

Mahoning and Columbiana Training Association

Financial Statements

For the Year Ended June 30, 2011



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 Auditors' Report* of the Mahoning and Columbiana Training Association, Mahoning County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. 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

March 2, 2012

This page intentionally left blank.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2011

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1-2
Management Discussion and Analysis	3-15
Statement of Net Assets	16
Statement of Activities	17
Balance Sheet – Governmental Fund	18
Reconciliation of Total Governmental Fund Balance To Net Assets of Governmental Activities	19
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund	20
Reconciliation of Statement of Revenue, Expenditures and Changes in Fund Balance of Governmental Fund To The Statement of Activity	21
Notes to the Basic financial statements	22-34
Schedule of Expenditures of Federal Awards	35-36
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	37-38
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	39-40
Schedule of Findings and Questioned Costs	41
Schedule of Prior Audit Findings	42

This page intentionally left blank.



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

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, 2011, 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, 2011, 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 14, 2011 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.

Salvatore Consiglio, CPA, Inc.

October 14, 2011

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

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, 2011. 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, 2011 are as follows:

- The assets of the Association exceeded its liabilities by \$287,673 increase of 24% from the prior year.
- The total net assets increased by \$55,849 due to the current year activities.
- 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.
- MCTA met or exceeded all WIA Performance Measures.
- MCTA was a Business Resource Network finalist in the Ohio Economic Development Association 2010 Excellence Awards.

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

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

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. 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 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

Mahoning & Columbiana Training Association
 Management's Discussion and Analysis
 Program Year Ended June 30, 2011

Unaudited

Governmental Funds (Continued)

(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, 2011</u>	<u>June 30, 2010</u>
Assets		
Current and Other Assets	\$1,227,670	\$ 1,685,473
Capital Assets, Net	<u>10,136</u>	<u>20,471</u>
Total Assets	<u>\$1,237,806</u>	<u>\$ 1,705,944</u>
Liabilities		
Current Liabilities	\$ 772,336	\$ 1,276,102
Non Current Liabilities	<u>177,797</u>	<u>198,018</u>
Total Liabilities	<u>\$ 950,133</u>	<u>\$ 1,474,120</u>

Mahoning & Columbiana Training Association
 Management's Discussion and Analysis
 Program Year Ended June 30, 2011

Unaudited

Table 1 – Net Assets (Continued)

Net Assets		
Invested in Capital Assets Net of Debt	\$ 10,136	\$ 20,471
Unrestricted Net Assets	<u>277,537</u>	<u>211,353</u>
Total Net Assets	<u>\$ 287,673</u>	<u>\$ 231,824</u>

Table 2 – Changes in Net Assets

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Total Revenues	\$ 6,272,918	\$ 9,281,396
Total Expenses	<u>6,217,069</u>	<u>9,301,229</u>
Increase (Decrease) in Net Assets	<u>\$ 55,849</u>	<u>\$ (19,833)</u>

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 \$287,673. 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, 2011. MCTA's primary funding source is federal and state grants, which have grant periods that may or may not

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

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, 2011, the Association had \$10,136 invested in capital assets as reflected in the following table, which represents a net decrease of \$10,335 from the previous period.

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

	<u>June 30, 2011</u>	<u>June 30, 2010</u>
Equipment and Furniture	\$ 10,136	\$ 20,471
Total Capital Assets	<u>\$ 10,136</u>	<u>\$ 20,471</u>

See Note 5 for additional information on capital assets.

Debt

The MCTA has no debt for the year ended June 30, 2011.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

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 2010 (PY10) presented a different set of challenges for MCTA from those faced the previous year. The loss of American Recovery and Reinvestment Act (ARRA) funding resulted in the need to reduce capacity while the extraordinary need for our services continued. The significant challenge was how to continue seamless service delivery to customers with limited financial resources. Fortunately, due to forward planning, action to address this issue commenced well before the start of PY10. Given the early recognition that ARRA funding was not going to be extended, staffing capacity was reviewed and realigned to ensure service delivery was maintained. This staffing realignment allowed various positions to remain vacant which also contributed to cost savings that met our objectives.

