

Mahoning and Columbiana Training Association

Financial Statements

For the Year Ended June 30, 2008



Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Mahoning and Columbiana Training Association, Mahoning County, prepared by Salvatore Consiglio, CPA, Inc., for the audit period July 1, 2007 through June 30, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 18, 2008

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MAHONING AND COLUMBIANA TRAINING ASSOCIATION
AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2008

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Independent Auditors' Report

Board of Directors
Mahoning and Columbiana Training Association

I have audited the accompanying financial statements of the governmental activities and the major fund of the Mahoning Columbiana Training Association (MCTA) as of and for the year ended June 30, 2008, 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, 2008, 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 September 5, 2008 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.

September 5, 2008

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2008

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 fiscal year ended June 30, 2008. 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.

FINANCIAL HIGHLIGHTS

Key Financial Highlights for the year ended June 30, 2008 are as follows:

- The assets of the Association exceeded its liabilities by \$284,061 a decrease of 16% from the prior year.
- The total net assets decreased by \$54,450 due to the depreciation and disposal of fixed assets exceeding purchases for PY 07.
- Area 17 Workforce Investment Board recognized as the lead workforce investment area in the State of Ohio for the second consecutive year.
- Area 17 Business Outreach Team recognized as the Business Service Team of the Year in the State of Ohio.

USING THIS ANNUAL REPORT

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

Government-Wide Statements

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

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2008

Unaudited

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. 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.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2008

Unaudited

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, 2008</u>	<u>June 30, 2007</u>
Assets		
Current and Other Assets	\$ 980,068	\$1,098,214
Capital Assets, Net	<u>47,648</u>	<u>130,805</u>
Total Assets	<u>\$1,027,716</u>	<u>\$1,229,019</u>
Liabilities		
Current Liabilities	\$ 97,936	\$ 771,131
Non Current Liabilities	<u>145,719</u>	<u>119,377</u>
Total Liabilities	<u>\$ 725,629</u>	<u>\$ 890,508</u>
Net Assets		
Invested in Capital Assets Net of Debt	\$ 47,648	\$ 130,805
Unrestricted Net Assets	<u>236,413</u>	<u>207,706</u>
Total Net Assets	<u>\$ 284,061</u>	<u>\$ 338,511</u>

Table 2 – Changes in Net Assets

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Total Revenues	\$5,386,857	\$5,142,343
Total Expenses	<u>5,420,820</u>	<u>5,204,923</u>
Increase (Decrease) in Net Assets	<u>\$ (33,963)</u>	<u>\$ (62,580)</u>

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2008

Unaudited

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 \$284,061. 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, 2008. MCTA's primary funding source is federal and state grants, which have grant periods that may or may not coincide with the Agency's fiscal year. Due to the nature of MCTA's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

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

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

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2008

Unaudited

Actual revenues and expenses for fiscal year 2008 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.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2008, the Association had \$47,648 invested in capital assets as reflected in the following table, which represents a net decrease of \$83,157 from the previous period.

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

	<u>June 30, 2008</u>	<u>June 30, 2007</u>
Equipment and Furniture	<u>\$ 47,648</u>	<u>\$ 130,805</u>
Total Capital Assets	<u>\$ 47,648</u>	<u>\$ 130,805</u>

See Note 5 for additional information on capital assets.

Debt

The MCTA has no debt for the year ended June 30, 2008.

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.

Mahoning & Columbiana Training Association
Management's Discussion and Analysis
Program Year Ended June 30, 2008

Unaudited

The formula allocations for the Area 17 WIA funding streams indicate an increase of 13% for program year 2008. This increase amount does not include the State rescission of \$191,395 for program year 2007.

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, 2008

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 775,025
Account Receivable	70,667
Intergovernmental Receivable	18,026
Prepaid Expenses	116,350
Capital Assets, Net	47,648
Total Assets	\$ 1,027,716
LIABILITIES	
Current Liabilities:	
Accounts Payable	\$ 539,687
Accrued Wages and Benefits	58,249
Total Current Liabilities	597,936
Noncurrent Liabilities:	
Accrued Compensated Absences	145,719
Total Noncurrent Liabilities	145,719
Total Liabilities	\$ 743,655
NET ASSETS	
Investment in Capital Assets	\$ 47,648
Unrestricted Net Assets	236,413
Total Net Assets	\$ 284,061

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, 2008

	Expenses	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Assets Governmental Activities
Governmental Activities:			
Employment and Training Program Costs	\$ 5,420,820	\$ 5,366,370	\$ (54,450)
Total Governmental Activities	5,420,820	5,366,370	(54,450)
		Changes in Net Assets	(54,450)
		Net Assets Beginning of Year	338,511
		Net Assets End of Year	\$ 284,061

