

Mahoning and Columbiana Training Association

Financial Statements

For the Year Ended June 30, 2010





# Dave Yost • Auditor of State

Board of Directors  
Mahoning and Columbiana Training Association  
9 West Front Street  
Youngstown, Ohio 44503-1431

We have reviewed the *Independent Auditors' Report* of the Mahoning and Columbiana Training Association, Mahoning County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2009 through June 30, 2010. 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 Mahoning and Columbiana Training Association is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

February 9, 2011

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MAHONING AND COLUMBIANA TRAINING ASSOCIATION  
AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2010

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## Independent Auditors' Report

Board of Directors  
Mahoning and Columbiana Training Association

I have audited the accompanying financial statements of the governmental activities and the major fund of the Mahoning Columbiana Training Association (MCTA) as of and for the year ended June 30, 2010, which collectively comprise the MCTA's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the MCTA's management. My responsibility is to express an opinion on these basic financial statements based on my audit.

I have conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the basic 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. I believe that my audit provides a reasonable basis for my opinions.

In my opinion, the 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 Mahoning and Columbiana Training Association as of June 30, 2010, and the respective changes in financial position for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated October 29, 2010 on my consideration of the Mahoning and Columbiana Training Association internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the accounting principles generally accepted in the United States of America. I have applied certain limited procedures, which consisted principally of inquiry of management regarding the methods of measurement and presentation of the supplementary information. However, I did not audit the information and express no opinion thereon.

My Audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the Mahoning and Columbiana Training Association basic financial statements. The accompanying Schedule of Expenditure of Federal Awards is presented for purposes of additional analysis and is not a required part of the basic financial statements. The Schedule of Expenditure of Federal Awards has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in my opinion, is fairly presented in all material respect in relation to the basic financial statements taken as a whole.

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Salvatore Consiglio, CPA, Inc.

October 29, 2010

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2010

Unaudited

The discussion and analysis of the Mahoning and Columbiana Training Association (MCTA) financial performance provides an overall review of the Association's financial activities for fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the Association's financial performance as a whole; readers are encouraged to consider the information presented here in conjunction with the additional information contained in the financial statements and the notes thereof. Director's message along with information regarding Area 17's projects and activities are included for the reader's information and appreciation of the excellent continuous improvement.

### **FINANCIAL HIGHLIGHTS**

Key Financial Highlights for the year ended June 30, 2010 are as follows:

- The assets of the Association exceeded its liabilities by \$231,824 a decrease of 8% from the prior year.
- The total net assets decreased by \$19,833 due to the depreciation and disposal of fixed assets exceeding purchases for PY 09.
- Area 17 One-Stop attained Gold Standard. Rated #1 in the State of Ohio.
- Area 17 One-Stop Business Services Team earned Business Services Team of the Year for the State of Ohio.
- M-7 Technologies earned the Employer of the Year award for the State of Ohio.
- Area 17 received a \$3,567,952 ARRA allocation. The 13% decreases in formula funding for PY09 from PY08 was off-set by ARRA funds that were available February 17, 2009 thru June 30, 2010. MCTA successfully expended all ARRA funds effectively and with full transparency and accountability. The ARRA funds include Adult, Youth, and Dislocated Worker funds, as well as, special projects funds – National Emergency Grant, Project HIRE, Business Resource Network, Waiting List Reduction, and Rapid Response.
- MCTA met or exceeded all WIA Performance Measures.
- MCTA was a Business Resource Network finalist in the Ohio Economic Development Association 2010 Excellence Awards.



Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2010

Unaudited

**USING THIS ANNUAL REPORT**

This discussion and analysis is intended to serve as an introduction to the Mahoning and Columbiana Training Association's basic financial statements. The Association's basic financial statements are comprised of three components: 1) government-wide statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the Association's finances on a full accrual basis of accounting, which is similar to a private-sector business. The statement of net assets present information on all of the Association's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating. The statement of activities presents information showing how the Association's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the Association that are principally supported by intergovernmental revenues (governmental activities). The governmental activities of the MCTA include the Workforce Investment Act activities for the following funding streams, administration, adult, dislocated workers, rapid response, youth, and other funding streams as available. There are no business-type activities reported for the MCTA.

Fund Financial Statements

The fund financial statements are used to report additional and detailed information about the Association. These statements focus on the major fund of the Association. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The MCTA, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only governmental fund of the MCTA is a special revenue fund.

Governmental Funds

The Association's basic services are reported in its governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified

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 Management's Discussion and Analysis  
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Governmental Funds (Continued)

accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Association's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Association's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation in the financial statements.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

**THE ASSOCIATION AS A WHOLE**

Government-Wide Financial Analysis

The financial statements include all organizations, activities and functions for which the MCTA is financially accountable. The accounts of MCTA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

The individual funds and account groups, which are used by MCTA, are classified as Governmental Funds: Special Revenue Funds – To account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

The analysis below focuses on the net assets (Table 1) and changes in net assets (Table 2) of the Association's governmental type activities.

