MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

Dave Yost • Auditor of State

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY
JUNE 30, 2017

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MAHONING COUNTY
JUNE 30, 2017

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INDEPENDENT AUDITOR'S REPORT

Mahoning and Columbiana Training Association
Mahoning County
20 West Federal Street, Suite 604
Youngstown, Ohio 44503

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and the major fund of the Mahoning and Columbiana Training Association, Mahoning County, Ohio (the "Association"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Associations preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Association's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

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Opinion

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, Mahoning County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the Association's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2018, on our consideration of the Association'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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Association's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2018

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Unaudited

The discussion and analysis of the Mahoning and Columbiana Training Association (Association) financial performance provides an overall review of the Association's financial activities for fiscal year ended June 30, 2017. 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. A message from the Director of the Workforce Development Board, Inc. (WDB) 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, 2017 are as follows:

- The liabilities and deferred inflows of resources of the Association exceeded its assets and deferred outflows of resources by $1,578,816, an increase of 1% from the prior year balance.
- The total Net Position increased by $89,525 due to GASB 68 and the related pension expense for PY 16.
- Association met or exceeded all WIOA Performance Measures.
- Association secured $277,171 in Rapid Response funding to serve area Dislocated Workers.
- Association partnered with CCDJFS to operate The Ohio Youth Works program for Columbiana County.

USING THIS ANNUAL REPORT

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

Government-Wide Statements

The government-wide statements are designed to provide readers with a broad overview of the Association's finances on a full accrual basis of accounting, which is similar to a private-sector business. The statement of net position presents information on all of the Association's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference between them reported as net position.

Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Association is improving or deteriorating.

The statement of activities presents information showing how the Association's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

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

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 Association, 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 Association is a general revenue fund.

Governmental Funds

The Association's basic services are reported in its governmental fund, which focuses on how money flows into and out of the fund and the balance left at year-end that is available for spending. This fund is reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Association's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Association's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation in the financial statements.

Notes to the Financial Statements

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

THE ASSOCIATION AS A WHOLE

Government-Wide Financial Analysis

The financial statements include all organizations, activities and functions for which the Association is financially accountable. The accounts of Association are organized on the basis of funds and account groups, each of which is considered a separate accounting entity.

The operations of the fund is accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures.

The individual fund and account groups, which are used by Association, are classified as Governmental Fund: General Fund –Accounts for and reports all financial resources not accounted for and reported in another fund and is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Table 1 - Net Position

	June 30, 2017	June 30, 2016
Assets		
Current and Other Assets	$ 920,914	$ 1,170,836
Net Pension Asset-PERS	$ 7,510	$ 12,131
Captial Assets, Net	18,782	26,101
Total Assets	$ 947,206	$ 1,209,068
Deferred Outflows of Resources		
Traditional	670,909	788,128
Combined	11,183	5,219
Total Deferred Outflows of Resources	682,092	793,347
Liabilities		
Current Liabilities	$ 522,447	$ 774,314
Non Current Liabilities:		
Net Pension Liability	$ 1,877,749	$ 2,682,197
Other Amounts	180,080	171,674
Total Liabilities	$ 2,580,276	$ 3,628,185
Deferred Inflows of Resources		
Traditional	623,998	37,035
Combined	3,840	5,536
Total Deferred Inflows of Resources	627,838	42,571
Net Position		
Net Investment in Capital Assets	$ 18,782	$ 26,101
Unrestricted Net Position	(1,597,598)	(1,694,442)
Total Net Position	$ (1,578,816)	$ (1,668,341)

Table 2 - Changes in Net Position

	June 30, 2017	June 30, 2016
Total Revenues	$ 4,339,988	$ 4,844,229
Total Expenses	4,250,463	5,103,105
Increase/(Decrease) in Net Position	$ 89,525	$ (258,876)

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

THE ASSOCIATIONS' FUND

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

The focus of the Association's governmental fund is to provide information on near-term inflows, outflows, and balances of available resources. Such information is useful in assessing Association's requirements. In particular, undesignated 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 $398,467. As Association 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, net pension liability/asset and related deferred inflows/outflows of resources.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Association's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2017. Association'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 Association's dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

Association'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 Association's annual budget for the General Fund are reviewed by the Executive Council, however it is not a legally adopted budget.

