MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2014

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Mahoning and Columbiana Training Association, Mahoning County, prepared by Canter & Associates, for the audit period July 1, 2013 through June 30, 2014. Based upon this review, we have accepted this report 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.

Dave Yost
Auditor of State

April 30, 2015

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MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

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INDEPENDENT AUDITOR'S REPORT

Mahoning and Columbiana Training Association
9 West Front Street
Youngstown, Ohio 44503

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the major fund, of the Mahoning and Columbiana Training Association (MCTA), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the MCTA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our 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, 2014, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-11 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mahoning and Columbiana Training Association's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2015, on our consideration of the Mahoning and Columbiana Training Association's internal control over financial reporting and on our 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 our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion 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 Mahoning and Columbiana Training Association's internal control over financial reporting and compliance.

CANTER & ASSOCIATES

Canter & Assoc

Poland, Ohio

January 12, 2015

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, 2014. 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, 2014 are as follows:

- The assets of the Association exceeded its liabilities by $232,752, an increase of 5% from the prior year.
- The total Net Position increased by $12,222 due to the depreciation and addition of fixed assets for PY 13.
- MCTA met or exceeded all WIA Performance Measures.
- MCTA is a major partner in two of only twenty-six nationally awarded USDOL Workforce Innovation Grants.
- MCTA secured $850,000 in Rapid Response funding to serve area Dislocated Workers, as well as $177,456 in NEG funds.
- MCTA partnered with MCDJFS to operate a TANF Summer Youth program for Mahoning County.

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 position presents information on all of the Association's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position 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 position changed during the most recent fiscal year. All changes in net position 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 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 Position 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.

Unaudited

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 position (Table 1) and changes in net position (Table 2) of the Association's governmental type activities.

Table 1 - Net Position

	June 30, 2014	June 30, 2013
Assets		
Current and Other Assets	$ 928,827	$ 926,511
Captial Assets, Net	15,377	1,866
Total Assets	$ 944,204	$ 928,377
Liabilities		
Current Liabilities	$ 516,021	$ 529,354
Non Current Liabilities	195,431	178,493
Total Liabilities	$ 711,452	$ 707,847
Net Position		
Invested in Capital Assets Net of Debt	$ 15,377	$ 1,866
Unrestricted Net Assets	217,375	218,664
Total Net Position	$ 232,752	$ 220,530

Table 2 - Changes in Net Position

	June 30, 2014	June 30, 2013
Total Revenues	$ 4,231,567	$ 4,099,364
Total Expenses	4,219,345	4,115,380
Increase/(Decrease) in Net Position	$ 12,222	$ (16,016)

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 $412,806. 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.

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, 2014. 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 by the Executive Board, however it is not a legally adopted budget.

Actual revenues and expenses for fiscal year 2014 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, 2014, the Association had $15,377 invested in capital assets as reflected in the following table, which represents an increase of $13,511 from the previous period.

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

	June 30, 2014	June 30, 2013
Equipment and Furniture	$ 15,377	$ 1,866
Total Capital Assets	$ 15,377	$ 1,866

See Note 5 for additional information on capital assets.

Debt

The MCTA has no debt for the year ended June 30, 2014.

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 2013 (PY13) continued to present both challenges and opportunities for Mahoning & Columbiana Training Association (MCTA). Our area—Area 17—realized a 2 percent increase in formula funding under the Workforce Investment Act (WIA). This was to the largest formula funding increase in the past eight years. Even with the increase, the level of funding remained inadequate to serve the high number of customers seeking our services. This again required our management team to review operational capacity and identify what was needed to continue seamless service delivery for customers.

Our continual strategic planning efforts have consistently enabled MCTA to maintain the appropriate staffing levels to provide the highest level of service delivery within our specific budgetary constraints.

To offset the shortfall in funding, MCTA again pursued various funding opportunities that were available through the State. MCTA applied for and received an additional $850,000 in Rapid Response funding and $177,456 in National Emergency Grant funding to provide both classroom and On-the-Job Training (OJT) opportunities to customers within the Dislocated Worker population. This funding assisted jobseekers to obtain the appropriate skills needed by employers. MCTA also continued its focus on increasing short-term training opportunities. This not only contributed to cost savings, but also allowed for more customers to be served. Through proper services and follow-up, MCTA was also able to meet and/or exceed all federal WIA performance measures.

With the continued economic upswing in our region, the business services team remained busy identifying and meeting the employment needs of local employers including Hollywood Gaming which recently opened and will provide a significant number of employment opportunities to jobseekers. Through the efforts of the Business Services Representatives, as well as greater collaboration with local economic development agencies, employers have increased their usage of services provided by the workforce development system.

