



Dave Yost • Auditor of State

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	16
Notes to the Basic Financial Statements	17
Required Supplementary Information:	
Schedule of NOACA's Proportionate Share of Net Pension Liability – Ohio Public Employees Retirement System	41
Schedule of NOACA's Contributions – Ohio Public Employees Retirement System	42
Provisional Rate Computational Schedules:	
Schedule of Fringe Benefit Cost Charges, Rate Base and Provisional Rate Computation.....	43
Schedule of Indirect Cost Charges, Rate Base and Fixed Rate Computation	44
Schedule of Federal Awards Expenditures.....	45
Notes to the Schedule of Federal Awards Expenditures	46
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	47
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	49
Schedule of Findings.....	53

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northeast Ohio Areawide Coordinating Agency
Cuyahoga County
1299 Superior Avenue
Cleveland, Ohio 44114

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio (NOACA), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise NOACA'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 NOACA's 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 NOACA's internal control. Accordingly, we express no 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.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801
Phone: 216-787-3665 or 800-626-2297 Fax: 216-787-3361

www.ohioauditor.gov

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, as of June 30, 2015, 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.

Emphasis of Matter

As discussed in Note 9 to the financial statements, during the year ended June 30, 2015, NOACA adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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 NOACA's basic financial statements taken as a whole.

The Schedule of Fringe Benefit Cost Charges, Rate Base and Provisional Rate Computation and Schedule of Indirect Cost Charges, Rate Base and Fixed Rate Computation present additional analysis and are not a required part of the basic financial statements.

The Schedule of Federal Awards Expenditures also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule of Federal Awards Expenditures is management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the Schedule of Fringe Benefit Cost Charges, Rate Base and Provisional Rate Computation and Schedule of Indirect Cost Charges, Rate Base and Fixed Rate Computation to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2016 on our consideration of NOACA'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 NOACA's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2016

This page intentionally left blank.

***Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)***

The management's discussion and analysis of Northeast Ohio Areawide Coordinating Agency's (NOACA) financial performance provides an overall review of NOACA's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at NOACA'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 NOACA's financial performance.

Financial Highlights

Key financial highlights for 2015 are as follows:

- Governmental funds' assets exceeded total liabilities at the close of the most recent fiscal year by \$1.45 million.
- General revenues accounted for \$733,111 in revenue or 13.34 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4.76 million or 86.66 percent of total revenues of \$5.49 million.
- NOACA had \$5.47 million in expenses related to governmental activities; \$4.76 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$733,111, along with beginning net position, excluding the net pension liability of \$2,808,672 were adequate to provide for these programs.
- Among major funds, the general fund had \$525,328 in revenues and \$405,109 in expenditures. The general fund's balance at the close of the current year was 359 percent of the current year's expenditures.

Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to NOACA's basic financial statements. NOACA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of NOACA's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all NOACA's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of NOACA is improving or deteriorating.

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)*

The *statement of activities* presents information showing how NOACA'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 (e.g. earned but unused vacation leave.)

The government-wide financial statements can be found on pages 13 and 14 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. NOACA, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of NOACA are included in the governmental funds category.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating NOACA's near-term financing requirements.

Since the focus of governmental funds is narrower than that of government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of NOACA's near-term financing decisions. Both the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental activities' statement of net position and statement of activities.

NOACA maintains ten individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of fund revenues, expenditures and changes in fund balance for the General and OCPG funds which are considered major funds. Data from the other eight governmental funds are combined into single, aggregate presentation.

Notes to the Basic Financial Statements. The notes provide additional information that is essential to develop a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements start on page 17 of this report.

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)*

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of NOACA as a whole. Table 1 provides a comparison of NOACA's net position for the years ended June 30, 2015 and 2014.

*Table 1
Net Position
(in Millions)*

<u>Assets</u>	<u>2015</u>	Restated <u>2014</u>	<u>Change</u>
Current and Other Assets	\$1.91	\$1.62	\$.29
Capital Assets	<u>1.37</u>	<u>1.55</u>	<u>(.18)</u>
Total Assets	3.28	3.17	.11
 <u>Deferred Outflows of Resources</u>			
Pension	<u>.42</u>	<u>.20</u>	<u>.22</u>
Total Deferred Outflows of Resources	.42	.20	.22
 <u>Liabilities</u>			
Long-term Liabilities	(.61)	(.59)	(.02)
Net Pension Liability	(2.81)	(2.75)	(.06)
Other Liabilities	<u>(.46)</u>	<u>(.29)</u>	<u>(.17)</u>
Total Liabilities	(3.88)	(3.63)	(.25)
 <u>Deferred Inflows of Resources</u>			
Pension	<u>(.05)</u>	<u>.00</u>	<u>(.05)</u>
Total Deferred Inflows of Resources	(.05)	.00	(.05)
 Net Position			
Net Investment in Capital Assets	1.37	1.55	(.18)
Unrestricted	<u>(1.60)</u>	<u>(1.81)</u>	<u>.21</u>
Total Net Position	<u>\$(.23)</u>	<u>\$(.26)</u>	<u>\$.03</u>

During 2015, NOACA adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain clearer understanding of NOACA's actual condition by adding deferred inflows, net pension liability, and subtracting deferred outflows related to Governmental Accounting Standards Board standards, which 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

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)*

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 NOACA'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 NOACA, part of a bargained-for benefit to the employee, and should accordingly be reported by NOACA as a liability since they received the benefit of the exchange. However, NOACA 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 NOACA. 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.

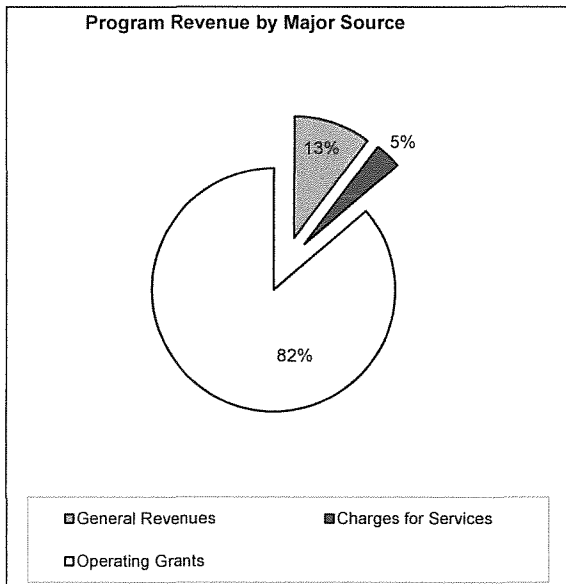
**Northeast Ohio Areawide Coordinating Agency
 Management's Discussion and Analysis
 For the Year Ended June 30, 2015
 (UNAUDITED)**

In accordance with GASB 68, NOACA'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.