Actual revenues and expenses for fiscal year 2017 were well within budgeted levels and consistent with previous periods. As the fiduciary agent of taxpayer funds, Association diligently searches for new and more efficient methods to reduce and/or contain operating expenses. Association's goal continues to be to serve the maximum customers with the allocations available.

CAPTIAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2017, the Association had $18,782 invested in capital assets as reflected in the following table, which represents a decrease of $7,319 from the previous period.

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

	June 30, 2017	June 30, 2016
Equipment and Furniture	$ 18,782	$ 26,101
Total Capital Assets	$ 18,782	$ 26,101

See Note 5 for additional information on capital assets.

Debt

The Association has no debt for the year ended June 30, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS

Significant economic factors affecting the Association are as follows:

- Federal Workforce Investment Act and Workforce Innovation & Opportunity 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.

Association's program allocations are calculated by Ohio Department of Job & Family Services (ODJFS) based on a formula specified in the Workforce Investment Act and Workforce Innovation and Opportunity 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.

GASB 68 NET PENSION LIABILITY

For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Association's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals Association's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, Association is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability.

As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, Association's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

WDB DIRECTOR'S MESSAGE

Program Year 2016 (PY16) continued to present both challenges and opportunities for Mahoning & Columbiana Training Association (Association). Our area—Area 17—realized a 31 percent increase in formula funding under the Workforce Innovation and Opportunity Act (WIOA). However, the level of funding continues to be inadequate to serve the high number of customers seeking workforce development services. This again required the management team to review operational capacity and identify what was needed to continue seamless service delivery for customers.

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

To offset the shortfall in funding, the WDB again pursued various funding opportunities that were available through the State. Association applied for and received an additional $277,171 in Rapid Response funding to provide both classroom and On-the-Job Training (OJT) opportunities to customers within the targeted Dislocated Worker population. This funding assisted jobseekers to obtain the appropriate skills needed by employers. Association also continued its focus on increasing short-term training opportunities. This not only contributed to cost savings, but also allowed for more customers to be served. Through proper services and follow-up, Association was also able to meet and/or exceed all federal WIOA performance measures.

The area realized a downturn in the Oil and Gas Industry. However, the business services team remained busy identifying and meeting the employment needs of local employers still seeking skilled workers to meet their occupational requirements. Through the efforts of the Association Business Services Representatives, as well as greater collaboration with local economic development agencies, employers have increased their usage of services provided by the workforce development system.

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Entering Program Year 2017 (PY17), the major focus will be on Workforce Innovation & Opportunity Act (WIOA) career and training services and the Comprehensive Case Management and Employment Program (CCMEP). WIOA maintains the One-Stop delivery system as well as Adult, Youth and Dislocated Worker funding streams. Association is the WDA lead agency for CCMEP for Columbiana and Mahoning counties. Association is in an excellent position to meet the challenges. Our pro-active approach to partner collaboration and service delivery will continue.

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

All Association staff should take great pride in the accomplishments they have made toward the overall goals of the agency. Association remains a recognized leader in workforce development initiatives within the State of Ohio and has gained attention on the national level. By staying consistent with our "continuous improvement" philosophy, we will continue to move forward and realize success in PY16.

One-Stop System:

An increase in customer visits to the OhioMeansJobs centers was attributed to new limitations on options for filing unemployment compensation claims. As telephone claims were eliminated, the need to file applications electronically drove dislocated workers to the centers for internet access and staff assistance. Many customers sought ways to enhance their technical skills as they planned for re-employment.

The integration of business and job seeker services facilitated a substantial increase in the number of participants placed in employment through the on-the-job training (OJT) program. OJT realized an increase over PY15 from 20% to 51% of all training funded annually through WIOA.

Implementation of new policies and procedures related to WIOA continued to influence One-Stop activities. Reclassification of some career services offered through the system required adjustments to service delivery by Association staff. During this period, the Workforce Development Board conducted its first competitive procurement for the One-Stop operator, as required by WIOA. As a result, Association will continue in that capacity for PY17.

