



Dave Yost • Auditor of State



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Northeast Ohio Areawide Coordinating Agency  
Cuyahoga County  
1299 Superior Avenue  
Cleveland, Ohio 44114-3204

To the Governing Board:

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, 2012, which collectively comprise NOACA's basic financial statements as listed in the table of contents. These financial statements are the responsibility of NOACA's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

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, 2012, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 8, 2013, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as 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 have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise 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 provides additional analysis information and are not a required part of the basic financial statements. The federal awards expenditure schedule provides additional information 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 basic financial statements. 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 and federal awards expenditure schedule are management's responsibility, and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. These schedules were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



**Dave Yost**  
Auditor of State

March 8, 2013

**Northeast Ohio Areawide Coordinating Agency**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2012**  
**(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, 2012. 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 2012 are as follows:

- Assets, excluding capital assets, exceeded total current liabilities at the close of the most recent fiscal year by \$2.99 million. Of this amount, \$335,846 is restricted for the NOACA's leasehold requirement.
- General revenues accounted for \$766,876 in revenue or 10.06 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$6.85 million or 89.94 percent of total revenues of \$7.62 million.
- NOACA had \$7.66 million in expenses related to governmental activities; \$6.85 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$766,876, along with cash balances, were adequate to provide for these programs.
- Among major funds, the general fund had \$525,403 in revenues and \$622,246 in expenditures. The general fund's balance at the close of the current year was 481 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 assets* presents information on all NOACA's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases and decreases in net assets 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, 2012  
(UNAUDITED)*

The *statement of activities* presents information showing how NOACA's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of 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 9 and 10 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 the government'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 assets and statement of activities.

NOACA maintains 15 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, OCPG, TICI, Household Travel Survey and Sustainable Communities funds which are considered major funds. Data from the other ten 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 13 of this report.



**Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2012  
(UNAUDITED)**

Government-Wide Financial Analysis

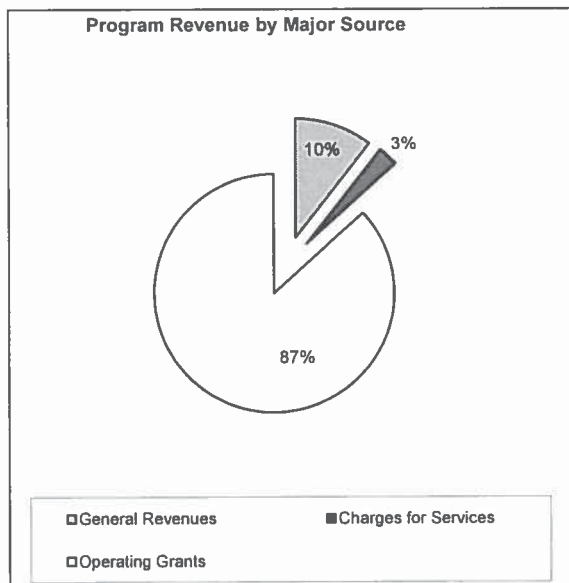
Recall that the Statement of Net Assets provides the perspective of NOACA as a whole. Table 1 provides a comparison of NOACA's net assets for the years ended June 30, 2012 and 2011.

*Table 1*  
Net Assets  
(in Millions)