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, 2008

		Special Revenue
ASSETS		
Equity in Cash and Cash Equivalents	\$	775,025
Account Receivable		70,667
Intergovernmental Receivable		18,026
Prepaid Expenses		116,350
Total Assets	\$	980,068
LIABILITIES		
Accounts Payable	\$	539,687
Accrued Wages and Benefits		58,249
Total Liabilities		597,936
FUND BALANCE		
Unrestricted Fund Balance		382,132
Total Fund Balance		382,132
Total Liabilities and Fund Balance	\$	980,068

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, 2008

Total Governmental Fund Balances	\$ 382,132
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	(145,719)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	<u>47,648</u>
Net Assets of Governmental Activities	<u><u>\$ 284,061</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
 For the Year Ended June 30, 2008

	Special Revenue
REVENUE	
Intergovernmental Revenue	\$ <u>5,366,370</u>
Total Revenue	<u>5,366,370</u>
 EXPENDITURES	
Human Services:	
Employment and Training Program	<u>5,311,321</u>
Total Expenses	<u>5,311,321</u>
Net Change in Fund Balance	55,049
Fund Balance Beginning of Year	<u>327,083</u>
Fund Balance at End of Year	<u>\$ <u>382,132</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, 2008

Net Change in Fund Balance - Total Governmental Funds	\$	55,049
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		(26,342)
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>(83,157)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(54,450)</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, 2008

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, 2008

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, 2008

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide Financial Statements (Continued)

Fund Accounting

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

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

MCTA major governmental fund is:

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

C. Measurement Focus and Basis of Accounting

Government-wide Financial Statements

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

Fund Financial Statements

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

Basis of Accounting

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

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

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, 2008

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 30.

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, 2008

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, 2008 are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year which services are consumed.

J. Fund Balance Designation

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

K. Net Assets

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

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

NOTE 3: DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the MCTA treasury, in commercial accounts

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

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

At fiscal year end, the carrying amount of the MCTA deposits was \$775,025 and the bank balance was \$1,071,160. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosure," as of June 30, 2008, \$971,160 was exposed to custodial risk as discussed below, while \$100,000 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, 2008.

NOTE 4: PAYABLE TO ODJFS

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, 2008 was an over advance of

Mahoning and Columbiana Training Association
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2008

NOTE 4: PAYABLE TO ODJFS (Continued)

\$405,698. This money was reflected as accounts payable because it is to be returned back to ODJFS. The amount was identified as follows:

PY06 Youth	18,296
FY07 Adult	62,444
PY07 Administration	20,989
PY07 Youth	16,905
PY07 Dislocated Worker	212,864
FY08 Dislocated Worker	<u>74,200</u>
 Total Due to ODJFS	 <u>(\$405,698)</u>

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2008, follows:

	Balance 6/30/07	Additions	Deletions	Balance 6/30/08
Equipment, furniture, and fixtures	\$ 481,235	\$	\$ (19,504)	\$ 461,731
Accumulated Depreciation	<u>(350,430)</u>	<u>(79,798)</u>	<u>16,145</u>	<u>(414,083)</u>
 Total	 <u>\$ 130,805</u>	 <u>\$ (79,798)</u>	 <u>\$ (3,359)</u>	 <u>\$ 47,648</u>

NOTE 6: DEFINED BENEFIT PENSION PLAN

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

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

1. The Traditional Pension Plan – A cost sharing, multiple-employer defined benefit pension plan.

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

NOTE 6: DEFINED BENEFIT PENSION PLAN (Continued)

2. The Member-Direct Plan – A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Direct Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions, plus any investment earnings.
3. The Combined Plan – A cost sharing, multiple-employer defined pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefits similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

Plan members are required to contribute 9.5 percent of their annual covered salary to fund pension obligations; the percentage of contribution increased to 10 percent effective January 1, 2008. The 2007 employer pension contribution rate for MCTA was 13.85 percent; effective January 1, 2008, the percentage increased to 14 percent of covered payroll. Contributions are authorized by state statute. The contribution rates are determined actuarially. The MCTA required contributions to OPERS for the years ended June 30, 2008, 2007, and 2006 were \$214,846, \$182,780, and \$237,654, respectively. 100 percent has been contributed for 2008. All required contributions for the two previous years have been paid.

NOTE 7: POST-EMPLOYMENT BENEFITS

The Public Employees Retirement System of Ohio (OPERS) provides post-employment health care benefits to age and service retirants with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. The health care coverage provided by the OPERS is considered an Other Post-employment Benefit (OPEB) as described in GASB Statement No. 12. A portion of each employer's contribution to the OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund post-employment health care through their contributions to the OPERS. The portion of the 2008 employer contribution rate (identified above) that was used to fund health care for the year ended June 30, 2008 was 6 percent of covered payroll, which amounted to \$90,427. The significant actuarial assumptions and calculations relating to post-employment health care benefits were based on the OPERS' latest actuarial review performed as of December 31, 2006. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25 percent of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2006 was 6.5 percent. An annual increase of 4.0 percent compounded annually is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0 percent base increase, were assumed to range from 0.50 percent to 6.3 percent. Health care costs were assumed to increase at a project wage inflation rate plus an

Mahoning and Columbiana Training Association
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2008

NOTE 7: POST-EMPLOYMENT BENEFITS (Continued)

additional factor ranging from .5% to 6% for the next 9 years. In subsequent years (10 and beyond), health care costs were assumed to increase at 4% (the projected wage inflation rate).