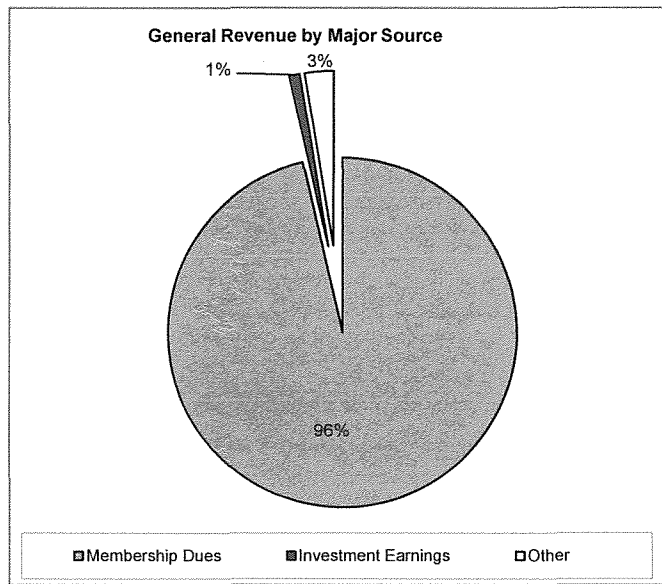
As a result of implementing GASB 68, NOACA is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$2,047,485 to (\$254,273).

Graphs 1 and 2 break down NOACA's revenue into percentages by type of revenue.

Graph 1



Graph 2



*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)*

Table 2 shows the revenue for NOACA as a whole during fiscal years 2015 and 2014.

Table 2
Revenues
(in Millions)

	<u>2015</u>	<u>2014</u>	<u>Change</u>
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$.26	\$.25	\$.01
Operating Grants/Contributions	4.50	6.17	(1.67)
<i>General Revenues</i>			
Membership Dues	.71	.71	.00
Investment Earnings	.00	.01	(.01)
Other	<u>.02</u>	<u>.02</u>	<u>.00</u>
Total Revenues	<u>\$ 5.49</u>	<u>\$7.16</u>	<u>\$(1.67)</u>

Table 3 shows total program expenses and net program expense during fiscal years 2015 and 2014.

Table 3
Total Program Expenses
(in Millions)

	<u>Program Expense</u>		<u>Net Program Expense</u>	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<i>Program Expenses</i>				
General Government	\$.57	\$.65	\$ (.30)	\$ (.40)
Transportation Planning	4.61	4.92	(.39)	(.49)
Air Quality Planning	.11	.00	(.02)	.00
Water Quality Planning	.18	.15	.00	.00
Sustainable Communities (NEOSCC)	<u>.00</u>	<u>1.59</u>	<u>.00</u>	<u>.00</u>
Total Expenses	<u>\$5.47</u>	<u>\$7.31</u>	<u>\$(.71)</u>	<u>\$(.89)</u>
Ending Net Position		<u>\$ (.23)</u>		

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$411,860 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$306,652.

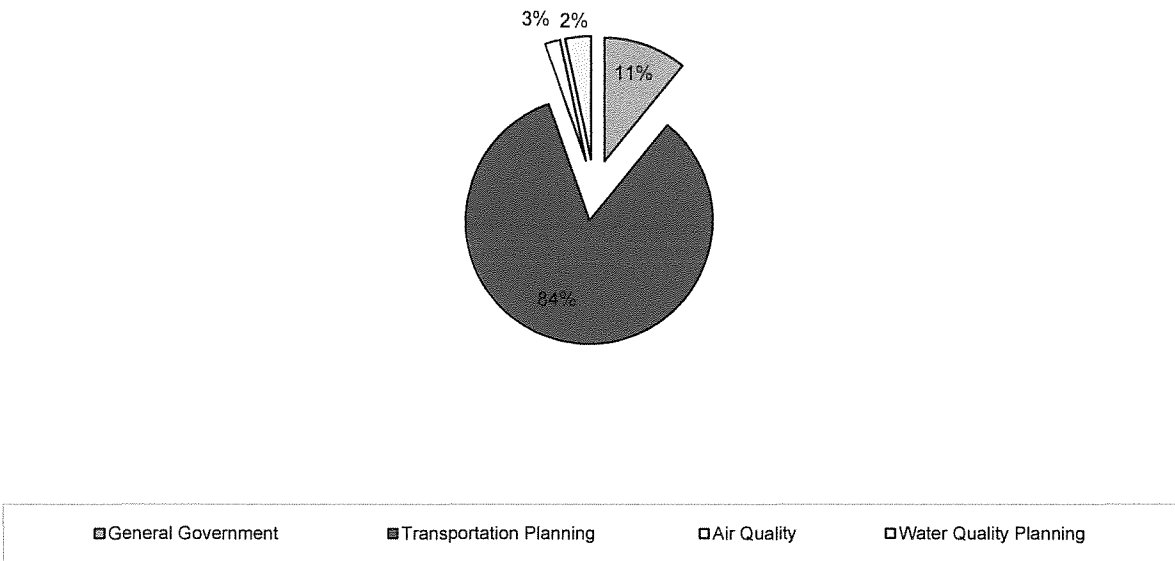
***Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)***

Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$5,470,924
Pension expense under GASB 68	(306,652)
2015 contractually required contribution	<u>410,531</u>
Adjusted 2015 program expenses	5,574,803
Total 2014 program expenses under GASB 27	<u>7,305,338</u>
Decrease in program expenses not related to pension	(\$1,730,535)

Graph 3 shows a breakdown of expenses by percentage in the major categories.

