



**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2011



Dave Yost • Auditor of State

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Basic Financial Statements:	
Statement of Net Assets – Cash Basis – June 30, 2011	3
Statement of Activities – Cash Basis – For the Year Ended June 30, 2011.....	4
Fund Financial Statements:	
Statement of Assets and Fund Balance – Cash Basis - Governmental Fund – June 30, 2011	5
Statement of Cash Receipts, Disbursements and Changes in Fund Balance – Cash Basis - Governmental Fund – June 30, 2011	6
Notes to the Basic Financial Statements	7
Federal Awards Expenditures Schedule.....	13
Notes to the Federal Awards Expenditures Schedule	14
Independent Accountants' Report on Internal Control Over Financial Reporting And on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	15
Independent Accountants' Report on Compliance With Requirements Applicable Each Major Federal Program and on Internal Control Over Compliance in to Accordance with OMB Circular A-133	17
Schedule of Findings and Questioned Costs.....	19

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street, Suite 201
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 the Central Ohio Workforce Investment Corporation, Franklin County, Ohio (the Corporation), as of and for the year ended June 30, 2011, 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 the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, as of June 30, 2011, and the respective changes in cash financial position thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during the year ended June 30, 2011, the Corporation adopted Governmental Accounting Standards Board Statement No, 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2012, 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.

We conducted our audit to opine on the Corporation's financial statements taken as a whole. The federal awards expenditure schedule provides additional information required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The federal awards expenditure schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. This schedule was subject to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.



Dave Yost
Auditor of State

February 28, 2012

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2011**

	<u>Governmental Activities</u>
Assets	
Cash	<u>\$809,987</u>
<i>Total Assets</i>	<u><u>\$809,987</u></u>
Net Assets	
Restricted for:	
Workforce Services	\$808,460
Unrestricted	<u>1,527</u>
<i>Total Net Assets</i>	<u><u>\$809,987</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, 2011**

	Cash Disbursements	Operating Grants and Contributions	Net (Disbursements) Receipts and Changes in Net Assets
	Disbursements	Contributions	Governmental Activities
Governmental Activities			
Administration	\$368,952	\$95,316	(\$273,636)
Adult Services	1,666,747	1,239,397	(427,350)
Constructing Futures	742,367	727,770	(14,597)
Disability Navigator	10,310	10,379	69
Dislocated Worker Services	1,757,178	1,902,714	145,536
Incumbent Worker Services		258,715	258,715
National Emergency Grant Services	17,981	13,793	(4,188)
Ohio Learning Accounts	24,693	22,888	(1,805)
One Stop Services	722,902	1,288,001	565,099
Rapid Response Services	209,816	270,017	60,201
Summer Youth Works	4,225,167	3,196,354	(1,028,813)
Urban Youth Works	316,949	346,358	29,409
Youth Services - In School	544,122	224,335	(319,787)
Youth Services - Out of School	1,912,066	1,162,686	(749,380)
Youth Systems Building		2,234	2,234
Payroll and Benefits	3,584,407	3,586,149	1,742
Other Expenses	5,981		(5,981)
Total Governmental Activities	<u>\$16,109,638</u>	<u>\$14,347,106</u>	<u>(1,762,532)</u>
General Receipts			
Unrestricted Contributions			4,500
<i>Total General Receipts</i>			<u>4,500</u>
Change in Net Assets			(1,758,032)
<i>Net Assets Beginning of Year</i>			<u>2,568,019</u>
<i>Net Assets End of Year</i>			<u><u>\$809,987</u></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, 2011**

	<u>Special Revenue</u>
Assets	
Cash	\$809,987
<i>Total Assets</i>	<u>\$809,987</u>
Fund Balances	
Restricted	
Reported in:	
Special Revenue Fund	808,460
Assigned	1,527
<i>Total Fund Balances</i>	<u>\$809,987</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, 2011**

	Special Revenue
Receipts	
WIA Allocations	\$7,949,599
Intergovernmental Receipts	5,869,763
One Stop Contributions	21,040
Rent Income	505,705
Contributions	5,500
	14,351,606
<i>Total Receipts</i>	<i>14,351,606</i>
Disbursements	
Administration	368,952
Adult Services	1,666,747
Constructing Futures	742,367
Disability Navigator	10,310
Dislocated Worker Services	1,757,178
National Emergency Grant Services	17,981
Ohio Learning Accounts	24,693
One Stop Services	722,902
Rapid Response Services	209,816
Summer Youth Works	4,225,167
Urban Youth Works	316,949
Youth Services - In School	544,122
Youth Services - Out of School	1,912,066
Payroll and Benefits	3,584,407
Other Expenses	5,981
	16,109,638
<i>Total Disbursements</i>	<i>16,109,638</i>
<i>Net Change in Fund Balance</i>	<i>(1,758,032)</i>
<i>Fund Balance Beginning of Year</i>	<i>2,568,019</i>
<i>Fund Balance End of Year</i>	<i>\$809,987</i>

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, 2011**

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.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

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.

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.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting (Continued)

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.

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 Workforce Services.

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 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

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 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, 2011.