Table 1 – Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
<b>Assets</b>		
Current and Other Assets	\$1,685,473	\$ 1,799,511
Capital Assets, Net	<u>20,471</u>	<u>15,275</u>
<b>Total Assets</b>	<b><u>\$1,705,944</u></b>	<b><u>\$ 1,814,786</u></b>

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Management's Discussion and Analysis  
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Table 1 – Net Assets (Continued)

<b>Liabilities</b>		
Current Liabilities	\$ 1,276,102	\$ 1,386,570
Non Current Liabilities	<u>198,018</u>	<u>176,559</u>
<b>Total Liabilities</b>	<b><u>\$ 1,474,120</u></b>	<b><u>\$ 1,563,129</u></b>
 <b>Net Assets</b>		
Invested in Capital Assets Net of Debt	\$ 20,471	\$ 15,275
Unrestricted Net Assets	<u>211,353</u>	<u>236,382</u>
<b>Total Net Assets</b>	<b><u>\$ 231,824</u></b>	<b><u>\$ 251,657</u></b>

Table 2 – Changes in Net Assets

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Total Revenues	\$ 9,281,396	\$ 6,060,701
Total Expenses	<u>9,301,229</u>	<u>6,093,105</u>
<b>Increase (Decrease) in Net Assets</b>	<b><u>\$ (19,833)</u></b>	<b><u>\$ (32,404)</u></b>

Governmental Program Revenues equaled expenses from governmental activities for the period. Grant Revenue is not recognized as earned until the expenditure has occurred.

**THE ASSOCIATIONS FUNDS**

As noted earlier, the MCTA uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the MCTA governmental funds is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing MCTA's requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Association's governmental fund reported an ending fund balance of \$231,824. As MCTA only has one governmental fund, the analysis from a fund perspective is similar to the analysis already presented on a government-wide basis, exclusive of generally accepted accounting differences between the two sets of statements which is the recording of capital assets.

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**SPECIAL REVENUE FUND BUDGETARY HIGHLIGHTS**

The MCTA's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2010. MCTA's primary funding source is federal and state grants, which have grant periods that may or may not coincide with the Agency's fiscal year. Due to the nature of MCTA's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

MCTA's annual budget differs from that of a local government in two respects. First the uncertain nature of grant awards from other entities and second conversion of grant budgets to a fiscal year basis. The resultant annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget and expected grant awards which fail to materialize.

The MCTA's annual budget for the Special Revenue funds are reviewed and approved by the Executive Board.

Actual revenues and expenses for fiscal year 2010 were well within budgeted levels and consistent with previous periods. As the fiduciary agent of taxpayer funds, MCTA diligently searches for new and more efficient methods to reduce and/or contain operating expenses. MCTA's goal continues to be to serve the maximum customers with the allocations available.

**CAPTIAL ASSET AND DEBT ADMINISTRATION**

Capital Assets

At June 30, 2010, the Association had \$20,471 invested in capital assets as reflected in the following table, which represents a net increase of \$5,196 from the previous period.

Table 3 – Capital Assets at Year-end (Net of Depreciation)

	<u>June 30, 2010</u>	<u>June 30, 2009</u>
Equipment and Furniture	\$ 20,471	\$ 15,275
<b>Total Capital Assets</b>	<b>\$ 20,471</b>	<b>\$ 15,275</b>

See Note 5 for additional information on capital assets.

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Management's Discussion and Analysis  
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Debt

The MCTA has no debt for the year ended June 30, 2010.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS**

Significant economic factors affecting the Association are as follows:

- Federal Workforce Investment Act funding through the U.S. Department of Labor
- National, State and Local Unemployment rates
- National, State and Local Poverty and Income Levels
- Inflationary pressure on training, services, supplies and other program and operational costs.

MCTA's program allocations are calculated by Ohio Department of Job & Family Services (ODJFS) based on a formula specified in the Workforce Investment Act. This formula considers various economic factors including income levels and unemployment rates. During the period of this report, Mahoning and Columbiana counties saw unusually high levels of unemployment as a result of large worker dislocations from company shutdowns, particularly in traditional manufacturing sectors.

**DIRECTOR'S MESSAGE**

Program Year 2009 presented both an extraordinary opportunity and challenge for MCTA and the national workforce system as a whole. The enactment of the American Recovery and Reinvestment Act (ARRA) on February 17, 2009 required the workforce system to stimulate the economy through a rapid expansion of existing capacity and the development of innovative service strategies to significantly increase the number of customers served. Further, the additional funding was to be expended quickly, efficiently and under total transparency while working within the guidelines and regulations of the Workforce Investment Act (WIA).

While this would be a challenging undertaking for any organization, the tactic taken by MCTA management was to focus on the opportunity rather than the challenge. A proactive approach was rapidly implemented to address the need for additional capacity, additional reporting requirements and implementation of waivers in the WIA legislation. The agency provided a high level of service to the Adult, Youth and Dislocated Worker populations by expanding hours of operation, increasing the efficiency of our service delivery model and utilizing additional contract staffing in the areas of most need. The increase in staffing (12 percent) resulted in more than a 100 percent return on investment as the number of customers enrolled in training more than doubled. In addition, MCTA

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**DIRECTOR'S MESSAGE (Continued)**

was able to maintain momentum in moving forward our Business Resource Network and Oh-Penn Interstate Regional initiative that continue to complement our overall delivery and quality of services.

