program	17.260	276,969



# 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, 2008, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated February 5, 2009. 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 opinion 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.

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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the Corporation's management in a separate letter dated February 5, 2009.

### **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*.

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.

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

February 5, 2009



# 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, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the Corporation's major federal programs. 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 2008-001 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 programs for the year ended June 30, 2008.

In a separate letter to the Corporation's management dated February 5, 2009, we reported other matters related to federal noncompliance not requiring inclusion in this report.

### 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 a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 deficiency in internal control over compliance described in the accompanying schedule of findings as finding 2008-001 to be a significant deficiency.

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. We consider finding 2008-001 described in the accompanying schedule of findings to be a material weakness.

We also noted matters involving the internal control over federal compliance not requiring inclusion in this report, that we reported to the Corporation's management in a separate letter dated February 5, 2009.

The Corporation's response to the finding we identified 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, 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

February 5, 2009

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Qualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Workforce Investment Act Cluster – CFDA # 17.258, 17.259, 17.260 Temporary Assistance for Needy Families – CFDA #93.558
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	No

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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None

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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<b>Finding Number</b>	2008-001
<b>CFDA Title and Number</b>	Workforce Investment Act Cluster 17.258, 17.259, 17.260
<b>Federal Award Number / Year</b>	G-67-15-1004 & G-89-15-0585
<b>Federal Agency</b>	U.S. Department of Labor
<b>Pass-Through Agency</b>	Ohio Department of Jobs and Family Services

**Material Noncompliance/Material Weakness**

**Cash Management**

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 transaction 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.

Fifty-seven percent of the Corporation's draw requests were not expended within 10 days. The following table specifies the draw request balances disbursed in excess of 10 days:

<b>Receipt Date</b>	<b>Amount</b>	<b>Balance After 10 Days</b>	<b>Date Balance expended</b>	<b>Days Past 10 Days</b>
July 17, 2007	\$1,054,155.00	\$1,054,155.00	August 31, 2007	35
September 4, 2007	1,228,713.32	1,228,713.32	October 31, 2007	47
December 4, 2007	147,428.16	137,157.64	December 21, 2007	7
December 18, 2007	201,021.62	147,950.39	December 31, 2007	3
December 25, 2007	893,079.74	893,079.74	January 29, 2008	25
January 1, 2008	504,095.39	504,095.39	February 26, 2008	46
January 30, 2008	1,004,363.30	1,004,363.3	March 24, 2008	44
March 25, 2008	1,137,617.12	1,137,617.12	May 14, 2008	40



**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2008  
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS (Continued)**

The Corporation has not implemented procedures to spend cash on hand and limit draw down requests to funding for immediate needs. In addition, three of the above nine draw downs were instances where the Ohio Department of Jobs and Family Services sent unrequested funding to the Corporation as a result of quarterly or year-end reconciliations.

We recommend the Corporation develop procedures for the disbursement of funds to ensure that Federal cash is expended within 10 days. In addition, the Corporation should 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.

**Officials' Response/Corrective Action:**

The Chief Financial Officer (CFO) continued to participate in State fiscal officers' meetings, WIB Directors' meetings as requested, and other meetings as appropriate when quarterly and/or year-end cash reconciliations resulting in un-requested funding was an agenda item. Due to the impact these un-requested funds have had on COWIC, at least quarterly the CFO had a conversation with COWIC's Fiscal Supervisor from Ohio Department of Jobs and Family Services (ODJFS) to continue to register concern over the impact of these un-requested draws. It was communicated to the CFO, the quarterly cash reconciliations are ODJFS' response to an audit finding of their own and were implemented as their corrective action plan. The CFO will continue to address the impact of these cash reconciliations on COWIC's audit report with ODJFS.

In fiscal '08, draw requests took a minimum of ten days to receive the cash. Since COWIC staff did not know when un-requested funds would be deposited, there was no choice but to make draws to assure funds were available to cover payables, payroll, and other liabilities. Un-requested funds were received shortly after one draw was received and one draw had been requested.

Fiscal '08 was COWIC's first full year in the 1111 East Broad Street location. Staff will give more attention to the timing of receipts from Franklin County Department of Job and Family Services (FCDJFS) for payment of rent and receipts from MOU partner billings. These cash receipts obviously reduce the need for draws; however somewhat of the same situation exists as paragraph 1 since we cannot predict when the cash will be received.

With this said, the number of incidents of cash on hand exceeding ten days are down 43% compared to fiscal year '07. Additionally, as mentioned in audit note #3, funds exceeding \$100,000, the limit for FDIC insurance, in COWIC's bank account are collateralized with securities held by the pledging financial institution.

The cash on hand is strictly a timing issue. COWIC's goal is to pay vendor invoices quickly to assure all program dollars are being utilized as intended, as quickly as possible with good controls in place.

COWIC started to maintain support for their efforts to comply with these regulations as of March 25, 2008 and Shirley Costantino is responsible for these procedures.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2007-001	Financial Reporting	No	Repeated in current Management Letter
2007-002	Cash Management (WIA)	No	Repeated as Finding 2008-001
2007-003	Reporting (WIA)	No	Repeated in current Management Letter
2007-004	Program Income (WIA)	No	Repeated in current Management Letter
2007-005	Office Lease (WIA)	Yes	
2007-006	Financial Reporting (WIA)	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 9, 2009**