



Dave Yost • Auditor of State

**NORTHEAST OHIO FOUR COUNTY REGIONAL
 PLANNING AND DEVELOPMENT ORGANIZATION
 SUMMIT COUNTY, OHIO
 JUNE 30, 2016 AND 2015**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	3
Basic Financial Statements for the Year Ended June 30, 2016:	
Statement of Net Position - Modified Cash Basis.....	7
Statement of Cash Receipts, Expenses, and Changes in Net Position	8
Statement of Cash Flows.....	9
Basic Financial Statements for the Year Ended June 30, 2015:	
Statement of Net Position - Modified Cash Basis.....	10
Statement of Cash Receipts, Expenses, and Changes in Net Position	11
Statement of Cash Flows.....	12
Notes to the Basic Financial Statements	13
Schedule of Indirect Costs and Cost Allocation Method – June 30, 2016 (Prepared by Management)	21
Schedule of Indirect Costs and Cost Allocation Method – June 30, 2015 (Prepared by Management)	22
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	23

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Northeast Ohio Four County
Regional Planning and Development Organization
Summit County
175 S. Main Street, Room 211
Akron, Ohio 44308

To the Members of the General Policy Board:

Report on the Financial Statements

We have audited the accompanying modified cash-basis financial statements of the business-type activities of Northeast Ohio Four County Regional Planning and Development Organization, Summit County, Ohio (NEFCO), as of and for the years ended June 30, 2016 and 2015, and the related notes to the financial statements, which collectively comprise the NEFCO's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the modified cash accounting basis Note 1 describes. This responsibility includes determining that the modified cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the business-type activities, of Northeast Ohio Four County Regional Planning and Development Organization, Summit County, Ohio as of June 30, 2016 and 2015, and the respective changes in modified cash financial position and the cash flows thereof for the years then ended in accordance with the accounting basis described in Note 1.

Accounting Basis

We draw attention to Note 1 of the financial statements, which describes the accounting basis. The financial statements are prepared on the modified cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Other Information

Our audit was conducted to opine on the financial statements taken as a whole.

We applied no procedures to Management's Discussion & Analysis or the Schedules of Indirect Costs and Cost Allocation Method as listed in the table of contents. Accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 14, 2017, on our consideration of the NEFCO's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NEFCO's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2017

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015
(Unaudited)**

The management's discussion and analysis of the Northeast Ohio Four County Regional Planning and Development Organization's (NEFCO) financial performance provides an overall review of NEFCO's financial activities for the fiscal years ended June 30, 2016 and 2015. The intent of this discussion and analysis is to look at NEFCO's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of NEFCO's financial performance.

Financial Highlights

Key financial highlights for 2016 are as follows:

- Net Position was \$182,024 at June 30, 2016, a decrease of \$31,665 from the prior year.
- Revenues were \$561,085 in fiscal year 2016 compared to \$598,314 in fiscal year 2015, a decrease of \$37,229 or 6 percent.
- NEFCO had \$592,750 in expenses in fiscal year 2016 compared to \$614,243 in fiscal year 2015, a decrease of \$21,493 or 4 percent.

Key financial highlights for 2015 are as follows:

- Net Position was \$213,689 at June 30, 2015, a decrease of \$15,929 from the prior year.
- Revenues were \$598,314 in fiscal year 2015 compared to \$734,391 in fiscal year 2014, a decrease of \$136,077 or 19 percent.
- NEFCO had \$614,243 in expenses in fiscal year 2015 compared to \$692,563 in fiscal year 2014, a decrease of \$78,320 or 11 percent.

Basis of Accounting

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

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

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015
(Unaudited)**

Using this Annual Financial Report

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

Statements of Net Position

The Statements of Net Position look at how well NEFCO has performed financially from inception through June 30th of each year. These Statements include all of the assets, liabilities, and net position balances using the modified cash basis of accounting, which is the accounting method used by NEFCO.

The following schedule provides a summary of NEFCO's Statement of Net Position for fiscal years ended June 30, 2016, June 30, 2015, and June 30, 2014.

Table 1 - Statement of Net Position

	2016	2015	2014
<u>Assets</u>			
Current and Other Assets	\$ 187,415	\$ 219,614	\$ 234,049
Total Assets	187,415	219,614	234,049
<u>Liabilities</u>			
Payroll Withholdings	5,391	5,925	4,431
Total Liabilities	5,391	5,925	4,431
<u>Net Position</u>			
Unrestricted	182,024	213,689	229,618
Total Net Position	\$ 182,024	\$ 213,689	\$ 229,618

Total assets decreased by \$32,199 in 2016 and total liabilities stayed relatively constant. A majority of the decrease in total assets was due to reduction in grant funds.

