



**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2009**



**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 the major fund, information of Central Ohio Workforce Investment Corporation, Franklin County, Ohio (the Corporation), as of and for the year ended June 30, 2009, 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 the major fund information of Central Ohio Workforce Investment Corporation, Franklin County, Ohio, as of June 30, 2009, 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 7, 2010, 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.

88 E. Broad St. / Tenth Floor / Columbus, OH 43215-3506  
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

January 7, 2010

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2009**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash	<u>\$1,816,545</u>
<i>Total Assets</i>	<u><u>\$1,816,545</u></u>
<b>Net Assets</b>	
Restricted for:	
Workforce Services	\$1,811,302
Unrestricted	<u>5,243</u>
<i>Total Net Assets</i>	<u><u>\$1,816,545</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, 2009**

	<u>Cash</u> <u>Disbursements</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net</u> <u>(Disbursements)</u> <u>Receipts and</u> <u>Changes in Net</u> <u>Assets</u>
			<u>Governmental</u> <u>Activities</u>
<b>Governmental Activities</b>			
Administration	\$234,195	\$256,661	\$22,466
Adult Services	2,535,881	3,627,195	1,091,314
Disability Navigator	66,131	56,705	(9,426)
Dislocated Worker Services	1,175,262	1,946,776	771,514
Incumbent Worker Services	1,088,777	911,368	(177,409)
National Emergency Grant - DHL	132	0	(132)
One Stop Services	1,259,213	1,259,213	0
Rapid Response Services	7,500	20,000	12,500
Summer Youth Works	1,424,613	1,448,834	24,221
Veterans Services	19,018	6,491	(12,527)
Workforce Services Month	7,000	7,000	0
Workkeys	5,538	26,563	21,025
Youth Services - In School	593,956	1,009,361	415,405
Youth Services - Out of School	383,881	49,959	(333,922)
Youth Employment Project	117,280	57,388	(59,892)
Youth Systems Building	638	0	(638)
Payroll and Benefits	2,734,376	2,740,122	5,746
Other Expenses	1,757	0	(1,757)
<b>Total Governmental Activities</b>	<u>\$11,655,148</u>	<u>\$13,423,636</u>	<u>1,768,488</u>
<b>General Receipts</b>			
Unrestricted Contributions			<u>7,500</u>
<i>Total General Receipts</i>			<u>7,500</u>
Change in Net Assets			1,775,988
<i>Net Assets Beginning of Year</i>			<u>40,557</u>
<i>Net Assets End of Year</i>			<u>\$1,816,545</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS  
GOVERNMENTAL FUND  
JUNE 30, 2009**

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	<u>Special Revenue</u>
<b>Assets</b>	
Cash	\$1,816,545
<i>Total Assets</i>	<u>\$1,816,545</u>
<b>Fund Balances</b>	
Unreserved:	
Reported in:	
Special Revenue Fund	1,816,545
<i>Total Fund Balances</i>	<u>\$1,816,545</u>

See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND  
CHANGES IN FUND BALANCE - CASH BASIS  
GOVERNMENTAL FUND  
FOR THE YEAR ENDED JUNE 30, 2009**

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	<u>Special Revenue</u>
<b>Receipts</b>	
WIA Allocations	\$11,862,461
Intergovernmental Receipts	1,122,999
Contributions	7,500
One Stop Contributions	248,606
Rent Income	189,570
	<hr/>
<i>Total Receipts</i>	<i>13,431,136</i>
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<b>Disbursements</b>	
Administration	234,195
Adult Services	2,535,881
Disability Navigator	66,131
Dislocated Worker Services	1,175,262
Incumbent Worker Services	1,088,777
National Emergency Grant - DHL	132
One Stop Services	1,259,213
Rapid Response Services	7,500
Summer Youth Works	1,424,613
Veterans Services	19,018
Workforce Services Month	7,000
Workkeys	5,538
Youth Services - In School	593,956
Youth Services - Out of School	383,881
Youth Employment Project	117,280
Youth Systems Building	638
Payroll and Benefits	2,734,376
Other Expenses	1,757
	<hr/>
<i>Total Disbursements</i>	<i>11,655,148</i>
	<hr/>
<i>Net Change in Fund Balance</i>	<i>1,775,988</i>
	<hr/>
<i>Fund Balance Beginning of Year</i>	<i>40,557</i>
	<hr/>
<i>Fund Balance End of Year</i>	<i>\$1,816,545</i>
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See accompanying notes to the basic financial statements

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009**

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**Note 1 – Reporting Entity**

Central Ohio Workforce Investment Corporation (the Corporation) was established in 2004 as a 501(c) not-for-profit organization. This not-for-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. The 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 non-exchange transactions.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(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 fiscal year end. The Statement of Activities compares disbursements and program receipts for each program or function of the Corporation's 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 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.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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.