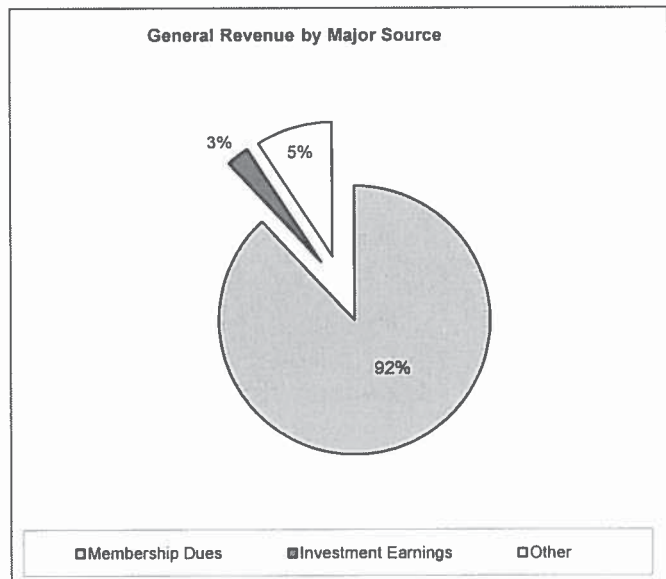
<u>Assets</u>	<u>2012</u>	<u>2011</u>	<u>Change</u>
Current and Other Assets	\$3.30	\$3.34	\$ (.04)
Capital Assets	<u>1.28</u>	<u>1.40</u>	<u>(.12)</u>
Total Assets	4.58	4.74	(.16)
<u>Liabilities</u>			
Long-term Liabilities	(1.95)	(2.12)	.17
Other Liabilities	<u>(.30)</u>	<u>(.25)</u>	<u>(.05)</u>
Total Liabilities	(2.25)	(2.37)	.12
Net Assets			
Invested in Capital Assets	(.14)	(.21)	.07
Restricted for:			
Leasehold Requirement	.34	.33	.01
Unrestricted	<u>2.13</u>	<u>2.25</u>	<u>(.12)</u>
Total Net Assets	<u>\$2.33</u>	<u>\$2.37</u>	<u>\$ (.04)</u>

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, 2012  
(UNAUDITED)*

Table 2 shows the revenue for NOACA as a whole during fiscal year 2012.

Table 2  
Revenues  
(in Millions)

	<u>2012</u>	<u>2011</u>	<u>Change</u>
<b>Revenues</b>			
<i>Program Revenues</i>			
Charges for Services	\$ .21	.20	.01
Operating Grants/Contributions	6.64	4.78	1.86
<i>General Revenues</i>			
Membership Dues	.71	.70	.01
Investment Earnings	.02	.04	(.02)
Other	<u>.04</u>	<u>.04</u>	<u>.00</u>
Total Revenues	<u>\$ 7.62</u>	<u>\$5.76</u>	<u>\$1.86</u>

Table 3 shows total program expenses and net program expense.

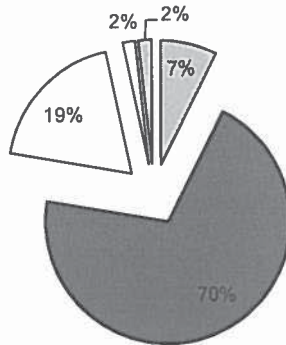
Table 3  
Total Program Expenses  
(in Millions)

	<u>Program Expense</u>		<u>Net Program Expense</u>	
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
<i>Program Expenses</i>				
<i>General Government</i>	\$ .53	\$ .28	\$ (.32)	\$ (.08)
Transportation Planning	5.38	4.82	(.49)	(.41)
Air Quality Planning	.12	.20	.00	.00
Water Quality Planning	.14	.18	.00	.00
Sustainable Communities - NEOSCC	<u>1.49</u>	<u>.00</u>	<u>.00</u>	<u>.00</u>
Total Expenses	<u>\$7.66</u>	<u>\$5.48</u>	<u>\$(.81)</u>	<u>\$ (.49)</u>
Ending Net Assets	<u>\$ 2.32</u>			

*Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2012  
(UNAUDITED)*

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

Graph 3



**Capital Assets**

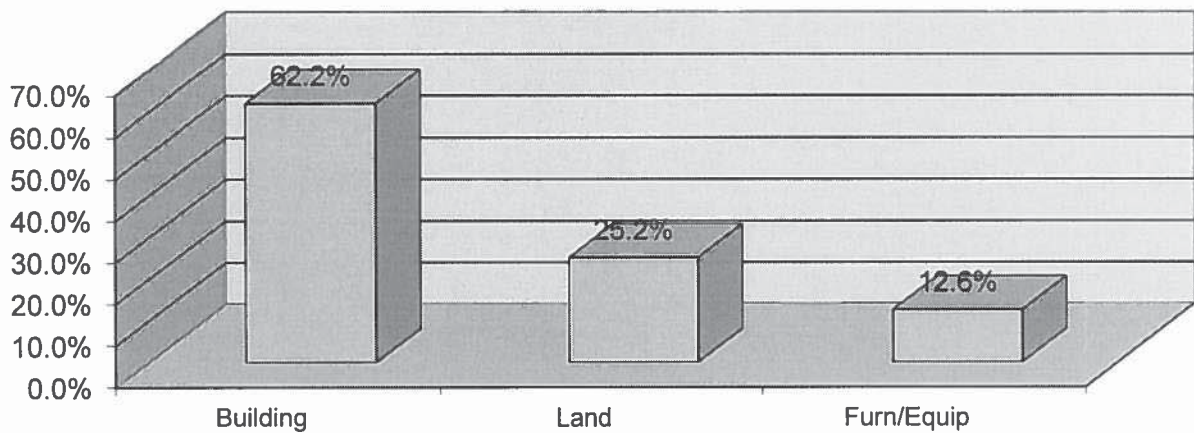
At the end of the year, NOACA had \$1.28 million invested in buildings and equipment, less accumulated depreciation. For further information on NOACA's capital assets, refer to Note 4 of the basic financial statements.

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

*Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2012  
(UNAUDITED)*

Graph 4

**Percentage of Capital Assets by Class  
(Net of Accumulated Depreciation)**



### The Major Funds

NOACA's major funds presentation begins on page 11. 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 \$7.62 million and expenditures of \$7.72 million. The net change in fund balance for the year represented -3.14 percent of the years beginning fund balance.

The general fund recognized \$168,977 in current liabilities for fiscal year 2012. Accrued salaries and benefits accounted for 82.7% of those liabilities. The other major funds, OCPG, TLCI, Household Travel Survey and Sustainable Communities, recognized \$451,876, \$71,100, \$119,283 and \$0 in current liabilities, respectively for the fiscal year. Interfund liabilities accounted for 99.6%, 42.5%, 37.5% and 0% of those liabilities, respectively.

### 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 Assets**  
**June 30, 2012**

	Governmental Activities
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$2,163,880
Receivables:	
Accounts	796,879
Accrued Interest	
Deposits	670
Prepays	
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	335,846
Nondepreciable Capital Assets	322,500
Depreciable Capital Assets, Net	957,719
Total Assets	4,577,494
 <b><u>Liabilities</u></b>	
Payables:	
Accounts	151,540
Salaries and Employee Benefits	139,693
Notes	
Deferred Revenue	14,336
Noncurrent Liabilities:	
Due within one year	618,926
Due in more than one year	1,328,407
Total Liabilities	2,252,902
 <b><u>Net Assets</u></b>	
Invested in capital assets, net of related debt	(137,283)
Restricted for:	
Leasehold Requirement	335,846
Unrestricted	2,126,029
Total Net Assets	\$2,324,592

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency**  
**Statement of Activities**  
**For the Year Ended June 30, 2012**

<u>Function/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating</u>	
			<u>Grants and Contributions</u>	
Governmental Activities:				
General Government	\$535,194	\$209,365	\$0	(\$325,829)
Transportation Planning	5,382,144	0	4,896,174	(485,970)
Air Quality Planning	123,986	0	123,986	0
Water Quality Planning	136,793	0	136,793	0
Sustainable Communities - NEOSCC	1,488,423	0	1,488,423	0
Total Governmental Activities	\$7,666,540	\$209,365	\$6,645,376	(\$811,799)

General Revenues:	\$706,748
Membership Dues	21,972
Unrestricted investment earnings	38,156
Miscellaneous	766,876
Total General Revenues	(44,923)
Changes in Net Assets	2,369,515
Net Assets-Beginning	\$2,324,592
Net Assets-Ending	

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency  
Balance Sheet - Governmental Funds  
June 30, 2012**

**Northeast Ohio Areawide Coordinating Agency  
Reconciliation of Total Governmental Fund Balances to  
Net Assets of Governmental Activities  
June 30, 2012**