Strategic planning, effective management and excellent customer service from all MCTA staff were key factors in our success to providing expanded services to Adults, Youth and Dislocated workers during PY09. All these factors will play a vital role in the continued success of the agency during PY10 as MCTA faces the loss of ARRA funding, potential reductions in formula dollars and a continued high level of customer need.

Ultimately, the state's recognition of Area 17's Workforce Investment Board as the most effective in Ohio for the third consecutive year provides validation that the overall direction of the agency coupled with an excellent service delivery system continues to be a model for the state.

Again, all MCTA staff should take great pride in the accomplishments of the agency. MCTA remains a recognized leader in workforce development initiatives. By staying consistent with our "continuous improvement" philosophy, I am confident we will continue to be able to meet the challenge and will continue to realize success in PY10

**PROGRAM UPDATE**

Adult/Dislocated Worker Services

Continuing the increase in demand experienced in PY08 because of the huge number of job losses and the addition of America Recovery and Reinvestment Act (ARRA) training funds, the number of Individual Training Accounts tripled and On-the-Job Training contracts increased more than ten-fold.

With little improvement in the job market and extended unemployment benefits, many customers opted for longer training programs. University enrollment made up 27 percent of the ITAs, a significant jump from a more typical rate of approximately 12 percent the previous year.

In order to maximize training dollars, each Trade Adjustment Act customer was co-enrolled in WIA as part of the WIA/Trade Integration pilot.

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**On the Job Training/Project Hire**

During PY09, MCTA expended \$122,298.84 for On-the-Job Training (OJT) contracts, one percent of MCTA's total budget. Twenty-six Mahoning and Columbiana County companies entered into contracts for Workforce Investment Act-funded OJTs. Those 26 contracts covered 84 worker training plans, with 43 funded under WIA Dislocated Worker and 41 funded through WIA Adult.

Another 50 OJTs were funded under the state's Project HIRE program that was part of the American Recover and Reinvestment Act. The value of Project HIRE was recognized early on with WFMJ-TV devoting an hour-long prime time program to explain and promote the ARRA funded program that encouraged hiring of the unemployed. In addition a marketing effort was launched utilizing The Business Journal's daily video newscast, the Daily Buzz.

PY09's OJT activity compares favorably with the previous program year when only eight OJT contracts were executed. OJTs reimburse employers up to 50% of wages during the training period of new hired employees who are either dislocated or income-eligible.

**Youth Services**

**Mahoning County**

The In-school program had 38 high school graduates during the year with 27 continuing their education at universities, colleges and technical schools. Two youth retained employment following the summer work experience program. Of the youth who completed work-readiness training in Project Paycheck – a service of the Burdman Group Inc. - five obtained employment, two are attending college and one is currently enrolled in technical school. Twelve youth completed training programs this year with eight employed in their career field of interest and three are continuing their education.

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The BESTWAY Program for out-of-school youth provides a half-day of GED prep and a half-day of work experience. Two graduates are attending YSU, and one was offered employment through the Work Experience Program. Nine youth graduated from post-secondary education programs and are now working in their field of interest.

**Columbiana County**

During the program year, 12 youth received high school diplomas, two graduated from post secondary education and 16 were enrolled in post-secondary education. Forty-nine completed the summer employment program, June 21, 2010 to August 13, 2010. Three youth were hired as a result of this work experience. The youth staff continues to maintain a satellite office at Kent State University-East Liverpool Campus two days each week to better serve youth in the southern part of the county. The staff is also in the process of redesigning the youth program to more closely parallel the Mahoning County program.

**ONE-STOP WORKFORCE SYSTEM**

As the economy continued its downward slide, One-Stop traffic rose and demand for services climbed. With jobs scarce and American Recovery and Reinvestment Act (ARRA) funds available, an increasing number of customers were interested in training. Career exploration and labor market information workshops, testing and remediation services were increased 400 percent to meet the demand. Hours were expanded and additional contract staff helped manage the increased customer demand.

Even with the increased traffic, customer satisfaction remained consistently high during the year. The Oakhill One-Stop satellite within the City of Youngstown opened and Columbiana County Express Sites were expanded into libraries in surrounding border counties. Traffic was quickly built at the Oakhill satellite that is located in the same



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Management's Discussion and Analysis  
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**ONE-STOP WORKFORCE SYSTEM (Continued)**

building as the Mahoning County Department of Job & Family Services and on a main bus route.

While demand from both Mahoning and Columbiana County job seekers for services continued at high levels as calendar year 2010 began an upturn in demand for services from employers seeking workers emerged. Building on positive announcements by General Motors and V&M Star, local companies approached the Business Services Team to find qualified employees. The One-Stop is involved in the hiring process for approximately 250 workers V&M Star will hire for its new pipe mill.

On August 20, Governor Ted Strickland and U.S. Representative Charlie Wilson toured the Mahoning County One-Stop and learned first-hand how the ARRA funds were being used to improve the local workforce. They also met with customers who benefitted from ARRA training dollars.

