



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

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
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REPORT OF INDEPENDENT ACCOUNTANTS

Northeast Ohio Four County Regional
Planning and Development Organization
Summit County
969 Copley Road
Akron, Ohio 44320

To the General Policy Board:

We have audited the accompanying general purpose financial statements of the Northeast Ohio Four County Regional Planning and Development Organization, Summit County, (NEFCO) as of and for the year ended June 30, 2000, as listed in the Table of Contents. These general purpose financial statements are the responsibility of NEFCO's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of NEFCO as of June 30, 2000, and the results of its operations for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2000 on our consideration of NEFCO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the Audit Committee, management, the General Policy Board, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

August 4, 2000

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**NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
COMBINED BALANCE SHEET - SPECIAL REVENUE FUND TYPE AND ACCOUNT GROUPS
JUNE 30, 2000**

	<u>Account Groups</u>			<u>Total (Memorandum Only)</u>
	<u>Special Revenue Fund</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
Assets and Other Debits:				
Assets:				
Cash and cash equivalents	\$61,285			\$61,285
Accounts receivable	58,610			58,610
Intergovernmental receivables	62,628			62,628
Prepaid expenses	1,935			1,935
Deposits held	250			250
Fixed assets		\$43,562		43,562
Other Debits:				
Amount to be Provided for General Long-Term Obligations			\$15,104	15,104
Total Assets and Other Debits	<u>\$184,708</u>	<u>\$43,562</u>	<u>\$15,104</u>	<u>\$243,374</u>
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts payable	\$17,196			\$17,196
Salaries and wages payable	4,550			4,550
Deferred revenue	58,610			58,610
Compensatory time payable			\$1,234	1,234
Vacation time payable			13,870	13,870
Total Liabilities	80,356		15,104	95,460
Fund Equity and Other Credits:				
Investment in fixed assets		\$43,562		43,562
Reserve for prepaid expenses	1,935			1,935
Unreserved and undesignated	102,417			102,417
Total Equity and Other Credits	<u>104,352</u>	<u>43,562</u>		<u>147,914</u>
Total Liabilities, Equity and Other Credits	<u>\$184,708</u>	<u>\$43,562</u>	<u>\$15,104</u>	<u>\$243,374</u>

The notes to the financial statements are an integral part of this statement.

**NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Special Revenue
Revenues:	
Federal grants	\$84,307
State grants	154,808
Local dues assessments	116,310
Other resources	3,608
	359,033
Expenditures:	
Wages, benefits, and related payroll taxes	310,693
Non-salary payroll expense	7,752
Advertising expense	1,974
Maintenance and repairs	6,056
Utilities and telephone	7,148
Travel and related costs	5,814
Equipment and insurance	3,843
Rent	4,501
Supplies	6,854
Audit and legal fees	9,210
Contractual services	2,135
Membership dues	1,755
Printing	1,333
Publications	3,363
Bonding	213
Maps, aerial photos, and/or well logs	17
Miscellaneous	129
Bank charges	2,014
Postage	4,304
Upper Wolf Creek Subcontracts	5,604
	384,712
Total Expenditures	384,712
Excess of Expenditures Over Revenues	(25,679)
Fund Balance at Beginning of Year	130,031
Fund Balances at End of Year	\$104,352

The notes to the financial statements are an integral part of this statement.

**NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Northeast Ohio Four County Regional Planning and Development Organization, Summit County, (NEFCO) was formed as a Regional Council of Governments by the elected officials within Portage, Stark, Summit, and Wayne Counties, pursuant to Chapter 167 of the Ohio Revised Code. Its purpose is to foster a cooperative effort in regional planning and programming, and the implementing of regional plans and programs. NEFCO is also organized as a forum for the discussion and study of common problems of a regional nature, and for the development of policies and actions and related recommendations.

The organization is directed by a General Policy Board composed of 35 appointed officials and citizens from each of the four counties, as well as from the cities of Akron, Canton, Wooster, and Kent, Ohio.

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

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

B. BASIS OF PRESENTATION

The accounting policies of NEFCO are designed to present fairly, and with full disclosure, the assets, liabilities, and fund equity of NEFCO, and its revenues, expenditures and changes in fund cash balance in conformity with generally accepted accounting principles.

C. FUND ACCOUNTING

NEFCO uses fund accounting to segregate cash and investments that are restricted as to use. NEFCO classifies its funds into the following type:

Special Revenue Funds

These funds are used to account for proceeds from specific sources that are restricted to expenditure for specific purposes. NEFCO had the following significant Special Revenue Funds:

Water Quality Management Planning Fund - This fund receives monies from the Ohio Environmental Protection Agency and is used for water quality management programs in the four county region.

Economic Development Fund - This fund receives monies from the U.S. Department of Commerce and Economic Development Administration and is used for economic development programs in the four county region.

NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Account Groups

To make a clear distinction between fixed assets and long-term liabilities of a general nature, the following account groups are used:

General Fixed Asset Account Group

This account group is used to account for property, plant, and equipment that is not accounted for in any other fund.

General Long-Term Obligations Account Group

This account group is used to account for long-term obligations that are not accounted for in any other fund.