	General	OCPG	TLCI	HH Travel	Sustainable Communities	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>							
Equity in Pooled Cash and Cash Equivalents	\$2,152,065	\$0	\$0	\$0	\$0	\$11,815	\$2,163,880
Receivables:							
Accounts	2,576	451,876	71,100	119,283	0	152,044	796,879
Interfund	669,526	0	0	0	0	3,426	672,952
Prepays	0	0	0	0	0	0	0
Deposits	670	0	0	0	0	0	670
Restricted Assets:							
Cash and Cash Equivalents	335,846	0	0	0	0	0	335,846
<b>Total Assets</b>	<b>\$3,160,683</b>	<b>\$451,876</b>	<b>\$71,100</b>	<b>\$119,283</b>	<b>\$0</b>	<b>\$167,285</b>	<b>\$3,970,227</b>
<b>Liabilities and Fund Balances</b>							
Liabilities:							
Payables:							
Accounts	\$26,763	\$1,873	\$40,867	\$74,552	\$0	\$7,485	\$151,540
Salaries and Employee Benefits	139,693	0	0	0	0	0	139,693
Interfund	0	450,003	30,233	44,731	0	147,985	672,952
Deferred Revenue	2,521	0	0	0	0	11,815	14,336
<b>Total Liabilities</b>	<b>168,977</b>	<b>451,876</b>	<b>71,100</b>	<b>119,283</b>	<b>0</b>	<b>167,285</b>	<b>978,521</b>
<b>Fund Balances:</b>							
Restricted for:							
Building Reserve Requirement	335,846	0	0	0	0	0	335,846
Unreserved, reported in:							
Unassigned	2,655,860	0	0	0	0	0	2,655,860
<b>Total Fund Balances</b>	<b>2,991,706</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,991,706</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$3,160,683</b>	<b>\$451,876</b>	<b>\$71,100</b>	<b>\$119,283</b>	<b>\$0</b>	<b>\$167,285</b>	<b>\$3,970,227</b>

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

Total Governmental Fund Balances \$2,991,706

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

Capital assets used in governmental activities are not financial  
resources and, therefore, are not reported in the funds. 1,280,219

Long-term liabilities are not due and payable in the current period  
and therefore are not reported in the funds. (1,947,353)

**Net Assets of Governmental Activities** \$2,324,592

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency  
Statement of Net Assets  
Statement of Revenues, Expenditures and Changes in Fund Balances -  
Governmental Funds  
For the Year Ended June 30, 2012

Northeast Ohio Areawide Coordinating Agency  
Statement of Net Assets  
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, 2012

	General	OCPG	TLCI	HH Travel	Sustainable Communities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>							
Charges for Services	\$209,365	\$0	\$0	\$0	\$0	\$0	\$209,365
Membership Dues	255,910	359,860	37,740	53,238	0	0	706,748
Miscellaneous	38,156	0	0	0	0	0	38,156
Intergovernmental	0	3,238,736	652,274	712,950	1,453,291	588,125	6,645,376
Interest	21,972	0	0	0	0	0	21,972
<b>Total Revenues</b>	<b>525,403</b>	<b>3,598,596</b>	<b>690,014</b>	<b>766,188</b>	<b>1,453,291</b>	<b>588,125</b>	<b>7,621,617</b>
<b>Expenditures:</b>							
Current:							
General Government	421,413	0	0	0	0	0	421,413
Capital Lease Payments	200,833	0	0	0	0	0	200,833
Transportation Planning	0	3,598,596	690,014	766,188	0	327,346	5,382,144
Air Quality Planning	0	0	0	0	0	123,986	123,986
Water Quality Planning	0	0	0	0	0	136,793	136,793
Sustainable Communities - NEOSCC	0	0	0	0	1,453,291	0	1,453,291
<b>Total Expenditures</b>	<b>622,246</b>	<b>3,598,596</b>	<b>690,014</b>	<b>766,188</b>	<b>1,453,291</b>	<b>588,125</b>	<b>7,719,460</b>
Excess of Revenues Over Expenditures	(96,843)	0	0	0	0	0	(96,843)
Net Change in Fund Balances	(96,843)	0	0	0	0	0	(96,843)
Fund Balances - beginning	3,088,549	0	0	0	0	0	3,088,549
Fund Balances - ending	\$2,991,706	\$0	\$0	\$0	\$0	\$0	\$2,991,706

**Net Change in Governmental Fund Balances** (\$96,843)

*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 capital outlays exceeded depreciation in the current period. (124,638)

Repayment of long-term obligations is reported as an expenditure in governmental funds, the repayment reduces long-term liabilities in the statement of net assets. In the current year, this amount is: 200,833

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. (24,275)

**Change in Net Assets of Governmental Activities** (\$44,923)

See accompanying notes to the basic financial statements



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2012**

**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 equity, 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, 2012**

**(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.

**TLCI Fund** - The Transportation for Livable Communities Initiative (TLCI) Fund is a special revenue fund which assists communities by awarding planning grants to eligible applicants via Board approval.

