

**NORTHEAST OHIO FOUR COUNTY  
REGIONAL PLANNING AND  
DEVELOPMENT ORGANIZATION  
SUMMIT COUNTY, OHIO**

**AUDIT REPORT**

**FOR THE YEARS ENDED  
JUNE 30, 2012 AND 2011**

***James G. Zupka, CPA, Inc.***  
**Certified Public Accountants**





# Dave Yost • Auditor of State

General Policy Board  
Northeast Ohio Four County Regional Planning and Development Organization  
180 East South Street  
Akron, Ohio 44311

We have reviewed the *Independent Auditor's Report* of the Northeast Ohio Four County Regional Planning and Development Organization, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2010 through June 30, 2012. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Northeast Ohio Four County Regional Planning and Development Organization is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 10, 2012

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**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
SUMMIT COUNTY, OHIO  
AUDIT REPORT  
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011**

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**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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(216) 475 - 6136

Ohio Society of Certified Public Accountants

**INDEPENDENT AUDITOR'S REPORT**

To Members of the General Policy Board  
Northeast Ohio Four County Regional  
Planning and Development Organization  
Akron, Ohio

We have audited the accompanying financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization (NEFCO), Summit County, Ohio, as of and for the years ended June 30, 2012 and June 30, 2011, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Northeast Ohio Four County Regional Planning and Development Organization's management. Our responsibility is to express opinions on these financial statements based on our audit.


We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1-B, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization as of June 30, 2012 and June 30, 2011, and the respective changes in modified cash financial position and cash flows, thereof for the years then ended in conformity with the accounting basis described in Note 1-B.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2012, on our consideration of the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Ohio Four County Regional Planning and Development Organization's financial statements as a whole. Management's Discussion and Analysis includes tables of net assets and changes in net assets. These tables and the Schedules of Indirect Cost and Cost Allocation Method as of June 30, 2012 and June 30, 2011, provide additional information, but are not part of the basic financial statements. However, these tables and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and schedules were subject 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, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

September 10, 2012



**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
Management's Discussion and Analysis  
For the Years Ended June 30, 2012 and 2011  
(Unaudited)**

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The management's discussion and analysis of the Northeast Ohio Four County Regional Planning and Development Organization's (NEFCO) financial performance provides an overall review of NEFCO's financial activities for the fiscal years ended June 30, 2012 and 2011. The intent of this discussion and analysis is to look at NEFCO's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of NEFCO's financial performance.

**Financial Highlights**

Key financial highlights for 2012 are as follows:

- Net Assets, were \$163,213 at June 30, 2012, an increase of \$93,313 from the prior year.
- Revenues were \$508,810 in fiscal year 2012 compared to \$445,055 in fiscal year 2011, an increase of \$63,755 or 14 percent.
- NEFCO had \$415,497 in expenses in fiscal year 2012 compared to \$427,996 in fiscal year 2011, a decrease of \$12,499 or 3 percent.

Key financial highlights for 2011 are as follows:

- Net assets were \$69,900 at June 30, 2011, an increase of \$17,059 from the prior year.
- Revenues were \$445,055 in fiscal year 2011 compared to \$421,514 in fiscal year 2010, an increase of \$23,541 or 6 percent.
- Expenses were \$427,996 in fiscal year 2011 compared to \$357,939 in fiscal year 2010, an increase of \$70,057 or 20 percent.

***Basis of Accounting***

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Organization has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
Management's Discussion and Analysis  
For the Years Ended June 30, 2012 and 2011  
(Unaudited)**

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**Using this Annual Financial Report**

This annual reports consists of three parts, the Management's Discussion and Analysis, the Financial Statements and the Notes to the Basic Financial Statements. The Financial Statements include a Statements of Net Assets, a Statements of Receipts, Expenses and Changes in Net Assets and a Statements of Cash Flows.

**Statement of Net Assets**

The Statement of Net Assets looks at how well the Organization has performed financially from inception through June 30<sup>th</sup> of each year. This Statement includes all of the assets, liabilities and net asset balances using the modified cash basis of accounting, which is the accounting method used by the Northeast Ohio Four County Regional Planning and Development Organization.

The following schedule provides a summary of the Northeast Ohio Four County Regional Planning and Development Organization's Statement of Net Assets for fiscal years ended June 30, 2012, June 30, 2011, and June 30, 2010.

