

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2016

BARBARA A. MARTIN, INTERIM CFO



Dave Yost • Auditor of State

Board of Directors
Central Ohio Workforce Investment Corporation
1111 East Broad Street, Suite 201
Columbus, Ohio 43205-1303

We have reviewed the *Independent Auditor's Report* of the Central Ohio Workforce Investment Corporation, Franklin County, prepared by Julian & Grube, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Central Ohio Workforce Investment Corporation is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 28, 2016

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**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

TABLE OF CONTENTS

Independent Auditor's Report	1 - 2
Financial Statements:	
Statement of Net Position - Cash Basis	3
Statement of Activities - Cash Basis	4
Statement of Assets and Fund Balance - Cash Basis - Governmental Fund.....	5
Statement of Cash Receipts, Disbursements and Changes in Fund Balance - Cash Basis - Governmental Fund	6
Notes to the Financial Statements	7 - 13
Supplemental Information:	
Schedule of Expenditures of Federal Awards.....	14
Notes to the Schedule of Expenditures of Federal Awards	15
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	16 - 17
Independent Auditor's Report on Compliance With Requirements Applicable to The Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance	18 - 19
Schedule of Findings 2 CFR § 200.515	20

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Julian & Grube, Inc.

Serving Ohio Local Governments

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Independent Auditor's Report

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street, Suite 201
Columbus, Ohio 43205

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the governmental activities and the major fund of the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Central Ohio Workforce Investment Corporation's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis described in Note 2. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these cash-basis financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Central Ohio Workforce Investment Corporation's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Central Ohio Workforce Investment Corporation's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the cash-basis financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Central Ohio Workforce Investment Corporation, Franklin County, Ohio, as of June 30, 2016, and the respective changes in cash financial position thereof for the fiscal year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2016, on our consideration of the Central Ohio Workforce Investment 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Central Ohio Workforce Investment Corporation's internal control over financial reporting and compliance.



Julian & Grube, Inc.
October 28, 2016

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
June 30, 2016**

	<u>Governmental Activities</u>
Assets	
Cash	<u>\$ 1,171,983</u>
<i>Total Assets</i>	<u><u>\$ 1,171,983</u></u>
Net Position	
Restricted for:	
Workforce Services	\$1,168,815
Unrestricted	<u>3,168</u>
<i>Total Net Position</i>	<u><u>\$1,171,983</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, 2016**

	<u>Cash</u> <u>Disbursements</u>	<u>Program Receipts</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>Position</u> <u>Governmental</u> <u>Activities</u>
Governmental Activities			
Administration	\$ 292,259	\$ 380,952	\$ 88,693
Adult Services	782,713	642,524	(140,189)
WIOA Transition	3,424	-	(3,424)
Dislocated Worker Services	558,082	857,496	299,414
National Emergency Grant Services	134,365	203,817	69,452
Ohio Works Incentive Program	900,023	562,671	(337,352)
One Stop Services	194,516	182,851	(11,665)
Rapid Response Services	51,862	8,369	(43,493)
Summer Youth Works	1,437,277	1,181,361	(255,916)
Youth Services - In School	162,699	230,289	67,590
Youth Services - Out of School	866,954	1,224,690	357,736
Payroll and Benefits	2,782,431	2,406,315	(376,116)
Other Expenses	19,125	18,952	(173)
Total Governmental Activities	<u>\$ 8,185,730</u>	<u>\$ 7,900,287</u>	<u>\$ (285,443)</u>
General Receipts			
Unrestricted Contributions			3,500
<i>Total General Receipts</i>			<u>3,500</u>
Special Item			
Transfer of Operations			<u>(16,000)</u>
Change in Net Position			(297,943)
<i>Net Position Beginning of Year</i>			<u>1,469,926</u>
<i>Net Position End of Year</i>			<u>\$ 1,171,983</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, 2016**

	<u>Special Revenue</u>
Assets	
Cash	\$ 1,171,983
<i>Total Assets</i>	<u>\$ 1,171,983</u>
Fund Balances	
Restricted	
Reported in:	
Special Revenue Fund	\$ 1,168,815
Assigned	3,168
<i>Total Fund Balances</i>	<u>\$ 1,171,983</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, 2016**

	Special Revenue
Receipts	
WIA/WIOA Allocations	\$ 5,216,308
Intergovernmental Receipts	2,439,101
One Stop Contributions	244,878
Contributions	3,500
<i>Total Receipts</i>	7,903,787
Disbursements	
Administration	292,259
Adult Services	782,713
Ohio Works Incentive Program	900,023
Dislocated Worker Services	558,082
National Emergency Grant Services	134,365
One Stop Services	194,516
Rapid Response Services	51,862
Summer Youth Works	1,437,277
Youth Services - In School	162,699
Youth Services - Out of School	866,954
WIOA Transition	3,424
Payroll and Benefits	2,782,431
Other Expenses	19,125
<i>Total Disbursements</i>	8,185,730
<i>Deficiency of Receipts Under Disbursements</i>	(281,943)
Special Item	
<i>Transfer of Operations</i>	(16,000)
<i>Net Change in Fund Balance</i>	(297,943)
<i>Fund Balance Beginning of Year</i>	1,469,926
<i>Fund Balance End of Year</i>	\$ 1,171,983

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, 2016**

Note 1 – Reporting Entity

Central Ohio Workforce Investment Corporation (the Corporation) was established in 2004 as a 501(c)(3) 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 Innovation and Opportunity Act (WIOA) which became law on July 22, 2014 and superseded 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.