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: Fiscal Agent/Chief Financial Officer, at 20 W. Federal Street, Suite 604, Youngstown, OH 44503.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
STATEMENT OF NET POSITION
JUNE 30, 2017

ASSETS		
Equity in Pooled Cash and Cash Equivalents	$	484,007
Accounts Receivable		40,591
Intergovernmental Receivable		249,758
Prepaid Expenses		146,558
Net Pension Asset - PERS		7,510
Capital Assets, Net		18,782
Total Assets		947,206
DEFERRED OUTFLOWS OF RESOURCES		
Pension:		
Traditional	$	670,909
Combined		11,183
Total Deferred Outflows of Resources		682,092
LIABILITIES		
Current Liabilities:		
Accounts Payable	$	127,257
Accrued Wages and Benefits		152,231
Unearned Grant Revenue		242,959
Total Current Liabilities		522,447
Noncurrent Liabilities:		
Accrued Compensated Absences	$	180,080
Net Pension Liability		1,877,749
Total Noncurrent Liabilities		2,057,829
Total Liabilities		2,580,276
DEFERRED INFLOW OF RESOURCES		
Pension:		
Traditional		623,998
Combined		3,840
Total Deferred Inflows of Resources	$	627,838
NET POSITION		
Net Investment in Capital Assets		18,782
Restricted		(1,597,598)
Total Net Position	$	(1,578,816)

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, 2017

	Expenses	Program Revenue Operating Grants and Contributions	Net (Expenses) Revenue and Changes In Net Position Governmental Activities
Governmental Activities:			
Employment and Training Program Costs	$ 4,250,463	$ 4,339,988	$ 89,525
Total Governmental Activities	4,250,463	4,339,988	89,525
	Changes in Net Position		89,525
	Net Position Beginning of Year		(1,668,341)
	Net Position End of Year		$ (1,578,816)

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, 2017

ASSETS		
Equity in Cash and Cash Equivalents	$	484,007
Accounts Receivable		40,591
Intergovernmental Receivable		249,758
Prepaid Expenses		146,558
TOTAL ASSETS	$	920,914
LIABILITIES		
Accounts Payable	$	127,257
Accrued Wages and Benefits		152,231
Unearned Grant Revenue		242,959
TOTAL LIABILITIES		522,447
FUND BALANCE		
Non Spendable:		
Prepaid Expenses		146,558
Restricted		251,909
Total Fund Balance		398,467
TOTAL LIABILITIES AND FUND BALANCE	$	920,914

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

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2017

Total Governmental Fund Balances		$ 398,467
Amount reported for governmental activities in the statement of net position are different because:		
Long-term leave liabilities do not require current financial resources, therefore are not reported as expenses in the governmental funds		(180,080)
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		18,782
Some liabilities/assets, including net pension obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Traditional	(1,877,749)	
Combined	7,510	
Total		(1,870,239)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to pensions:		
Traditional	670,909	
Combined	11,183	
Total		682,092
Deferred inflows of resources related to pensions:		
Traditional	(623,998)	
Combined	(3,840)	
Total		(627,838)
Net Position of Governmental Activities		$ (1,578,816)

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, 2017

REVENUE	
Intergovernmental Revenue	$ 4,339,988
Total Revenue	4,339,988
EXPENDITURES	
Human Services:	
Employment and Training Program	4,338,043
Total Expenses	4,338,043
Net Change in Fund Balance	1,945
Fund Balance Beginning of Year	396,522
Fund Balance End of Year	$ 398,467

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 THE GOVERNMENTAL FUND TO THE
STATEMENT OF ACTIVITIES
JUNE 30, 2017

Net Change in Fund Balance - Total Governmental Funds		$ 1,945
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		(8,406)
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.		(7,319)
Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Direct pension contributions		
Traditional	128,461	
Combined	7,510	
Total		135,971
Cost of benefits earned net of employee contributions		
Traditional	(27,800)	
Combined	(4,866)	
Total		(32,666)
Change in Net Position of Governmental Activities		$ 89,525

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

NOTE 1: REPORTING ENTITY

President Barack Obama signed the Workforce Innovation and Opportunity Act (WIOA) into law on July 22, 2014. WIOA is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy. Congress passed the Act by a wide bipartisan majority; it is the first legislative reform in 15 years of the public workforce system.

WIOA supersedes the Workforce Investment Act of 1998 and amends the Adult Education and Family Literacy Act, the Wagner-Peyser Act, and the Rehabilitation Act of 1973. In general, the Act takes effect on July 1, 2015, the first full program year after enactment, unless otherwise noted.