While this would be a challenging undertaking for any organization, the tactic taken by MCTA management was to again focus on the opportunity rather than the challenge. A proactive approach was rapidly implemented to address the needs of our customers. The agency was able to provide a high level of service to the Adult, Youth and Dislocated Worker populations by first assessing its capacity and subsequently re-aligning existing resources to meet the existing needs. MCTA staff remained flexible and performed admirably during this trying time. The limited staffing did not result in diminished customer service. All eligible customers requesting service were served unless affected by our need to invoke Adult priority due to lack of funding. In addition, MCTA 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.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

DIRECTOR'S MESSAGE (Continued)

Strategic planning, effective management and excellent customer service from all MCTA staff were key factors in our success to providing services to Adults, Youth and Dislocated Workers during PY10. All these factors will play a vital role in the continued success of the agency during PY11. MCTA anticipates playing a major role in the recruitment and training of those interested in employment opportunities in the growing oil & gas industry based on exploration of the Marcellus and Utica shale formations.

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 PY11.

One-Stop Workforce System

The Program Year 2010 was a period of transition for the One-Stop System. As both American Recovery and Reinvestment Act (ARRA) funds and unemployment compensation benefits expired, visitors realized an immediate need for job search services. Several new processes were put in place at the One-Stops to accommodate the demand. Workshop curriculum was adapted to include increased instruction of the computer skills necessary for online job search and application. With an emphasis on identifying transitional skills, job seekers were encouraged to explore career options in multiple employment fields. New online tools developed by the U.S. Department of Labor were adopted to help job seekers identify suitable, in-demand careers and utilize relevant, current labor market information.

With input from area businesses, a streamlined resume creation process was implemented to incorporate employers' preferences and help job seekers easily tailor documents for specific job openings. Assistance was made available for those preparing to test for the National Career Readiness Certificate, an indicator of an individual's workplace skills for employers. The Business Services team engaged employers to facilitate direct contact with job seekers. Reflective of the significant increase in job postings, weekly onsite recruitments were held. Additionally, over 1,000 applicants were tested at the One-Stops for positions in the area's emerging oil and gas industry. Collaboration within the Oh-Penn Region continued as frontline staffs met to share best practices and plan the joint Job Expo. The One-Stop logo was redesigned to incorporate OhioMeansJobs branding and the color was changed to a more printer-friendly blue.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

PROGRAM UPDATE

Adult/Dislocated Worker Services

Programmatic services in PY10 saw a steady demand for services with a reduced budget. While Dislocated Worker funds received an extra boost with Rapid Response funds, Priority of Selection for Adult funds needed to be activated. This resulted in a waiting list for Adult-eligible customers who were not low-income, not residents of Mahoning or Columbiana Counties, and/or didn't have at least three barriers to employment. Even with the waiting list, 101 Adults were served. This included three On-the-Job Training (OJT) contracts, 91 Individual Training Accounts (ITAs), and seven receiving intensive-level services. Because of the diligence of the fiscal department as well as programmatic staff tracking Adult customers' costs, MCTA was able to begin serving customers from the waiting list in the third quarter.

A total of 272 Dislocated Workers were served. This included 13 OJTs, 92 receiving intensive-level services and 167 ITAs. The majority of intensive-level service customers were the result of the Trade Adjustment Act/Workforce Investment Act integration, which provided case management services to dislocated workers on Trade contracts.

Though the number of OJTs funded by formula dollars was low, Project HIRE* and National Emergency Grant OJTs allowed us to write 54 additional OJTs. On average, customers who received OJT earned \$11.04 per hour and the average cost of the OJTs was \$2,704.66.”

*Project HIRE (Hometown Investment in Regional Economies) was an American Recovery & Reinvestment Act (ARRA) funded OJT program targeting specific in-demand occupations. It was in place from January 2010 to December 2010.