WIOA 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 Job and Family Services based on a formula. As the grant administrator, the Corporation is responsible for all federal compliance requirements applicable to the WIOA program. The Corporation may pass funding through to another entity to administer the grant (sub-recipients).

The Corporation carries out the purpose of the WIOA 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 WIOA is to provide workforce investment activities, through statewide and local workforce investment systems, that increase the employment, retention, and earnings of participants; and increase occupational skill attainment by participants and, as a result, improve the quality of the workforce, reduce welfare dependency, and enhance the productivity and competitiveness of the nation.

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

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2 C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

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 Position – Cash Basis and a Statement of Activities – Cash Basis, 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, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Government-Wide Financial Statements

The Statement of Net Position – Cash Basis presents the cash balance of the governmental activities of the Corporation at fiscal year-end. The Statement of Activities – Cash Basis 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

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 grants and contributions that are restricted to 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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(Continued)**

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's net position is 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 Postemployment Benefits

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 FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(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, 2016.

K. Net Position

Net position is 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 position is 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, 2016
(Continued)**

Note 2 – Summary of Significant Accounting Policies (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 classification could be used.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Corporation Directors and that are either unusual in nature or infrequent in occurrence. During 2016, the Corporation expensed \$16,000 in relation to the transfer of operations discussed in Note 9, which is considered a special item.

Note 3 – Deposits

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

Deposits

At June 30, 2016, the carrying amount of the Corporation's deposits was \$1,171,983 and the bank balance was \$1,669,455. Of the Corporation's bank balance, the initial \$250,000 was covered by the Federal Deposit Insurance Corporation and the remaining \$1,419,455 was collateralized and not exposed to custodial credit risk.

Custodial credit risk is the risk that, in the event of bank failure, the Corporation's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits.

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 2016, 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	\$900,000
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 / Inland Marine	2,500	500,000

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in coverage from the prior year.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(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 \$922,620 to pay lease costs for the year ended June 30, 2016. Future lease payments are as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2017	\$ 371,448

Note 7 – 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.

Note 8 – Related Party Transactions

<u>Company</u>	<u>Relationship</u>	<u>Amount</u>	<u>Service</u>
City of Columbus	Steve Campbell, Board Member	\$922,620	Facility Rent
IMPACT Community Action	Robert Chilton, Board Member	346,936	Program Services
Columbus Chamber of Commerce	Michael Dalby, Board Member	2,490	Administrative Services
Franklin County Department of Job & Family Services	Anthony Trotman, Board Member	345,037	Program Services
Workforce Development Board of Central Ohio, Inc.	Fiscal Agent	16,000	Membership Services
United Way of Central Ohio	Matt Kosanovich, Board Member	3,040	Employee Donations

Note 9 – Transfer of Operations

On May 3, 2016, the Central Ohio Workforce Investment Corporation (COWIC) transferred the assets and liabilities comprising a portion of its administrative services operations to the Workforce Development Board of Central Ohio, Inc. for the purpose of complying with new WIOA regulations. As a result of the transfer, COWIC recognized a loss of \$16,000 on the transfer of its operations as a special item.

Note 10 – Change in Accounting Principles

For fiscal year 2016, the Corporation has implemented GASB Statement No. 72, "*Fair Value Measurement and Application*", GASB Statement No. 73 "*Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*", GASB Statement No. 76, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and GASB Statement No. 79, "*Certain External Investment Pools and Pool Participants*".

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(Continued)**

Note 10 – Change in Accounting Principles (Continued)

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Corporation.

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Corporation.

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SUPPLEMENTAL INFORMATION

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**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