**Household Travel Survey Fund** - The Household Travel Survey Fund is a special revenue fund that collects current statistically relevant, demographically stratified trip making choices and behavior as a required input to the maintenance and improvement of the agency's federally required travel forecast model.

**Sustainable Communities - NEOSCC Fund** - The Sustainable Communities - NEOSCC Fund is a special revenue fund leading a community and stakeholder scenario planning engagement process to develop a shared vision and framework for the region's future, and is strengthening decision-making networks to enable implementation of the vision to help create a more vibrant, resilient, and sustainable Northeast Ohio.

The other governmental funds of NOACA account for grants and other resources whose use is restricted to a particular purpose.

**Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets 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

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF ACCOUNTING (Continued)**

governmental accounting and financial reporting principles. NOACA also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities unless these pronouncements conflict with or contradict GASB pronouncements. 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 or capital requirements of a particular function or segment.

**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.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF ACCOUNTING (Continued)**

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the Agency 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 ASSETS:** Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of these assets. Net assets are 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.

**BUDGETARY AND ACCOUNTING CONTROL:** In May/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), an overnight sweep account, and government securities.

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, 2012.

**RESTRICTED CASH:** NOACA is required to maintain a cash balance with Huntington Banks equal to 10% of the Bond proceeds related to the capital lease with the Cleveland Cuyahoga County Port Authority for the building located at 1299 Superior Avenue, Cleveland, Ohio. The capital lease is presented further in Note 9 to the basic financial statements.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF ACCOUNTING (Continued)**

The carrying amount of \$335,846 with Huntington Banks represents the 10% reserve requirement related to the capital lease. This cash is therefore restricted and identified as such in the assets and equity sections of the governmental fund balance sheet.

**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, plant 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

**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.

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 assets.

**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



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. BASIS OF ACCOUNTING (Continued)**

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 May or 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.

**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 three 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.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

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

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

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

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);

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

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

**LEGAL REQUIREMENTS: (Continued)**

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;

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies; and
9. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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, 2012, the carrying amount of NOACA's deposits was \$1,613,937 and the bank balance was \$1,559,046. Of the bank balance, \$1,365,012 was covered by federal depository insurance or by individual surety bonds and \$194,034 was uninsured and collateralized. 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, 2012**

**(Continued)**

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

**INVESTMENTS:**

Investments are reported at fair value. As of June 30, 2012, NOACA had the following investments:

<u>Investments</u>	<u>Maturity</u>			
	<u>Fair Value</u>	<u>Less Than 6 Months</u>	<u>6-12 Months</u>	<u>1-5 Years</u>
Huntington National Bank FFCB	\$334,772	0	0	\$334,772
Charter One Money Market	100,073	100,073	0	0
TriState Capital Bank Money Market	249,744	249,744	0	0
STAR Ohio	200,127	200,127	0	0
Huntington Bank Money Market	1,073	1,073	0	0
<b>Total Investment</b>	<b>\$885,789</b>	<b>\$551,017</b>	<b>\$0</b>	<b>\$334,772</b>

**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 Money Market and the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Notes are exposed to custodial credit risk in that they are 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, 2012**

**(Continued)**

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

**CREDIT RISK:** The Federal Home Loan Bank, Federal Home Loan Mortgage Corporation and Federal National Mortgage Association Notes carry a rating of AAA by the Standard & Poor's. The Huntington Money Market account and STAR Ohio carry a rating of AAAM by Standard & Poor's. The U.S. Governmental Agencies are not rated. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. NOACA has no investment policy that would further limit its investment choices.

