



Dave Yost • Auditor of State

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY
JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position – Cash Basis – June 30, 2017	9
Statement of Activities – Cash Basis – For the Fiscal Year Ended June 30, 2017	10
Notes to the Basic Financial Statements	11
Schedule of Expenditures of Federal Awards.....	15
Notes to the Schedule of Expenditures of Federal Awards	16
Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Required By <i>Government Auditing Standards</i>	17
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	19
Schedule of Findings	21

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Area 7 Workforce Development Board
Montgomery County
1111 South Edwin C. Moses Boulevard
Dayton, Ohio 45422

To the Workforce Development Board:

Report on the Financial Statements

We have audited the accompanying cash-basis financial statements of the Area 7 Workforce Development Board, Montgomery County, Ohio (the Board), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board'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 Note 2 describes. 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 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 Board'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 Board's internal control. Accordingly, we express no such 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the Area 7 Workforce Development Board, Montgomery County, Ohio, as of June 30, 2017, and the change in cash financial position thereof for the 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 Information

We applied no procedures to management discussion & analysis as listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2018, 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. 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 Board's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2018

This page intentionally left blank.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)**

This discussion and analysis of the Area 7 Workforce Development Board's (the Board) financial performance provides an overall review of the Board's financial activities for the fiscal year ended June 30, 2017, within the limitations of the Board's cash basis of accounting. Readers should also review the basic financial statements and notes to the basic financial statements to enhance their understanding of the Board's financial performance.

Highlights

Key Highlights for 2017 are as follows:

- The Board's receipts are solely from support from Federal and State governmental agencies. The federal receipts are designated for employment and training related activities.
- The Board's total net position decreased by \$2,409,375; due to an outstanding reconciliation and closeout of PY07 thru FY12 grants with member counties (sub-recipients) which was resolved during this fiscal year ending June 30, 2017. All necessary collections from member counties that were over-advanced and payments to member counties that were under-advanced have been satisfied.
- The Board's program receipts decreased by \$2,764,813.
- The Board's program disbursements decreased by \$2,732,960.

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 Net Position – Cash Basis and Statement of Activities – Cash Basis provide information about the cash activities of the 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.

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.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)**

Reporting the Board as a Whole

The Statement of Net Position – Cash Basis and Statement of Activities – Cash Basis reflects how the Board did financially during 2017, within the limitations of the cash basis accounting. These two statements report the Board’s net position and changes in net position. The Statement of Activities – Cash Basis also presents the receipt and disbursement activity during 2017.

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, an increase or decrease 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 Board as a Whole

The Statement of Net Position – Cash Basis provides the perspective of the Board as a whole and Table 1 provides a summary of the Board’s net position for 2017 compared to 2016.

**Table 1
Statement of Net Position – Cash Basis**

	<u>2017</u>	<u>2016</u>
Assets:		
Cash	<u>\$49</u>	<u>\$2,409,424</u>
Net Position:		
Restricted:		
Grant Programs	<u>49</u>	<u>2,409,424</u>
Total Net Position	<u><u>\$49</u></u>	<u><u>\$2,409,424</u></u>

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)**

The Statement of Activities – Cash Basis provides the change in net position of the Board as a whole and Table 2 provides a summary of the Board’s financial activities during fiscal year 2017 as well as a comparative analysis of fiscal year 2016.