Graph 3

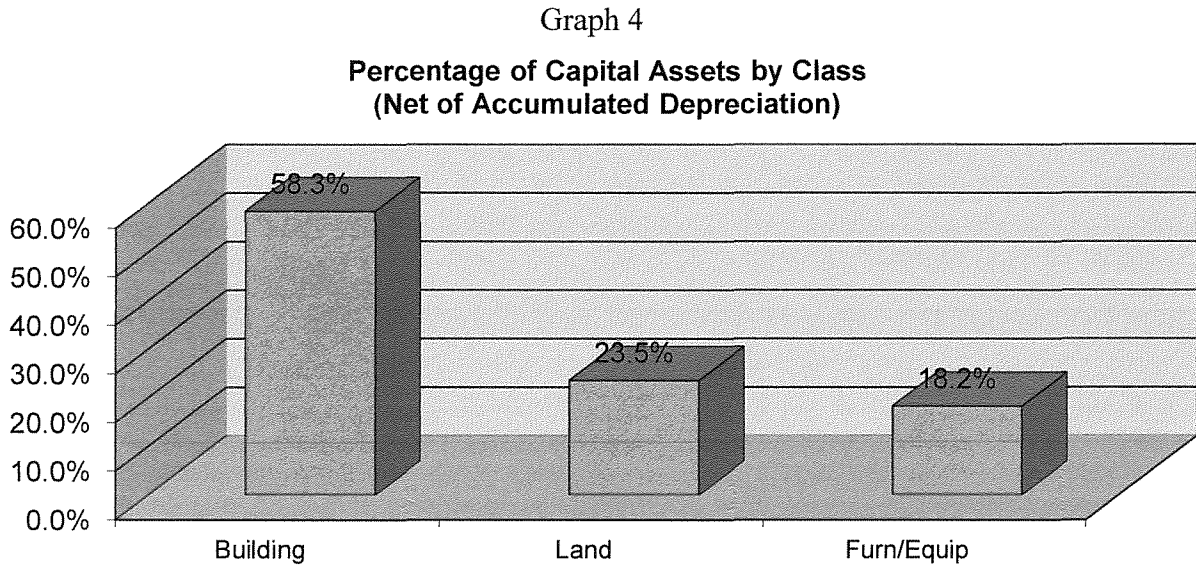


Capital Assets

At the end of the year, NOACA had \$1.37 million invested in land, buildings and equipment, less accumulated depreciation. For further information on NOACA's capital assets, refer to Note 4 of the basic financial statements.

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2015
(UNAUDITED)*

Graph 4 shows the breakdown (by percentage) of the individual classes for capital assets.



The Major Funds

NOACA's major funds presentation begins on page 15. These funds are accounted for using the modified accrual basis of accounting, focusing on the near term financial resources of NOACA. All governmental funds had total revenues of \$5.49 million and expenditures of \$5.37 million. The net change in fund balance for the year represented 9.02 percent of the year's beginning fund balance.

The general fund recognized \$271,030 in current liabilities for fiscal year 2015. Accrued salaries and benefits accounted for 54.2% of those liabilities. The other major fund, OCPG, recognized \$676,435 in current liabilities for the fiscal year. Interfund liabilities accounted for 99.2% of those liabilities.

Contacting the Agency's Financial Management

This financial report is designed to provide our members, grantors, citizens and creditors with a general overview of NOACA's finances and to show NOACA's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Director of Finance and Operations, Northeast Ohio Areawide Coordinating Agency, 1299 Superior Avenue, Cleveland, OH 44114.

Northeast Ohio Areawide Coordinating Agency
Statement of Net Position
June 30, 2015

	<u>Governmental Activities</u>
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$911,323
Receivables:	
Accounts	983,968
Deposits	670
Prepays	14,916
Restricted Assets:	
Nondepreciable Capital Assets	322,500
Depreciable Capital Assets, Net	<u>1,047,293</u>
Total Assets	<u>3,280,670</u>
 <u>Deferred Outflows of Resources</u>	
Pension	<u>418,500</u>
Total Deferred Outflows of Resources	<u>418,500</u>
 <u>Liabilities</u>	
Payables:	
Accounts	311,428
Salaries and Employee Benefits	147,023
Noncurrent Liabilities:	
Due Within One Year	331,624
Due in More Than One Year	
Net Pension Liability (See Note 3)	2,808,672
Other Amounts Due in More Than One Year	<u>282,616</u>
Total Liabilities	<u>3,881,363</u>
 <u>Deferred Inflows of Resources</u>	
Pension	<u>49,343</u>
Total Deferred Inflows of Resources	<u>49,343</u>
 <u>Net Position</u>	
Net Investment in	
Capital Assets	1,369,793
Unrestricted	<u>(1,601,329)</u>
Total Net Position	<u><u>(\$231,536)</u></u>

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Statement of Activities
For the Year Ended June 30, 2015

<u>Function/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net Position</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
General Government	\$567,619	\$263,912	\$0	(\$303,707)
Transportation Planning	4,608,513	0	4,219,778	(388,735)
Air Quality Planning	110,332	0	89,595	(20,737)
Water Quality Planning	184,460	0	187,265	2,805
Total Governmental Activities	<u>\$5,470,924</u>	<u>\$263,912</u>	<u>\$4,496,638</u>	<u>(\$710,374)</u>
General Revenues:				
Membership Dues				\$706,748
Unrestricted investment earnings				1,356
Miscellaneous				25,007
Total General Revenues				<u>733,111</u>
Changes in Net Position				22,737
Net Position-Beginning (Restated See Note 9)				<u>(254,273)</u>
Net Position-Ending				<u><u>(\$231,536)</u></u>

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency
Balance Sheet - Governmental Funds
June 30, 2015**

**Northeast Ohio Areawide Coordinating Agency
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015**

	General	OCPG	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$911,323	\$0	\$0	\$911,323
Receivables:				
Accounts	4,329	676,435	303,204	983,968
Interfund	792,218	0	36,531	828,749
Prepays	14,916	0	0	14,916
Deposits	670	0	0	670
Total Assets	<u>\$1,723,456</u>	<u>\$676,435</u>	<u>\$339,735</u>	<u>\$2,739,626</u>
Liabilities and Fund Balances				
Liabilities				
Payables:				
Accounts	\$124,007	\$5,261	\$182,160	\$311,428
Salaries and Employee Benefits	147,023	0	0	147,023
Interfund	0	671,174	157,575	828,749
Total Liabilities	<u>271,030</u>	<u>676,435</u>	<u>339,735</u>	<u>1,287,200</u>
Unassigned	<u>1,452,426</u>	<u>0</u>	<u>0</u>	<u>1,452,426</u>
Total Fund Balances	<u>1,452,426</u>	<u>0</u>	<u>0</u>	<u>1,452,426</u>
Total Liabilities and Fund Balances	<u>\$1,723,456</u>	<u>\$676,435</u>	<u>\$339,735</u>	<u>\$2,739,626</u>

See accompanying notes to the basic financial statements

**Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities**

Total Governmental Fund Balances \$1,452,426

**Amounts reported for governmental activities in
the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 1,369,793

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (614,240)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in government funds:

Deferred Outflows - Pension	418,500
Deferred Inflows - Pension	(49,343)
Net Pension Liability	<u>(2,808,672)</u>

Net Position of Governmental Activities (\$231,536)

Northeast Ohio Areawide Coordinating Agency
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2015

	General	OCPG	Other Governmental Funds	Total Governmental Funds
Revenues:				
Charges for Services	\$263,912	\$0	\$0	\$263,912
Membership Dues	235,053	379,419	92,276	706,748
Miscellaneous	25,007	0	0	25,007
Intergovernmental	0	3,414,764	1,081,874	4,496,638
Interest	1,356	0	0	1,356
Total Revenues	525,328	3,794,183	1,174,150	5,493,661
Expenditures:				
Current:				
General Government	405,109	0	0	405,109
Transportation Planning	0	3,794,183	874,891	4,669,074
Air Quality Planning	0	0	111,994	111,994
Water Quality Planning	0	0	187,265	187,265
Total Expenditures	405,109	3,794,183	1,174,150	5,373,442
Excess of Revenues Over Expenditures	120,219	0	0	120,219
 Net Change in Fund Balances	 120,219	 0	 0	 120,219
Fund Balances - beginning	1,332,207	0	0	1,332,207
Fund Balances - ending	<u>\$1,452,426</u>	<u>\$0</u>	<u>\$0</u>	<u>\$1,452,426</u>

