



**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2005



**Auditor of State
Betty Montgomery**

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

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Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Area 7 Workforce Investment Board
Montgomery County
1111 S. Edwin C. Moses Blvd.
Dayton, OH 45408

To the Workforce Investment Board:

We have audited the accompanying financial statements of the governmental activity of Area 7 Workforce Investment Board, Montgomery County, (the Board), as of and for the fiscal year ended June 30, 2005, which collectively comprise the Board's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board'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 activity of the Board, as of June 30, 2005, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting described in Note 2.

For the year ended June 30, 2005, the Board revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 24, 2006, on our consideration of the Board's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the Board's basic financial statements. The Federal Awards Expenditures Schedule presents additional information and is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected this schedule to the auditing procedures applied in our audit of the Board's financial statements. In our opinion, this information is fairly stated in all material respects in relation to the financial statements taken as a whole.

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

Betty Montgomery
Auditor of State

May 24, 2006

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005**

This discussion and analysis of the Area 7 Workforce Investment Board (the Board's) financial performance provides an overall review of the Board's financial activities for the year ended June 30, 2005, within the limitations of the Board's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Board's financial performance.

Highlights

Key Highlights for 2005 are as follows:

- The Board was formed July 1, 2004 with the following carry-forward grant allocations of \$12,331,357 from the fiscal agent Ohio Department of Job and Family Services:

Rapid Response	\$61,566
WIA Administration	899,756
WIA Adult	4,577,268
WIA Dislocated Worker	2,622,740
WIA Youth	<u>4,170,027</u>
Total Carry Forward	<u>\$12,331,357</u>

- The Board's receipts are solely from support from Federal and State government agencies. The federal receipts are designated for employment and training related activities.
- The Board's total grant allocations including carry forward of \$12,331,357, during the program year, was \$45,649,301.

Using the Basic Financial Statements

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

Report Components

The Statement of Cash Basis Governmental Activities provides information about the cash activities of Board.

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

Basis of Accounting

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

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

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

Reporting the Government as a Whole

The Statement of Cash Basis Governmental Activities reflects how the Board did financially during 2005, within the limitations of the cash basis accounting. The Statement of Cash Basis Governmental Activities presents the receipts and disbursement activity during 2005. These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

The Government as a Whole

Table 1 reflects the change in cash position during 2005. Since the Board was not in existence during 2004, a comparative analysis of has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 1
Change In Cash Position**

	<u>2005</u>
Program Disbursements	
Workforce Development:	
Adult	\$ 6,044,030
Dislocated Worker	4,675,686
Rapid Response	1,713,100
Youth	6,087,815
National Emergency Grant	652,793
Veteran's Short-Term Training	63,943
One Stop Reed Act Grant	1,352,382
One Stop Memorandum of Understanding Administration	457,692
	<u>1,415,208</u>
 Total Program Disbursements	 22,462,649

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

**Table 1
Change In Cash Position
(Continued)**

Program Receipts	
Operating Grants:	
Adult	6,071,302
Dislocated Worker	4,660,686
Rapid Response	1,713,100
Youth	6,062,138
National Emergency Grant	652,793
Veteran's Short-Term Training	63,943
One Stop Reed Act Grant	1,352,382
One Stop Memorandum of Understanding Administration	457,692
	1,428,976
Total Program Receipts	22,463,012
Increase in Cash	363
Cash Balance, Beginning of Year	0
Cash Balance, End of Year	\$ 363

Federal and State grants represent 100% of total receipts.

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

Receipts and disbursements for the year were largely for direct services by member counties for training and supportive and employment related activities for both job seekers and employers within and outside of Area 7.

Budgeting Highlights

The Board's budget is reflected in the Statement of Receipts, Disbursements, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual General Fund and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances.

During 2005, the Board amended its budget several times to reflect changing circumstances. The budgeted receipts and disbursements are prepared on a multi-year program basis. Final budgeted receipts were in excess of final actual receipts due to this basis.

Final disbursements were budgeted at \$45,649,301 while actual disbursements were \$22,462,649. Although budgeted receipts were less than appropriations, actual receipts exceeded actual disbursements. The result is the increase in fund balance of \$363 for 2005.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

Capital Assets

The Board currently tracks its capital assets. However, since the financial statements are presented on a cash basis, none of these assets are reflected on the Board's financial statements. Instead, the acquisitions of property, plant and equipment are recorded as disbursements when paid.

Debt

The Board has no debt obligations.