**Gold Standard**

In the rush to expand capacity, the One-Stop Workforce System did not sacrifice quality. Area 17 One-Stop System achieved Gold in Ohio's Gold Standard certification and quality assurance program with the highest score in the State of Ohio.

Among the critical success factors that contributed to Area 17's high performance was the strong business involvement in the Workforce Investment Board. The leadership provided by the Area 17 WIB led to the creation of a robust business planning process, several balanced scorecards to monitor progress, a model business services approach through the Business Resource Network and the Oh-Penn Interstate Region.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
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**Gold Standard (Continued)**

Evaluators also noted a high community profile as “a strength” of the Area 17 One-Stop Workforce System with extensive outreach efforts, including efforts to leverage funding such as the Oh-Penn Job Expo and coordination with Area 18 (Trumbull County) to use a common logo and web site. The One-Stop received extensive media coverage throughout the year and MCTA staff members were frequently called to comment on stories.

The breadth of services offered to job seekers and the high level of One-Stop partner integration was recognized, with specific mention of the OneFlow online case management system and the Common Assessment and Eligibility process for coordinating customer access to multiple partner funding streams. Also cited in the review was staff competency, which was enhanced through regular partner cross trainings and the bi-monthly publication distributed to One-Stop Partners, *The Connection*.

Job seeker customer satisfaction remained consistently high during the year, even with the increased traffic due to the economic downturn and the availability of American Recovery and Reinvestment Act training funds. One-Stop Business Services received high marks because of involvement with economic development and the repeat use of the One-Stop by employers.

As part of the Gold Standard program facilities and services were reviewed, observed, surveyed, mystery shopped and analyzed for quality of services and operations.

**PROJECT AND ACTIVITY UPDATE**

The Oh-Penn Interstate Region was invited to propose to the Walmart Foundation and was ultimately one of only seven grantees nationwide. The award of \$550,000 enabled efforts to implement the Region's strategic plan, expand the Business Resource Network into Mercer and Lawrence Counties and expand the WorkKeys® program systematically into Trumbull, Mahoning and Columbiana Counties. The five counties also joined efforts

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**PROJECT AND ACTIVITY UPDATE (Continued)**

to host the Oh-Penn Interstate Region Job Expo 2009, which attracted 5,000 job seekers. The Oh-Penn region continued to be recognized as a best practice for regionalization of workforce development efforts by both states as well as the U.S. Department of Labor regional offices in Chicago and Philadelphia. The effort has also spawned additional interstate initiatives in the regions of Ohio/Kentucky and Pennsylvania/New York/West Virginia.

**Business Resource Network**

The number of Business Resource Network partners increased to 39 during the year and the new improved website ([www.thebrn.net](http://www.thebrn.net)) was launched. The BRN roll-out in Lawrence and Mercer Counties in Pennsylvania was initiated in March 2010 with the award of a \$550,000 Walmart Foundation —America Works grant. In April, a Columbus-based research organization, Community Research Partners, cited the BRN as one of five workforce initiatives that “could be brought to scale and serve as models for statewide programs.”

The BRN is a collaboration of the regions chambers of commerce, workforce training organizations, schools, colleges and universities and government agencies that offer business services. In its second year, 62 company interviews and 40 proposals were completed. The ongoing Customer Satisfaction Survey continues to show that clients are not only satisfied with the BRN process but also pleased with the services offered that include; grants, loans, employee training and technical assistance.

**NEO HealthForce**

Due to the collaborative foundation laid by NEO HealthForce, the region was awarded a \$1.45 million grant to assist local physicians with electronic health record

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**NEO HealthForce (Continued)**

implementation. NEO HealthConnect, a spin-off 501©(3), was formed to administer the grant and other related efforts. In partnership with the OH WOW! Roger and Gloria Jones Children's Center for Science and Technology and the Eastern Ohio Area Health Education Center, the NEO HealthForce Recruitment Team created Project STAT (Start Teaching Adolescents Today) to meet common goals of exposing youth to healthcare and other STEM-related careers. The team created traveling healthy behaviors displays and conducted presentations at area schools. NEO HealthForce worked with the Ohio Skills Bank to update the healthcare pathways documents. The NEO HealthForce Health Career Workshops continued throughout the year, informing hundreds of individuals in the region about career opportunities in the health services industry and highlighting career pathways.

**CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customer and creditors with a general overview of the Association's finances and to show the Association's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Mahoning and Columbiana Training Association, Attention: Chief Financial Officer, at 9 W. Front Street, Youngstown, OH 44503.

Mahoning and Columbiana Training Association  
STATEMENT OF NET ASSETS  
June 30, 2010

	Governmental Activities
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 771,070
Account Receivable	50,447
Intergovernmental Receivable	783,197
Prepaid Expenses	80,759
Capital Assets, Net	20,471
 Total Assets	 \$ 1,705,944
<b>LIABILITIES</b>	
Current Liabilities:	
Accounts Payable	\$ 211,777
Accrued Wages and Benefits	362,354
Deferred Grant Revenue	701,971
 Total Current Liabilities	 1,276,102
Noncurrent Liabilities:	
Accrued Compensated Absences	198,018
 Total Noncurrent Liabilities	 198,018
 Total Liabilities	 \$ 1,474,120
<b>NET ASSETS</b>	
Investment in Capital Assets	\$ 20,471
Unrestricted Net Assets	211,353
 Total Net Assets	 \$ 231,824

The accompanying notes to the basic financial statements are an integral part of these statements.