Youth Services

Mahoning County—

During the program year, 48 of the 49 in-school youth exited, continued their education and/or obtained employment. Thirteen Project Paycheck participants — a service contracted by Compass Family Services — completed Work Readiness Training. Those youth also decided to continue their education and/or obtain employment.

The BESTWAY program for the out of school youth has been under construction this year. The program has been revamped to an eight-week workshop consisting of part GED prep and part job readiness training that also involved leadership and career development. Five youth received their GED and enrolled at YSU.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

Columbiana County—

During PY10, 21 youth received high school diplomas with 4 enrolling in post-secondary education. One youth obtained unsubsidized employment from the work experience. A work readiness/leadership camp for new first-year youth participants was implemented this year with 13 youth taking part. The satellite office at Kent State University's East Liverpool Campus remained beneficial for serving youth from the southern part of the county.

Business Resource Network

During its third year, the Business Resource Network (BRN), a collaboration of the region's organizations that offer business services, conducted 40 company interviews and presented 44 proposals (four from PY09 interviews) to local companies. The number of partners expanded to 40 and the ongoing Customer Satisfaction Survey continued to show clients are satisfied with the BRN process and pleased with services that include; grants, loans, employee training and technical assistance. The BRN website (www.thebrn.net) was enhanced with the addition of two videos, one highlighting three companies that were helped to expand and grow and a second explaining to potential customers how the BRN can help them. In October 2010, the BRN was named a finalist in the Ohio Economic Development Association's Annual Excellence Award. The BRN continued to grow in Mercer and Lawrence counties in Pennsylvania.

NEO Health Force

NEO Health Force reached its goal of holding five Healthcare Career workshops in Mahoning, Columbiana and Trumbull Counties during the program year. Due to the high interest in healthcare employment, NEO Health Force created an email distribution list of job seekers to directly convey information on job openings, educational opportunities and industry trends. The collaboration with OH WOW! The Roger and Gloria Jones Children's Center for Science & Technology, Eastern Ohio Area Health Education Center (EOAHEC) and NEO Health Force developed interactive exhibits to provide information to youth on healthcare occupations and healthy habits. Along with Northeast Ohio Medical University and EOAHEC, NEO Health Force obtained a \$10,000 grant from the Youngstown Foundation to support the "Education for Service in the Mahoning Valley" program. It aims to introduce students in grades 8 through 12 to upper-level healthcare professions. NEO Health Connect, a spin-off 501(c)(3), continues to work with primary care physicians for the implementation of electronic health records. NEO Health Force assumed a significant role with the Career Pathways Regional Team and continued its efforts to update the healthcare pathways document to contain labor market information to 2018.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2011

Unaudited

Oh-Penn Interstate Region

The Oh-Penn Interstate Region's first promotional publication, OH-PENN Interstate Guide to Economic Development, highlighted both established and emerging industries benefitting from the area's skilled workforce, transport access, educational opportunity and affordability. The fifty- page magazine focuses on the five-county region's assets for those starting businesses or careers in the area termed the "Crossroads to America." Lawrence and Mercer Counties in Pennsylvania and Mahoning, Trumbull and Columbiana Counties in Ohio shared their expertise across state lines to affect front line services. The Business Resource Network was expanded into Pennsylvania and the National Career Readiness Certificate was made available for dislocated workers in Ohio. Additionally, the second Oh-Penn Interstate Region Job Expo was held at the Covelli Centre in Youngstown.

CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers 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, 2011

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 858,693
Account Receivable	76,682
Intergovernmental Receivable	163,688
Prepaid Expenses	128,607
Capital Assets, Net	10,136
Total Assets	\$ 1,237,806
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 54,609
Accrued Wages and Benefits	205,652
Deferred Grant Revenue	512,075
Total Current Liabilities	772,336
Noncurrent Liabilities:	
Accrued Compensated Absences	177,797
Total Noncurrent Liabilities	177,797
Total Liabilities	\$ 950,133
NET ASSETS	
Investment in Capital Assets	\$ 10,136
Unrestricted Net Assets	277,537
Total Net Assets	\$ 287,673