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Reconciliation of the Statements of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015

Net Change in Governmental Fund Balances	\$120,219
Amounts reported in governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(178,457)
Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(22,905)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	209,113
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities.	(105,234)
Change in Net Position of Governmental Activities	<u>\$22,737</u>

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE REPORTING ENTITY AND BASIS OF PRESENTATION

The Northeast Ohio Areawide Coordinating Agency (NOACA) is a comprehensive planning and transportation agency formed for the purpose of coordinating and reviewing federal and state funded planning activities and proposals in northeast Ohio. NOACA was created under Ohio Revised Code Section, 307.14. Members of NOACA include the counties of Cuyahoga, Geauga, Lake, Lorain and Medina and is open to all cities, villages, and townships located in those counties. The Governing Board is made up of representatives, who hold public office, from the various member counties. There are approximately 44 voting representatives on the NOACA Board which fluctuates according to population.

Governmental accounting standards require disclosure of any organizations for which NOACA is financially accountable. NOACA's combined basic financial statements consist of all funds, departments, commissions and boards that are not legally separate from NOACA. NOACA is financially accountable for an organization if NOACA appoints a voting majority of the organization's governing board and (1) NOACA is able to significantly influence the programs or services performed or provided by the organization; or (2) NOACA is legally entitled to or can otherwise access the organization's resources; NOACA is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or NOACA is obligated for the debt of the organization. The criteria for including entities and funds in NOACA's financial statements are in agreement with the Governmental Accounting Standards Board (GASB) Statement 14, Sec. 2100, Authoritative Status of Pronouncements. There are no other governments for which NOACA is financially accountable that require inclusion in this presentation.

The accounts of NOACA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenditures. The various funds are summarized by type in the basic financial statements.

NOACA uses governmental funds with the following major funds presented below:

GOVERNMENTAL FUNDS:

Governmental funds are those through which all governmental functions of NOACA are financed. The acquisition, use and balances of NOACA's expendable financial resources and the related current liabilities are accounted for through governmental funds. The following are NOACA's major governmental funds:

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. DESCRIPTION OF THE REPORTING ENTITY AND BASIS OF PRESENTATION
(Continued)

General Fund - The General Fund is the operating fund of NOACA and 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 NOACA for any purpose provided it is expended or transferred according to the general laws of Ohio.

OCPG Fund - The OCPG Fund is a special revenue fund used to account for the proceeds of specific revenue sources (FHA/ODOT) that are legally restricted to expenditure for specified purposes.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by charges for services and intergovernmental revenues.

B. BASIS OF ACCOUNTING

The financial statements of NOACA have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the accounting policies are described below.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, membership dues and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus and the modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, NOACA considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, compensated absences are recorded only when payment is due.

Non-exchange transactions, in which NOACA receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements 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 NOACA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to NOACA on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

NET POSITION: Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by NOACA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. NOACA currently has no restricted net position amounts.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

BUDGETARY AND ACCOUNTING CONTROL: In March-June of each year, management submits an estimate of operating expenditures for the current calendar year to the NOACA Board for their approval. In addition, a fiscal year budget prepared by project is submitted to the Ohio Department of Transportation as a basis for NOACA's overall work program. NOACA is not subject to Ohio Revised Code budgetary requirements.

CASH AND SHORT TERM INVESTMENTS: Cash and short term investments consist of bank balances, investments in the State Treasurer's Investment Pool (STAR Ohio), and a money market investment account.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for at June 30, 2015.

CAPITAL ASSETS: Capital assets in service are stated on the basis of historical cost or, if contributed, at fair market value at the date received. Interest incurred during construction is not capitalized on capital assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The capitalization threshold is \$300. Property, land, building and equipment of NOACA is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20
Furniture/Equipment	5-10
Computer Hardware	3

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES: In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until then. For NOACA, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension is explained in Note 3.

In addition to liabilities, the statement of financial position reports 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 (expense) until that time. For NOACA, deferred inflows of resources include pension. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 3)

PENSIONS: For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position 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 investment at fair value.

COMPENSATED ABSENCES: Vacation and sick benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to service already rendered and it is probable that NOACA will compensate the employees for the benefits through paid time off or some other means. The liability includes the employees who are currently eligible to receive termination benefits and those NOACA has identified as probable of receiving payment in the future. The amount is based on accumulated leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in NOACA's termination policy.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

NOACA records a liability for accumulated unused vacation time when earned for all employees. NOACA records a liability for accumulated unused sick leave for all employees, taking into consideration any limits specified in NOACA's termination policy.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period, for example, as a result of employee resignations and retirements. The entire compensated absences liability is reported on the government-wide statement of net position.

FUND BALANCE: NOACA reports unassigned fund balance which is the residual classification for General Fund and includes all spendable amounts not contained in other classifications.

FEDERAL AND STATE AGENCY GRANT FUNDS: Project funds authorized under federal and state agency grants are requisitioned from such agencies either on an advance basis or for reimbursement of eligible costs incurred up to amounts contracted for under each grant. These funds are accounted for at the time eligible costs are incurred.

LOCAL CONTRIBUTIONS: Member units of government are assessed membership dues to generate local operating funds and to provide the local matching requirements of federal and state grants.

A local matching contribution is required for most federal and state grants. The exact amount of each matching contribution depends on the federal or state contribution level.

The membership dues are assessed in March-June for the current fiscal year and are accounted for at the time the dues are invoiced. The assessment is made on the basis of the relationship of population in each area as a percentage of the total population served by NOACA.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

INDIRECT COSTS: To facilitate equitable distribution of common purpose costs benefiting more than one indirect cost objective, NOACA has negotiated an agency-wide indirect cost allocation plan with its oversight federal agency, the Federal Highway Administration through the Ohio Department of Transportation (ODOT). Rates are based upon a percentage of direct wages and applicable fringe benefits to include sick time, holiday pay, vacation pay, personal days and employer portion of retirement, workers compensation insurance, hospitalization and unemployment insurance. NOACA has adopted the provisional method of calculating the fringe benefit and indirect cost rate.

The rates are calculated based on the most recently audited fiscal year with adjustments for projected changes. Once approved, the provisional rates are billed for the contract period. At the end of the fiscal year, an actual rate is calculated and the difference between the estimated and actual cost for the period covered by the rate is identified to the specific contracts. Any variance is either billed as an additional cost or refunded to the granting agency. No carry forward provision is permitted to adjust future rates for the variance.

