



**MAHONING AND COLUMBIANA TRAINING ASSOCIATION  
MAHONING COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2012**





# 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 Accountants' Report* of the Mahoning and Columbiana Training Association, Mahoning County, prepared by Canter & Associates, for the audit period July 1, 2011 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost  
Auditor of State

February 14, 2013

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**MAHONING AND COLUMBIANA TRAINING ASSOCIATION  
MAHONING COUNTY**

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CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Directors:

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, 2012, which collectively comprise the MCTA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of MCTA's management. 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 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. We believe that our audit provides a reasonable basis for our 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, 2012, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2012 on our consideration of the MCTA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mahoning and Columbiana Training Association's financial statements as a whole. The accompanying 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

CANTER & ASSOCIATES

A handwritten signature in blue ink that reads "Canter & Assoc" with a stylized flourish at the end.

Poland, Ohio

December 3, 2012

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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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, 2012. 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, 2012 are as follows:

- The assets of the Association exceeded its liabilities by \$236,546 a decrease of 17% from the prior year.
- The total net assets decreased by \$51,127 due to the depreciation and disposal of fixed assets exceeding purchases for PY 11.
- Ohio Auditor of State Award for PY 09 & PY 10. The Auditor of State Award recognized our successful efforts to implement and maintain effective and efficient fiscal policies and procedures to properly spend and account for all funds entrusted to MCTA. Furthermore, the award recognizes the ongoing focus and diligence of MCTA in carrying out fiduciary responsibilities while maintaining high goals and standards in accomplishing the mission of serving the Mahoning & Columbiana County Workforce needs.
- MCTA met or exceeded all WIA Performance Measures.

### **USING THIS ANNUAL REPORT**

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

#### Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the Association's finances on a full accrual basis of accounting, which is similar to a private-sector business. The statement of net assets present information on all of the Association's assets and liabilities, with the difference between the two reported as net assets. The statement of activities presents information showing how the Association's net assets changed during the most recent fiscal year.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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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 (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.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

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

Table 1 - Net Assets

|  | June 30, 2012     | June 30, 2011       |
|--|-------------------|---------------------|
| <b>Assets</b>                          |                   |                     |
| Current and Other Assets               | \$ 778,305        | \$ 1,227,670        |
| Capital Assets, Net                    | 5,268             | 10,136              |
| <b>Total Assets</b>                    | <u>\$ 783,573</u> | <u>\$ 1,237,806</u> |
| <b>Liabilities</b>                     |                   |                     |
| Current Liabilities                    | \$ 367,862        | \$ 772,336          |
| Non Current Liabilities                | 179,165           | 177,797             |
| <b>Total Liabilities</b>               | <u>\$ 547,027</u> | <u>\$ 950,133</u>   |
| <b>Net Assets</b>                      |                   |                     |
| Invested in Capital Assets Net of Debt | \$ 5,268          | \$ 10,136           |
| Unrestricted Net Assets                | 231,278           | 277,537             |
| <b>Total Net Assets</b>                | <u>\$ 236,546</u> | <u>\$ 287,673</u>   |

Table 2 - Changes in Net Assets

|  | June 30, 2012      | June 30, 2011    |
|--|--------------------|------------------|
| Total Revenues                           | \$ 4,534,438       | \$ 6,272,918     |
| Total Expenses                           | 4,585,565          | 6,217,069        |
| <b>Increase/(Decrease) in Net Assets</b> | <u>\$ (51,127)</u> | <u>\$ 55,849</u> |

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

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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**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 \$236,546. 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, 2012. 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 Special Revenue funds are presented to the Executive Board.

Actual revenues and expenses for fiscal year 2011 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, 2012, the Association had \$5,268 invested in capital assets as reflected in the following table, which represents a net decrease of \$4,868 from the previous period.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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

|                             | June 30, 2012   | June 30, 2011    |
|-----------------------------|-----------------|------------------|
| Equipment and Furniture     | \$ 5,268        | \$ 10,136        |
| <b>Total Capital Assets</b> | <b>\$ 5,268</b> | <b>\$ 10,136</b> |

See Note 5 for additional information on capital assets.

### Debt

The MCTA has no debt for the year ended June 30, 2012.

### **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 2011 (PY11) presented both challenges and opportunities for MCTA. Another reduction in formula funding required management to once again review operational capacity and identify what was needed to continue seamless service delivery for customers. Fortunately, due to previous planning, MCTA has been able to maintain the appropriate amount of staff for service delivery and has also realigned its service delivery strategy to focus more on short-term training opportunities. This realignment did not only contribute to cost savings, but it also allowed for more customers to be served.