We moved into the third year of two $6 million U.S. Department of Labor Workforce Innovation Fund (WIF) grants projects. Significant progress was made to expand the Business Resource Network (BRN) into 16 counties in Ohio and efforts continue to address the manufacturing skills gap in the Oh-Penn Interstate Region. These projects will be evaluated and best practices will be considered for inclusion in the national workforce system.

Entering Program Year 2014 (PY14), the major focus will be on the recently authorized Workforce Innovation & Opportunity Act (WIOA) that will replace WIA on July 1, 2015. WIOA maintains the One-Stop delivery system and Adult, Youth and Dislocated Worker funding streams. Although changes in the new legislation will require significant work to solidify our structure and service delivery strategy, MCTA is in an excellent position to meet the challenge. Our continued pro-active approach to partner collaboration and service delivery blends well with the requirements of the new legislation.

Strategic planning, effective management, excellent customer service and relationship building were key factors in our success and will continue to be important as we move forward.

All MCTA staff should take great pride in the accomplishments they have made toward the overall goals of the agency. MCTA remains a recognized leader in workforce development initiatives within the State of Ohio and has gained attention on the national level. By staying consistent with our "continuous improvement" philosophy, we will continue to move forward and realize success in PY14.

One-Stop System:

The official rebranding of the workforce centers from One-Stop to OhioMeansJobs marked the most visible transformation of the changes impacting the OhioMeansJobs Centers during PY13. In addition to the name change, legislation signed by Governor Kasich prompted a series of modifications to job seeker services at the centers. Staff was trained and services were aligned with mandates that affected the processes required of unemployment compensation claimants. In response to the legislation, many electronic customer management systems were eliminated or modified as the new, expanded OhioMeansJobs.com was established as the central point for workforce services across the state. MCTA staff worked diligently to maintain the same high-quality service to which customers had become accustomed. In line with improvements in the unemployment rates in both counties, customer visits were lower for the period than in the comparable period a year earlier, but were still in excess of 30,000.

The use of OhioMeansJobs.com extended to employer services. Business Services Representatives gained access to an increased volume of resumes due to new posting requirements for unemployment claimants. Staff assistance was provided to 470 employers in posting jobs and conducting resume searches. Also, Business Services Representatives provided recruitment assistance for many onsite and offsite events. Throughout the year, MCTA staff built upon its close association with local economic development agencies and participated in several business attraction and retention projects. Additionally, traditional employer services were augmented through the extensive reach of the Business Resource Network and the Oh-Penn Interstate Region's Pathways to Competiveness WIF grant programs. The direct interaction with employers by both efforts supported a comprehensive and truly business-driven approach to business service activities.

Adult/Dislocated Worker:

The federal government shut-down in October on the heels of the funding sequester, caused programmatic services to be frozen. The result was a waiting list of more than 400 customers. Once the freeze was lifted, 113 Individual Training Accounts (ITAs) and 53 OJT plans were written. The majority of the OJT plans were written in the last quarter of PY13 at an average rate of 15 per month. The average ITA cost was $5,828.62 and the average OJT cost was $5,628.91 with an average wage of $14.32 per hour. ITA demand continued to be for training for practical nursing and truck driving. OJT was dominated by manufacturing.

The staff helped customers with job search, direct placements and with seeking other sources of financial aid during the freeze. Some programmatic staff assisted with the Hollywood Gaming hiring event in Austintown. They helped manage the 1,800 job seekers who attended.

Youth Services:

Mahoning County -
During PY13, 25 of the 27 youth exited from services continued on to post-secondary education and/or obtained employment.

The Alumni Club was initiated with members providing support and encouragement to current participants. MCTA continued to provide services for youth at Summit Academy through contracted services with Compass Family & Community Services. Five participants in Project Paycheck completed job seeker training and obtained employment. The BESTWAY program, formerly an eight-week workshop designed to help youth earn a GED and acquire job skills, is being revised because of the new GED series that began January 2014. To provide more remediation and computer training, the program will become a 16-week training program focusing on two subjects at a time. In December 2013, prior to the implementation of the new GED series, three students earned their GED.

Columbiana County -
More youth participated in PY13 with employers in their career interest field than in previous years. Sixteen program youth received high school diplomas, seven entered post-secondary education and eight were employed in the first quarter after exiting. Fifteen youth completed the Summer Work Experience Program that ran from June 16, 2014, through Aug. 8, 2014. The Leadership Camp had seven completers. The satellite office at Kent State University – East Liverpool Campus remained active.