**Table 2
Statement of Activities – Cash Basis**

	<u>2017</u>	<u>2016</u>
Program Disbursements:		
Workforce Development:		
Adult Formula Program	\$4,838,421	\$6,986,576
Dislocated Worker Formula Program	4,998,356	6,111,190
Rapid Response Grants	397,712	501,745
Youth Formula Program	5,791,690	6,310,379
National Emergency Grants	1,731,971	135,601
Employment Service/Wagner-Peyser Activities	864,631	559,386
Temporary Assistance for Needy Families Ohio Works First	844,415	1,318,549
Industry Workforce Alliance Administration	110,737	586,869
	<u>1,592,516</u>	<u>1,393,114</u>
Total Program Disbursements	21,170,449	23,903,409
Program Receipts		
Workforce Development:		
Adult Formula Program	4,847,883	6,675,619
Dislocated Worker Formula Program	5,007,819	6,417,981
Rapid Response Grants	397,712	543,176
Youth Formula Program	5,666,872	6,532,578
National Emergency Grants	1,731,971	(117,921)
Employment Service/Wagner-Peyser Activities	826,213	568,704
Temporary Assistance for Needy Families Ohio Works First	990,661	1,298,049
Industry Workforce Alliance Administration	76,959	343,432
	<u>1,563,651</u>	<u>1,612,936</u>
Total Program Receipts	21,109,741	23,874,554
Other Financing Sources/(Uses)		
Investment Earnings/Interest	147	280
PY07 thru FY12 Reconciliation/Closeout	<u>(2,348,814)</u>	
Total Other Financing Sources/(Uses)	(2,348,667)	280
Increase(Decrease) in Net Position	<u>(\$2,409,375)</u>	<u>(\$28,575)</u>

Federal and State grants represent 100% of total program 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 the Board.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(UNAUDITED)
(Continued)**

Capital Assets

The Board does not own any capital assets. All capital assets used by the Board are owned by Montgomery County.

Debt

The Board has no debt obligations.

Contractual Obligations

The Board entered into a contract with Clark State Community College, for the period October 1, 2016 through September 30, 2017, at a cost of \$681,293, for continuation and maintenance of Board headquarters and administrative services.

The Board entered into a Memorandum of Understanding with Montgomery County, for the period July 1, 2016 through June 30, 2017, to provide fiscal agent and business driven services. This Memorandum of Understanding was established not to exceed \$124,170 for Montgomery County Auditor and Treasurer to provide financial processing and accountability services for Area 7 Workforce Development Board.

Contacting the Board's Financial Management

This financial report is designed to provide the Chief Elected Officials and the Workforce Development 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 the Chief Financial Officer, Area 7 Workforce Development Board, 1111 South Edwin C. Moses Blvd., Dayton, Ohio 45422, (937) 225-5590.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2017**

Assets:

Cash	\$ 49
Total Assets	<u>49</u>

Net Position:

Restricted:

Grant Programs	49
Total Net Position	<u>\$ 49</u>

See accompanying notes to the basic financial statements.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

Program Disbursements:

Workforce Development:

Adult Formula Program	\$ 4,838,421
Dislocated Worker Formula Program	4,998,356
Rapid Response Grants	397,712
Youth Formula Program	5,791,690
National Emergency Grants	1,731,971
Employment Service/Wagner-Peyser Activities	864,631
Temporary Assistance for Needy Families Ohio Works First	844,415
Industry Workforce Alliance	110,737
Administration	<u>1,592,516</u>
Total Program Disbursements	<u>21,170,449</u>

Program Receipts:

Operating Grants:

Adult Formula Program	4,847,883
Dislocated Worker Formula Program	5,007,819
Rapid Response Grants	397,712
Youth Formula Program	5,666,872
National Emergency Grants	1,731,971
Employment Service/Wagner-Peyser Activities	826,213
Temporary Assistance for Needy Families Ohio Works First	990,661
Industry Workforce Alliance	76,959
Administration	<u>1,563,651</u>
Total Program Receipts	<u>21,109,741</u>

Other Financing Sources/(Uses)

Investment Earnings/Interest	147
PY07 thru FY12 Reconciliation/Closeout	<u>(2,348,814)</u>
Total Other Financing Sources/(Uses)	<u>(2,348,667)</u>

Change in Net Position (2,409,375)

Net Position, Beginning of Year 2,409,424

Net Position, End of Year \$ 49

See accompanying notes to the basic financial statements.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