Although WIA formula funding was reduced, MCTA also took advantage of various opportunities that were presented.

With the onset of an economic upswing due to the oil and gas industry, the business services team has been busy identifying and meeting the employment needs of the local employers. This increased attention to business services has exposed the workforce development system to employers, allowing them to experience the quality of services available.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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MCTA also applied for and received an additional \$500,000 in Rapid Response funding to serve more customers within the Dislocated Worker population. This funding assisted jobseekers in obtaining the appropriate skills needed by employers to attain gainful employment. Through proper services and follow-up, MCTA was able to meet and/or exceed all Federal, WIA performance measures.

As we move into Program Year 2012, it is anticipated that Federal appropriations for WIA will remain volatile, however, there are also exciting projects on the horizon. MCTA is a partner in two \$6 million Workforce Innovation Fund Grants which will be funded for three years by the Department of Labor. One grant will focus on expanding the Business Resource Network into 16 counties in Ohio; the other grant will address the manufacturing skills gap in the Oh-Penn region. These projects will be evaluated and best practices will be considered in upcoming 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.

Again, all MCTA staff should take great pride in the accomplishments they have made towards the overall goals of the agency. MCTA remains a recognized leader in workforce development initiatives within the State of Ohio and is beginning to gain attention on a national level. By staying consistent with our "continuous improvement" philosophy, we will continue to move forward and realize success in PY12.

## **PROGRAM UPDATE**

### **Adult/Dislocated Worker Services**

Programmatic services in PY11 experienced a shift in service delivery with more emphasis on short-term training, On-the-Job Training (OJT), and intensive services. This resulted in 65 percent of the Individual Training Accounts (ITAs) being written for 12 months or less and 35 percent written for 12 to 24 months. Because of the shift customers spent less time in training before being re-employed. Staff also became more involved with customers who already possessed marketable skills to help them job search and learn how to market themselves.

A total of 182 adults and 123 dislocated workers received services. They were 222 ITAs written in PY11 with an average planned cost of \$5,569 with Practical Nursing and Class A CDL having the highest enrollments. There were 24 customers enrolled in intensive services. Formula dollars funded 66 OJT training plans.

OJTs reached an all-time high of 114 training plans with an average wage of \$13.38 per hour and an average cost per plan of \$5,167. MCTA was able to use both formula funds and National Emergency Grant funds.

The addition of Rapid Response (RREAF) funds enabled the agency to stretch funds and serve more dislocated workers in core, intensive, and training services.

### **Youth Services**

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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**Mahoning County**

During the program year, 51 of the 63 youth that exited continued their education and/or obtained employment. The Youth Force Program, MCTA's in-school leadership program for juniors and seniors in high school, had 100 percent graduation rate. All 55 enrolled students graduated and 38 students continued their education at institutions such as The Ohio State University, Bradford College, University of Toledo, University of Akron, Eastern Gateway Community College and Youngstown State University. Four students joined the armed forces. Five participants in Project Paycheck—a service contracted by Compass Family & Community Services—completed Work Readiness Training and continued their education and/or obtain employment.

The BESTWAY program is an eight-week workshop designed to help youth age 17 to 21 earn a GED and learn the skills needed to get a job. The program also focuses on leadership and career development where the youth conduct career exploration interviews and a job shadowing project. Three youth received their GEDs and have obtained employment.

**Columbiana County**

During PY11, five youth received high school diplomas with three entering post-secondary education. The summer work experience that ran from June 18 until August 4 had 11 youth participants. One youth was offered unsubsidized employment at L & B Donuts in East Liverpool. Nineteen first-year youth completed Leadership Camp. The satellite office at Kent State University- East Liverpool Campus continues to be utilized on a regular basis.

**ONE-STOP WORKFORCE SYSTEM**

Due to a resurgence in regional manufacturing and the exhaustion of many individuals' unemployment compensation benefits during PY11, demand increased for both the One-Stop facilities and for a diverse range of services. Visits by claimants were driven by mandated group Unemployment Compensation Re-employment Services and Extended Unemployment Compensation sessions along with individual Re-employment Eligibility Assessments. Job seekers realized the benefits of workshop participation as they acknowledged the need to improve their job search efforts in a computer-based work environment.