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 WIOA 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 (Association) to develop and implement programs under the Workforce Innovation Opportunity 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 Association.

A. Basis of Presentation

The accompanying basic financial statements comply with the provision of Governmental Accounting Standards Board (GASB) Statement 14, the Financial Reporting Entity, in that the financial statements include all Association, activities and functions for which the Association is financially accountable. This report includes all activities considered by management to be part of the Association by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards. The Association has no component units.

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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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 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 Association over which the Association is financially accountable.

B. Government-Wide Financial Statements

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

The statement of net position presents the financial condition of the governmental activities of the Association at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Association'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 Association, 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 Association.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide Financial Statements (Continued)

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. Association has only one fund which is major.

Fund Accounting

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

The accounts of Association 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.

Association 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 Association 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, deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Association are included on the Statement of Net Position.

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

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

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 Association, available means expected to be received within 60 days of fiscal year end.

Non-exchange transactions, in which the Association 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 Association must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the Association on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Inflows

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

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Association. At the time of purchase, such assets are recorded as expenditures in the Governmental Funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported on the fund financial statements.

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

The Association 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 five years.

F. Budgetary Process

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

Association 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 Association’s dependency on federal and state budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding. Association’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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Executive Council 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 General Fund is reviewed by the Executive Council, it is not a legally adopted budget.

G. Estimates

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

H. Cash and Cash Equivalents

To improve cash management, all cash received by the Association 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 Association 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, 2017 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 Association 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Executive Council. The committed amounts cannot be used for any other purpose unless the Executive Council 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 Association for specific purposes but do not meet the criteria to be classified as restricted or committed.

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

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

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

K. Net Position

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3: DEPOSITS AND INVESTMENTS

State statutes classify monies held by the Association 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 Association treasury, in commercial accounts payable or withdrawn on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits identified as not required for use within the current two-year period of designation of depositories.

Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim deposits must be evidenced by time certificates of deposit, maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of Association 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 Association 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 Association deposits was $484,007 and the bank balance was $715,414. Based on the criteria described in GASB Statement No. 40, “Deposit and Investment Risk Disclosure,” as of June 30, 2017, $465,414 was exposed to custodial risk as discussed below, while $250,000 was covered by the federal deposit insurance.

NOTE 3: DEPOSITS AND INVESTMENTS - continued

Custodial credit risk is the risk that in the event of bank failure, the Association 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 – Association had no investments as of June 30, 2017.

NOTE 4: UNEARNED GRANT REVENUE

As part of year end process with Ohio Department of Job and Family Service is to perform a reconciliation to identify for each grant the funds that were over or under advanced during the fiscal year. The net balance for the year ended June 30, 2017 was an under advance of $6,799:

Grant	I/G Receivable	Unearned Revenue	(Unearned Revenue)/ Accounts Receivable
TANF Administration	$ -	$ (53,810)	$ (53,810)
WIO Administration	20,597	-	20,597
Adult	45,173	-	45,173
Dislocated Worker	-	(61,538)	(61,538)
Rapid Response	25,000	-	25,000
Youth WIOA CCMEP	-	(127,611)	(127,611)
Youth TANF CCMEP	127,909		127,909
TANF COL OYW	31,079	-	31,079
ODJFS-One Stop	-	-	-
Total	$ 249,758	$ (242,959)	$ 6,799

NOTE 5: CAPITAL ASSETS

A summary of the changes in capital assets during the year ended June 30, 2017, follows:

	Balance 6/30/2016	Additions	Deductions	Balance 6/30/2017
Furniture, Fixtures and Equipment	221,091	0	0	221,091
Less Accumulated Depreciation				
Furniture and Equipment	(194,990)	(7,319)	0	(202,309)
Total Accumulated Depreciation	(194,990)	(7,319)	0	(202,309)
Total Capital Assets, being Depreciated, Net	26,101	(7,319)	-	18,782

NOTE 6: DEFINED BENEFIT PENSION PLAN

A. Net Pension Liability

Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Association's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the Association's obligation for this liability to annually required payments. The Association cannot control benefit terms or the manner in which pensions are financed; however, the Association does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees).