1. DESCRIPTION OF AREA 7 WORKFORCE DEVELOPMENT BOARD AND THE REPORTING ENTITY

A. Description of the Entity

The Workforce Innovation and Opportunity Act (WIOA) 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 Development Board (the Board) is designated as a local Workforce Development Area under WIOA 116 and its geopolitical span includes 43 counties. The grant recipient is the Ohio Area 7 Consortium of Chief Elected Officials (the Consortium) 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 WIOA 117, the consortium established a local Workforce Development Policy Board (WDB) to set policy for the local workforce development area system. The local board employs an Executive Director, Policy Director, Program Director and a secretary. The WDB staff perform administrative functions for the Board and are employees of Clark State Community College.

The grant recipient (the Consortium) designated Montgomery County Department of Job and Family Services (MCDJFS), an agency that is under the governance of the Montgomery County Board of Commissioners, as the Fiscal Agent for the Area 7 Workforce Development Board. The Fiscal Agent has responsibility to disburse funds to the participating sub-areas known as Sub-grantees at the direction of both the Consortium and the Board. Funds flow from the State to MCDJFS and are passed onto the 43 individual counties based on allocations established by the State. The individual counties have responsibility for the operation of the Adult, Dislocated Worker, Rapid Response, National Emergency Grants and Youth programs for their respective county.

Through a consortium process, the Area 7 Board has designated 2 comprehensive one-stop centers and 41 satellite one-stop offices throughout Area 7.

B. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations, 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 include Adult, Dislocated Worker, Rapid Response, Youth, National Emergency Grant, Employment Service/Wagner-Peyser Activities, Temporary Assistance for Needy Families Ohio Works First, Industry Workforce Alliance 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 DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

These financial statements are prepared using the cash basis of accounting.

The Statement of Net Position (cash basis), and the Statement of Activities (cash basis), display information about the Board as a whole. These statements include the financial activities of the Board. The Statement of Net Position (cash basis) presents the financial condition of the governmental activities of the Board at year-end. The Statement of Activities (cash basis) presents a comparison between program disbursements and operating grants for each program or function of the Board's governmental activities. Program disbursements are those that are specifically associated with a service, program or department and therefore, clearly identifiable to a particular function. Program receipts include grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. The comparison of program disbursements with program receipts 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 a fund accounting system 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 following 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.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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

The Board does not own any capital assets. All capital assets used by the Board are owned by Montgomery County.

D. Long-term Obligations

The Board did not have any long-term obligations.

3. 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 \$49. Montgomery County, 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.

4. RISK MANAGEMENT

For the year ended June 30, 2017 the Board maintained Commercial Insurance coverage for the following risks:

- Director, Officer, Trustee, and Organization Liability \$1,000,000;
- Employment Practicing Liability \$1,000,000;

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
(Continued)**

5. CONTRACTED SERVICES

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

6. CONTRACTUAL OBLIGATIONS

The Board entered into a contract with Clark State Community College, for the period October 1, 2016 through September 30, 2017, at a cost of \$681,293, for continuation and maintenance of Board headquarters and administrative services.

The Board entered into a Memorandum of Understanding with Montgomery County, for the period July 1, 2016 through June 30, 2017, to provide fiscal agent and business driven services. This Memorandum of Understanding was established not to exceed \$124,170 for Montgomery County Auditor and Treasurer to provide financial processing and accountability services for Area 7 Workforce Development Board.

7. 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, 2017 will not have a material adverse effect on the Board.