Additionally, the emerging Ohio oil & gas industry drew increasing public attention, the One-Stop responded as an industry information source for both job seekers and partners. The ShaleNet Realistic Job Preview and Talent Match System, established through a grant from the U.S. Department of Labor's Employment & Training Administration, offered local job seekers exposure to a range of occupations. Business Services staff worked closely with companies associated with the oil and gas industry to understand and satisfy the new workforce demands. As a result of a rise in the number of job opportunities, the frequency and size of onsite recruitments increased. As employers' application and screening requirements for job candidates escalated, One-Stop staff accommodated that demand by providing computer access and facilitation for online applications and pre-employment testing.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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A redesigned One-Stop website, launched in January, is more user-friendly and the OneFlow case management system has been streamlined to make use by customers smoother and information access by staff easier.

**Business Resource Network**

During its fourth year, the Business Resource Network (BRN), a collaboration of the region's organizations that offer business services, conducted 35 company interviews and presented 33 proposals to local companies. The number of partners remained at 40 during PY11 and the ongoing Customer Satisfaction Survey continued to show that clients are satisfied with the BRN process and pleased with services that include; grants, loans, employee training and technical assistance.

A \$6 million Workforce Innovation Fund grant was awarded in June to maintain the BRN in Mahoning, Columbiana and Trumbull counties and to duplicate the award-winning model in: Brown, Adams, Scioto, and Pike Counties (Workforce Investment Act Area 1); Stark and Tuscarawas Counties (WIA Area 6); Carroll, Jefferson, Harrison and Belmont Counties (WIA Area 16), and Ashtabula, Geauga and Portage Counties (WIA Area 19). Each area is to establish a locally driven initiative based on the BRN model that was launched in 2008.

**NEO HealthForce**

NEO HealthForce participated in more than 30 outreach projects during the program year informing approximately 2,000 youth and adults about healthcare career opportunities. The \$10,000 grant from the Youngstown Foundation allowed NEO HealthForce, North East Ohio Medical University and the Eastern Ohio Area Health Education Center to educate 150 teens and their families in healthcare career pathways from post-secondary education to employment.

With support from the Youngstown Office on Minority Health and Youngstown Metropolitan Housing Authority, NEO HealthForce held the first Annual Men's Health Awareness and Workforce Conference. Eighty-seven men received health and employment and training information. NEO HealthForce continues its efforts with Compass Family & Community Services on the WorkAdvance that assists individuals obtain training and find employment in health and manufacturing industries.

**Oh-Penn Interstate Region**

In February, a two-year grant from the Wal-Mart Foundation that provided support to the Oh-Penn Interstate Region ended. The \$550,000 grant had allowed for the further development and formalization of the region's infrastructure, enhancement of the region's website and expansion of the use of WorkKeys® National Career Readiness Credentials. To continue forward with the Oh-Penn initiative, focus concentrated on the key deliverables of the business plan – learning, linking, leveraging and outreach – to maintain the established relationship and to provide a mechanism for the continued sharing of information.

Mahoning & Columbiana Training Association  
Management's Discussion and Analysis  
Program Year Ended June 30, 2012

Unaudited

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The common workforce demands of manufacturers in all counties of the region prompted involvement in the Oh-Penn Manufacturing Summit In April. The event that attracted 400 provided a forum for manufacturers and regional leaders to discuss solutions to the manufacturing skills shortages in the region. A resulting action plan for outreach and career pathway development was based on priorities identified at the event.

In June, the Oh-Penn Interstate Region was awarded a Department of Labor Workforce Innovation Fund Grant to increase the number of individuals in the manufacturing workforce pipeline. The project will solidify the region's collaborative efforts though 2016.

**CONTACTING THE ASSOCIATION'S FINANCIAL MANAGEMENT**

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

MAHONING AND COLUMBIANA TRAINING ASSOCIATION  
STATEMENT OF NET ASSETS  
JUNE 30, 2012

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**ASSETS**

|  |              |
|--|--------------|
| Equity in Pooled Cash and Cash Equivalents | \$ 565,530   |
| Accounts Receivable                        | 62,467       |
| Intergovernmental Receivable               | 55,494       |
| Prepaid Expenses                           | 94,814       |
| Capital Assets, Net                        | <u>5,268</u> |

Total Assets \$ 783,573

**LIABILITIES**

Current Liabilities:

|                            |               |
|----------------------------|---------------|
| Accounts Payable           | \$ 186,351    |
| Accrued Wages and Benefits | 84,902        |
| Deferred Grant Revenue     | <u>96,609</u> |