**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, 2012:

<u>Investment</u>	<u>Percentage of Investments</u>
Huntington National Bank FFCB	38%
TriState Capital Money Market	28%
Charter One Money Market	11%
STAR Ohio	23%

**3. PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**PENSION BENEFITS**

NOACA participates in the Ohio Public Employees Retirement System (OPERS). 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.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

**PENSION BENEFITS (Continued)**

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. OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601.

For the year ended June 30, 2012, 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 2012 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

NOACA's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2012, 2011, and 2010 were \$247,797, \$331,352 and \$279,079 respectively; 100 percent has been contributed for the years ended June 30, 2012, 2011 and 2010. There were no contributions made to the member-directed plan by either the plan member or NOACA.

**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.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

**OTHER POST – EMPLOYMENT BENEFITS (OPEB) (Continued)**

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.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, state and local employers contributed at a rate of 14.0 percent of covered payroll. 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 4.0 percent during calendar year 2012.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

NOACA's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2012, 2011 and 2010 were \$115,884, \$147,049, and \$109,650, respectively. 100 percent has been contributed for 2012, 2011 and 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)**

**OTHER POST – EMPLOYMENT BENEFITS (OPEB) (Continued)**

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

**4. CHANGE IN CAPITAL ASSETS**

Changes in capital assets during the year ended June 30, 2012 were as follows:

	Balance July 1, 2011	Additions	(Reductions)	Balance June 30, 2012
<b>Governmental Activities</b>				
<b><i>Capital Assets, not being depreciated:</i></b>				
Land	\$322,500	\$0	\$0	\$322,500
<b><i>Capital Assets, being depreciated</i></b>				
Buildings and Improvements	3,022,500	0	0	3,022,500
Furniture and Equipment	916,192	84,727	0	1,000,919
<i>Total Capital Assets being depreciated</i>	3,938,692	84,727	0	4,023,419
<b>Less: Accumulated Depreciation:</b>				
Building & Improvements	(2,066,629)	(159,667)	0	(2,226,296)
Equipment	(789,706)	(49,698)	0	(839,404)
<i>Total Accumulated Depreciation</i>	(2,856,335)	(209,365)	0	(3,065,700)
<b><i>Total Capital Assets, being Depreciated, Net</i></b>	1,082,357	(124,638)	0	957,719
<b><i>Governmental Activities Capital Assets, Net</i></b>	<u>\$1,404,857</u>	<u>(\$124,638)</u>	<u>\$0</u>	<u>\$1,280,219</u>

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**4. CHANGE IN CAPITAL ASSETS (Continued)**

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 20,727
Transportation Planning	179,844
Air Quality Planning	4,187
Water Quality Planning	<u>4,607</u>
Total Depreciation Expense	<u>\$ 209,365</u>

**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.

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 four years vacation leave credit. Any amounts that exceed a four-year accrual are paid to the employee through the conversion program at 100 percent of the employees' hourly rate. 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 4.6 hours every two weeks. Sick leave is cumulative. Employees may annually choose to cash in some or all of their sick time at the rate of one hour for every four, or 25 percent at current salary levels. All employees must keep 240 hours (6 weeks) sick leave as a minimum balance to participate in the program. Therefore, any sick leave balances that exceed 240 hours, but less than 960 hours can be converted to cash. If employees have a balance beyond 960 hours they will not lose it; it remains in their pool. 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.



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**5. COMPENSATED ABSENCES (Continued)**

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

	<u>July 1, 2011</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30, 2012</u>
Vacation	\$301,364	\$242,305	\$(201,792)	\$341,877
Sick	<u>204,192</u>	<u>118,832</u>	<u>(135,070)</u>	<u>187,954</u>
Total	<u>\$505,556</u>	<u>\$361,137</u>	<u>\$(336,862)</u>	<u>\$529,831</u>