Mahoning and Columbiana Training Association  
 STATEMENT OF ACTIVITIES  
 For the Year Ended June 30, 2010

	<u>Expenses</u>	<u>Program Revenue Operating Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes In Net Assets Governmental Activities</u>
Governmental Activities:			
Employment and Training Program Costs	\$ 9,301,229	\$ 9,281,396	\$ (19,833)
 Total Governmental Activities	 <u>9,301,229</u>	 <u>9,281,396</u>	 <u>(19,833)</u>
		Changes in Net Assets	(19,833)
		Net Assets Beginning of Year	<u>251,657</u>
		Net Assets End of Year	<u>\$ 231,824</u>

The accompanying notes to the basic financial statements are an integral part of these statements.

Mahoning and Columbiana Training Association  
BALANCE SHEET - GOVERNMENTAL FUND  
June 30, 2010

		Special Revenue
<b>ASSETS</b>		
Equity in Cash and Cash Equivalents	\$	771,070
Account Receivable		50,447
Intergovernmental Receivable		783,197
Prepaid Expenses		80,759
Total Assets	\$	1,685,473
<b>LIABILITIES</b>		
Accounts Payable	\$	211,777
Accrued Wages and Benefits		362,354
Deferred Grant Revenue		701,971
Total Liabilities		1,276,102
<b>FUND BALANCE</b>		
Unrestricted Fund Balance		409,371
Total Fund Balance		409,371
Total Liabilities and Fund Balance	\$	1,685,473

The accompanying notes to the basic financial statements are an integral part of these statements.

Mahoning and Columbiana Training Association  
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
June 30, 2010

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Total Governmental Fund Balances	\$ 409,371
<b>Amount reported for governmental activities in the statement of net assets are different because:</b>	
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental funds	(198,018)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>20,471</u>
Net Assets of Governmental Activities	<u>\$ 231,824</u>

The accompanying notes to the basic financial statements are an integral part of these statements.



Mahoning and Columbiana Training Association  
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGE IN FUND BALANCE  
GOVERNMENTAL FUND  
For the Year Ended June 30, 2010

	Special Revenue
<b>REVENUE</b>	
Intergovernmental Revenue	\$ <u>9,281,396</u>
Total Revenue	<u>9,281,396</u>
 <b>EXPENDITURES</b>	
Human Services:	
Employment and Training Program	<u>9,284,966</u>
Total Expenses	<u>9,284,966</u>
Net Change in Fund Balance	(3,570)
Fund Balance Beginning of Year	<u>412,941</u>
Fund Balance at End of Year	\$ <u><u>409,371</u></u>

The accompanying notes to the basic financial statements are an integral part of these statements.

Mahoning and Columbiana Training Association  
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES  
AND CHANGE IN FUND BALANCE OF GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2010

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Net Change in Fund Balance - Total Governmental Funds	\$ (3,570)
Amount reported for governmental activities in the statement of activities are different because:	
Some expenses reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds:	
Compensated Absences	(21,459)
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful life as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period plus loss on disposal of asset	<u>5,196</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (19,833)</u></u>

The accompanying notes to the basic financial statements are an integral part of these statements.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 1: REPORTING ENTITY

On August 7, 1998, President Clinton signed the Workforce Investment Act of 1998 (WIA), comprehensive reform legislation that superseded the Job Training Partnership Act (JTPA) and amends the Wagner-Peyser Act. WIA reforms Federal job training programs and creates a new, comprehensive workforce investment system. The system is intended to be customer-focused, to help Americans access the tools they need to manage their careers through information and high quality services, and to help U.S. companies find skilled workers.

The State of Ohio Department of Job and Family Services is the State Agency designated as the State Workforce Investment Board to oversee the state plan in implementing the WIA program. The Governor designated Mahoning County and Columbiana County as a single service delivery area to serve economically disadvantaged individuals and individuals facing barriers to employment. The chief elected officials of Mahoning and Columbiana Counties have established the Mahoning and Columbiana Training Association (MCTA) to develop and implement programs under the Workforce Investment Act. Any liabilities incurred by the programs are ultimately the responsibility of the county commissioners.

Mahoning and Columbiana Training Association is a Regional Council of Governments consisting of Mahoning and Columbiana Counties.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the financial statements of MCTA.

Basis of Presentation

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all MCTA, activities and functions for which the MCTA is financially accountable. This report includes all activities considered by management to be part of the MCTA by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity. It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

body and either it is able to impose its will on those organizations or there is a potential for the organizations to provide specific financial benefits to, or to impose specific financial burdens on, the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on organizations if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organizations. A financial benefit or burden relationship exists if the primary government a) is entitled to the organization's resources; b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organizations; or c) is obligated in some manner for the debt of the organizations.