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, 2011

	<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	\$ 6,217,069	\$ 6,272,918	\$ 55,849
Total Governmental Activities	<u>6,217,069</u>	<u>6,272,918</u>	<u>55,849</u>
			55,849
			<u>231,824</u>
			<u>\$ 287,673</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, 2011

ASSETS	
Equity in Cash and Cash Equivalents	\$ 858,693
Account Receivable	76,682
Intergovernmental Receivable	163,688
Prepaid Expenses	<u>128,607</u>
Total Assets	<u>\$ 1,227,670</u>
LIABILITIES	
Accounts Payable	\$ 54,609
Accrued Wages and Benefits	205,652
Deferred Grant Revenue	<u>512,075</u>
Total Liabilities	<u>772,336</u>
FUND BALANCE	
Non Spendable:	
Prepaid Expenses	128,607
Unassigned	<u>326,727</u>
Total Fund Balance	<u>455,334</u>
Total Liabilities and Fund Balance	<u>\$ 1,227,670</u>

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, 2011

Total Governmental Fund Balances	\$ 455,334
Amount reported for governmental activities in the statement of net assets are different because:	
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental funds	(177,797)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>10,136</u>
Net Assets of Governmental Activities	<u>\$ 287,673</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, 2011

REVENUE

Intergovernmental Revenue	\$ <u>6,272,918</u>
Total Revenue	<u>6,272,918</u>

EXPENDITURES

Human Services:	
Employment and Training Program	<u>6,226,955</u>
Total Expenses	<u>6,226,955</u>
Net Change in Fund Balance	45,963
Fund Balance Beginning of Year	<u>409,371</u>
Fund Balance at End of Year	<u>\$ <u>455,334</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, 2011

Net Change in Fund Balance - Total Governmental Funds	\$	45,963
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		20,221
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>(10,335)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>55,849</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, 2011

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, 2011

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, 2011

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:

General Funds – 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 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, 2011

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, 2011

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, 2011

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, 2011 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 District 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.

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 District for specific purposes but do not meet the criteria to be classified as restricted or

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 expenditure is 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 classifications can be used.

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.

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.

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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 \$858,693 and the bank balance was \$1,037,269. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2011, \$787,269 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, 2011.

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, 2011 was an over advance of \$512,075. This money was reflected as deferred grant revenue and will be expended in following fiscal year:

Administration	\$8,716
Adult	284,085
Dislocated Worker	111,837
One-Stop Resource Sharing	5,461
Youth	<u>101,976</u>
Total Due to ODJFS	<u><u>\$512,075</u></u>

Mahoning and Columbiana Training Association
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2011

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2011, follows:

	Balance 6/30/10	Additions	Deletions	Balance 6/30/11
Equipment, furniture, and fixtures	\$ 354,716	\$ 0	\$ (39,608)	\$ 315,108
Accumulated Depreciation	(334,245)	(10,335)	39,608	(304,972)
Total	<u>\$ 20,471</u>	<u>\$ (10,335)</u>	<u>\$ 0</u>	<u>\$ 10,136</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

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

Ohio Public Employees Retirement System administers three separate pension plans.

1. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan.
2. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.
3. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, whose investment 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 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 2010, member and employer contribution rates were consistent across all three plans. The 2010 member contribution rates were 10.0% and the employer contribution rate was 14.0%

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

The MCTA's required contributions to OPERS for the years ended June 30, 2011, 2010 and 2009 were \$218,350, \$249,445 and \$225,365, respectively; 100 percent has been contributed for 2011, 2010 and 2009.

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 does 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 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, 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.

Mahoning and Columbiana Training Association
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2011

NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

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. The portion of 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. MCTA actual contributions for the years ended June 30, 2011, 2010 and 2009, which were used to fund post-employment benefits, were \$88,879, 97,996 and 112,683 respectively.