**Table 1 - Statement of Net Assets**

	2012	2011	2010
<b><u>Assets</u></b>			
Current and Other Assets	\$ 170,576	\$ 73,840	\$ 56,488
<b>Total Assets</b>	<b>170,576</b>	<b>73,840</b>	<b>56,488</b>
<b><u>Liabilities</u></b>			
Payroll Withholdings	7,363	3,940	3,647
<b>Total Liabilities</b>	<b>7,363</b>	<b>3,940</b>	<b>3,647</b>
<b><u>Net Assets</u></b>			
Unrestricted	163,213	69,900	52,841
<b>Total Net Assets</b>	<b>\$ 163,213</b>	<b>\$ 69,900</b>	<b>\$ 52,841</b>

Total assets increased by \$96,736 in 2012. Total liabilities increased by \$3,423. A majority of the increase in total assets was due to a 4.5 percent increase in dues and additional grant monies.

Total assets increased by \$17,352 in 2011 and total liabilities stayed relatively constant. Although dues decreased, grant monies increased during 2011.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
Management's Discussion and Analysis  
For the Years Ended June 30, 2012 and 2011  
(Unaudited)**

**Statement of Cash Receipts, Expenses, and Changes in Net Assets**

Table 2 compares NEFCO's 2012, 2011, and 2010, receipts, expenses, and changes in net assets.

**Table 2 - Cash Receipts, Expenses, and Changes in Net Assets**

	2012	2011	2010
<b>Receipts</b>			
Federal Grants	\$ 207,636	\$ 123,164	\$ 88,255
State and Local Grants	102,073	119,353	109,465
Membership Dues	198,883	202,057	220,763
Other	200	426	2,998
Interest	18	55	33
<b>Total Receipts</b>	<u>508,810</u>	<u>445,055</u>	<u>421,514</u>
<b>Expenses</b>			
Salaries and Wages	261,848	221,681	217,643
Employee Benefits	88,418	80,744	80,373
Staff Expenses	4,469	3,547	4,185
Office Expenses	15,051	19,873	10,734
Contractual Services	2,739	13,559	1,709
Occupancy	35,030	34,896	35,909
Donation Expenses	0	46,825	0
Other Expenses	7,929	6,871	7,215
Interest Expense	13	0	171
<b>Total Expenses</b>	<u>415,497</u>	<u>427,996</u>	<u>357,939</u>
<b>Change in Net Assets</b>	<u>\$ 93,313</u>	<u>\$ 17,059</u>	<u>\$ 63,575</u>

Receipts increased by \$63,755 in fiscal year 2012 and consisted of an increase in federal grants of \$67,192. Program expenses decreased to \$415,497, primarily due to a donation expense of \$46,825, which was made in fiscal year 2011.

Receipts increased by \$23,541 in fiscal year 2011, consisting of an increase in federal grants of \$44,797, and a decrease in membership dues of \$18,706. Program expenses increased by \$70,057, primarily due to a donation expense of \$46,825 and additional contractual services of \$11,850.

**Capital Assets**

Because NEFCO is on a modified cash basis, it does not report capital assets.

**Debt**

NEFCO has no debt outstanding at the end of fiscal years 2012 and 2011.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
Management's Discussion and Analysis  
For the Years Ended June 30, 2012 and 2011  
(Unaudited)**

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**Contacting the Organization's Financial Management**

This financial report is designed to provide our members, grantors, citizens, and creditors with a general overview of NEFCO's finances and to show NEFCO's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Executive Director, Northeast Ohio Four County Regional Planning and Development Organization, 180 East South Street, Akron, Ohio 44311.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2012**

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**Assets**

Current Assets:

Cash

\$ 170,576

**Total Assets**

\$ 170,576

**Liabilities**

Payroll Withholdings

\$ 7,363

**Total Liabilities**

7,363

**Net Assets**

Unrestricted

163,213

**Total Net Assets**

\$ 163,213

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATEMENT OF CASH RECEIPTS, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2012**

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<b><u>Operating Receipts</u></b>	
Federal Grants	\$ 207,636
State and Local Grants	102,073
Membership Dues	198,883
Other	<u>200</u>
<b>Total Operating Receipts</b>	<u>508,792</u>
 <b><u>Operating Expenses</u></b>	
Salaries and Wages	261,848
Employee Benefits	88,418
Staff Expenses	4,469
Office Expenses	15,051
Contractual Services	2,739
Occupancy	35,030
Other Expenses	<u>7,929</u>
<b>Total Operating Expenses</b>	<u>415,484</u>
Operating Income	<u>93,308</u>
 <b><u>Non-Operating Receipts (Expenses)</u></b>	
Interest Income	18
Interest Expense	<u>(13)</u>
<b>Total Non-Operating Receipts (Expenses)</b>	<u>5</u>
Net Income	93,313
 Net Assets at Beginning of Year	 <u>69,900</u>
 <b>Net Assets at End of Year</b>	 <b><u>\$ 163,213</u></b>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2012**