Business Resource Network:

During its sixth year, the Business Resource Network (BRN), a collaboration of 42 of the region's organizations that offer business services, conducted 92 client interviews and presented 88 proposals to local companies. Follow-up surveys continued to show that clients were very satisfied with the BRN process and its services that include; grants, loans, recruitment, employee training and technical assistance.

The $6 million Department of Labor (DOL)'s WIF grant funded the BRN's expansion in Ohio in its penultimate performance year. As of May 2014, more than 600 businesses had been engaged by the expanded BRN and services had been delivered to 452 businesses throughout the16-county area. The DOL program, "Eye on the Workforce Innovation Fund Stakeholder Engagement" series spotlighted the BRN. The BRN Consortium Leadership Committee, formed in 2013, continues to address the sustainability of the BRN after the grant funding ends in June 2015.

Oh-Penn Interstate Region:

The five counties of the Oh-Penn Interstate Region continued working together to create manufacturing Pathways to Competiveness during the second year of the WIF grant. Working closely with employers of the Oh-Penn Manufacturing Collaborative as well as training providers and job seekers, the staff identified skills gaps and worked to develop solutions. The Pathways to Competiveness staff worked extensively to inform youth and adults about career opportunities in manufacturing. Significant headway into school systems was accomplished through the staff's intensive outreach efforts. Programs to familiarize guidance counselors and teachers with the job demand in modern manufacturing were embraced. Twenty-seven teachers worked in 24 companies during the summer as part of the Educator in the Workplace program. Participants in Youth Boot Camps toured manufacturing facilities and the America Makes 3-D Printing Center.

Promotion of industry-recognized credentials was ongoing with businesses being encouraged to adopt standardized hiring practices. Sessions were conducted throughout the area to provide information to employers interested in WorkKeys® and National Career Readiness Certification for current and prospective employees.

Success Story:

When Penn National Gaming Inc. of Wyomissing, Pa., announced in early 2012 that it planned to locate a new racino in Austintown, it was entering a local workforce area with limited experience with the gaming industry. In September 2014, Hollywood Gaming Mahoning Valley Race Course opened a $250 million facility that includes video lottery terminals, entertainment, sports bars, a food court and a horse race course and employs more than 400. Positions span a wide spectrum of skills and abilities and range from building and ground maintenance, hospitality, office and clerical, food service and stable workers.

As construction neared completion and preparations were being made for the September opening, Hollywood Gaming began recruiting. The employment opportunities drew media coverage and public interest. OhioMeansJobs Mahoning County staff reached out and offered assistance. Publicized instructions to applicants directed them to an online application. The employer was told that the OhioMeansJobs Centers could offer computer access and additional recruitment services.

The company responded to the offer and it was determined that a joint effort of the OhioMeansJobs Centers in Trumbull and Mahoning Counties would be needed to facilitate recruitment events. Sixteen partner staffers from MCTA and the Ohio Department of Job & Family Services (ODJFS) assisted at the off-site recruitments, facilitating traffic flow and registration of 1,800 job seekers at the first hiring event and 800 job seekers at the second.

In addition, Business Services staff worked with the company to schedule an on-site recruitment. "The volunteers (staffers from OhioMeansJobs Centers and ODJFS) were very professional and worked diligently to ensure that we had a successful event," said Queeta Hewitt, Director of Human Resources for Penn National. "We could not have done it without them. Their dedication to our project was evident and speaks to the outpouring support that we continue to receive from this community."

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 POSITION
JUNE 30, 2014

ASSETS	
Equity in Pooled Cash and Cash Equivalents	$ 436,299
Accounts Receivable	70,750
Intergovernmental Receivable	330,681
Prepaid Expenses	91,097
Capital Assets, Net	15,377
Total Assets	$ 944,204
LIABILITIES	
Current Liabilities:	
Accounts Payable	$ 141,049
Accrued Wages and Benefits	171,220
Unearned Grant Revenue	203,752
Total Current Liabilities	516,021
Noncurrent Liabilities:	
Accrued Compensated Absences	195,431
Total Noncurrent Liabilities	195,431
Total Liabilities	711,452
NET POSITION	
Net Investment in Capital Assets	15,377
Restricted	217,375
Total Net Position	$ 232,752

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, 2014

	Expenses	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Assets Governmental Activities
Governmental Activities:			
Employment and Training Program Costs	$ 4,219,345	$ 4,231,567	$ 12,222
Total Governmental Activities	4,219,345	4,231,567	12,222
	Changes in Net Position		12,222
	Net Position Beginning of Year		220,530
	Net Position End of Year		$ 232,752