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 does not have any restricted assets.

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.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

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 a 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, 2009.

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**

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's deposits was \$1,816,545 and the bank balance was \$3,080,246. The entire bank balance was covered by FDIC insurance.

**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 2009, 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.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2009  
(Continued)**

**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.

**Note 6 – Leases**

The Corporation leases a building from the City of Columbus for office space. The Corporation disbursed \$945,215 to pay lease costs for the year ended June 30, 2009. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2010	\$ 966,327
2011	995,292
2012	<u>505,041</u>
Total	<u>\$ 2,466,660</u>

**Note 7 – Related Party Transactions**

<u>Company</u>	<u>Board Member</u>	<u>Amount</u>	<u>Service</u>
City of Columbus	Erika Clark-Jones William P. Webster	\$ 945,219	Facility Rent
Columbus City Schools	Gene Harris, PhD	265,224	Program Services
Columbus State Community College	Jan Wagner, PhD, RN	447,436	Program Services
Eastland Fairfield Career & Technical Schools	Dr. Mark Weedy	784,166	Program Services
Franklin County	Rollin Seward	31,145	Program Services
AEP Ohio	Gen Tuchow	200,000	Program Services
Nationwide Children’s Hospitals	Jose Balderrama	73,530	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. 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, 2009**

<b>Federal Grantor Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Disbursements</b>
<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 Administration (PY 2007)	JFSFAP07	17.258	\$ 16,147
Adult Program (PY 2008)	JFSFAP08	17.258	388,955
Adult Administration (PY 2008)	JFSFAP08	17.258	43,217
Adult Program (FY 2008)	JFSFAF08	17.258	718,741
Adult Administration (FY 2008)	JFSFAF08	17.258	183,038
Adult Program (FY 2009)	JFSFAF09	17.258	1,726,437
Adult Administration (FY 2009)	JFSFAF09	17.258	74,062
ARRA - Adult Program (FY 2009)	JFSFAF09S	17.258	255,309
ARRA - Adult Administration (FY 2009)	JFSFAF09S	17.258	28
<b>Total for Adult Program and Administration</b>			<b>3,405,934</b>
Youth Program (PY 2007)	JFSFN251	17.259	1,700,875
Youth Administration (PY 2007)	JFSFN251	17.259	32,293
Youth Program (PY 2008)	JFSFYP08	17.259	176,285
Youth Administration (PY 2008)	JFSFYP08	17.259	158,250
ARRA - Youth Program (FY 2009)	JFSFYF09S	17.259	572,633
ARRA - Youth Administration (FY 2009)	JFSFYF09S	17.259	1,101
<b>Total for Youth Program and Administration</b>			<b>2,641,437</b>
Dislocated Worker Administration (PY 2007)	JFSFDP07	17.260	16,147
Dislocated Worker Program (PY 2008)	JFSFDP08	17.260	727,790
Dislocated Worker Administration (PY 2008)	JFSFDP08	17.260	20,984
Dislocated Worker Program (FY 2008)	JFSFDF08	17.260	324,590
Dislocated Worker Administration (FY 2008)	JFSFDF08	17.260	183,038
Dislocated Worker Program (FY 2009)	JFSFDF09	17.260	1,192,892
Dislocated Worker Administration (FY 2009)	JFSFDF09	17.260	4,753
ARRA - Dislocated Worker Program (FY 2009)	JFSFDF09S	17.260	191,869
<b>Total for Dislocated Worker Program and Administration</b>			<b>2,662,063</b>
<b>Total Workforce Investment Act (WIA) Cluster</b>			<b>8,709,434</b>
Disability Navigator Initiative	JFSFDN07	17.266	61,965
<b>TOTAL U.S. DEPARTMENT OF LABOR</b>			<b>8,771,399</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	132,291
<b>TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			<b>132,291</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<i>Passed Through Columbus Franklin Community Action Agency</i>			
Community Services Block Grant	20-1175160	93.569	11,672
<i>Passed Through Ohio Department of Jobs and Family Services and Passed Through Franklin County Jobs and Family Services</i>			
Temporary Assistance for Needy Families	20-1175160	93.558	251,256
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>262,928</b>
<b>Total</b>			<b>\$ 9,166,618</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, 2009**