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (INCLUDING REPURCHASE AGREEMENTS)

Monies held by NOACA are classified by State statute into two categories.

Active deposits are public deposits determined to be necessary to meet demands upon NOACA's treasury. Active monies must be maintained either as cash in NOACA's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) 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.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (INCLUDING REPURCHASE AGREEMENTS) (Continued)

Interim monies held by NOACA can be deposited or invested in the following securities:

LEGAL REQUIREMENTS:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; the State Treasurer's investment pool (STAR Ohio); certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
6. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies; and
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

2. **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (INCLUDING REPURCHASE AGREEMENTS)** (Continued)

LEGAL REQUIREMENTS: (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Investments may only be made through specified dealers and institutions.

DEPOSITS:

CUSTODIAL CREDIT RISK: Custodial credit risk for deposits is the risk that in the event of bank failure, NOACA will not be able to recover deposits or collateral securities that are in possession of an outside party. As of June 30, 2015, the carrying amount of NOACA's deposits was \$168,323 and the bank balance was \$168,410. Of the bank balance, \$168,410 was covered by federal depository insurance. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject NOACA to a successful claim by the FDIC.

NOACA has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with NOACA or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (INCLUDING REPURCHASE AGREEMENTS) (Continued)

INVESTMENTS: Investments are reported at fair value. As of June 30, 2015, NOACA had the following investments:

<u>Investments</u>	Maturity			
	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
TriState Capital Bank CDARS	\$496,000	\$496,000	\$0	\$0
TriState Capital Bank - Certificate of Deposit	247,000	0	247,000	0
Total Investment	\$743,000	\$496,000	\$247,000	\$0

INTEREST RATE RISK: As a means of limiting its exposure to fair value losses caused by rising interest rates, NOACA’s investment policy requires that operating funds be invested primarily in short-term investments maturing within 5 years from the date of purchase and that NOACA’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments. The stated intent of the policy is to avoid the need to sell securities prior to maturity.

CUSTODIAL CREDIT RISK: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, NOACA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Huntington Bank is exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty’s trust department or agent but not in NOACA’s name.

NOACA employs the use of “safekeeping” accounts to hold and maintain custody of its investments as identified within the investment policy and as a means of mitigating this risk.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (INCLUDING REPURCHASE AGREEMENTS) (Continued)

CONCENTRATION OF CREDIT RISK: NOACA may invest in any investment that is not specifically guaranteed by the U.S. Government or considered a money market mutual fund up to fifty percent of total available investable cash at the end of each month during the fiscal year. The following is NOACA's allocation as of June 30, 2015:

<u>Investment</u>	<u>Percentage of Investments</u>
TriState Capital Bank CDARS	67%
TriState Capital Bank Certificate of Deposit	33%

3. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)

NET PENSION LIABILITY: 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 NOACA's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the 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 NOACA's obligation for this liability to annually required payments. NOACA cannot control benefit terms or the manner in which pensions are financed; however, NOACA does receive the benefit of employees' services in exchange for compensation including pension.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

GASB 68 assumes the liability is solely the obligation of the 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). 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. Any 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 basis of accounting.

Plan Description – NOACA employees participate in OPERS, a cost-sharing multiple-employer defined benefit pension plan administered by OPERS. OPERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org under Quick Links (CAFR/PAFR).

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 5 years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Members of the member-directed plan do not qualify for ancillary benefits.

Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

Age and service requirements for retirement are as follows:

	Group A Eligible to Retire on or before January 7, 2018 *	Group B Eligible to Retire on or BEFORE January 7, 2023	Group C Eligible to Retire after January 7, 2023
Full Benefits	Any age with 30 years of service credit; or Age 65 with 5 years of service credit	Any age with 32 years of service credit; or Age 66 with 5 years of service credit; or Age 52 with 31 years of service credit	Age 55 with 32 years of service credit; or Age 67 with 5 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 60 with 5 years of service credit; or Age 55 with 25 years of service credit	Age 62 with 5 years of service credit; or Age 57 with 25 years of service credit

* Members with 25 years of service credit as of January 7, 2018, will be included in this plan.

For group A and B, annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. For group C, annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 35 years of service and 2.5 percent for years of service credit over 35. Final average salary is the average of the highest three years of salary.

A retiree who has received benefits for 12 months will receive an annual cost-of-living adjustment (COLA). The COLA is determined by the recipient's retirement group. Group A members who retire within the first five calendar years after January 7, 2013 will receive a simple, 3 percent COLA until December 31, 2018 and, thereafter, their COLA will be based on an allowance equal to a percentage of the Consumer Price Index (CPI), up to 3 percent. Groups B and C members will receive a COLA based on an allowance equal to a percentage of the CPI, up to 3 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and NOACA is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the OPERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's investment portfolios (Defined Benefit portfolio, Health Care portfolio, 115 Health Care Trust portfolio, and Defined Contribution portfolio). For the fiscal year ended June 30, 2015, the allocation to defined benefit, health care, and defined contribution was 12.00 percent.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

The remaining 2.00 percent of the 14 percent employer contribution rate was allocated to the 115 Health Care Trust Portfolio.

NOACA's contractually required contribution to OPERS was \$410,531 for fiscal year 2015. Of this amount \$3,442 is reported as an intergovernmental payable.

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, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. NOACA's proportion of the net pension liability was based on NOACA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportionate Share of the Net Pension Liability	\$2,808,672
Proportion of the Net Pension Liability	0.023287%
Pension Expense	\$306,652

At June 30, 2015, NOACA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	<u>OPERS</u>
Deferred Outflows of Resources	
Differences between expected and actual experience	\$149,862
Differences between employer contributions and proportionate share of contributions	59,525
NOACA contributions subsequent to the measurement date	<u>209,113</u>
Total Deferred Outflows of Resources	<u>\$418,500</u>
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	<u>\$49,343</u>

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

\$209,113 reported as deferred outflows of resources related to pension resulting from NOACA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>OPERS</u>
2016	(\$40,011)
2017	(40,011)
2018	(40,011)
2019	<u>(40,011)</u>
Total	<u><u>(\$160,044)</u></u>

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.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

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, 2014, are presented below:

Wage Inflation	3.75 percent
Projected Salary Increases	4.25 percent to 10.05 percent (Includes wage inflation %
COLA or Ad Hoc COLA	3 percent Simple
Investment Rate of Return	8.00 percent
Actuarial Cost Method	Individual Age Normal

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed December 31, 2010.