<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Grants	\$ 309,709
Cash Received from Dues	198,883
Cash Paid for Employee Benefits	(88,418)
Cash Payments to Suppliers for Goods and Services	(65,218)
Cash Payments to Employees for Services	(258,425)
Other Operating Revenues	<u>200</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>96,731</u></b>
 <b><u>Cash Flows from Investing Activities</u></b>	
Interest Received	<u>18</u>
<b>Net Cash Flows from Investing Activities</b>	<b><u>18</u></b>
 <b><u>Cash Flows from Non-Capital Financing Activities</u></b>	
Interest Expense	<u>(13)</u>
<b>Net Cash Flows from Non-Capital Financing Activities</b>	<b><u>(13)</u></b>
Net Increase in Cash	96,736
 Cash at Beginning of Year	 <u>73,840</u>
 <b>Cash at End of Year</b>	 <b><u>\$ 170,576</u></b>
 <b><u>Reconciliation of Operating Income to</u></b>	
<b><u>Net Cash Provided by Operating Activities</u></b>	
Operating Income	\$ 93,308
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Increase in Operating Liabilities:	
Payroll Withholdings	<u>3,423</u>
Total Adjustments	<u>3,423</u>
 <b>Net Cash Provided by Operating Activities</b>	 <b><u>\$ 96,731</u></b>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS  
JUNE 30, 2011**

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**Assets**

Current Assets:

Cash \$ 73,840

**Total Assets** 73,840

**Liabilities**

Payroll Withholdings 3,940

**Total Liabilities** 3,940

**Net Assets**

Unrestricted 69,900

**Total Net Assets** \$ 69,900

See accompanying notes to the basic financial statements.



**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATEMENT OF CASH RECEIPTS, EXPENSES, AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2011**

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**Operating Receipts**

Federal Grants	\$ 123,164
State and Local Grants	119,353
Membership Dues	202,057
Other	<u>426</u>
<b>Total Operating Receipts</b>	<b><u>445,000</u></b>

**Operating Expenses**

Salaries and Wages	221,681
Employee Benefits	80,744
Staff Expenses	3,547
Office Expenses	19,873
Contractual Services	13,559
Occupancy	34,896
Other Expenses	6,871
Donation Expenses	<u>46,825</u>
<b>Total Operating Expenses</b>	<b><u>427,996</u></b>
Operating Income	<u>17,004</u>

**Non-Operating Receipts**

Interest Income	<u>55</u>
<b>Total Non-Operating Receipts</b>	<b><u>55</u></b>
Net Income	17,059

Net Assets at Beginning of Year	<u>52,841</u>
<b>Net Assets at End of Year</b>	<b><u>\$ 69,900</u></b>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2011**

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<b><u>Cash Flows from Operating Activities</u></b>	
Cash Received from Grants	\$ 242,517
Cash Received from Dues	202,057
Cash Paid for Employee Benefits	(80,744)
Cash Payments to Suppliers for Goods and Services	(125,571)
Cash Payments to Employees for Services	(221,388)
Other Operating Revenues	<u>426</u>
<b>Net Cash Provided by Operating Activities</b>	<b><u>17,297</u></b>
 <b><u>Cash Flows from Investing Activities</u></b>	
Interest Received	<u>55</u>
<b>Net Cash Flows from Investing Activities</b>	<b><u>55</u></b>
Net Increase in Cash	17,352
 Cash at Beginning of Year	 <u>56,488</u>
 <b>Cash at End of Year</b>	 <b><u>\$ 73,840</u></b>
 <b><u>Reconciliation of Operating Income to</u></b>	
<b><u>Net Cash Provided by Operating Activities</u></b>	
Operating Income	\$ 17,004
Adjustments to Reconcile Operating Income to	
Net Cash Provided by Operating Activities:	
Increase in Operating Liabilities:	
Payroll Withholdings	<u>293</u>
Total Adjustments	<u>293</u>
 <b>Net Cash Provided by Operating Activities</b>	 <b><u>\$ 17,297</u></b>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Northeast Ohio Four County Regional Planning and Development Organization, Summit County, (NEFCO) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. NEFCO is directed by a 38 member Board. NEFCO was formed as a Regional Council of Governments by the elected officials within the counties of Portage, Stark, Summit, and Wayne, pursuant to Chapter 167 of the Ohio Revised Code. Its purpose is to foster a cooperative effort in regional planning and programming, and the implementation of regional plans and programs. NEFCO is also organized as a forum for the discussion and study of common problems of a regional nature, and for the development of policies and actions and related recommendations.