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.

L. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Corporation is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Corporation for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the Board.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Fund Balance (Continued)

The Corporation applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Change in Accounting Principle

For 2011, the Corporation implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of GASB Statement No. 54 had no effect on the fund balance of the Corporation's Special Revenue fund.

Note 4 – 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 \$809,987 and the bank balance was \$1,088,541. The entire bank balance was covered by FDIC insurance.

Note 5 – 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 2010, 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	\$750,000
Auto Liability	2,000	1,000,000
General Liability	0	2,000,000
Umbrella Liability	10,000	5,000,000
Public Officials Liability	10,000	5,000,000
Employee Dishonesty	500	50,000
Boiler and Machinery	1,000	500,000
Professional Liability	0	2,000,000
Inland Marine	1,000	500,000

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011
(Continued)**

Note 5 – Risk Management (Continued)

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 6 – 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 7 – Leases

The Corporation leases a building from the City of Columbus for office space. The Corporation disbursed \$1,002,788 to pay lease costs for the year ended June 30, 2011. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2012	<u>505,041</u>
Total	<u>\$ 505,041</u>

Note 8 – Contingent Liabilities

The Corporation is a defendant in various lawsuits. The outcome and possible impact of these lawsuits is not presently determinable.

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.

Note 9 – Related Party Transactions

<u>Company</u>	<u>Board Member</u>	<u>Amount</u>	<u>Service</u>
Columbus Metropolitan Library	Dewitt Harrell	\$4,549	Mobile Unit Storage
City of Columbus	Erika Clark-Jones	1,002,688	Facility Rent
The Electrical Trades Center	Stephen Lipster	470,958	Program Services
Columbus Window Cleaning	Lynn Elliott	2,655	Program Services
Mount Carmel College of Nursing	Ann Shiele, PhD	7,356	Program Services
Outlook Media	Michael Daniels	2,981	Program Services

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011
CASH BASIS**

Federal Grantor Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
U.S. DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Jobs and Family Services</i>			
<i>Workforce Investment Act (WIA) Cluster</i>			
Adult Administration - PY10	JFSFAP10	17.258	\$ 42,086
Adult Administration - FY10	JFSFAF10	17.258	158,606
Adult Administration - FY11	JFSFAF11	17.258	189,722
Adult Program - FY10	JFSFAF10	17.258	480,875
Adult Program - PY10	JFSFAP10	17.258	273,675
Adult Program - FY11	JFSFAF11	17.258	1,248,950
Program Income	JFSOLOCL11	17.258	199,432
ARRA - Ohio Learning Accounts	JFSFSW10S	17.258	26,943
Current WIA Special Project Allocation	JFSCWS11	17.258	131,791
Total for Adult Program and Administration			2,752,080
Youth Administration - PY09	JFSFYP09	17.259	169,256
Youth Administration - PY10	JFSFYP10	17.259	287,276
Youth Program - PY09	JFSFYP09	17.259	2,135,273
Youth Program - PY10	JFSFYP10	17.259	884,348
ARRA - Urban Youth	NA	17.259	331,277
Total for Youth Program and Administration			3,807,430
Dislocated Worker Administration - FY10	JFSFDF10	17.260	120,202
Dislocated Worker Administration - PY10	JFSFDP10	17.260	52,765
Dislocated Worker Administration - FY11	JFSFDF11	17.278	133,161
Dislocated Worker Program - FY10	JFSFDF10	17.260	856,970
Dislocated Worker Program - PY10	JFSFDP10	17.260	474,882
Dislocated Worker Program - FY11	JFSFDF11	17.278	993,328
Rapid Response	JFSFDP09	17.278	270,670
Rapid Response	JFSFDF11	17.278	103,054
National Emergency Grant - Wilmington	JFSFWA9A	12.277	8,865
ARRA - National Emergency Grant - OH21 (OJT)	JFSFNJ09S	17.277	17,694
ARRA - Rapid Response	JFSFDF09S	17.260	154,500
ARRA - Rapid Response	JFSFDF09S	17.260	541,339
ARRA - National Emergency Grant - Ohio Auto	JFSFAU09S	17.260	165
ARRA - Constructing Futures	NA	17.260	887,694
Total for Dislocated Worker Program and Administration			4,615,289
Total Workforce Investment Act (WIA) Cluster			11,174,799
Disability Navigator Initiative	JFSFDN9A	17.266	10,310
Total for Disability Navigator Initiative			10,310
One Stop Resource Sharing	JFSFES09	17.207	52,652
One Stop Resource Sharing	JFSFES10	17.801	131,019
One Stop Resource Sharing	JFSFSW10	17.801	2,355
One Stop Resource Sharing	JFSFVD10	17.804	12,825
One Stop Resource Sharing	JFSFVD11	17.804	31,915
One Stop Resource Sharing	JFSFVL10	17.804	1,353
One Stop Resource Sharing	JFSFVL11	17.804	3,356
Total for One Stop Resource Sharing			235,475
TOTAL U.S. DEPARTMENT OF LABOR			11,420,584
<i>Passed Through Ohio Department of Jobs and Family Services and Passed Through Franklin County Jobs and Family Services</i>			
ARRA -Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs	20-1175160	93.714	3,957,166
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			3,957,166
Total			\$ 15,377,750