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, 2014

ASSETS		
Equity in Cash and Cash Equivalents	$	436,299
Accounts Receivable		70,750
Intergovernmental Receivable		330,681
Prepaid Expenses		91,097
TOTAL ASSETS	$	928,827
LIABILITIES		
Accounts Payable	$	141,049
Accrued Wages and Benefits		171,220
Unearned Grant Revenue		203,752
TOTAL LIABILITIES		516,021
FUND BALANCE		
Non Spendable:		
Prepaid Expenses		91,097
Restricted		321,709
Total Fund Balance		412,806
TOTAL LIABILITIES AND FUND BALANCE	$	928,827

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 POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2014

Total Governmental Fund Balances	$ 412,806
Amount reported for governmental activities in the statement of net position are different because:	
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental funds	(195,431)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	15,377
Net Position of Governmental Activities	$ 232,752

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 FUNDS
JUNE 30 ,2014

REVENUE	
Intergovernmental Revenue	$ 4,231,567
Total Revenue	4,231,567
EXPENDITURES	
Human Services:	
Employment and Training Program	4,215,918
Total Expenses	4,215,918
Net Change in Fund Balance	15,649
Fund Balance Beginning of Year	397,157
Fund Balance End of Year	$ 412,806

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 FUNDS TO THE
STATEMENT OF ACTIVITIES
JUNE 30, 2014

Net Change in Fund Balance - Total Governmental Funds	$ 15,649
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	(16,938)
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.	13,511
Change in Net Position of Governmental Activities	$ 12,222

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

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.

A. 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's government 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.

B. Government-Wide Financial Statements

The statement of net position 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 position 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. 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:

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to MCTA for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 Position.

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.

D. 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 unearned revenue, and in the presentation of expenses versus expenditures.

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 Outflows and Inflows

In addition to assets, the statements of net position and balance sheets will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statements of net position and balance sheets report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 position 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.

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 reviews 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Although the annual budget for the Special Revenue funds is reviewed 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.

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, 2014 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

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

Nonspendable – The nonspendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned - Amounts in the assigned classification are intended to be used by the MCTA for specific purposes but do not meet the criteria to be classified as restricted or committed.

In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Commissioners.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

K. Net Position

Net position represent the difference between assets and liabilities. Net investment 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 position is 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 position 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.

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 $436,299 and the bank balance was $631,131. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2014, $381,131 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 MCTA 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, 2014.

NOTE 4: UNEARNED 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 the funds that were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2014 was an under advance of $126,929:

Grant	I/G Receivable	Unearned Revenue	(Unearned Revenue)/ Accounts Receivable
Administration	$ -	$ -	$ -
Adult	5,366	(42,326)	(36,960)
Dislocated Worker	-	(112,632)	(112,632)
Youth	-	(48,794)	(48,794)
WIF	101,955	-	101,955
TANF	223,360	-	223,360
Rapid Response	-	-	-
Shalenet	-	-	-
Total	$ 330,681	$ (203,752)	$ 126,929

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2014, follows:

	Balance 6/30/2013	Additions	Deductions	Balance 7/1/2014
Furniture, Fixtures and Equipment	208,669	17,086.00	(24,173)	201,582
Less Accumulated Depreciation Furniture and Equipment	(206,803)	(3,575)	24,173	(186,205)
Total Accumulated Depreciation	(206,803)	(3,575)	24,173	(186,205)
Total Capital Assets, being Depreciated, Net	1,866	13,511	-	15,377

NOTE 6: DEFINED BENEFIT PENSION PLAN

MCTA participates in the Ohio Public Employees Retirement System (OPERS).

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.

NOTE 6: DEFINED BENEFIT PENSION PLAN(continued)

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.

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.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 E. Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013 member and employer contribution rates were consistent across all three plans. For 2013 member and employer contribution rates were 10% and 14%, respectively, of covered payroll.

The MCTA required contributions to OPERS for the years ended June 30, 2014, 2013, and 2012 were $192,150, $190,535, and $188,769, 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

NOTE 7: POST-EMPLOYMENT BENEFITS (continued)

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.

OPERS issue a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/investments/cafr.shtml, 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 2014 and 2013, the MCTA contributed at a rate of 14.00 percent of covered payroll. These are the maximum employer contributions rates permitted by the Ohio Revised Code. 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 2014 and 2013, the employer contribution allocated to the health care plan were 1.0% and 2.0%, respectively, 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 MCTA contributions for the year ended June 30, 2014, 2013, and 2012, which were used to fund post-employment benefits were $13,720, 54,436, and 53,921 respectively.