Contractual Obligations

On June 29, 2003, the Board entered into a Memorandum of Understanding with Clark State Community College, for the period June 29, 2004 through June 30, 2005, at a cost of \$349,031, to establish and maintain Board headquarters and administrative services.

On June 29, 2004, the Board entered into a Memorandum of Understanding with Montgomery County, for the period July 1, 2004 through June 30, 2005, to provide fiscal agent and business driven services. On May 10, 2005, the cost for these services was established not to exceed \$120,000, for the period July 1, 2004 through June 30, 2006, for the Montgomery County Auditor and Treasurer to provide financial processing and accountability services for Area 7.

Contacting the Area 7's Financial Management

This financial report is designed to provide the Chief Elected Officials and the Workforce Investment Policy Board with a general overview of the Board's finances and to reflect the Board's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Theo. A. Adegboruwa, Chief Fiscal Officer, Ohio Area 7 Consortium of Chief Elected Officials, 1111 South Edwin C. Moses Blvd., Dayton, Ohio 45408, (937) 225-5590.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**STATEMENT OF CASH BASIS GOVERNMENTAL ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2005**

Program Disbursements:

Workforce Development	
Adult	\$6,044,030
Dislocated Worker	4,675,686
Rapid Response	1,713,100
Youth	6,087,815
National Emergency Grant	652,793
Veteran's Short-Term Training	63,943
One Stop Reed Act Grant	1,352,382
One Stop Memorandum of Understanding	457,692
Administration	<u>1,415,208</u>
 Total Program Disbursements	 <u>22,462,649</u>

Program Receipts:

Operating Grants	
Adult	6,071,302
Dislocated Worker	4,660,686
Rapid Response	1,713,100
Youth	6,062,138
National Emergency Grant	652,793
Veteran's Short-Term Training	63,943
One Stop Reed Act Grant	1,352,382
One Stop Memorandum of Understanding	457,692
Administration	<u>1,428,976</u>
 Total Program Receipts	 <u>22,463,012</u>

Increase in Cash	363
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Cash Balance Beginning of Year	<u> </u>
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Cash Balance End of Year	<u><u>\$363</u></u>
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See accompanying notes to the basic financial statements.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2005**

	<u>Budgeted Amounts</u>		(Optional) Variance with Final Budget Positive (Negative)	
	<u>Original</u>	<u>Final</u>		<u>Actual</u>
Receipts:				
Program Year Carry Forward		\$5,255,283	\$3,466,047	(\$1,789,236)
Federal Fiscal Year Carry Forward		126,159	4,534,299	4,408,140
Program Year Grant 04-06	11,821,438	16,494,349	8,631,658	(7,862,691)
Federal Fiscal Year Grant 04-06	<u>11,798,829</u>	<u>16,823,594</u>	<u>5,831,008</u>	<u>(10,992,586)</u>
Total Receipts	<u>23,620,267</u>	<u>38,699,385</u>	<u>22,463,012</u>	<u>(16,236,373)</u>
Disbursements:				
Program Year Carry Forward		5,255,283	3,415,446	1,839,837
Federal Fiscal Year Carry Forward		7,076,074	4,503,114	2,572,960
Program Year Grant 04-06	11,821,438	16,500,955	8,692,694	7,808,261
Federal Fiscal Year Grant 04-06	<u>11,798,829</u>	<u>16,816,989</u>	<u>5,851,395</u>	<u>10,965,594</u>
Total Disbursements	<u>23,620,267</u>	<u>45,649,301</u>	<u>22,462,649</u>	<u>23,186,652</u>
Net Change in Fund Balance		(6,949,916)	363	6,950,279
Fund Balance Beginning of Year	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Fund Balance End of Year	<u> </u>	<u>(\$6,949,916)</u>	<u>\$363</u>	<u>\$6,950,279</u>

See accompanying notes to the basic financial statements

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005**

1. DESCRIPTION OF AREA 7 AND THE REPORTING ENTITY

A. Description of the Entity

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

Area 7 Workforce Investment Board (the Board) is designated as a local Workforce Investment Area under WIA 116 and its geopolitical span includes 46 counties. The grant recipient is a consortium of elected officials from the counties within the local area. The functions of the consortium are carried out by a Board of Governors, which consists of the Chief Elected Official (CEO) of each participating sub area.

In accordance with WIA 117, the consortium established a local Workforce Investment Board (WIB) to set policy for the local workforce investment system. The local board employs an Executive Director, office manager, and two regional representatives. The WIB staffs perform administrative functions for the board and are employees of Clark State Community College. There are also 46 sub area' Workforce Policy Boards that have the responsibility for setting policy for their individual counties.