8. GRANT RECONCILIATION / CLOSEOUT

The Board sub-awarded to its member counties, federal awards received from the Ohio Department of Job and Family Services. Although these programs were administered at the County level, and closed out by ODJFS, the Board did not appropriately reconcile and close them out during program year 2007 through fiscal year 2012 (July 1, 2007 through June 30, 2012). The Board made payments and/or non-payments to the counties from various grant funds in the form of cash that were not consistent with the program expenditures of those grant funds during that time period. The Board since performed an in-depth reconciliation and closeout of all grant funds for that time period. The reconciliation and closeout of program year 2007 through fiscal year 2012 grants with member counties was resolved during the fiscal year ending June 30, 2017. All necessary collections from member counties that were over-advanced and payments to member counties that were under-advanced have been satisfied. These cash transactions are reflected in the Statement of Activities (cash basis) as PY07 thru FY12 Reconciliation/Closeout.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF LABOR				
<i>Passed Through Ohio Department of Job and Family Services</i>				
WIOA Cluster:				
WIOA - Adult Program:				
Adult Formula Program (SFY17)	17.258	G-1617-15-0181	\$2,356,271	\$2,356,271
Adult Formula Program Administrative (SFY17)	17.258	G-1617-15-0181		191,819
Adult Formula Program (SFY16)	17.258	G-1617-15-0181	2,452,782	2,452,782
Adult Formula Program Administrative (SFY16)	17.258	G-1617-15-0181	11,650	252,800
Adult Formula Program (SFY15)	17.258	G-1617-15-0181	15,618	15,618
Adult Formula Program Administrative (SFY15)	17.258	G-1617-15-0181	105	105
State Special Project Initiatives (SFY17)	17.258	G-1617-15-0181	13,750	13,750
Total WIOA - Adult Program			4,850,176	5,283,145
WIOA - Youth Activities:				
Youth Formula Program (SFY 17)	17.259	G-1617-15-0181	1,942,493	1,942,493
Youth Formula Program Administrative (SFY 17)	17.259	G-1617-15-0181		268,637
Youth Formula Program (SFY 16)	17.259	G-1617-15-0181	3,583,499	3,583,499
Youth Formula Program Administrative (SFY 16)	17.259	G-1617-15-0181	156,191	178,016
Youth Formula Program (SFY 15)	17.259	G-1617-15-0181	265,698	265,698
Total WIOA - Youth Activities			5,947,881	6,238,343
WIOA - Dislocated Worker Formula Grants:				
Dislocated Worker Formula Grants (SFY17)	17.278	G-1617-15-0181	1,376,544	1,376,544
Dislocated Worker Formula Administrative (SFY17)	17.278	G-1617-15-0181		222,153
Dislocated Worker Formula Grants (SFY16)	17.278	G-1617-15-0181	3,549,631	3,549,631
Dislocated Worker Formula Administrative (SFY16)	17.278	G-1617-15-0181	22,482	414,508
Dislocated Worker Formula Grants (SFY15)	17.278	G-1617-15-0181	72,181	72,181
Dislocated Worker Formula Administrative (SFY15)	17.278	G-1617-15-0181	811	811
Rapid Response (SFY17)	17.278	G-1617-15-0181	317,809	317,809
Rapid Response (SFY16)	17.278	G-1617-15-0181	79,903	79,903
Total WIOA - Dislocated Worker Formula Grants			5,419,361	6,033,540
Total WIOA Cluster			16,217,418	17,555,028
Incentive Grants - WIA Section 503:				
Industry Workforce Alliance (SFY16)	17.267	G-1617-15-0181	110,737	110,737
Total Incentive Grants - WIA Section 503 Grants			110,737	110,737
WIOA National Dislocated Worker Grants / WIA National Emergency Grants				
National Emergency Grant OH-28	17.277	G-1617-15-0181	1,707,511	1,731,971
Total WIOA National Dislocated Worker Grants / WIA National Emergency Grants			1,707,511	1,731,971
Employment Service Cluster:				
Employment Service/Wagner-Peyser Funded Activities (SFY17)	17.207	G-1617-15-0181	551,888	551,888
Employment Service/Wagner-Peyser Funded Activities (SFY16)	17.207	G-1617-15-0181	312,743	312,743
Total Employment Service Cluster			864,631	864,631
Total U.S. Department of Labor			18,900,297	20,262,367
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
<i>Passed Through Ohio Department of Job and Family Services</i>				
TANF Cluster:				
Ohio Works Incentive Program (SFY17)	93.558	G-1617-15-0181	426,500	426,500
Ohio Works Incentive Program (SFY16)	93.558	G-1617-15-0181	244,500	244,500
CCMEP TANF (SFY17)	93.558	G-1617-15-0181	183,415	183,415
CCMEP TANF Administration (SFY17)	93.558	G-1617-15-0181	44,986	53,667
Total TANF Cluster			899,401	908,082
Total U.S. Department of Health and Human Services			899,401	908,082
Total Expenditures of Federal Awards			\$19,799,698	\$21,170,449