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. A liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

B. Ohio Public Employees Retirement System (OPERS).

Association participates in 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.

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

B. Ohio Public Employees Retirement System (OPERS).

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A	**Group B**	**Group C**
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula:	**Formula:**	**Formula:**
2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Public Safety	**Public Safety**	**Public Safety**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 52 with 25 years of service credit or Age 56 with 15 years of service credit
Law Enforcement	**Law Enforcement**	**Law Enforcement**
Age and Service Requirements:	**Age and Service Requirements:**	**Age and Service Requirements:**
Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 52 with 15 years of service credit	Age 48 with 25 years of service credit or Age 56 with 15 years of service credit
Public Safety and Law Enforcement	**Public Safety and Law Enforcement**	**Public Safety and Law Enforcement**
Formula:	**Formula:**	**Formula:**
2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25	2.5% of FAS multiplied by years of service for the first 25 years and 2.1% for service years in excess of 25

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

B. Ohio Public Employees Retirement System (OPERS).

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2016 member and employer contribution rates were consistent across all three plans. For 2016 member and employer contribution rates were 10% and 14%, respectively, of covered payroll.

The Association required contributions to OPERS for the year ended June 30, 2017 was $135,971. These costs have been charged to the employee fringe benefit account. All required contributions have been paid. Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Associations required contributions were $135,971.

C. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Associations proportion of the net pension liability was based on the Associations share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	Traditional	Combined	Total
Proportionate Share of the Net Pension Liability/(Asset)	$1,877,749	($7,510)	$1,870,239
Proportion of the Net Pension Liability/(Asset)	0.00826900%	0.01349300%	
Pension Expense	$27,800	$4,866	$32,666

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

C. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 6.95 percent for 2014.

At June 30, 2016, the Association reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Traditional	Combined	Total
Deferred Outflows of Resources			
Differences between expected and actual experience-Total	$606,678	$8,007	$614,685
MCTA contributions subsequent to the measurement date	64,231	3,176	67,407
Total Deferred Outflows of Resources	$670,909	$11,183	$682,092
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	$623,998	$3,840	$627,838

$67,407 reported as deferred outflows of resources related to pension resulting from Association contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	Traditional	Combined	Total
Fiscal Year Ending June 30:			
2017	$36,618	($1,441)	$35,177
2018	47,061	(1,442)	45,619
2019	(74,252)	(589)	(74,841)
2020	8,197	(864)	7,333
2021	0	154	154
Thereafter	0	15	15
Total	$17,624	($4,167)	$13,457

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

C. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

Actuarial Assumptions - OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2016, are presented below:

Wage Inflation	3.25%
Future Salary Increases, Including Inflation	3.25% - 10.75% (traditional), 4.25%-8.25% (combined)
COLA or Ad hoc COLA	3% through 2018, then 2.15% Simple
Investment Rate of Return	7.5%
Actuarial Cost Method	Individual Entry Age

Mortality rates are based on the RP-2014 Health Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for monthly improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females.

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

C. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The allocation of investment assets within the Defined Benefit portfolio is approved by the Board as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The following table displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return.

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.75 %
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for both the Traditional Pension Plan and the Combined Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Association's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.5 percent, as well as what each plan’s net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

NOTE 6: DEFINED BENEFIT PENSION PLAN (continued)

C. Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - continued

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
MCTA's Proportionate Share of the Net Pension Liability/(Asset)($ in millions) :			
Traditional	$ 2.87	$ 1.88	$ 1.05
Combined	$ 0.00005	$ (0.00076)	$ (0.001376)

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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for post-employment health care coverage, age and service retirees under the Traditional Pension and Combined plans must have 20 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. OPERS's eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2016. Please see the Plan Statement in the OPERS 2015 CAFR for details.

NOTE 7: POST-EMPLOYMENT BENEFITS (continued)

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 issues 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 2016 the Association contributed at a rate of 14.00 percent of covered payroll. These are the maximum employer contributions rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care Plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. For 2016 the employer contribution allocated to the health care plan were 2.0%, of covered payroll. As recommended by OPER's actuary, the portion of employer contributions allocated to health care beginning January 1, 2017 decreased to 1.0% for both plans. 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. The employer contributions as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2016 was 4.0%. Actual Association contributions for the year ended June 30, 2017, 2016, and 2015, which were used to fund post-employment benefits were $2,187, 3,627, and 28,152 respectively.