**6. INTERFUND RECEIVABLES/PAYABLES**

Individual fund interfund receivables and payables as of June 30, 2012, are as follows:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
<u>Major Funds</u>		
General Fund	\$669,526	\$ 0
OCPG	0	450,003
TLCI	0	30,233
HH Travel Survey	0	44,731
Sustainable Communities	0	0
Nonmajor Governmental	<u>3,426</u>	<u>147,985</u>
TOTAL	<u>\$672,952</u>	<u>\$672,952</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 2012, NOACA contracted with CGU/Acuity Insurance Company for property insurance. Public Officials Liability coverage is provided by United National Insurance 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 one of two plans: Kaiser and Medical Mutual of Ohio. Kaiser and Medical Mutual claims are the responsibility of and paid for by the respective carriers.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2012**

**(Continued)**

**8. CAPITAL LEASES – LESSEE DISCLOSURE**

NOACA entered into a capital lease with the Cleveland-Cuyahoga County Port Authority (CCCPA) on March 1, 1998. The lease term is for a period of 20 years commencing on January 1, 1999, with an option to purchase the building at the completion of the lease on May 15, 2018, for \$1.00.

The lease provides that CCCPA will hold title to the building and lease it to NOACA under a financing lease structure. The bonds are a series of bonds of the CCCPA Bond Fund Program. The bond fund is currently rated “BBB+” by Fitch Investor Service.

Assets under the capital lease totaled \$3,345,000 at June 30, 2012. The following is a schedule of the future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2012:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Governmental Activities</u>	
		<u>Interest</u>	<u>Total</u>
2013	\$ 210,833	\$ 76,075	\$ 286,908
2014	220,833	64,342	285,175
2015	230,833	52,058	282,891
2016	245,833	39,202	285,035
2017	256,669	25,544	282,213
2018	<u>252,500</u>	<u>11,068</u>	<u>263,568</u>
Total	<u>\$1,417,501</u>	<u>\$268,289</u>	<u>\$1,685,790</u>

**9. CHANGES IN LONG TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2012, was as follows:

	<u>Amount</u> <u>Outstanding</u> <u>June 30, 2011</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Amount</u> <u>Outstanding</u> <u>June 30, 2012</u>	<u>Due Within</u> <u>One Year</u>
<u>Governmental Activities</u>					
Compensated Absences	\$ 505,557	\$ 361,137	\$ (336,862)	\$ 529,832	\$408,093
Capital Leases Payable	<u>1,618,334</u>	<u>0</u>	<u>(200,833)</u>	<u>1,417,501</u>	<u>210,833</u>
Total Government	<u>\$2,123,891</u>	<u>\$ 361,137</u>	<u>\$ (537,695)</u>	<u>\$1,947,333</u>	<u>\$618,926</u>



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
CUYAHOGA COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2012**

Federal Grantor/ Pass Through Grantor Program Title	Grant Number	Federal CFDA Number	Expenditures
<b><u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed Through Ohio EPA:</i>			
Water Quality Management Planning	Ohio Biennial Budget	66.454	\$ 54,554
Watershed Planning - ARRA	604 (b) ARRA	66.454	4,972
Watershed Planning	604 (b)	66.454	<u>77,267</u>
Total U.S. Environmental Protection Agency			<u>136,793</u>
<b><u>U.S. DEPARTMENT OF TRANSPORTATION</u></b>			
<b>FEDERAL HIGHWAY ADMINISTRATION</b>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant			
Enhanced Transportation for Livable Communities Initiative	TLCI	20.205	690,014
Federal Aid Urban System	Rideshare	20.205	134,261
	Ohio Consolidation Planning		
FHWA/FTA Program (2011)	Grant	20.205	899,008
	Ohio Consolidation Planning		
FHWA/FTA Program (2012)	Grant	20.205	2,699,588
	Job Access and Reverse		
	Commute Program /New		
FHWA/FTA Program	Freedom	20.205	16,747
FHWA/FTA Program	New Freedom	20.205	81,941
FHWA/FTA Program	Household Travel Survey	20.205	766,188
CMAQ	Ozone Action Day	20.205	123,986
Regional Pavement Management	Regional Pavement Mgmt	20.205	<u>59,265</u>
Total Highway Planning and Construction Grant			<u>5,470,998</u>
Total Federal Highway Administration			<u>5,470,998</u>
Total U.S. Department of Highway Planning and Construction			<u>5,470,998</u>
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>			
<b><i>Direct Program:</i></b>			
Sustainable Communities Regional Planning Grant	Sustainable Comm	14.703	<u>1,488,423</u>
<b>Total Federal Awards Expenditures</b>			<b><u><u>\$ 7,096,214</u></u></b>