Total Current Liabilities 367,862

Noncurrent Liabilities:

|                              |                |
|------------------------------|----------------|
| Accrued Compensated Absences | <u>179,165</u> |
|------------------------------|----------------|

Total Noncurrent Liabilities 179,165

Total Liabilities 547,027

**NET ASSETS**

|                                  |                |
|----------------------------------|----------------|
| Investment in Net Capital Assets | 5,268          |
| Unrestricted Net Assets          | <u>231,278</u> |

Total Net Assets \$ 236,546

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, 2012

|                                       | Expenses     | Program<br>Revenue<br>Operating<br>Grants and<br>Contributions | Net (Expenses)<br>Revenue<br>and Changes<br>In Net Assets<br>Governmental<br>Activities |
|---------------------------------------|--------------|--|---|
| Governmental Activities:              |              |  |   |
| Employment and Training Program Costs | \$ 4,585,565 | \$ 4,534,438   | \$ (51,127)   |
| Total Governmental Activities         | 4,585,565    | 4,534,438  | (51,127)  |
|                                       |              |  | (51,127)  |
|                                       |              |  | 287,673   |
|                                       |              |  | \$ 236,546  |

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, 2012

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**ASSETS**

|                                     |                          |
|-------------------------------------|--------------------------|
| Equity in Cash and Cash Equivalents | \$ 565,530               |
| Accounts Receivable                 | 62,467                   |
| Intergovernmental Receivable        | 55,494                   |
| Prepaid Expenses                    | <u>94,814</u>            |
| <b>TOTAL ASSETS</b>                 | <b><u>\$ 778,305</u></b> |

**LIABILITIES**

|                            |                       |
|----------------------------|-----------------------|
| Accounts Payable           | \$ 186,351            |
| Accrued Wages and Benefits | 84,902                |
| Deferred Grant Revenue     | <u>96,609</u>         |
| <b>TOTAL LIABILITIES</b>   | <b><u>367,862</u></b> |

**FUND BALANCE**

|   |                          |
|---|--------------------------|
| Non Spendable:                            |                          |
| Prepaid Expenses                          | 94,814                   |
| Unassigned                                | <u>315,629</u>           |
| <b>Total Fund Balance</b>                 | <b><u>410,443</u></b>    |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b> | <b><u>\$ 778,305</u></b> |

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, 2012

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|   |                              |
|---|------------------------------|
| Total Governmental Fund Balances  | \$ 410,443                   |
| <br><b>Amount reported for governmental activities in the statement<br/>of net assets are different because:</b>                            |                              |
| Long-term leave liabilities do not require current financial resources,<br>therefore are not reported as expenses in the governmental funds | (179,165)                    |
| Capital assets used in governmental activities are not financial<br>resources and therefore are not reported in the funds                   | <u>5,268</u>                 |
| <br>Net Assets of Governmental Activities   | <br><u><u>\$ 236,546</u></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  
JUNE 30 ,2012

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**REVENUE**

|                           |                     |
|---------------------------|---------------------|
| Intergovernmental Revenue | <u>\$ 4,534,438</u> |
| Total Revenue             | <u>4,534,438</u>    |

**EXPENDITURES**

|                                 |                          |
|---------------------------------|--------------------------|
| Human Services:                 |                          |
| Employment and Training Program | <u>4,582,065</u>         |
| Total Expenses                  | <u>4,582,065</u>         |
| Net Change in Fund Balance      | (47,627)                 |
| Fund Balance Beginning of Year  | <u>455,334</u>           |
| Fund Balance End of Year        | <u><u>\$ 407,707</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  
JUNE 30, 2012

---

|  |                           |
|--|---------------------------|
| Net Change in Fund Balance - Total Governmental Funds  | \$ (47,627)               |
| 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   | 1,368                     |
| 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. | <u>(4,868)</u>            |
| Change in Net Assets of Governmental Activities  | <u><u>\$ (51,127)</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, 2012

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NOTE 1: REPORTING ENTITY

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

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Basis of Presentation

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

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

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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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.

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, 2012

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

**Fund Accounting**

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

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

MCTA major governmental fund is:

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 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, 2012

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

***Deferred Revenue***

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. On governmental fund financial statements, receivables that will not be collected within 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, 2012

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

F. Budgetary Process

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

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

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

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

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

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

The Executive Board 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.

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.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Cash and Cash Equivalents

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

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

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2012 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.

**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

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 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.