On September 19, 2012, the OPERS Retirement Board adopted a changes to the Health Care Plan with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4% of the employer contributions toward the health care fund after the end of the transition period.

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:

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.

NOTE 8: COMPENSATED ABSENCES (continued)

As of June 30, 2014, the liability for unpaid, compensated absences was $195,431 for MCTA and following is the summary of change:

	Balance 6/30/2013	Additions	Deletions	Balance 6/30/2014
Compensated Leave Liability Amount	$ 178,493	$ 145,086	$ 128,148	$ 195,431
Total	$ 178,493	$ 145,086	$ 128,148	$ 195,431

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 2014 and 2013, MCTA contracted with several companies for various types of insurance as follows:

Company	Type of Coverage	Deductible
Cincinnati Insurance Company	General Liability	$ 500.00
Markel Insurance Company	Blanket Accident Policy	$ 0.00
Philadelphia Insurance Company	Blanket Employee Bond	$ 0.00

NOTE 10: INSURANCE AND RISK MANAGEMENT (continued)

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.

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 $273,808 for the year ended June 30, 2014.

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MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

FEDERAL GRANTOR ***Pass Through Grantor*** **Program Title**	**Federal CFDA Number**	**Pass-Through Entity Idnetifying Number**	**Expenditure**
U.S. DEPARTMENT OF LABOR			
Passed Through Ohio Department of Jobs and Family Services:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258		
WIA Adult		N/A	$598,065
WIA Adult Administration		N/A	39,839
Total - WIA Adult			**637,904**
WIA Dislocated Worker Formula Grants	17.278		
Dislocated Worker		N/A	344,557
Dislocated Worker - Administration		N/A	73,446
Rapid Response		N/A	850,000
Total - Dislocated Worker			**1,268,003**
WIA Youth Activities	17.259		
Youth		N/A	596,880
Youth - Administration			80,804
Total - WIA Youth			**677,684**
Total WIA Cluster			**2,583,591**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	**1,008,862**
Workforce Investment Act (WIA) National Emergency Grant	17.277	N/A	**177,456**
Total			**$3,769,909**

The accompanying notes are an integral part of this schedule.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
FISCAL YEAR ENDED JUNE 30, 2014

NOTE A- SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) reports the Mahoning and Columbiana Training Association's federal award programs. The Schedule has been prepared on an accrual basis of accounting.

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INDEPENDENT AUDITOR'S 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*

Mahoning and Columbiana Training Association
9 West Front Street
Youngstown, Ohio 44503

To the Board of Directors:

We have audited, in accordance with the 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, the financial statements of the governmental activities and the major fund of the Mahoning and Columbiana Training Association, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the Mahoning and Columbiana Training Association's basic financial statements and have issued our report thereon dated January 12, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Mahoning and Columbiana Training Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Mahoning and Columbiana Training Association's internal control. Accordingly, we do not express an opinion on the effectiveness of Mahoning and Columbiana Training Association's internal control.

A *deficiency in internal control* 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 and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mahoning and Columbiana Training Association's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions 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 our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Canter & Assoc

CANTER & ASSOCIATES

Poland, Ohio

January 12, 2015

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Mahoning and Columbiana Training Association
9 West Front Street
Youngstown, Ohio 44503

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited Mahoning and Columbiana Training Association's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Mahoning and Columbiana Training Association's major federal programs for the year ended June 30, 2014. Mahoning and Columbiana Training Association's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mahoning and Columbiana Training Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 Mahoning and Columbiana Training Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Mahoning and Columbiana Training Association's compliance.

Opinion on Each Major Federal Program

In our opinion, Mahoning and Columbiana Training Association, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Mahoning and Columbiana Training Association, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Mahoning and Columbiana Training Association's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Mahoning and Columbiana Training Association'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, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. 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 type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 was not designed to 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.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Canter & Assoc

CANTER & ASSOCIATES

Poland, Ohio

January 12, 2015

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	UNMODIFIED
(d)(1)(ii)	**Were there any material control weaknesses 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 internal control weaknesses 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 § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA # 17.258, 17.259, 17.278 Workforce Investment Act Cluster and CFDA # 93.558 Temporary Assistance for Needy Families
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	No

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; ***Explain***
2013-01	Cash management for days of cash on hand for WIA.	YES	

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
MAY 12, 2015