*The accompanying notes are an integral part of this schedule.*

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
CUYAHOGA COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE  
JUNE 30, 2012**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Expenditures Schedule (the Schedule) reflects the expenditures of the Northeast Ohio Areawide Coordinating Agency (NOACA) under programs financed by the U.S. government for the year ended June 30, 2012. The Schedule has been prepared in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, using 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 U.S. Department of Housing and Urban Development to a not-for-profit agency (subrecipient). As Note A describes, NOACA reports expenditures of Federal awards to subrecipients on an accrual basis.

As a grantee, 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.

**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, 2012**

**ACTUAL RATE - FY 2012**

**LABOR BASE**

**\$2,311,310**

**FRINGE BENEFIT CATEGORY**

Sick Leave	\$135,070
Bereavement	6,044
Holiday	101,436
Vacation	201,792
Personal Days	29,145
Jury/Longevity/Stipend	5,356
PERS	390,144
Worker's Compensation	4,647
Unemployment Compensation	2,636
Hospitalization	387,141
Staff Development	2,025
Transit Subsidy	7,240
Tuition/Reimbursement	3,808
Medicare	<u>34,360</u>

**TOTAL FRINGE BENEFIT COSTS**

**\$1,310,844**

Fringe Benefit Rate used by NOACA

56.714%

**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, 2012**

**DIRECT LABOR (SALARY)**

Air Quality	\$ 22,113
Water Quality (604(B) + local)	33,988
Transportation Programs	1,527,660
Rideshare Program	50,115
Local Activities	<u>62,178</u>
Total Labor	\$1,696,054
Total Fringes	<u>961,906</u>
Labor/Fringe Base	<u>\$2,657,960</u>

**INDIRECT COST CATEGORY**

Salaries/Fringes	\$ 964,194
Office/Utilities/Maint/Security	324,658
Telephone	16,165
Travel/Training	18,222
Supplies	19,077
Postage	5,385
Consultants	36,277
Software/Hardware	9,597
NARC Dues	2,485
Audit Fees	15,990
Outside Reproduction	3,281
Depreciation	49,698
Advertising	320
Accounting Services	304
Insurance	20,271
Equipment Leasing	2,674
Maintenance Repair (Equipment)	38,721
Publications	<u>827</u>
<b>TOTAL</b>	<b><u>\$1,528,146</u></b>
Indirect Cost Rate Used by NOACA	57.493%



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 44114-3204

To the Governing Board:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, (NOACA) as of and for the year ended June 30, 2012, which collectively comprise NOACA's basic financial statements and have issued our report thereon dated March 8, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered NOACA's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of NOACA's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of NOACA's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, 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 more than a reasonable possibility that a material misstatement of NOACA's financial statements will not be prevented, or detected and timely corrected.

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

### **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, providing an opinion 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*.

We intend this report solely for the information and use of management, the audit committee, Governing Board and federal awarding agencies and pass-through entities and others within NOACA. We intend it for no one other than these specified parties.

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

**Dave Yost**  
Auditor of State

March 8, 2013



# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 44114-3204

To the Governing Board:

### Compliance

We have audited the compliance of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, (NOACA) with the types of compliance 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, 2012. The *summary of auditor's results* section of the accompanying schedule of findings identifies NOACA's major federal programs. NOACA's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the NOACA's compliance based on our audit.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to 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 that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about NOACA's compliance with these requirements and performing other procedures we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on NOACA's compliance with these requirements.

In our opinion, NOACA complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

NOACA's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered NOACA's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of NOACA's internal control over compliance.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
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[www.ohioauditor.gov](http://www.ohioauditor.gov)

*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 compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We intend this report solely for the information and use of the audit committee, management, Governing Board, others within the entity, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

March 8, 2013



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2012**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	CFDA #20.205 – Highway Planning and Construction Grant  CFDA #14.703 – Sustainable Communities Grant
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# 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  
MARCH 21, 2013