The Grant Recipient designated Montgomery County Department of Job and Family Services (MCDJFS) as the fiscal agent for the local area. MCDJFS has responsibility to disburse funds for the local area at the direction of the local board. Funds flow from the State to MCDJFS and are passed onto the 46 individual counties based on allocations established by the state. The individual counties have responsibility for the administration of the adult, dislocated worker, and youth programs for their respective county.

Through a consortium process, the local board has designated 12 regional one-stop operators and 34 satellite one-stop offices throughout the area.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations included ensuring that the basic financial statements are not misleading. The primary government of the Board consists of the general fund, departments, and boards that are not legally separate from the Board. The Board's financial Statements, includes Adult, Dislocated Worker, Rapid Response, Youth, National Emergency Grant, Veteran's Short-Term Training, One Stop Reed Act Grant, One Stop Memorandum of Understanding and Administrative programs. The Board has no component units.

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

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

The Board's Basic Financial Statements consist of a Statement of Cash Basis Governmental Activities. The Statement of Cash Basis Governmental Activities display information about the Board as a whole. The Statement of Cash Basis Governmental Activities presents a comparison between direct expenses and operating grants for each program or function of the Board's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Operating revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The comparison of direct expenses with operating revenues identifies the extent to which each governmental program is self-financing or draws from the general revenues of the Board.

1. Fund Accounting

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

2. Governmental Funds

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

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

3. Measurement Focus

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

4. Basis of Accounting

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

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Basis of Accounting (Continued)

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

B. Cash

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

C. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

D. Long-term Obligations

The Board did not have any long-term obligations.

E. Budgetary Process

Montgomery County (the fiscal agent) requires the Board to budget all funds. The major documents prepared are the budget based on the WIA grant allocation. The budgetary basis reports expenditures when a commitment is made (i.e., when an encumbrance is approved). The WIA grant allocation establishes a limit on the amounts the Board may budget. The budget is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control the Board selects. The Board uses the fund object level three level as its legal level of control. Individual grants are limited to their approved budget: the Board must approve an increase or decrease.

The amounts reported as the original budget in the budgetary statements reflect the amounts in the WIA grant allocation when the Board adopted the original budget. The amounts reported as the final budget in the budgetary statements reflect the amounts in the WIA grant allocation in effect at the time of the final budget.

The Board may amend the budget throughout the year with the restriction that the budget may not exceed WIA grant allocations. The amounts reported as the original budget reflect the first budget for a fund covering the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budget represent the final budget the Board passed during the year.

Budget versus actual statements for the General Fund are part of the financial statements.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

3. CHANGE IN ACCOUNTING PRINCIPLES

For the year ended June 30, 2005, the Board presented its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

The Board also implemented GASB Statement No. 37, which clarifies certain provisions of Statement No. 34, including the required content of the Management's Discussion and Analysis, the classification of program revenues and the criteria for determining major funds, and GASB Statement No. 38, which modifies, establishes and rescinds certain financial statement note disclosures.

4. CASH AND DEPOSITS

The Montgomery County Treasurer maintains a cash pool used by all of the County's funds, including those of the Board. The Ohio Revised Code prescribes allowable deposits and investments. At year-end, the carrying amount of the Board's deposits with the Montgomery County Treasurer was \$363. The Montgomery County Board of Commissioners, as the fiscal agent for the Board, is responsible for maintaining adequate depositor collateral for all funds in the County's pooled cash and deposit accounts.

5. RISK MANAGEMENT

For the fiscal year ended June 30, 2005 the Board did not have Commercial Insurance coverage.

Subsequent to the financial statement date the Board obtained commercial insurance for the following risks:

- Director, Officer, Trustee, and Organization Liability \$1,000,000;
- Employment Practicing Liability;
- Trustees and Fiduciary Liability; and
- Employees Benefits Administration Liability.

6. CONTRACTED SERVICES

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

7. CONTRACTUAL OBLIGATIONS

On June 29, 2003, the Board entered into a Memorandum of Understanding with Clark State Community College, for the period June 29, 2004 through June 30, 2005, at a cost of \$349,031, to establish and maintain Board headquarters and administrative services.

On June 29, 2004, the Board entered into a Memorandum of Understanding with Montgomery County, for the period July 1, 2004 through June 30, 2005, to provide fiscal agent and business driven services. On May 10, 2005, the cost for these services was established not to exceed \$120,000, for the period July 1, 2004 through June 30, 2006, for the Montgomery County Auditor and Treasurer to provide financial processing and accountability services for Area 7.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2005
(Continued)**

8. CONTINGENCIES

A. Litigation

The Board is not a party to any litigation.