D. REVENUES AND EXPENDITURES

The modified accrual basis of accounting is followed for the Special Revenue Funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. The available period for NEFCO is sixty days after year end.

NEFCO reports deferred revenues on its balance sheet. Deferred revenues arise when a potential revenue does not meet both measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the balance sheet and revenue is recognized. Local dues assessments and grant awards measurable as of June 30, 2000 whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, respectively, have been recorded as deferred revenues.

The measurement focus of governmental fund accounting is on decreases in financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable.

E. COMPENSATED ABSENCES

NEFCO employees are entitled to compensated absences (vacation) based on their length of employment. In addition, all employees earn nonvesting accumulating rights to receive sick pay benefits. The vacation leave liability has been accrued, while sick benefits are expended at the time of payment.

F. FIXED ASSETS

Fixed Assets are not capitalized in the fund which acquired them. Instead, capital acquisition and construction costs are reflected as expenditures in the Special Revenue Funds, and related assets are reported in the General Fixed Asset Account Group. Fixed assets are capitalized at cost and updated for additions and retirements during the year.

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.

NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. INTERGOVERNMENTAL REVENUES

Intergovernmental revenues, such as federal and state grants awarded on a non-reimbursement basis are recorded as receivables and revenues when entitlement occurs. Reimbursement-type grants are recorded as receivables and revenues when the related qualified expenditures are incurred.

2. EQUITY IN POOLED CASH

NEFCO maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash at June 30 was:

Demand deposits	\$61,285
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Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. RECEIVABLES

Receivables as of June 30 were as follows:

Accounts Receivables:

Local Dues	\$58,610
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Intergovernmental Receivables:

Ohio EPA - Water Quality Management Planning Grant	51,000
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Constructed Wetland Grant	3,326
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Yellow Creek Grant	8,302
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Total Intergovernmental Receivables	62,628
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Total Receivables	\$121,238
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4. FIXED ASSETS

A summary of changes in general fixed assets during the fiscal year ended June 30, 2000 is as follows:

	Balance July 1, 1999	Additions	Deletions	Balance June 30, 2000
Equipment	\$42,847	\$715	\$0	\$43,562

NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)

5. INDIRECT COSTS AND COST ALLOCATION METHOD

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

The indirect cost allocation rate for the fiscal year ended June 30, 2000 was as follows:

A. Indirect costs for all projects	\$95,801
B. Total direct salaries and fringes	334,732
C. Allocation percentage (A/B)	29%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2000:

Salaries and Wages	\$21,532
Insurance/Hospitalization	28,449
Contract Services	12,232
Travel	2,275
Supplies	6,867
Telephone/Internet Access	832
Postage	4,500
Equipment Rental	2,183
Equipment Purchases	715
Dues and Subscriptions	2,710
Bank Charges	2,014
Utilities and Maintenance	8,254
Miscellaneous	1,274
Advertising	1,974
Total Indirect Cost	<u><u>\$95,811</u></u>

6. RETIREMENT SYSTEMS

All employees of NEFCO contribute to the Public Employees Retirement System of Ohio (PERS), a cost-sharing, multiple employer public employee retirement system. PERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 145 of the Ohio Revised Code. PERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. Interested parties may obtain the report by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 1-800-222-PERS.

NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)

6. RETIREMENT SYSTEMS (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. Employees are required to contribute 8.5 percent of their annual covered salary to PERS. NEFCO is required to contribute at an actuarially determined rate. The current rate is 13.55 percent of annual covered payroll. For fiscal year 1999 (the latest information available), 4.2 percent was the portion used to fund pension obligations. The contribution requirements of employees and employers are established and may be amended, up to statutory maximum amounts, by the PERS Retirement Board.

NEFCO's required contributions for pension obligations to PERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$32,091, \$32,732, and \$27,712, respectively; 92 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$2,488 representing the unpaid contribution for fiscal year 2000 is included in accounts payable on the Combined Balance Sheet.

7. RISK MANAGEMENT

NEFCO has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Errors and omissions

NEFCO also provides health insurance and dental and vision coverage to full-time employees through County of Summit.

8. CONTINGENT LIABILITIES

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

9. FACILITIES

NEFCO conducts its operations from a County owned facility located in West Akron. NEFCO has the use of these facilities rent free and is required to maintain adequate insurance liability coverage. The facility is not included as part of NEFCO's fixed asset.

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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Northeast Ohio Four County Regional
Planning and Development Organization
Summit County
969 Copley Road
Akron, Ohio 44320

To the General Policy Board:

We have audited the general purpose financial statements of the Northeast Ohio Four County Regional Planning and Development Organization (NEFCO) as of and for the year ended June 30, 2000, and have issued our report thereon dated August 4, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered NEFCO's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of NEFCO in a separate letter dated August 4, 2000.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

August 4, 2000



**STATE OF OHIO
OFFICE OF THE AUDITOR**

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NORTHEAST OHIO FOUR COUNTY REG PLANNING & DEVELOPMENT ORGANIZATION

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
OCTOBER 19, 2000**