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.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

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 \$565,530 and the bank balance was \$785,041. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2012, \$0 was exposed to custodial risk as discussed below, while \$785,041 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, 2012.

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, 2012 was an over advance of \$96,609. This money was reflected as deferred grant revenue and will be expended in following fiscal year:

|                          |                 |
|--------------------------|-----------------|
| Administration           | \$1,554         |
| Dislocated Worker        | 64,021          |
| ODJFS One-Stop           | 1,347           |
| Youth                    | 22,974          |
| National Emergency Grant | <u>6,713</u>    |
| Total Due to ODJFS       | <u>\$96,609</u> |

Mahoning and Columbiana Training Association  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2012, follows:

|  | Balance<br>6/30/2011 | Additions | Deductions | Balance<br>6/30/2012 |
|--|----------------------|-----------|------------|----------------------|
| Furniture, Fixtures and Equipment                        | 315,108              | -         | (41,269)   | 273,839              |
| Less Accumulated Depreciation<br>Furniture and Equipment | (304,972)            | (4,868)   | 41,269     | (268,571)            |
| Total Accumulated Depreciation                           | (304,972)            | (4,868)   | 41,269     | (268,571)            |
| Total Capital Assets, being Depreciated, Net             | 10,136               | (4,868)   | -          | 5,268                |

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.
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 2011 member and employer contribution rates were consistent across all three plans. For 2011 member and employer contribution rates were 10% and 14%, respectively, of covered payroll.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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The MCTA required contributions to OPERS for the years ended June 30, 2012, 2011, and 2010 were \$188,769, \$218,350, and \$249,445, respectively. These costs have been charged to the employee fringe benefit account. All required contributions have been paid.

NOTE 7: POST-EMPLOYMENT BENEFITS

A. Plan Description

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

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

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

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

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 2011 and 2010, 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.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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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 2011 and 2010, the employer contribution allocated to the health care plan was 4.0% to 5.50%, 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, 2012, 2011, and 2010, which were used to fund post-employment benefits were \$53,921, 88,879, and 97,996 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:

| <u>Years of Employment</u> | <u>Vacation Leave</u> |
|----------------------------|-----------------------|
| 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:

Mahoning and Columbiana Training Association  
 NOTES TO THE BASIC FINANCIAL STATEMENTS  
 For the Year Ended June 30, 2012

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

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

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

As of June 30, 2012, the liability for unpaid, compensated absences was \$179,165 for MCTA and following is the summary of change:

|                                    | Balance<br>6/30/2011 | Additions  | Deletions  | Balance<br>6/30/2012 |
|------------------------------------|----------------------|------------|------------|----------------------|
| Compensated Leave Liability Amount | \$ 177,797           | \$ 107,774 | \$ 106,406 | \$ 179,165           |
| Total                              | \$ 177,797           | \$ 107,774 | \$ 106,406 | \$ 179,165           |

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.

Mahoning and Columbiana Training Association  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2012

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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 2012 and 2011, 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 \$240,847 for the year ended June 30, 2012.

**MAHONING AND COLUMBIANA TRAINING ASSOCIATION  
MAHONING COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012**

| <b>FEDERAL GRANTOR</b><br><i>Pass Through Grantor</i><br><b>Program Title</b> | <b>Federal<br/>CFDA<br/>Number</b> | <b>Pass-Through<br/>Entity Identifying<br/>Number</b> | <b>Expenditure</b>        |
|---|------------------------------------|---|---------------------------|
| <b>U.S. DEPARTMENT OF LABOR</b>   |                                    |   |                           |
| <i>Passed Through Ohio Department of Jobs and Family Services:</i>            |                                    |   |                           |
| Workforce Investment Act Cluster:   |                                    |   |                           |
| WIA Adult Program   | 17.258                             | N/A   |                           |
| WIA Adult   |                                    |   | \$1,230,366               |
| WIA Adult Administration  |                                    |   | 115,711                   |
| Total - WIA Adult   |                                    |   | <u>1,346,077</u>          |
|   |                                    |   |                           |
| WIA Dislocated Worker Formula Grants  | 17.278                             | N/A   |                           |
| Dislocated Worker   |                                    |   | 1,415,741                 |
| Dislocated Worker - Administration  |                                    |   | 105,483                   |
| Rapid Response  |                                    |   | 500,000                   |
| Total - Dislocated Worker   |                                    |   | <u>2,021,224</u>          |
|   |                                    |   |                           |
| WIA Youth Activities  | 17.259                             | N/A   |                           |
| Youth   |                                    |   | 694,187                   |
| Youth - Administration  |                                    |   | 129,595                   |
| Total - WIA Youth   |                                    |   | <u>823,782</u>            |
|   |                                    |   |                           |
| Total WIA Cluster   |                                    |   | <u>4,191,083</u>          |
|   |                                    |   |                           |
| Employment Service Cluster  |                                    |   |                           |
| Dipartment of Labor Direct Programs:  |                                    |   |                           |
| Disabled Veterans' Outreach Program (DVOP)                                    | 17.801                             | N/A   | 12,995                    |
| Employment Service/Wagner-Peyser Funded Activities                            | 17.207                             | N/A   | 71,620                    |
| Local Veterans' Employment Representative Program                             | 17.804                             | N/A   | 1,110                     |
| Total Employment Service Cluster  |                                    |   | <u>85,725</u>             |
|   |                                    |   |                           |
| <b>Total Pass-Through ODJFS</b>   |                                    |   | <u>4,276,808</u>          |
|   |                                    |   |                           |
| Workforce Investment Act (WIA) National                                       | 17.277                             | N/A   | <u>134,729</u>            |
|   |                                    |   |                           |
| <b>Total</b>  |                                    |   | <u><u>\$4,411,537</u></u> |