Total assets decreased by \$14,435 in 2015 and total liabilities increased by \$1,494. A majority of the decrease in total assets was due to a reduction in grant monies and related expenses.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015
(Unaudited)**

Statement of Cash Receipts, Expenses, and Changes in Net Position

Table 2 compares NEFCO's 2016, 2015, and 2014, receipts, expenses, and changes in net position.

Table 2 - Cash Receipts, Expenses, and Changes in Net Position

	2016	2015	2014
<u>Receipts</u>			
Federal Grants	\$ 291,369	\$ 267,961	\$ 468,723
State and Local Grants	77,970	127,870	62,383
Membership Dues	191,727	202,461	203,263
Interest	19	22	22
Total Receipts	561,085	598,314	734,391
<u>Expenses</u>			
Salaries and Wages	254,025	251,289	234,383
Employee Benefits	86,749	84,317	88,362
Staff Expenses	9,316	11,208	5,217
Office Expenses	19,051	30,497	18,677
Contractual Services	178,169	186,791	302,831
Occupancy	36,609	33,707	35,769
Other Expenses	8,816	16,415	7,315
Interest Expense	15	19	9
Total Expenses	592,750	614,243	692,563
Change in Net Position	\$ (31,665)	\$ (15,929)	\$ 41,828

Receipts decreased by \$37,229 in fiscal year 2016 and consisted of a decrease in state and local grants of \$49,900. Total expenses decreased by \$21,493, primarily due to decreases in office expenses and contractual services by \$20,068.

Receipts decreased by \$136,077 in fiscal year 2015, primarily due to a decrease in federal grants of \$200,762. Total expenses decreased by \$78,320, primarily due to a decrease in contractual services by \$116,040.

Capital Assets

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

Debt

NEFCO has no debt outstanding at the end of fiscal years 2016 and 2015.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2016 and 2015
(Unaudited)**

Contacting the Organization's Financial Management

This financial report is designed to provide our members, grantors, citizens, and creditors with a general overview of NEFCO's finances and to show NEFCO's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Executive Director, Northeast Ohio Four County Regional Planning and Development Organization, 175 South Main Street, Room 211, Akron, Ohio 44308.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2016**

Assets

Current Assets

Cash	\$ 187,415
Total Assets	<u>187,415</u>

Liabilities

Payroll Withholdings	<u>5,391</u>
Total Liabilities	<u>5,391</u>

Net Position

Unrestricted	<u>182,024</u>
Total Net Position	<u>\$ 182,024</u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Operating Receipts</u>	
Federal Grants	\$ 291,369
State and Local Grants	77,970
Membership Dues	191,727
Total Receipts	<u>561,066</u>
 <u>Operating Expenses</u>	
Salaries and Wages	254,025
Employee Benefits	86,749
Staff Expenses	9,316
Office Expenses	19,051
Contractual Services	178,169
Occupancy	36,609
Other Expenses	8,816
Total Operating Expenses	<u>592,735</u>
Operating Loss	<u>(31,669)</u>
 <u>Non-Operating Receipts (Expenses)</u>	
Interest Income	19
Interest Expenses	(15)
Total Non-Operating Receipts (Expenses)	<u>4</u>
Net Loss	(31,665)
 Net Position at Beginning of Year	 <u>213,689</u>
 Net Position at End of Year	 <u><u>\$ 182,024</u></u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

<u>Cash Flows from Operating Activities</u>	
Cash Received from Grants	\$ 369,339
Cash Received from Dues	191,727
Cash Paid for Employee Benefits	(86,749)
Cash Payments to Suppliers for Goods and Services	(251,961)
Cash Payments to Employees for Services	<u>(254,559)</u>
Net Cash Used in Operating Activities	<u>(32,203)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Received	<u>19</u>
Net Cash Flows from Investing Activities	<u>19</u>
 <u>Cash Flows from Non-Capital Financing Activities</u>	
Interest Expense	<u>(15)</u>
Net Cash Flows from Non-Capital Financing Activities	<u>(15)</u>
Net Decrease in Cash	(32,199)
 Cash at Beginning of Year	 <u>219,614</u>
 Cash at End of Year	 <u>\$ 187,415</u>
 <u>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</u>	
Operating Loss	\$ (31,669)
Adjustments to Reconcile Operating Loss to Net Cash	
Used in Operating Activities:	
Decrease in Operating Liabilities:	
Payroll Withholdings	<u>(534)</u>
Total Adjustments	<u>(534)</u>
 Net Cash Used in Operating Activities	 <u>\$ (32,203)</u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
STATEMENT OF NET POSITION – MODIFIED CASH BASIS
JUNE 30, 2015**