The long-term expected 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 rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return</u>
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
Total	<u>100.00 %</u>	5.28%

Discount Rate

The discount rate used to measure the total pension liability was 8.0% 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 was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of NOACA'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 8.00 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 (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS) (Continued)

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(7.00%)</u>	<u>(8.00%)</u>	<u>(9.00%)</u>
NOACA's District's proportionate share of the net pension liability	\$5,167,152	\$2,808,672	\$822,264

OTHER POST – EMPLOYMENT BENEFITS (OPEB)

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post-retirement health care.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OTHER POST – EMPLOYMENT BENEFITS (OPEB) (Continued)

For the year ended June 30, 2015, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. NOACA's contribution rate for pension benefits for 2015 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 2.0 percent during calendar year 2015.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

NOACA's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2015, 2014 and 2013 were \$117,295, \$117,674, and \$101,949, respectively; 100 percent has been contributed for 2015, 2014 and 2013.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

4. CHANGE IN CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2015 were as follows:

	Restated Balance July 1, 2014	Additions	(Reductions)	Balance June 30, 2015
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$322,500	\$0	\$0	\$322,500
 <i>Capital Assets, being depreciated</i>				
Buildings and Improvements	3,520,393	6,661	0	3,527,054
Furniture and Equipment	1,247,541	78,794	(19,889)	1,306,446
<i>Total Capital Assets being depreciated</i>	4,767,934	85,455	(19,889)	4,833,500
 Less: Accumulated Depreciation:				
Building & Improvements	(2,553,907)	(174,225)	0	(2,728,132)
Equipment	(988,277)	(89,687)	19,889	(1,058,075)
<i>Total Accumulated Depreciation</i>	(3,542,184)	(263,912)	19,889	(3,786,207)
 <i>Total Capital Assets, being Depreciated, Net</i>	 1,225,750	 (178,457)	 0	 1,047,293
<i>Governmental Activities Capital Assets, Net</i>	<u>\$1,548,250</u>	<u>\$(178,457)</u>	<u>\$0</u>	<u>\$1,369,793</u>

Depreciation expense is eliminated through the cancellation of indirect costs and recovered in the General Governmental function.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

5. COMPENSATED ABSENCES

In conformity with Government Accounting Standards Board (GASB) Statement No. 16, NOACA accrues all types of leave benefits as earned by its employees.

VACATION LEAVE: Employees of NOACA earn vacation leave, sick leave, and personal leave at various rates. Generally, employees accrue vacation leave at a rate of 3.7 hours every two weeks for the first five years of employment, up to a maximum rate of 7.7 hours every two weeks after 15 years of employment.

Employees may accrue a maximum of three years vacation leave credit. Any amounts that exceed a three-year accrual must be used by December 31st, subsequent to fiscal year end. At termination or upon other separation from NOACA, employees are paid at their full rate for 100 percent of unused vacation leave.

SICK LEAVE: Sick leave for all full-time employees is accumulated at a rate of 3.7 hours every two weeks. Sick leave is cumulative. At termination, retirement or death, employees may convert sick leave to cash at one hour for every four (25%) up to a maximum of 960 hours. (e.g., If you cash in the full 960 hours you will receive payment for 240 hours of work).

PERSONAL LEAVE: All full-time employees receive three personal leave days (24 hours) per calendar year. The time must be used by the end of the year or it is lost. Unused personal leave is not paid at termination and is not cumulative. Therefore, these benefits are not accrued, but are recorded as an expenditure when employees use personal leave time.

The change in the long-term portion of accrued vacation and sick leave is itemized below:

	<u>July 1, 2014</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30, 2015</u>
Vacation	\$397,235	\$247,988	\$(226,704)	\$418,519
Sick	<u>194,100</u>	<u>95,976</u>	<u>(94,355)</u>	<u>195,721</u>
Total	<u>\$591,335</u>	<u>\$343,964</u>	<u>\$(321,059)</u>	<u>\$614,240</u>

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

6. INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables as of June 30, 2015, are as follows:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
<u>Major Funds</u>		
General Fund	\$792,218	\$ 0
OCPG	0	671,174
Nonmajor Governmental	<u>36,531</u>	<u>157,575</u>
TOTAL	<u>\$828,749</u>	<u>\$828,749</u>

7. RISK MANAGEMENT

NOACA is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2015, NOACA contracted with Selective Insurance Company of America for property insurance. Public Officials Liability coverage is provided by RSUI Indemnity Company with a \$1.0 million aggregate limit. Public Employee Dishonesty coverage is provided by the Fidelity and Deposit Insurance Company with a \$500,000 limit per loss. Settled claims have not exceeded coverage for the past five years. There have been no significant reductions in insurance coverage from the prior year.

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

NOACA provides health insurance to its full-time employees. Health insurance is provided through Medical Mutual of Ohio. Medical Mutual claims are the responsibility of and paid for by the respective carriers.

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2015
(Continued)

8. CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2015, was as follows:

	Restated Amount Outstanding June 30, 2014	<u>Additions</u>	<u>(Reductions)</u>	Amount Outstanding June 30, 2015	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Net Pension Liability	\$2,745,234	\$516,039	(\$452,601)	\$2,808,672	\$0
Compensated Absences	591,335	343,964	(321,059)	614,240	331,624
 Total Government	 \$3,336,569	 \$860,003	 (\$773,660)	 \$3,422,912	 \$331,624

9. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

CHANGE IN ACCOUNTING PRINCIPLE: For fiscal year 2015, NOACA implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense.

RESTATEMENT: Capital assets balances for June 30, 2014 were restated to account for \$241,636 of building renovation/relocation costs that were not included in previous year's balances. In addition, furniture/equipment and accumulated depreciation balances were restated to account for \$43,092 of items discarded in prior periods that were not included in the previous year's balances, which resulted in a net change of \$0.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2015

(Continued)

9. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)

The implementation of these pronouncements and restatement had the following effects on net position as reported June 30, 2014:

Net position June 30, 2014	\$2,047,485
GASB 68 Adjustments:	
Net Pension Liability	(2,745,234)
Deferred Outflow - Payments Subsequent to Measurement Date	201,840
Capital Assets Adjustment	<u>241,636</u>
Restated Net Position June 30, 2014	<u>(\$254,273)</u>

Other than employer contributions subsequent to the measurement date, the NOACA made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOACA'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST CALENDAR YEAR (1)

	<u>2014</u>
NOACA's Proportion of the Net Pension Liability	.023287%
NOACA's Proportionate Share of Net Pension Liability	\$2,808,672
NOACA's Covered-Employee Payroll	\$3,018,088
NOACA's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	93.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%