NEFCO is supported by grants and by local dues paid by various political subdivisions served; such local dues are generally assessed at \$.18 per capita per year. These dues serve as the primary local matching sources for certain federal and state grants.

NEFCO's management believes these financial statements present all activities for which the entity is financially accountable.

**B. Basis of Accounting**

NEFCO prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. In addition, NEFCO is recognizing payroll withholdings as a liability.

**C. Basis of Presentation**

NEFCO adopted the enterprise basis of presentation effective July 1, 2008. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses of providing goods or services to the general public on a continuing basis) be financed or recovered primarily through user charges or where it has been decided that periodic determination of receipts, expenses and/or net income is appropriate for public policy, management control, accountability or other purposes.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
(CONTINUED)**

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**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**D. Property, Plant and Equipment**

Acquisitions of property and plant are recorded as capital outlay disbursements when paid and equipment is recorded as equipment expense when paid. These items are not reflected as assets on the accompanying financial statements.

**E. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and compensatory time. Unpaid leave is not reflected as a liability under the basis of accounting NEFCO uses.

**NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

State statutes classify monies held by the Northeast Ohio Four County Regional Planning and Development Organization into three categories.

*Active Monies* - Those monies required to be kept in a “cash” or “near-cash” status for immediate use by NEFCO. Such monies must be maintained either as cash in NEFCO’s Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

*Inactive Monies* - Those monies not required for use within the current five year period of designation of depositories. Inactive deposits may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit account including, but not limited to, passbook accounts.

*Interim Monies* - 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.

**Deposits** - Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned to it. Protection of NEFCO’s cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
(CONTINUED)**

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**NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**  
(Continued)

**Deposits** (Continued)

By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2012, the carrying amount of NEFCO's deposits was \$170,576, and the bank balance was \$172,788. At June 30, 2011, the carrying amount of NEFCO's deposits was \$73,840, and the bank balance was \$75,076. All of NEFCO's deposits for both years were fully insured by FDIC.

**Investments** - NEFCO had no investments at June 30, 2012 and June 30, 2011.

**NOTE 3: OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

**Pension Plan**

All employees of NEFCO participate in the OPERS, a cost-sharing multiple employer defined benefit pension plan. OPERS administers three separate pension plans. The Traditional Plan is a cost sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests, both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost sharing, multiple employer defined benefit pension plan. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit 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 basic retirement and disability benefits, annual cost of living adjustments and death benefits to plan members of 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 state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-5601 or 1-800-222-PERS (7377).

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
(CONTINUED)**

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NOTE 3: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

**Pension Plan** (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 10 percent. The Organization's contribution rate for 2012 and 2011 was 14 percent of covered payroll. The contribution requirements of plan members and NEFCO are established and may be amended by the Ohio Public Employees Retirement Board. NEFCO's contributions to the OPERS for the years ending June 30, 2012, 2011, and 2010, were \$34,718, \$28,634, and \$30,471, respectively, which represents 100 percent of contributions for all three years.

**Post-Employment Benefits**

**Plan Description**

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

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-614-222-5601 or 1-800-222-7377.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
(CONTINUED)**

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NOTE 3: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

**Post-Employment Benefits** (Continued)

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, (the latest information available) state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of the covered payroll for state and local employers units. 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 Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0 percent during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05 percent during calendar year 2011. The portion of employer contributions allocated to health care for the calendar year beginning January 1, 2012 remained the same, but they are subject to change based on Board action. Employers will be notified if the portion allocated to health care changes during calendar year 2012. The OPERS Board of Trustees is also authorized to establish rules for the retiree, or their surviving beneficiaries, to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. NEFCO's contributions to OPERS which were used to fund post-employment benefits for the fiscal years ended June 30, 2012 and June 30, 2011 were \$9,920 and \$8,181, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 4, 2004, was effective January 1, 2007. Member and employer contributions rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011  
(CONTINUED)**

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**NOTE 4: RISK MANAGEMENT**

NEFCO is exposed to various risks of loss related to torts; theft and damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties: a) General liability and casualty and b) Public officials' liability.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NEFCO also provides health insurance and dental and vision, flex spending, and life insurance coverage for full-time employees through Summit County.