Assets

Current Assets

Cash	\$ 219,614
Total Assets	<u>219,614</u>

Liabilities

Payroll Withholdings	<u>5,925</u>
Total Liabilities	<u>5,925</u>

Net Position

Unrestricted	<u>213,689</u>
Total Net Position	<u>\$ 213,689</u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
STATEMENT OF CASH RECEIPTS, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<hr style="border-top: 3px double #000;"/>	
<u>Operating Receipts</u>	
Federal Grants	\$ 267,961
State and Local Grants	127,870
Membership Dues	202,461
Total Receipts	<u>598,292</u>
 <u>Operating Expenses</u>	
Salaries and Wages	251,289
Employee Benefits	84,317
Staff Expenses	11,208
Office Expenses	30,497
Contractual Services	186,791
Occupancy	33,707
Other Expenses	16,415
Total Operating Expenses	<u>614,224</u>
Operating Loss	<u>(15,932)</u>
 <u>Non-Operating Receipts (Expenses)</u>	
Interest Income	22
Interest Expenses	(19)
Total Non-Operating Receipts (Expenses)	<u>3</u>
Net Loss	(15,929)
 Net Position at Beginning of Year	<u>229,618</u>
 Net Position at End of Year	<u><u>\$ 213,689</u></u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

<u>Cash Flows from Operating Activities</u>	
Cash Received from Grants	\$ 395,831
Cash Received from Dues	202,461
Cash Paid for Employee Benefits	(84,317)
Cash Payments to Suppliers for Goods and Services	(278,618)
Cash Payments to Employees for Services	(249,795)
Net Cash Used in Operating Activities	<u>(14,438)</u>
 <u>Cash Flows from Investing Activities</u>	
Interest Received	<u>22</u>
Net Cash Flows from Investing Activities	<u>22</u>
 <u>Cash Flows from Non-Capital Financing Activities</u>	
Interest Expense	<u>(19)</u>
Net Cash Flows from Non-Capital Financing Activities	<u>(19)</u>
Net Decrease in Cash	(14,435)
 Cash at Beginning of Year	 <u>234,049</u>
 Cash at End of Year	 <u>\$ 219,614</u>
 <u>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</u>	
Operating Loss	\$ (15,932)
Adjustments to Reconcile Operating Loss to Net Cash	
Used in Operating Activities:	
Decrease in Operating Liabilities:	
Payroll Withholdings	<u>1,494</u>
Total Adjustments	<u>1,494</u>
 Net Cash Used in Operating Activities	 <u>\$ (14,438)</u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015**

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

A. **Description of the Entity**

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

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

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

B. **Basis of Accounting**

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

C. **Basis of Presentation**

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

D. **Property, Plant and Equipment**

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

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Accumulated Leave**

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

F. **Net Position**

Net position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

NEFCO applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal years 2016 and 2015, NEFCO implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, GASB Statement No. 72, *Fair Value Measurement and Application*, and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

The objective of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement No. 27*, is to improve accounting and financial reporting by state and local governments for pensions. The provisions of this Statement are effective for periods beginning after June 15, 2014, and have been implemented by NEFCO.

The objective of GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an Amendment of GASB Statement No. 68*, is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The provisions of this Statement should be applied simultaneously with the provisions of Statement No. 68, and have been implemented by NEFCO.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurements. This Statement provides guidance for determining a fair value measurement for financial reporting purposes for applying fair value to certain investments and disclosures related to all fair value measurements. These changes were incorporated in NEFCO's fiscal year 2016 financial statements; however, there was no effect on beginning net position/fund balance.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 2: **CHANGE IN ACCOUNTING PRINCIPLES** (Continued)

GASB Statement No. 79 establishes accounting and financial reporting standards for qualifying external investment pools that elect to measure for financial reporting purposes all of their investments at amortized cost. This Statement provides accounting and financial reporting guidance and also establishes additional note disclosure requirements for governments that participate in those pools. No additional note disclosures requirements are necessary and there is no effect on the beginning net position/fund balance for NEFCO.

NOTE 3: **DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

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

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

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

Interim Monies - Those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

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

At June 30, 2016, the carrying amount of NEFCO’s deposits was \$187,415, and the bank balance was \$187,886. At June 30, 2015, the carrying amount of NEFCO’s deposits was \$219,614, and the bank balance was \$221,423. All of NEFCO’s deposits for both years were fully insured by FDIC.