*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, 2012**

**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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CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT ACCOUNTANTS' 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 the 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, 2012, which collectively comprise the MCTAs' basic financial statements and have issued our report thereon dated December 3, 2012. 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.

Internal Control Over Financial Reporting

Management of Mahoning and Columbiana Training Association is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered MCTA's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MCTA's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MCTA'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 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.

Our 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. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Mahoning and Columbiana Training Association's financial statements are free of 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*.

We intend this report solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and others within the MCTA. We intend it for no one other than these specified parties.



CANTER & ASSOCIATES

Poland, Ohio

December 3, 2012



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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Directors:

**Compliance**

We have audited Mahoning and Columbiana Training Association's (MCTA) 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 MCTA's major federal programs for the year ended June 30, 2012. MCTA's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of MCTA's management. Our responsibility is to express an opinion on MCTA's compliance based on our audit.

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 MCTA'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. Our audit does not provide a legal determination of MCTA's compliance with those requirements.

In our opinion, Mahoning and Columbiana Training Association, complied, in all material respects, with the 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, 2012.

**Internal Control Over Compliance**

Management of MCTA, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered MCTA's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance 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 MCTA'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we 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.



CANTER & ASSOCIATES  
Poland, Ohio

December 3, 2012

**MAHONING AND COLUMBIANA TRAINING ASSOCIATION  
MAHONING COUNTY**

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
YEAR ENDED JUNE 30, 2012

1. SUMMARY OF AUDITOR'S RESULTS

|                     |  |  |
|---------------------|--|--|
| <i>(d)(1)(i)</i>    | Type of Financial Statement Opinion  | UNQUALIFIED  |
| <i>(d)(1)(ii)</i>   | Were there any material control weaknesses reported at the financial statement level (GAGAS)?                        | NO   |
| <i>(d)(1)(ii)</i>   | Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)? | NO   |
| <i>(d)(1)(iii)</i>  | Was there any reported material noncompliance at the financial statement level (GAGAS)?                              | NO   |
| <i>(d)(1)(iv)</i>   | Were there any material internal control weaknesses reported for major federal programs?                             | NO   |
| <i>(d)(1)(iv)</i>   | Were there any other significant deficiencies in internal control reported for major federal programs?               | NO   |
| <i>(d)(1)(v)</i>    | Type of Major Programs' Compliance Opinion   | UNQUALIFIED  |
| <i>(d)(1)(vi)</i>   | Are there any reportable findings under § .510?  | NO   |
| <i>(d)(1)(vii)</i>  | Major Programs (list):   | 1- CFDA #17.258, 17.259,<br>17.260 Workforce Investment<br>Act WIA Cluster |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A\B Programs  | Type A: > \$ 300,000<br>Type B: all others                                 |
| <i>(d)(1)(ix)</i>   | Low Risk Auditee?  | YES  |

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

There are no findings or questioned costs for the year ended June 30, 2012.

3. FINDINGS FOR FEDERAL AWARDS

There are no findings or questioned costs for the year ended June 30, 2012.

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# Dave Yost • Auditor of State

**MAHONING AND COLUMBIANA TRAINING ASSOCIATION**

**MAHONING COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 26, 2013**