Management believes the financial statements included in this report represent all of the funds of the MCTA over which the MCTA is financially accountable.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the organization as a whole. These statements include the financial activities of the primary government. All activities of the MCTA are governmental activities.

The statement of net assets presents the financial condition of the governmental activities of the MCTA at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the MCTA's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the MCTA, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the MCTA.

***Fund Financial Statements***

Fund financial statements report detailed information about the organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. MCTA has only one fund which is major.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

**Fund Accounting**

The financial reporting practices of MCTA conform to accounting principles generally accepted in the United States of America as applicable to local governments.

The accounts of MCTA are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues, and expenses.

MCTA major governmental fund is:

Special Revenue Funds – This fund accounts for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

C. Measurement Focus and Basis of Accounting

***Government-wide Financial Statements***

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the MCTA are included on the Statement of Net Assets.

***Fund Financial Statements***

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

***Revenues - Exchange and Non-exchange Transactions***

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. For the MCTA, available means expected to be received within 60 days of fiscal year end.

Non-exchange transactions, in which the MCTA receives value without directly giving equal value in return, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the MCTA must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the MCTA on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources such as grants and investment earnings are considered to be both measurable and available at fiscal year end.

***Deferred Revenue***

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that will not be collected with the available period have also been reported as deferred revenue.

***Expenses/Expenditures***

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation, are not recognized in governmental funds.

E. Capital Assets

Capital Assets include furniture, fixtures, and equipment purchased by MCTA. At the time of purchase, such assets are recorded as expenditures in the Governmental Funds.

These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported on the fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The MCTA capitalization policy is to depreciate all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more per unit. Depreciation is computed using the straight-line method over the estimated useful life of three to ten years.

F. Budgetary Process

MCTA annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30th.

MCTA primary funding source is federal and state grants, which have grant periods that may or may not coincide with the agency's fiscal year. These grants normally are for a twenty-four month period, with a fiscal year ending June 30th.

Due to the nature of MCTA's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. MCTA's annual budget differs from that of a local government in two respects:

- 1) The uncertain nature of grant awards from other entities
- 2) Conversion of grant budgets to a fiscal year basis

The resultant annual budget is subject to constant change within the fiscal year due to:

- ◆ Increases/decreases in actual grant awards from those estimated;
- ◆ Changes in grant periods;
- ◆ Unanticipated grant awards not included in the budget; and
- ◆ Expected grant awards, which fail to materialize.

The Executive Board formally approved the annual budget, but greater emphasis is placed on complying with the grant budget, terms and conditions on a grant-by-grant basis. These terms and conditions usually specify the period during which costs may be incurred and outline budget restrictions or allowances.

Although the annual budget for the Special Revenue funds is reviewed and approved by the Executive Board, it is not a legally adopted budget.

G. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Cash and Cash Equivalents

To improve cash management, all cash received by the MCTA is pooled in a central bank account. Monies for all funds are maintained in the account or temporarily used to purchase short term investments. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the MCTA are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

J. Fund Balance Designation

Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the MCTA or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The MCTA applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes classify monies held by the MCTA into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the MCTA treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.



Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of MCTA deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by collateral held by MCTA or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

At fiscal year end, the carrying amount of the MCTA deposits was \$771,070 and the bank balance was \$860,823. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2010, \$610,823 was exposed to custodial risk as discussed below, while \$250,000 was covered by the federal deposit insurance.

Custodial credit risk is the risk that in the event of bank failure, the Authority will not be able to recover the deposits. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at the Federal Reserve Banks or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Authority.

Investments – MCTA had no investments as of June 30, 2010.

NOTE 4: DEFERRED GRANT REVENUE

As part of year end process with Ohio Department of Job and Family Service is to perform a reconciliation to identify for each grant how much funds were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2010 was an over advance of \$701,971. This money was reflected as deferred grant revenue and will be expended in following fiscal year:

Mahoning and Columbiana Training Association  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2010

NOTE 4: DEFERRED GRANT REVENUE (Continued)

Administration	\$2,980
Dislocated Worker	655,151
ODJFS One-Stop	7,404
Project HIRE - Stimulus	15,135
National Emergency Grant	<u>21,301</u>
 Total Due to ODJFS	 <u><u>\$701,971</u></u>

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2010, follows:

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Equipment, furniture, and fixtures	\$ 416,183	\$ 9,328	\$ (70,795)	\$ 354,716
Accumulated Depreciation	<u>(400,908)</u>	<u>(4,132)</u>	<u>70,795</u>	<u>(334,245)</u>
 Total	 <u><u>\$ 15,275</u></u>	 <u><u>\$ 5,196</u></u>	 <u><u>\$ 0</u></u>	 <u><u>\$ 20,471</u></u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

All full-time employees of MCTA participate in the Ohio Public Employees Retirement System (OPERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. OPERS provide basic retirement, disability and survivor benefits, based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or (800) 222-PERS.