The accompanying notes are an integral part of this schedule.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

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:

Program Title	CFDA #	Amounts Provided to Subrecipients
Workforce Investment Act – Adult Program	17.258	\$806,678
Workforce Investment Act – Youth Program	17.259	1,582,658
Workforce Investment Act – Dislocated Worker Program	17.260	787,907
Disability Navigator	17.266	10,310
Youth Employment Project	93.714	3,740,247



Dave Yost • 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, Suite 201
Columbus, Ohio 43205

To the Board of Directors:

We have audited the financial statements of the governmental activities and the major fund information of the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, (the Corporation) as of and for the year ended June 30, 2011, which collectively comprise the Corporation's basic financial statements and have issued our report thereon dated February 28, 2012, wherein we noted the Corporation adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Corporation's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Central Ohio Workforce Investment Corporation
Franklin County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

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 did note a matter not requiring inclusion in this report that we reported to the Corporation's management in a separate letter dated February 28, 2012.

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

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

Dave Yost
Auditor of State

February 28, 2012



Dave Yost • 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, Suite 201
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 could directly and materially affect each of the Corporation's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings and questioned costs 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.

Our compliance audit followed 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 could directly and materially affect each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings and questioned costs lists this instance as Finding 2011-01.

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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings and questioned costs as item 2011-01. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The Corporation's response to the finding we identified is described in the accompanying schedule of findings and questioned costs. We did not audit the Corporation's responses 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, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Dave Yost
Auditor of State

February 28, 2012

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

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 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?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	Yes
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act Cluster – CFDA # 17.258, 17.259, 17.260, 17.277, 17.278 ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families State Programs – CFDA # 93.714
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 461,333 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 AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Finding Number	2011-01
CFDA Title and Number	ARRA – Emergency Contingency Fund Temporary Assistance for Needy Families CFDA# 93.714
Federal Award Number / Year	2010
Federal Agency	U.S. Department of Health and Human Services
Pass-Through Agency	Ohio Department of Jobs and Family Services Franklin County

**Allowable Activities/Cost Principles of Federal Funds
Noncompliance, Significant Deficiency and Questioned Cost**

2 CFR 230, Appendix B subsection 8.m provides that charges to awards for salaries and wages, whether treated as direct costs or indirect costs, will be based on documented payrolls approved by a responsible official of the organization. The distribution of salaries and wages to awards must be supported by personnel activity reports.

In addition, 2 CFR 230, Appendix A subsection 2.g also states that to be allowable under Federal awards, costs must be adequately documented.

The Corporation paid salaries and fringe benefits of employees working on TANF activities from TANF funds. The allocation of payroll charges to the TANF grant did not agree to approved employee timesheets for 45% of employees. Additionally, it was noted that changes were made to approved timesheets during the related dollar allocation process in the accounting system that were not documented or supported.

As a result, questioned costs totaling \$9,058 were spent on activities/costs not allowable. Although known questioned costs are less than \$10,000, it is likely that total questioned costs exceed \$10,000.

We recommend the Corporation allocate employees hours and related salary expenditures based on approved timesheets. The allocation of hours and salary expenditures should be reviewed for accuracy and approved by another individual not directly involved in the allocation process. When changes are necessary, we recommend the Corporation maintain supporting documentation for the reason for the change and approval by the appropriate individual.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011
(Continued)**

Officials' Response and Corrective Action Plan:

The issues with the time charged to the TANF program stemmed from a confluence of several critical factors that will not occur, as reflected below, with our new time keeping and personal services charging systems (EWS).

In COWIC's focus to develop, implement, and deliver the TANF Summer Youth program, time was not available to systematically address the time coding issues entity-wide. Instead we relied on our authority in 2CFR230 that allows knowledgeable management staff to assign and approve staff time to assure that the time is properly charged to the benefiting program. This review and reclassification of staff time to effect correct allocation of costs was ongoing for the duration of the TANF Summer Youth program. COWIC fiscal staff did edit the electronic copies of staff timesheets to provide an audit trail of changes; but, due to time constraints, the underlying justification was not rigorously documented.

We have instituted a top down budgeting process for staff time. Each staff person's expected use of time is determined by the CFO in consultation with the senior managers of COWIC. Based on the expected use of time, authorized cost centers are assigned to each staff. Staff can only charge time to their authorized cost centers. When the budget is finalized, the staff members are notified of their assigned cost centers based on their job duties. Managers and Directors are supplied with copies of the letters that are given to the employees and these letters form the basis for monitoring their direct reports actual time charged through EWS. Timesheets will transfer over to the payroll system only after they have been approved. This control is 100% automated and cannot be circumvented by the staff or their supervisor. Managers review and electronically approve the EWS time records. We believe that the steps described assure that COWIC will maintain a completely documented audit trail of staff time charges that accurately reflect their expenditure of time in current and future periods.



Dave Yost • 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
MARCH 29, 2012**