B. Grants

The Board receives financial assistance from Federal and State agencies in the form of grants. Disbursing grant funds generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit. Any disallowed claims resulting from such audits could become a liability. However, in the opinion of management, any such disallowed claims through June 30, 2005 will not have a material adverse effect on the Board.

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2005**

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass-Through Entity Number	Disbursements
UNITED STATES DEPARTMENT OF LABOR			
<i>Passed Through Ohio Department of Job and Family Services Workplace Investment Act (WIA) Cluster:</i>			
WIA - Adult Programs (PY 03)	17.258	(A)	\$347,861
WIA - Adult Programs (SFY 04)		(A)	2,811,755
WIA -Adult Administration		(A)	446,115
WIA - Adult Programs (PY 04)		(A)	1,326,306
WIA - Adult Programs (SFY 05)		(A)	1,558,109
Total WIA - Adult			<u>6,490,146</u>
WIA - Youth Activities (PY 03)	17.259	(A)	2,595,619
WIA - Youth Activities (PY 04)		(A)	3,481,187
WIA-Youth Administration		(A)	449,347
WIA - Youth Activities (SFY 05)		(A)	11,008
Total WIA - Youth			<u>6,537,161</u>
WIA - Dislocated Worker (PY 03)	17.260	(A)	288,324
WIA - Dislocated Worker (SFY 04)		(A)	1,409,938
WIA - Dislocated Worker (PY 04)		(A)	1,732,992
WIA - Dislocated Worker (SFY 05)		(A)	1,244,432
WIA-Dislocated Worker Administration		(A)	519,745
WIA - Dislocated Worker - Rapid Response (SFY 04)		(A)	3,264
WIA - Dislocated Worker - Rapid Response (SFY 05)		(A)	1,709,836
WIA - Dislocated Worker - National Emergency Grant		(A)	652,793
Total WIA - Dislocated Worker			<u>7,561,324</u>
Total Workforce Investment Act Cluster			<u>20,588,631</u>
Unemployment Insurance	17.225	(A)	<u>1,352,382</u>
Total Federal Assistance - United States Department of Labor			<u><u>\$21,941,013</u></u>

(A) Project number not known or not applicable.

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

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2005**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The Board passes-through certain Federal assistance received from Ohio Department of Job and Family Services to other governments. As described in Note A, the Board records expenditures of Federal awards to subrecipients when requested on the cash basis of accounting.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal Programs. Under Federal Circular A-133, the Board 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.

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Auditor of State Betty Montgomery

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

Area 7 Workforce Investment Board
Montgomery County
1111 S. Edwin C. Moses Blvd.
Dayton, OH 45408

To the Workforce Investment Board:

We have audited the financial statements of the governmental activity of Area 7 Workforce Investment Board (the Board) as of and for the fiscal year ended June 30, 2005, and have issued our report thereon dated May 24, 2006, wherein we noted that the Board implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. 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 Board's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Board's management dated May 24, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the Board's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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*. In a separate letter to the Board's management dated May 24, 2006, we reported other matters related to noncompliance we deemed immaterial.

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

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

Betty Montgomery
Auditor of State

May 24, 2006



Auditor of State Betty Montgomery

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

Area 7 Workforce Investment Board
Montgomery County
1111 S. Edwin C. Moses Blvd.
Dayton, OH 45408

To the Workforce Investment Board:

Compliance

We have audited the compliance of Area 7 Workforce Investment Board (the Board) 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 each of its major federal programs for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the Board's major federal programs. The Board'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 Board'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 Board'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 Board's compliance with those requirements.

In our opinion, the Board complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2005. In a separate letter to the Board's management dated May 24, 2006, we reported other matters related to federal noncompliance not requiring inclusion in this report.

Internal Control Over Compliance

The Board's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Board's internal control over compliance with 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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



Betty Montgomery
Auditor of State

May 24, 2006

**AREA 7 WORKFORCE INVESTMENT BOARD
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
FOR THE YEAR ENDED JUNE 30, 2005**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA's # 17.258, 17.259 & 17.260: WIA Cluster CFDA# 17.225: Unemployment Insurance
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 658,230 Type B: None
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



**Auditor of State
Betty Montgomery**

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AREA 7 WORKFORCE INVESTMENT BOARD

MONTGOMERY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 06, 2006**