Federal Grantor			(C)	(A)
Pass Through Grantor	Pass Through/ Entity	Federal CFDA	Passed Through to	Cash Federal
Program Title	Number	Number	Subrecipient	Disbursements
U.S. DEPARTMENT OF LABOR				
Passed Through Ohio Department of Job and Family Services				
Workforce Investment Act (WIA) Cluster				
(B) Adult Administration - FY15	JFSCAF15	17.258	\$ -	\$ 72,651
(B) Adult Administration - FY16	JFSCAF16	17.258	-	182,361
(B) Adult Administration - PY15	JFSCAP15	17.258	-	15,606
(B) Adult Program - FY16	JFSCAF16	17.258	143,397	636,032
(B) Adult Program - PY15	JFSCAP15	17.258	44,451	149,971
(B) WIOA Transition	JFSFSW10	17.258	-	3,425
Total for Adult Program and Administration			187,848	1,060,046
(B) Youth Administration - PY14	JFSCYP14	17.259	-	180,961
(B) Youth Administration - PY14	JFSCYP15	17.259	-	212,434
(B) Youth Program - PY13	JFSFYP13	17.259	53,351	614,987
(B) Youth Program - PY14	JFSFYP14	17.259	526,244	956,749
Total for Youth Program and Administration			579,595	1,965,131
(B) Dislocated Worker Administration - FY15	JFSCDF15	17.278	-	10,836
(B) Dislocated Worker Administration - FY16	JFSCDF16	17.278	-	131,674
(B) Dislocated Worker Administration - PY15	JFSCDP15	17.278	-	23,945
(B) Dislocated Worker Program - PY15	JFSCDP15	17.278	30,237	215,505
(B) Dislocated Worker Program - FY15	JFSCDF15	17.278	34,306	76,865
(B) Dislocated Worker Program - FY16	JFSCDF16	17.278	235,383	742,579
(B) Rapid Response - PY15	JFSCDP15	17.278	4,100	42,927
(B) Rapid Response - FY15	JFSCDF15	17.278	-	44,909
Total for Dislocated Worker Program and Administration			304,026	1,289,240
Total Workforce Investment Act (WIA) Cluster			1,071,469	4,314,417
Workforce Investment Act (WIA) National Emergency Grants	JFSCND15	17.277	-	206,042
TOTAL U.S. DEPARTMENT OF LABOR			1,071,469	4,520,459
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through Ohio Department of Job and Family Services and Passed Through Franklin County Job and Family Services				
Temporary Assistance for Needy Families	20-1175160	93.558	293,089	1,111,134
Temporary Assistance for Needy Families - OWF MOU	JFSOLS15	93.558	-	1,061,790
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			293,089	2,172,924
Total			\$ 1,364,558	\$ 6,693,383

The accompanying notes are an integral part of this schedule.

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY
(UNAUDITED)**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Expenditures Schedule (the Schedule) reports the Central Ohio Workforce Investment Corporation's (the Corporation's) federal award programs' disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B – WIA/WIOA CLUSTER

These grants were included as part of the "WIA/WIOA Cluster" in determining major programs.

NOTE C – SUBRECIPIENTS

The Corporation passes certain federal awards received from various agencies to other government or not-for-profit agencies (subrecipients). As Note A describes, the Corporation reports expenditures of federal awards to subreipients when paid in cash. As a subrecipient, the Corporation has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions or contracts or grant agreements, and that subrecipients achieve the awards performance goals.

NOTE D – DE MINIMUS INDIRECT COST RATE

CFR Section 200.414 of the Uniform Guidance allows a non-federal entity that has never received a negotiated indirect cost rate to charge a de minimus rate of 10% of modified total direct costs to indirect costs. The Corporation has elected not to use the 10% de minimus indirect cost rate.



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's 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 in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities and the major fund of the Central Ohio Workforce Investment Corporation, Franklin County, as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Central Ohio Workforce Investment Corporation's basic financial statements and have issued our report thereon dated October 28, 2016, wherein we noted the Central Ohio Workforce Investment Corporation uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Central Ohio Workforce Investment Corporation's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Central Ohio Workforce Investment Corporation's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Central Ohio Workforce Investment Corporation's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Board of Directors
Central Ohio Workforce Investment Corporation

Compliance and Other Matters

As part of reasonably assuring whether the Central Ohio Workforce Investment 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, opining 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*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Central Ohio Workforce Investment Corporation's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Central Ohio Workforce Investment Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Julian & Grube, Inc.
October 28, 2016



Julian & Grube, Inc.
Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Auditor's Report on Compliance With Requirements Applicable
To The Major Federal Program and on Internal Control Over
Compliance Required by the Uniform Guidance**

Central Ohio Workforce Investment Corporation
Franklin County
1111 East Broad Street, Suite 201
Columbus, Ohio 43205

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Central Ohio Workforce Investment Corporation's compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Central Ohio Workforce Investment Corporation's major federal program for the fiscal year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Central Ohio Workforce Investment Corporation's major federal program.

Management's Responsibility

The Central Ohio Workforce Investment Corporation's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Central Ohio Workforce Investment Corporation's compliance for the Central Ohio Workforce Investment Corporation's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Central Ohio Workforce Investment Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Central Ohio Workforce Investment Corporation's major program. However, our audit does not provide a legal determination of the Central Ohio Workforce Investment Corporation's compliance.

Board of Directors
Central Ohio Workforce Investment Corporation

Opinion on the Major Federal Program

In our opinion, the Central Ohio Workforce Investment Corporation complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2016.

Report on Internal Control Over Compliance

The Central Ohio Workforce Investment Corporation's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Central Ohio Workforce Investment Corporation's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Central Ohio Workforce Investment 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's applicable 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



Julian & Grube, Inc.
October 28, 2016

**CENTRAL OHIO WORKFORCE INVESTMENT CORPORATION
FRANKLIN COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unmodified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Program's Compliance Opinion</i>	Unmodified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under 2 CFR §.516(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Program (listed):</i>	Workforce Investment Act (WIA) Cluster
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: \$750,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee under 2 CFR § 200.520?</i>	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None

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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
JANUARY 10, 2017**