The accompanying notes are an integral part of this schedule.

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Area 7 Workforce Development Board (the Board) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Board, it is not intended to and does not present the financial position or changes in net position of the Board.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on an cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Board has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C – SUBRECIPIENTS

The Board passes certain federal awards received from the Ohio Department of Job and Family Services to other governments (subrecipients). As Note B describes, the Board reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the Board has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D – PRIOR YEAR'S PROGRAM RECONCILIATIONS AND CASH CLOSE OUTS

The Board sub-awarded to its member counties, federal awards received from the Ohio Department of Job and Family Services. Although these programs were administered at the County level, and closed out by ODJFS, the Board did not appropriately reconcile and close them out during program year 2007 through fiscal year 2012 (July 1, 2007 through June 30, 2012). The Board made payments and/or non-payments to the counties from various grant funds in the form of cash that were not consistent with the program expenditures of those grant funds during that time period. The Board since performed an in-depth reconciliation and closeout of all grant funds for that time period. The reconciliation and closeout of program year 2007 through fiscal year 2012 grants with member counties was resolved during the fiscal year ending June 30, 2017. All necessary collections from member counties that were over-advanced and payments to member counties that were under-advanced have been satisfied. These cash transactions did not affect grant funds that were valid and open during the fiscal year ending June 30, 2017; Therefore, the transactions are not reflected in the accompanying Schedule but are reported in the Board's Basic Financial Statements.



Dave Yost • Auditor of State

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

Area 7 Workforce Development Board
Montgomery County
1111 South Edwin C. Moses Boulevard
Dayton, Ohio 45422

To the Workforce Development Board:

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 Area 7 Workforce Development Board, Montgomery County (the Board) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Board's basic financial statements and have issued our report thereon dated April 5, 2018, wherein we noted the Board 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 Board's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Board'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 Board'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.

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, 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 Board's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Board's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2018



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Area 7 Workforce Development Board
Montgomery County
1111 South Edwin C. Moses Boulevard
Dayton, Ohio 45422

To the Workforce Development Board:

Report on Compliance for Each Major Federal Program

We have audited Area 7 Workforce Development Board's (the Board) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of Area 7 Workforce Development Board's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Board's major federal programs.

Management's Responsibility

The Board'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 Board's compliance for each of the Board's major federal programs 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 Board'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 each of the Board's major federal programs. However, our audit does not provide a legal determination of the Board's compliance.

Opinion on Each Major Federal Program

In our opinion, Area 7 Workforce Development Board complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2017.

One First National Plaza, 130 W. Second St., Suite 2040, Dayton, Ohio 45402
Phone: 937-285-6677 or 800-443-9274 Fax: 937-285-6688
www.ohioauditor.gov

Report on Internal Control Over Compliance

The Board'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 Board'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 Board'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.



Dave Yost
Auditor of State
Columbus, Ohio

April 5, 2018

**AREA 7 WORKFORCE DEVELOPMENT BOARD
MONTGOMERY COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control 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 weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	WIOA Cluster Employment Service Cluster WIOA National Dislocated Worker Grants / WIA National Emergency Grants – CFDA #17.277
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR §200.520?	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.

This page intentionally left blank.



Dave Yost • Auditor of State

AREA 7 WORKFORCE DEVELOPMENT 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
MAY 15, 2018**