Ohio Public Employees Retirement System administers three separate pension plans as described below:

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.
2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Effective January 1, 2009, plan members are required to contribute 10 percent of their annual covered salary to fund pension obligations. The contribution rate for 2010 and 2009 was 14.0 percent of covered payroll. The contribution rates are determined actuarially. The MCTA required contributions to OPERS for the years ended June 30, 2010, 2009, and 2008 were \$249,445, \$225,365, and \$214,846, respectively. These costs have been charged to the employee fringe benefit account. All required contributions have been paid.

NOTE 7: POST-EMPLOYMENT BENEFITS

A. Plan Description

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan - a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan - a defined contribution plan; and the Combined Plan - a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 1-800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010 and 2009, the Authority contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2010 and 2009, the employer contribution allocated to the health care plan was 5.50 percent of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Actual Authority contributions for the year ended June 30, 2010, which were used to fund post-employment benefits were \$97,996.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007, and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 8: COMPENSATED ABSENCES

All full-time employees of MCTA earn vacation and sick leave at varying rates depending on length of service. All accumulated, unused vacation time is paid upon separation if the employee has at least one year of service with MCTA. The following schedule details earned vacation leave based on length of service:

Mahoning and Columbiana Training Association  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2010

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NOTE 8: COMPENSATED ABSENCES (Continued)

Years of Employment	Vacation Leave
1 – 7 years	80 hours
8 – 14 years	120 hours
15 – 24 years	160 hours
25+ years	200 hours

The employee shall take vacation leave during the year in which it accrued and prior to the next recurrence of the anniversary date of employment. No vacation leave shall be carried over for more than three years.

Full-time employees earn 4.62 hours of sick leave per each completed 80 hours of service. There are no limits set on the amount of sick leave hours that can be accumulated. All full-time employees are paid for unused sick hours upon termination of employment according to the following:

Years of Employment	Amount Paid	Maximum Payable
Less than 5 years	None	None
5 – 7 years	50%	30 days
8+ years	50%	180 days

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences*, vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

Sick leave is accrued using the vesting method, whereby the liability is recorded on the basis of leave accumulated by employees who are eligible to receive termination payments as of the balance sheet date, and on leave balances accumulated by other employees who are expected to become eligible in the future to receive such payments.

As of June 30, 2010, the liability for unpaid, compensated absences was \$198,018 for MCTA and following is the summary of change:

Mahoning and Columbiana Training Association  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2010

NOTE 8: COMPENSATED ABSENCES (Continued)

	Balance 6/30/09	Additions	Deletions	Balance 6/30/10
Compensated Leave Liability Amount	\$ 176,559	\$ 283,066	\$ (261,607)	\$ 198,018
Total	\$ 176,559	\$ 283,066	\$ (261,607)	\$ 198,018

The entire compensated leave liability amount was reported as noncurrent liability.

NOTE 9: QUESTIONED OR DISALLOWED COSTS

There are no expenditures recommended for disallowance. Costs recommended for disallowance are those involving expenditures for which existing documentary evidence leads the auditor to conclude that the expenditures were in violation of legislative or regulatory requirements. These costs are disallowed by the Grantor unless the grantee is able to convince the Grantor that they were made in accordance with legal or regulatory requirements.

There are no expenditures listed as questionable. Questionable costs are those involving the lack of or inadequacy of documentary support. Findings containing questionable costs do not necessarily mean that the costs were for improper purposes; but there was insufficient documentary evidence to allow a determination of their eligibility.

NOTE 10: INSURANCE AND RISK MANAGEMENT

MCTA 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 2009 and 2010, MCTA contracted with several companies for various types of insurance as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Deductible</u>
Cincinnati Insurance Company	General Liability	\$ 500.00
Reliastar Life Insurance Company	Blanket Accident Policy	\$ 0.00
Cincinnati Insurance Company	Blanket Employee Bond	\$ 0.00

MCTA pays the State Worker's Compensation system a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

MCTA continued to carry commercial insurance for other risks of loss, including employee health and life insurance. Settled claims resulting from the above noted risk have not exceeded commercial insurance coverage in any of the past three fiscal years.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010

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NOTE 11: OPERATING LEASE

MCTA has entered into various operating leases for office space and the One-Stop operation, which contain cancellation provisions and are subject to annual appropriations. Rental expense under these operating lease agreements was approximately \$229,171 for the year ended June 30, 2010.

NOTE 12: NOTE TO SCHEDULE OF EXPENDITURES FEDERAL AWARDS

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the MCTA federal awards programs. The schedule has been prepared on the accrual basis of accounting.

NOTE 13: CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2010, MCTA implemented GASB Statement No. 51, Accounting and Reporting for Intangible Assets, GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, GASB Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments, GASB Statement No. 56, Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards, and GASB Statement No. 58, Accounting and Financial Reporting for Chapter 9 Bankruptcies.

The implementation of GASB Statements No. 51, No. 54, No. 55, No. 56, and No. 58 did not affect the presentation of the financial statements of MCTA.