**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	\$1,740,054
Workforce Investment Act – Youth Program	17.259	1,099,789
Workforce Investment Act – Dislocated Worker Program	17.260	879,017
Disability Navigator	17.266	60,384



# 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 information of Central Ohio Workforce Investment Corporation, Franklin County, Ohio, (the Corporation) as of and for the year ended June 30, 2009, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated January 7, 2010. 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.

### **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 audit committee, management, 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

January 7, 2010



# 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 (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, 2009. 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.

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2009.

However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements that OMB Circular A-133 requires us to report, which is described in the accompanying schedule of findings as item 2009-001.

We also noted a certain noncompliance or other matter that we reported to the Corporation's management in a separate letter dated January 7, 2010.

### 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 deficiency in internal control over compliance that we consider to be 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 2009-001 to be 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 2009-001 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 date January 7, 2010.

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 audit 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 7, 2010

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009**

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

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

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

None

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009  
(Continued)**

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>Finding Number</b>	2009-001
<b>CFDA Title and Number</b>	Workforce Investment Act Cluster 17.258, 17.259, 17.260
<b>Federal Award Number / Year</b>	JFSFAP07, JFSFAP08, JFSFAF08, JFSFAF09, JFSFAJ09S, JFSFN251, JFSFYF08, JFSFYF09S, JFSFDP07, JFSFDP08, JFSFDF08, JFSFDF09, JFSFDF09S
<b>Federal Agency</b>	U.S. Department of Labor
<b>Pass-Through Agency</b>	Ohio Department of Jobs and Family Services

**Material Noncompliance/Significant Deficiency/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.

Forty-six 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>
August 8, 2008	\$507,150	\$410,789	August 29, 2008	11
August 8, 2008	\$269,080	\$269,080	September 18, 2008	31
August 22, 2008	\$128,228	\$128,228	September 19, 2008	18
August 27, 2008	\$681,864	\$681,864	September 30, 2008	24
December 1, 2008	\$2,021,093	\$1,185,783	January 30, 2009	50
December 9, 2008	\$86,546	\$86,546	January 30, 2009	42
April 10, 2009	\$192,833	\$7,940	April 21, 2009	1
May 1, 2009	\$288,334	\$87,082	May 13, 2009	2
May 15, 2009	\$267,516	\$43,952	May 29, 2009	4
May 22, 2009	\$701,769	\$479,962	June 16, 2009	15
May 22, 2009	\$261,929	\$261,929	June 30, 2009	29
June 11, 2009	\$158,647	\$158,647	June 30, 2009	9
June 12, 2009	\$53,061	\$53,061	June 30, 2009	8
June 30, 2009	\$2,494,055	\$1,494,707	July 30, 2009	20

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2009  
(Continued)**

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)</b>
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**Cash Management – Material Noncompliance/Significant Deficiency/Material Weakness (Continued)**

The December 1, 2008 draw down was the result of the Ohio Department of Jobs and Family Services sending unrequested funding to the Corporation as a result of year-end reconciliations. This instance was out of the Corporation's control and as such, not the result of a control failure by the Corporation.

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. During all of Fiscal Year 2009, this process remained unchanged.

At the end of Fiscal Year 2009, the CFO and her staff attended several fiscal meetings. At these meetings, ODJFS presented a roll-out of a new quarterly close process that will only result in un-requested draws at the end of a quarter in which a closed grant was under drawn. Any other discrepancies will be fixed through accounting adjustments to internally move cash from grants that are over drawn to grants that are under-drawn and will not be processed through un-requested draws.

The changes in ODJFS' quarterly close out procedures should allow for lower cash balances during Fiscal Year 2010. As always, COWIC Fiscal Staff will strive to limit cash draws to the amount expected to be paid in the following week and will ensure that cash balances are cycled every 10 days.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION  
FRANKLIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2009**

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>
2008-001	Cash Management (WIA)	No	Repeated as Finding 2009-001



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**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**  
**MARCH 18, 2010**