NOTE 8: COMPENSATED ABSENCES

All full-time employees of Association 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 Association. The following schedule details earned vacation leave based on length of service:

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

Employees are encouraged to use vacation annually. Employees may accumulate and carryover vacation leave not to exceed three times the accumulation rate.

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

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

In accordance with GASB Statement No. 16, *Accounting for Compensated Absences,* vacation and compensatory time are accrued as liabilities when an employee's right to receive compensation is attributable to services already rendered and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement.

Leave time that has been earned but is unavailable for use as paid time off or as some other form of compensation because an employee has not met the minimum service time requirement, is accrued to the extent that it is considered to be probable that the conditions for compensation will be met in the future.

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

As of June 30, 2017, the liability for unpaid, compensated absences was $180,080 for Association and following is the summary of change:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
Compensated Leave Liability Amount	$ 171,674	$ 143,083	$ 134,677	$ 180,080
Total	$ 171,674	$ 143,083	$ 134,677	$ 180,080

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

NOTE 9: QUESTIONED OR DISALLOWED COSTS

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

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

NOTE 10: INSURANCE AND RISK MANAGEMENT

Association 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 fiscal year 2017, Association contracted with several companies for various types of insurance as follows:

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

Association 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.

Association 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

Association 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 $250,864 for the year ended June 30, 2017.

The following is a schedule of the future minimum lease payments required under the lease-purchase obligations and the present value of the future minimum lease payments as of June 30, 2017:

Fiscal Year Ending June 30,	
2018	$255,458
2019	255,458
2020	255,458
2021	255,458
2022	255,458
2023 - 2036	986,000
Total Minimum Lease Payments	2,263,290

MAHONING AND COLUMBIANA TRAINING ASSOCIATION

June 30, 2017

Required Supplementary Information

Schedule of MCTA's Proportionate Share of the Net Pension Liability

Ohio Public Employees Retirement System (OPERS) - Traditional Plan

Last Four Fiscal Years (1)

	2016	2015	2014	2013
MCTA's Proportion of the Net Pension Liability	0.00826900%	0.01548500%	0.01487000%	0.01487000%
MCTA's Proportion Share of the Net Pension Liability	$1,877,749	$2,682,197	$1,793,461	$1,752,952
MCTA's Covered-Employee Payroll	$1,284,610	$1,769,208	$1,823,050	$1,810,720
MCTA's Proportion Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	146.17%	151.60%	98.38%	96.81%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (2)	77.25%	81.08%	86.45%	N/A

(1) Information prior to 2013 is not available.
(2) Information prior to 2014 is not available

Amounts presented as of the MCTA's measurement date which is December 31, 2016.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
June 30, 2017

Required Supplementary Information
Schedule of the MCTA's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System (OPERS) - Combined Plan
Last Four Fiscal Years (1)

	2016	2015	2014	2013
MCTA's Proportion of the Net Pension Asset	0.013493000%	0.024930000%	0.031588000%	0.031588000%
MCTA's Proportion Share of the Net Pension Asset	$7,510	$12,131	$12,162	$3,314
MCTA's Covered-Employee Payroll	$63,520	$92,779	$138,560	$110,780
MCTA's Proportion Share of the Net Pension Asset as a Percentage of its Covered-Employee Payroll	11.82%	13.08%	8.78%	2.99%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (2)	116.55%	116.90%	114.83%	N/A

(1) Information prior to 2013 is not available.
(2) Information prior to 2014 is not available

Amounts presented as of the MCTA's measurement date which is December 31, 2016.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
June 30, 2017

Required Supplementary Information
Schedule of MCTA Contributions
Ohio Public Employees Retirement System (PERS) - Traditional
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Contractually Required Contribution	$128,461	$232,071	$212,305	$218,766	$217,286
Contributions in Relation to the Contractually Required Contribution	($128,461)	($232,071)	($212,305)	($218,766)	($217,286)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
MCTA Covered-Employee Payroll	$1,070,508	$1,933,925	$1,769,208	$1,823,050	$1,810,720
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.00%	12.00%	12.00%	12.00%