Mahoning and Columbiana Training Association  
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARD  
 For the Year Ended June 30, 2010

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorough Entity Number	Expenditure
<b>U.S. Department of Labor:</b>			
<b>Pass-Through Program From:</b>			
Ohio Department of Job and Family Services			
Workforce Investment Act (Cluster)			
WIA Adult	17.258	(A)	\$ 1,427,815
ARRA Adult	17.258	(A)	565,919
WIA Adult - Administration	17.258	(A)	91,601
ARRA Adult - Administration	17.258	(A)	32,194
Total WIA Adult (17.258)			<u>2,117,529</u>
WIA Youth	17.259	(A)	1,252,581
ARRA Youth	17.259	(A)	1,330,113
WIA Youth - Administration	17.259	(A)	80,359
ARRA Youth - Administration	17.259	(A)	75,667
Total WIA Youth (17.259)			<u>2,738,720</u>
WIA Dislocated Worker	17.260	(A)	322,882
ARRA Dislocated Worker	17.260	(A)	846,344
WIA Dislocated Worker - Administration	17.260	(A)	20,714
ARRA Dislocated Worker - Administration	17.260	(A)	48,147
Rapid Response	17.260	(A)	1,421,475
ARRA Rapid Response	17.260	(A)	600,000
ARRA Business Resource Network	17.260	(A)	300,000
ARRA Rapid Response Model	17.260	(A)	58,655
ARRA Waiting List Reduction	17.260	(A)	446,486
National Emergency Grant (NEG)	17.260	(A)	155,116
Project HIRE	17.260	(A)	39,258
ARRA Project HIRE Outreach	17.260	(A)	9,865
Total Dislocated Worker (17.260)			<u>4,268,942</u>
<b>Total Pass-Through ODJFS</b>			<b><u>9,125,191</u></b>



**Mahoning and Columbiana Training Association**  
**SCHEDULE OF EXPENDITURE OF FEDERAL AWARD - Continued**  
**For the Year Ended June 30, 2010**

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorough Entity Number	Expenditure
<b>Pass-Through Program From:</b>			
West Central Job Partnership Inc. Regional Innovation Grant	17.260	(A)	<u>21,000</u>
<b>Total Pass-Through West Central Job Partnership</b>			<b><u>21,000</u></b>
<b>Total Workforce Investment Act (Cluster)</b>			<b><u>9,146,191</u></b>
<b>Total Expenditure of Federal Award</b>			<b>\$ <u>9,146,191</u></b>

(A) Pass-Through Entity Number is not know or applicable.



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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF  
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Mahoning and Columbiana Training Association

I have audited the financial statements of the governmental activities and the major fund of the Mahoning and Columbiana Training Association, Ohio, as of and for the year ended June 30, 2010, which collectively comprise Mahoning and Columbiana Training Association basic financial statements and have issued my report thereon dated October 29, 2010. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing my audit, I considered Mahoning and Columbiana Training Association, Ohio's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the authority's financial statements that is more than inconsequential will not be prevented or detected by the authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the authority's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Mahoning and Columbiana Training Association financial statements are free of material misstatement, I performed tests of its compliance with certain provision of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The result of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.

October 29, 2010



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**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH  
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN  
ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors  
Mahoning and Columbiana Training Association

**Compliance**

I have audited the compliance of the Mahoning and Columbiana Training Association, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. Mahoning and Columbiana Training Association, Ohio major federal programs are identified in the Summary of Auditor's result section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Mahoning and Columbiana Training Association, Ohio's management. My responsibility is to express an opinion on Mahoning and Columbiana Training Association, Ohio's compliance based on my audit.

I conducted my 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 I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Mahoning and Columbiana Training Association, Ohio's compliance with those requirements and performing such other procedures, as I considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination on Mahoning and Columbiana Training Association, Ohio's compliance with those requirements.

In my opinion, Mahoning and Columbiana Training Association, Ohio, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

**Internal Control Over Compliance**

The management of Mahoning and Columbiana Training Association, Ohio 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 my audit, I considered Mahoning and Columbiana Training Association, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

A control deficiency in an Authority's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Authority's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Authority's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Authority's internal control.

My 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 that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended for the information of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

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Salvatore Consiglio, CPA, Inc.

October 29, 2010

Mahoning and Columbiana Training Association  
 Schedule of Findings and Questioned Costs  
 OMB Circular A-133 § .505

June 30, 2010

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
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Type of Financial Statement Opinion	Unqualified
Were there any significant deficiency reported as material weakness at the financial statement level (GAGAS)?	No
Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
Were there any significant deficiency reported for any major federal programs as material weakness?	No
Were there any other significant deficiency reported for the major federal programs?	No
Type of Major Programs' Compliance Opinion	Unqualified
Are there any reportable findings under § .510?	No
Major Programs (list):	CFDA #17.258, 17.259, 17.260 Workforce Investment Act WIA Cluster
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS</b>
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There are no findings or questioned costs for the year ended June 30, 2010.

<b>3. FINDINGS REALTED TO FEDERAL AWARDS</b>
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There are no findings or questioned costs for the year ended June 30, 2010.

Mahoning and Columbiana Training Association  
Schedule of Prior Audit Findings  
For the Year Ended June 30, 2010

The audit report for the fiscal year ended June 30, 2009 contained no audit findings.

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# Dave Yost • Auditor of State

**MAHONING AND COLUMBIANA TRAINING ASSOCIATION**

**MAHONING 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  
FEBRUARY 22, 2011**