- (1) Information prior to 2014 is not available.
Amounts presented as of NOACA's measurement date, which is December 31 of the year above.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOACA'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually Required Contribution	\$410,531	\$411,860	\$356,820	\$405,591	\$411,786
Contributions in Relation to the Contractually Required Contribution	<u>\$410,531</u>	<u>\$411,860</u>	<u>\$356,820</u>	<u>\$405,591</u>	<u>\$411,786</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 NOACA Covered-Employee Payroll	 \$3,002,711	 \$3,028,086	 \$2,780,846	 \$2,790,153	 \$3,040,602
 Contributions as a Percentage of Covered-Employee Payroll	 13.67%	 13.60%	 12.83%	 14.54%	 13.54%
	 <u>2010</u>	 <u>2009</u>	 <u>2008</u>	 <u>2007</u>	 <u>2006</u>
Contractually Required Contribution	\$410,123	\$417,925	\$415,866	\$403,703	\$347,849
Contributions in Relation to the Contractually Required Contribution	<u>\$410,123</u>	<u>\$417,925</u>	<u>\$415,866</u>	<u>\$403,703</u>	<u>\$347,849</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 NOACA Covered-Employee Payroll	 \$2,884,643	 \$2,939,831	 \$2,948,247	 \$2,824,434	 \$2,675,406
 Contributions as a Percentage of Covered-Employee Payroll	 14.22%	 14.22%	 14.11%	 14.29%	 13.00%

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF FRINGE BENEFIT COST CHARGES, RATE BASE AND
PROVISIONAL RATE COMPUTATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

ACTUAL RATE - FY 2015

LABOR BASE

\$2,498,558

FRINGE BENEFIT CATEGORY

Sick Leave	\$94,355
Bereavement	8,025
Holiday	127,802
Vacation	226,705
Personal Days	40,142
Jury/Longevity/Stipend	7,124
PERS	410,531
Worker's Compensation	(747)
Unemployment Compensation	1,946
Hospitalization	472,846
Transit Subsidy	5,783
Staff Development	3,123
Medicare	<u>38,821</u>

TOTAL FRINGE BENEFIT COSTS

\$1,436,456

Fringe Benefit Rate used by NOACA

57.4915%

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF INDIRECT COST CHARGES, RATE BASE AND
FIXED RATE COMPUTATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

DIRECT LABOR (SALARY)

Air Quality	\$ 47,122
Water Quality (604(B) + local)	81,190
Transportation Programs	1,746,167
Rideshare Program	4,231
OtherLocal Activities	<u>78,284</u>
Total Labor	\$1,956,994
Total Fringes	<u>1,125,103</u>
Labor/Fringe Base	<u><u>\$3,082,097</u></u>

INDIRECT COST CATEGORY

Salaries/Fringes	\$ 852,917
Office/Utilities/Maint/Security	243,040
Telephone	14,587
Travel/Training	23,636
Meeting/Parking	2,149
Supplies	19,701
Postage	4,617
Consultants	42,320
Software/Hardware	24,034
Membership Dues	5,408
Audit Fees	15,990
Depreciation	104,245
Advertising	245
Accounting Services	590
Insurance	30,487
Equipment Leasing	1,440
Maintenance Repair (Equipment)	45,188
Publications	<u>1,120</u>
TOTAL	<u><u>\$1,431,714</u></u>

Indirect Cost Rate Used by NOACA 46.4527%

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass Through Grantor Program Title	Grant Number	Federal CFDA Number	Expenditures
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed Through Ohio EPA:</i>			
Water Quality Management Planning	Ohio Biennial Budget	66.454	\$121,465
Watershed Planning	604 (b)	66.454	<u>65,800</u>
Total U.S. Environmental Protection Agency			<u>187,265</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
FEDERAL HIGHWAY ADMINISTRATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant			
Enhanced TLC	TLCI	20.205	182,648
Federal Aid Urban System	Rideshare	20.205	20,110
FHWA/FTA Program	FY '14 OCPG C/O	20.205	989,553
FHWA/FTA Program	FY '15 OCPG	20.205	2,804,630
FHWA/FTA Program	CMAQ	20.205	111,994
FHWA/FTA Program	INVEST	20.205	44,000
Total Highway Planning and Construction Grant			<u>4,152,935</u>
Highway Research and Development Program			
FHWA/FTA Program	Asset Management	20.200	<u>114,476</u>
Total Highway Research and Development Program			<u>114,476</u>
FEDERAL TRANSIT ADMINISTRATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Transit Services Program Cluster			
FHWA/FTA Program	Mobility Management	20.513	93,169
<i>Direct Awards:</i>			
FHWA/FTA Program	New Freedom	20.521	414,179
FHWA/FTA Program	Job Access-Reverse Commute (JARC)	20.516	6,309
Total Transit Services Program Cluster			<u>513,657</u>
Total U.S. Department of Transportation			<u>4,781,068</u>
Total Federal Awards Expenditures			<u><u>\$4,968,333</u></u>

See accompanying notes to the schedule of federal awards expenditures.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Northeast Ohio Areawide Coordinating Agency's (NOACA's) federal award programs' expenditures. The Schedule has been prepared on the full accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

NOTE B - SUBRECIPIENTS

NOACA passes certain federal awards received from the United States and Ohio Departments of Transportation to other governments or not-for-profit agencies (subrecipients). As Note A describes, NOACA reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, NOACA 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.

NOTE C - MATCHING REQUIREMENTS

Certain Federal programs require NOACA to contribute non-Federal funds (matching funds) to support the Federally-funded programs. NOACA has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Dave Yost • Auditor of State

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

Northeast Ohio Areawide Coordinating Agency
Cuyahoga County
1299 Superior Avenue
Cleveland, Ohio 44114

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, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, (NOACA) as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise NOACA's basic financial statements and have issued our report thereon dated March 21, 2016, wherein we noted NOACA adopted Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered NOACA's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of NOACA'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 NOACA'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 NOACA'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 NOACA's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering NOACA's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2016



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Northeast Ohio Areawide Coordinating Agency
Cuyahoga County
1299 Superior Avenue
Cleveland, Ohio 44114

To the Board of Directors:

Report on Compliance for Each Major Federal Program

We have audited the Northeast Ohio Areawide Coordinating Agency's (NOACA's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of NOACA's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies NOACA's major federal programs.

Management's Responsibility

NOACA's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on NOACA's compliance for each of NOACA'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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 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 NOACA'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 NOACA's major programs. However, our audit does not provide a legal determination of NOACA's compliance.

Basis for Qualified Opinion on the Transit Services Program Cluster Major Federal Program

As described in Findings 2015-001 and 2015-002 in the accompanying schedule of findings, NOACA did not comply with requirements regarding the following:

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2015-001	20.513, 20.516, 20.521	Transit Services Program Cluster	Inventory and Real Property Management
2015-002	20.513, 20.516, 20.521	Transit Services Program Cluster	Reporting

Compliance with these requirements is necessary, in our opinion, for NOACA to comply with the requirements applicable to these programs.

Qualified Opinion on the Transit Services Program Cluster Major Federal Program

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Transit Services Program Cluster Major Federal Program* paragraph, the Northeast Ohio Areawide Coordinating Agency complied, in all material respects, with the requirements referred to above that could directly and materially affect its *Transit Services Program Cluster major federal program* for the year ended June 30, 2015.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the Northeast Ohio Areawide Coordinating Agency complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2015.