2012	2011	2010	2009	2008
$228,698	$289,516	$327,409	$318,558	$287,673
($228,698)	($289,516)	($327,409)	($318,558)	($287,673)
$0	$0	$0	$0	$0
$2,286,980	$2,895,160	$3,851,871	$4,550,829	$3,664,624
10.00%	10.00%	8.50%	7.00%	7.85%

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
June 30 2017

Required Supplementary Information
Schedule of MCTA Contributions
Ohio Public Employees Retirement System (PERS) - Combined
Last Ten Fiscal Years

	2017	2016	2015	2014	2013
Contractually Required Contribution	$7,510	$10,975	$12,989	$19,398	$15,509
Contributions in Relation to the Contractually Required Contribution	($7,510)	($10,975)	($12,989)	($19,398)	($15,509)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
MCTA Covered-Employee Payroll	$53,643	$78,393	$92,779	$138,560	$110,780
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

2012	2011	2010	2009	2008
$13,992	$17,713	$20,032	$19,490	$17,600
($13,992)	($17,713)	($20,032)	($19,490)	($17,600)
$0	$0	$0	$0	$0
$99,943	$126,521	$143,086	$139,214	$125,714
14.00%	14.00%	14.00%	14.00%	14.00%

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Information about factors that significantly affect trends in the amounts reported in the schedules should be presented as notes to the schedule.

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal year 2016 and 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal year 2016 and 2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR ***Pass Through Grantor*** **Program Title**	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**	**Expenditure**
U.S. DEPARTMENT OF LABOR			
Passed Through Ohio Department of Jobs and Family Services:			
Workforce Investment Act Cluster:			
WIA Adult Program	17.258		
WIA Adult		N/A	$716,693
WIA Adult Administration		N/A	48,561
Total - WIA Adult			**765,254**
WIA Dislocated Worker Formula Grants	17.278		
Dislocated Worker		N/A	489,035
Dislocated Worker - Administration		N/A	63,808
Rapid Response		N/A	277,171
Total - Dislocated Worker			**830,014**
WIA Youth Activities	17.259		
Youth		N/A	526,391
Youth - Administration			24,409
Total - WIA Youth			**550,800**
Total WIA Cluster			**2,146,068**
Total Pass-Through ODJFS			**2,146,068**
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Temporary Assistance for Needy Families (TANF)	93.558	N/A	2,017,834
TANF Administration			90,166
Total TANF			**2,108,000**
Wagner Peyser	17.207	N/A	7,000
Total			**$4,261,068**

The accompanying notes are an integral part of this schedule.

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A- BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Mahoning and Columbiana Training Association (the Government's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Government, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Government.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The Government has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

The Government passes certain federal awards received from Ohio Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note B describes, the Government reports expenditures of Federal awards to subrecipients when accrued.

As a subrecipient, the Government has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The Government did not provide funds to subrecipients during the audit period.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Mahoning and Columbiana Training Association
Mahoning County
20 West Federal Street, Suite 604
Youngstown, Ohio 44503

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, and the major fund of the Mahoning and Columbiana Training Association, Mahoning County, (the "Association") as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements and have issued our report thereon dated March 23, 2018.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Association's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Association's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Association's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Association's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Association's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Mahoning and Columbiana Training Association
Mahoning County
20 West Federal Street, Suite 604
Youngstown, Ohio 44503

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Mahoning and Columbiana Training Association's (the "Association") compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Mahoning and Columbiana Training Association's major federal programs for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the Association's major federal programs.

Management's Responsibility

The Association's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the Association's compliance for the Association's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the Association's major programs. However, our audit does not provide a legal determination of the Association's compliance.

Opinion on the Major Federal Program

In our opinion, the Mahoning and Columbiana Training Association complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal programs for the year ended June 30, 2017.

101 Central Plaza South, 700 Chase Tower, Canton, Ohio 44702-1509
Phone: 330-438-0617 or 800-443-9272 Fax: 330-471-0001
www.ohioauditor.gov

Report on Internal Control Over Compliance

The Association's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the Association's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Association's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance**.**

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 23, 2018

MAHONING AND COLUMBIANA TRAINING ASSOCIATION
MAHONING COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	Temporary Assistance for Needy Families (TANF) – CFDA #93.558
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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MAHONING AND COLUMBIANA TRAINING ASSOCIATION

MAHONING COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 29, 2018

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