Investments - NEFCO had no investments at June 30, 2016 and June 30, 2015.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 4: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

Pension Plan

NEFCO participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members (e.g., NEFCO employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Plan; therefore, the following disclosure focuses on the Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information, and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Plan as per the reduced benefits adopted by SB 345 (see OPERS' CAFR referenced above for additional information):

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 4: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Pension Plan (Continued)

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

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

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

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

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 4: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Pension Plan (Continued)

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2015 and 2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2015 and 2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. NEFCO's contractually required contributions were \$30,663, \$29,564, and \$28,126 for the fiscal years ending June 30, 2016, 2015, and 2014, respectively.

Post-Employment Benefits

Plan Description

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

OPERS maintains two cost-sharing, multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans, including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements to qualifying benefit recipients of both the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension Plan and the Combined Plan must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 45. Please see the Plan Statement in the OPERS 2014 CAFR for details.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 4: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Post-Employment Benefits (Continued)

Plan Description (Continued)

The Ohio Revised Code permits, but does not mandate, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015 and 2016, state and local employers contributed at a rate of 14.00 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined Plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members. Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.00 percent during calendar year 2015. As recommended by the OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.00 percent for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA participants in the Member-Directed Plan for 2015 and 2016 was 4.50 percent.

NEFCO's actual employer contributions for June 30, 2016, 2015, and 2014 which were used to fund post-employment benefits were \$5,111, \$4,927, and \$4,688, respectively; 100 percent has been contributed for 2016, 2015, and 2014.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2016 AND 2015
(CONTINUED)**

NOTE 5: **RISK MANAGEMENT**

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

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

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

NOTE 6: **CONTINGENT LIABILITIES**

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

NOTE 7: **OPERATING LEASE**

NEFCO has an operating lease agreement with Summit County for use of property. The premise serves as the office location of NEFCO. NEFCO executed the operating lease agreement in August 2014, by Board action, for 5 years at the amount of \$2,510 per month. The County is responsible for the interior and exterior maintenance and repairs, utilities, and insurance for risk of fire and malicious mischief. NEFCO is responsible for telephone service, inspections and/or permits, and comprehensive general liability insurance.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD
JUNE 30, 2016**

Indirect costs were distributed to projects and activities pursuant to a method of allocation required by the Office of Management and Budget Title 2 U.S. Code of Federal Regulations, Part 200.

The indirect cost allocation rate for the fiscal year ended June 30, 2016 was as follows:

A.	Indirect costs for all projects	\$ 156,564
B.	Total direct salaries and fringes	248,568
C.	Allocation Percentage (A/B)	62.99%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2016:

Indirect Payroll (including Compensated Time)	\$ 49,291
Indirect Payroll (vacation/sick/holiday)	42,914
Telephone	4,394
Travel	1,472
Insurance	2,093
Membership	3,370
Professional Fees (legal, audit)	2,135
Interest	15
Equipment Maintenance	3,860
Equipment Rental	94
Office Supplies	3,435
Meeting Expense	691
Postage	1,253
Advertising	79
Subscriptions	4,218
Computer Supplies and Equipment	4,628
Service Charges	205
Office Rent	30,122
Internet Access/Website	1,275
Payroll Processing Charges	270
Storage	750
Total Indirect Costs	<u><u>\$ 156,564</u></u>

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD
JUNE 30, 2015**

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, 2015 was as follows:

A.	Indirect costs for all projects	\$ 221,029
B.	Total direct salaries and fringes	217,339
C.	Allocation Percentage (A/B)	101.70%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2015:

Indirect Payroll (including Compensated Time)	\$ 91,125
Indirect Payroll (vacation/sick/holiday)	30,109
Telephone	1,459
Travel	2,456
Insurance	2,017
Membership	6,355
Professional Fees (legal, audit)	14,348
Interest	19
Equipment Maintenance	6,644
Equipment Rental	679
Office Supplies	6,693
Meeting Expense	463
Postage	1,365
Advertising	5,154
Subscriptions	3,442
Computer Supplies and Equipment	9,340
Service Charges	159
Office Rent	30,122
Internet Access/Website	3,260
Payroll Processing Charges	405
Moving Expenses	5,415
Total Indirect Costs	<u><u>\$ 221,029</u></u>



Dave Yost • Auditor of State

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

Northeast Ohio Four County
Regional Planning and Development Organization
Summit County
175 S. Main Street, Room 211
Akron, Ohio 44308

To the Members of the General Policy Board:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization, Summit County, Ohio (NEFCO) as of and for the years ended June 2016 and 2015, and the related notes to the financial statements, which collectively comprise NEFCO's basic financial statements and have issued our report thereon dated April 14, 2017, wherein we noted NEFCO uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

April 14, 2017



Dave Yost • Auditor of State

NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 11, 2017**