**NOTE 5: CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**NOTE 6: OPERATING LEASE**

NEFCO has an operating lease agreement with Summit County for use of property. The premise serves as the office location of NEFCO. NEFCO renewed the operating lease agreement in April 2012, by Board action, for 2 years at the current rent amount of \$2,510 per month. The County is responsible for the interior and exterior maintenance and repairs, utilities, and insurance for risk of fire and malicious mischief. NEFCO is responsible for telephone service, inspections and/or permits, and comprehensive general liability insurance.



**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD  
JUNE 30, 2012**

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Indirect costs were distributed to projects and activities pursuant to a method of allocation required by the Office of Management and Budget Circular A-87 and Handbook 6042.1, Revised.

The indirect cost allocation rate for the fiscal year ended June 30, 2012 was as follows:

A. Indirect costs for all projects	\$ 120,421
B. Total direct salaries and fringes	288,543
C. Allocation percentage (A/B)	41.7%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2012:

Indirect Payroll	\$ 42,219
Indirect Payroll (Vacation/Sick)	21,200
Telephone	377
Travel	816
Insurance	2,342
Membership	3,335
Professional Fees (Legal, Audit)	1,679
Interest	13
Equipment Maintenance	3,249
Equipment Rental	618
Office Supplies	1,587
Meeting Expense	410
Postage	1,409
Subscriptions	2,518
Computer Supplies and Equipment	6,014
Service Charges and Late Fees	506
Office Rent	30,122
Internet Access	1,678
Payroll Processing Charges	<u>329</u>
<b>Total Indirect Cost</b>	<b><u>\$ 120,421</u></b>

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD  
JUNE 30, 2011**

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Indirect costs were distributed to projects and activities pursuant to a method of allocation required by the Office of Management and Budget Circular A-87 and Handbook 6042.1, Revised.

The indirect cost allocation rate for the fiscal year ended June 30, 2011 was as follows:

A. Indirect costs for all projects	\$ 124,759
B. Total direct salaries and fringes	241,613
C. Allocation percentage (A/B)	51.6%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2011:

Indirect Payroll	\$ 39,315
Indirect Payroll (Vacation/Sick)	15,575
Telephone	351
Travel	475
Insurance	2,309
Membership	3,335
Professional Fees (Legal, Audit)	12,948
Equipment Maintenance	5,325
Equipment Rental	618
Meeting Expense	617
Office Supplies	2,007
Postage	1,832
Subscriptions	2,422
Computer Supplies and Equipment	5,491
Service Charges and Late Fees	310
Office Rent	30,122
Internet Access	<u>1,707</u>
<b>Total Indirect Cost</b>	<b><u>\$ 124,759</u></b>

**JAMES G. ZUPKA, C.P.A., INC.**

*Certified Public Accountants*

*5240 East 98<sup>th</sup> Street*

*Garfield Hts., Ohio 44125*

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Ohio Society of Certified Public Accountants

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

To Members of the General Policy Board  
Northeast Ohio Four County Regional  
Planning and Development Organization  
Akron, Ohio

We have audited the financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization, Summit County, Ohio, as of and for the years ended June 30, 2012 and June 30, 2011, which collectively comprise the Northeast Ohio Four County Regional Planning and Development Organization's basic financial statements and have issued our report thereon dated September 10, 2012, wherein we noted that the Organization uses a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

Management is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Northeast Ohio Four County Regional Planning and Development Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to the management of Northeast Ohio Four County Regional Planning and Development Organization in a separate letter dated September 10, 2012.

This report is intended solely for the information and use of management, members of the General Policy Board, and others within the entity and is not intended to be and should not be used by anyone other than these specified parties.

  
James G. Zupka, CPA, Inc.  
Certified Public Accountants

September 10, 2012

**NORTHEAST OHIO FOUR COUNTY REGIONAL  
PLANNING AND DEVELOPMENT ORGANIZATION  
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS  
JUNE 30, 2012**

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The audit report for the prior year ended June 30, 2010, contained no findings or citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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# Dave Yost • Auditor of State

**NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 20, 2012**