Other Matters

NOACA's responses to our noncompliance findings are described in the accompanying schedule of findings and corrective action plan. We did not audit NOACA's responses and, accordingly, we express no opinion on them.

Report on Internal Control over Compliance

NOACA'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 NOACA'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 OMB Circular A-133, 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 NOACA's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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's 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 a 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings as items 2015-001 and 2015-002 to be material weaknesses.

NOACA's responses to our internal control over compliance findings are described in the accompanying schedule of findings and or corrective action plan. We did not audit NOACA's responses and, accordingly, we express no opinion on them.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

March 21, 2016

This page intentionally left blank.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinions	Transit Services Program Cluster – Qualified Highway Planning and Construction Grant – Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs:	Highway Planning and Construction Grant – CFDA #20.205 Transit Services Program Cluster – CFDA #20.513, 20.516 & 20.521
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS

Maintenance of Inventory Listing – Inventory and Real Property Management

Finding Number	2015-001
CFDA Title and Number	Transit Services Program Cluster – CFDA #20.513, 20.516 and 20.521
Federal Award Number / Year	2015
Federal Agency	United States Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Noncompliance and Material Weakness

2 CFR 215.34 and 34 CFR §80.32, requires equipment be used in the program for which it was acquired or, when appropriate, other Federal Programs. Equipment records shall be maintained, a physical inventory of equipment shall be taken at least once every two years and reconciled to the equipment records, and appropriate control system shall be used to safeguard equipment, and equipment shall be adequately maintained.

49 CFR §18.32 states procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

1. Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property;
2. A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years;
3. A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated;
4. Adequate maintenance procedures must be developed to keep the property in good condition; and
5. If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

During fiscal year 2015, NOACA maintained property records for the assets purchased with grant funds. However, these records were not systematically organized to ensure adequate safeguards were in place, or whether a complete physical inventory and proper maintenance had been performed.

Failure to maintain complete and organized inventory records may result in inadequate records being maintained of the entity's subrecipient's federal equipment.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015
(Continued)**

**3. FINDINGS FOR FEDERAL AWARDS
(Continued)**

**FINDING NUMBER 2015-001
(Continued)**

Maintenance of Inventory Listing – Inventory and Real Property Management – Noncompliance and Material Weakness (Continued)

NOACA should maintain an inventory list to properly manage equipment and vehicles purchased with federal grant monies.

Officials' Response: NOACA takes its responsibilities regarding vehicle oversight very seriously. NOACA staff maintains extensive files on all vehicle purchases. This includes vehicle identification numbers, mileage, and even photographs of the vehicles. Because different staff were assigned to the program over time, all files were not necessarily integrated and it may have required some effort to collect the requested data.

We acknowledge that we did not maintain the inventory information in an easily ascertainable format, however the inability to provide this information immediately upon request should not be misconstrued with staff not maintaining the necessary information. Staff maintained all information necessary for the purpose of managing the program's assets. We have remedied this situation by creating a comprehensive Federal inventory listing addressing the necessary requirements and apologize for any confusion that resulted from being unable to immediately provide the information.

SF-425 Report Submission – Reporting

Finding Number	2015-002
CFDA Title and Number	Transit Services Program Cluster – CFDA #20.513, 20.516 and 20.521
Federal Award Number / Year	2015
Federal Agency	United States Department of Transportation
Pass-Through Agency	Ohio Department of Transportation

Noncompliance and Material Weakness

2 CFR §215.52 states each Federal awarding agency shall require recipients to use the SF-425 form to report the status of funds for all non-construction projects or programs. The Federal awarding agency shall require recipients to submit the SF-425 (an original and no more than two copies) no later than 30 days after the end of each specified reporting period for quarterly and semiannual reports, and 90 calendar days for annual and final reports.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015
(Continued)**

3. FINDINGS FOR FEDERAL AWARDS (Continued)

**FINDING NUMBER 2015-002
(Continued)**

SF-425 Report Submission – Reporting – Noncompliance and Material Weakness (Continued)

49 CFR §18.41(b) also states Grantees will use Standard Form 269 or 269A, Financial Status Report (FSR), to report the status of funds for all nonconstruction grants. The Federal agency may prescribe the frequency of the report for each project or program. However, the report will not be required more frequently than quarterly. If the Federal agency does not specify the frequency of the report, it will be submitted annually. A final report will be required upon expiration or termination of grant support. When reports are required on a quarterly or semiannual basis, they will be due 30 days after the reporting period. When required on an annual basis, they will be due 90 days after the grant year. Final reports will be due 90 days after the expiration or termination of grant support. The 269 and 269A form has been consolidated with the form SF-425.

In fiscal year 2015, NOACA submitted two of eight SF-425 report for the New Freedom program and neither were completed accurately. Failure to comply with federal reporting requirements may result in reduced or eliminated funding from federal agencies in the future.

The Grant Coordinator should comply with the reporting requirements as outlined in the grant agreement between Federal Transit Administration and NOACA.

Officials' Response: The purposes of 2 CFR §215.52 and 49 CFR §18.41(b) are to ensure thorough and proper management of the grants. Although the FSRs were not filed, NOACA staff did track and monitor all programmatic and financial aspects of the program. All information that would have been contained in the FSRs was collected and retained in some capacity through the appropriate staff. As a result of staff transitions, unclear assignments between finance and planning functions and the transition to a new system by the Federal Transit Authority (FTA), the documentation required to be submitted was not properly prepared and filed. NOACA takes this finding very seriously and regrets this oversight.

Corrective action, including proper internal controls relative to staff and management, have already been implemented to ensure the SF-425 forms are processed through the FTA's electronic transmission system.

In addition, all incomplete or missing forms for the period July 1, 2014 through June 30, 2015 will be completed once the FTA's TrAMS system is fully operational. The FTA is in the middle of transitioning the previous TEAM reporting system to the new TrAMS system.

Nevertheless, NOACA accepts responsibility for non-compliance regarding submission of the SF-425 forms.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A -133 § .315 (c)
JUNE 30, 2015**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2015-001	A comprehensive listing of Federal inventory has been compiled which addresses the necessary Federal requirements.	Immediately	Senior Director of Financial Planning and Performance Management
2015-002	<p>Internal controls relative to staff and management have been implemented to ensure the SF-425 forms are processed through the Federal Transit Administration (FTA)'s electronic transmission system.</p> <p>In addition, all incomplete or missing forms for the period January 1, 2014 through June 30, 2015 will be completed once the FTA's TrAMS system is fully operational.</p>	Immediately	Senior Director of Financial Planning and Performance Management

This page intentionally left blank.



Dave Yost • Auditor of State

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

CUYAHOGA 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
APRIL 5, 2016**