Benefits are advanced-funded on an actuarially determined basis. The number of active contributing participants was 374,979. The actuarial value of the OPERS' net assets available for OPEB at December 31, 2006 was \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

OPERS Retirement Board Implemented its Health Care Preservation Plan (HCPP). HCPP was adopted on September 9, 2004, and is effective on January 1, 2007. In addition, OPERS created a separate investment pool for health care assets. Members and employers contribution rates increases in January 1, 2006, 2007 and January 1, 2008 which allow 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:

<u>Years of Employment</u>	<u>Amount Paid</u>	<u>Maximum Payable</u>
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, 2008

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, 2008, the liability for unpaid, compensated absences was \$145,719 for MCTA.

NOTE 9: QUESTIONED OR DISALLOWED COSTS

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

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

NOTE 10: INSURANCE AND RISK MANAGEMENT

MCTA is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2008, MCTA contracted with several companies for various types of insurance as follows:

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

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

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

Mahoning and Columbiana Training Association
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

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 \$208,233 in the year ended June 30, 2008.

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, 2008

Federal Grantor/ Pass Through Grantor	CFDA Number	Expenditure
U.S. Department of Labor:		
Pass-Through Program From:		
Ohio Department of Job and Family Services		
Employment Service/Wagner-Peyser Act Funded Activities		
Workforce Services Month	17.207	\$ <u>7,000</u>
Total Employment Service/Wagner-Peyser Act Funded Activities (17.207)		<u>7,000</u>
Workforce Investment Act (Cluster)		
WIA Adult	17.258	1,423,387
WIA Adult - Administration	17.258	119,987
Special Project	17.258	<u>10,176</u>
Total WIA Adult (17.258)		<u>1,553,550</u>
WIA Youth	17.259	1,352,669
WIA Youth - Administration	17.259	<u>114,026</u>
Total WIA Youth (17.259)		<u>1,466,695</u>
WIA Dislocated Worker	17.260	829,493
WIA Dislocated Worker - Administration	17.260	69,924
Rapid Response	17.260	1,151,061
Veteran Rapid Response (VR2)	17.260	47,630
Veteran Rapid Response (VR2) Administration	17.260	4,763
WorkKeys	17.260	<u>5,750</u>
Total Dislocated Worker (17.260)		<u>2,108,621</u>
Total US Department of Labor		<u>5,135,866</u>
U.S. Department of Health and Human Services:		
Pass-Through Program From:		
Mahoning County Department of Job & Family Services		
Temporary Assistance for Needy Families	93.558	174,243
Columbiana County Department of Job & Family Services		
Temporary Assistance for Needy Families	93.558	<u>9,238</u>
Total U.S. Department of Health and Human Services		<u>183,481</u>
Total Expenditure of Federal Award		\$ <u>5,319,347</u>



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

Board of Directors
Mahoning and Columbiana Training Association

I have audited the financial statements of the governmental activities and the major fund of the Mahoning and Columbiana Training Association, Ohio, as of and for the year ended June 30, 2008, which collectively comprise Mahoning and Columbiana Training Association basic financial statements and have issued my report thereon dated September 5, 2008. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

Salvatore Consiglio, CPA, Inc.

September 5, 2008



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

Board of Directors
Mahoning and Columbiana Training Association

Compliance

I have audited the compliance of the Mahoning and Columbiana Training Association, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. 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, 2008.

Internal Control Over Compliance

The management of Mahoning and Columbiana Training Association, Ohio is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered Mahoning and Columbiana Training Association, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine my auditing procedures for the purpose of expressing my opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the entity's internal control over compliance.

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

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

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

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

Salvatore Consiglio, CPA, Inc.

September 5, 2008

Mahoning and Columbiana Training Association

Schedule of Findings and Questioned Costs
OMB Circular A-133 § .505

June 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

Type of Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
Were there any other reportable control weakness conditions 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 material internal control weakness conditions reported for major federal programs?	No
Were there any other reportable internal control weakness conditions reported for 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 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, 2008.

3. FINDINGS REALTED TO FEDERAL AWARDS

There are no findings or questioned costs for the year ended June 30, 2008.

Mahoning and Columbiana Training Association
 Schedule of Prior Audit Findings
 For the Year Ended June 30, 2008

The following is the status of the June 30, 2007 audit findings.

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-001	Errors noted on financial statements	Yes	Corrected. No errors noted in current year financial statements.



Mary Taylor, CPA
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
DECEMBER 31, 2008**