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:

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

Mahoning and Columbiana Training Association
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2011

NOTE 8: COMPENSATED ABSENCES (Continued)

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, 2011, the liability for unpaid, compensated absences was \$177,797 for MCTA and following is the summary of change:

	<u>Balance 6/30/10</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/11</u>
Compensated Leave Liability Amount	\$ 198,018	\$ 85,969	\$ (106,190)	\$ 177,797
Total	<u>\$ 198,018</u>	<u>\$ 85,969</u>	<u>\$ (106,190)</u>	<u>\$ 177,797</u>

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.

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

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.

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 \$239,209 for the year ended June 30, 2011.

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.

Mahoning and Columbiana Training Association
 SCHEDULE OF EXPENDITURE OF FEDERAL AWARD
 For the Year Ended June 30, 2011

Federal Grantor/ Pass Through Grantor	CFDA Number	Pass-Thorough Entity Number	Expenditure
U.S. Department of Labor:			
Pass-Through Program From:			
Ohio Department of Job and Family Services			
Workforce Investment Act (Cluster)			
WIA Adult	17.258	(A)	\$ 1,111,785
WIA Adult - Administration	17.258	(A)	203,367
One Stop Resource Sharing - Multiple Grant	17.258	(A)	782
ARRA Ohio Learning Accts	17.258	(A)	134,457
ARRA Project HIRE	17.258	(A)	15,135
ARRA Special Project	17.258	(A)	126,292
Total WIA Adult (17.258)			<u>1,591,818</u>
WIA Youth	17.259	(A)	1,166,882
WIA Youth - Administration	17.259	(A)	56,354
Total WIA Youth (17.259)			<u>1,223,236</u>
WIA Dislocated Worker	17.260	(A)	684,542
WIA Dislocated Worker - Administration	17.260	(A)	35,678
Rapid Response	17.260	(A)	164,992
ARRA Rapid Response	17.260	(A)	993,855
National Emergency Grant - Ohio Auto	17.260	(A)	57,884
ARRA National Emergency Grant - OJT	17.260	(A)	2,880
Total Dislocated Worker (17.260)			<u>1,939,831</u>
WIA Dislocated Worker	17.278	(A)	278,274
WIA Dislocated Worker - Administration	17.278	(A)	92,764
Rapid Response	17.278	(A)	669,862
Total Dislocated Worker (17.278)			<u>1,040,900</u>
Total Workforce Investment Act (Cluster)			<u>5,795,785</u>
Employment Services (Cluster):			
Employment Services/Wagner-Peyser Funded Activities Grant	17.207	(A)	61,019
Disabled Veterans' Outreach Program	17.801	(A)	14,864
Local Veterans' Employment Representative Program	17.804	(A)	1,565
Total Employment Services (Cluster)			<u>77,448</u>
Total Pass-Through ODJFS			<u>5,873,233</u>
Total Expenditure of Federal Award			\$ <u>5,873,233</u>

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



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

**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, 2011, which collectively comprise Mahoning and Columbiana Training Association basic financial statements and have issued my report thereon dated October 14, 2011. 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 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 misstatements on a timely basis. A material weakness is a deficiency, or 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.

My consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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.

Salvatore Consiglio, CPA, Inc.

October 14, 2011



6548 Royalton Road, Suite 104
North Royalton, Ohio 44133
Phone (440) 877-9870
Fax (440) 877-9237
sconsiglio@salcpa.com

**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, 2011. 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, 2011.

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 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, I do not express an opinion on the effectiveness of the entity'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.

My 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 deficiencies, 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.

Salvatore Consiglio, CPA, Inc.

October 14, 2011

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

June 30, 2011

1. SUMMARY OF AUDITOR'S RESULTS
--

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, 17.278 Workforce Investment Act WIA Cluster
Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All Others
Low Risk Auditee?	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
--

There are no findings or questioned costs for the year ended June 30, 2011.

3. FINDINGS REALTED TO FEDERAL AWARDS
--

There are no findings or questioned costs for the year ended June 30, 2011.

Mahoning and Columbiana Training Association
Schedule of Prior Audit Findings
For the Year Ended June 30, 2011

The audit report for the fiscal year ended June 30, 2010 contained no audit findings.



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
MARCH 15, 2012**