NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY
JUNE 30, 2017

TABLE OF CONTENTS

This page intentionally left blank.

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio (NOACA), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise NOACA's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on NOACA's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards (the Schedule) presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2018, on our consideration of NOACA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOACA's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

This page intentionally left blank.

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, 2017. 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 2017 are as follows:

- Governmental Activities' assets and deferred outflows of resources were exceeded by total liabilities and deferred inflows of resources at the close of the most recent fiscal year by $(1.80) million.

- General revenues accounted for $724,255 in revenue or 10.8 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $5.9 million or 89.2 percent of total revenues of $6.70 million.

- NOACA had $7.78 million in expenses related to governmental activities; $5.96 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $724,255, along with beginning net position, excluding the net pension liability of $5,721,129 were adequate to provide for these programs.

- Among major funds, the general fund had $518,328 in revenues and $603,876 in expenditures. The general fund's balance at the close of the current year was 231 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 - are designed to provide readers with a broad overview of NOACA's finances, in a manner similar to private-sector business.

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

The *statement of activities* presents information showing how NOACA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave.)

The government-wide financial statements can be found on pages 11 and 12 of this report.

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

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

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

NOACA maintains 11 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 and CMAQ funds which are considered major funds. Data from the other eight governmental funds are combined into single, aggregate presentation.

Notes to the Basic Financial Statements - The notes provide additional information that is essential to develop a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements start on page 15 of this report.

Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of NOACA as a whole. Table 1 provides a comparison of NOACA's net position for the years ended June 30, 2017 and 2016.

Table 1
Net Position (Millions)

Assets	2017	2016	Change
Current and Other assets	$1.57	$2.09	$(.52)
Capital Assets	1.00	1.16	(.16)
Total Assets	2.57	3.25	(.68)
Deferred Outflows of Resources			
Pension	2.12	1.56	0.56
Total Deferred Outflows Resources	2.12	1.56	0.56
Liabilities			
Long-Term	0.15	0.26	(.11)
Net Pension	5.72	4.22	1.50
Other	0.59	0.95	0.36
Total Liabilities	6.46	5.43	1.03
Deferred Inflows of Resources			
Pension	0.03	0.08	(0.05)
Total Deferred Inflows Resources	0.03	0.08	(0.05)
Net Position			
Net Investment in Capital Assets	1.00	1.16	(0.16)
Unrestricted	(2.80)	(1.86)	(0.94)
Total Net Position	$(1.80)	$(0.70)	$(1.10)

The net pension liability is the largest single liability reported by NOACA at June 30, 2017, and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For reasons discussed below, many end users of this financial statement will gain clearer understanding of NOACA's actual condition by adding deferred inflows, net pension liability, and subtracting deferred outflows related to Governmental Accounting Standards Board standards, which are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals NOACA's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of NOACA, part of a bargained-for benefit to the employee, and should accordingly be reported by NOACA as a liability since they received the benefit of the exchange. However, NOACA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, as all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

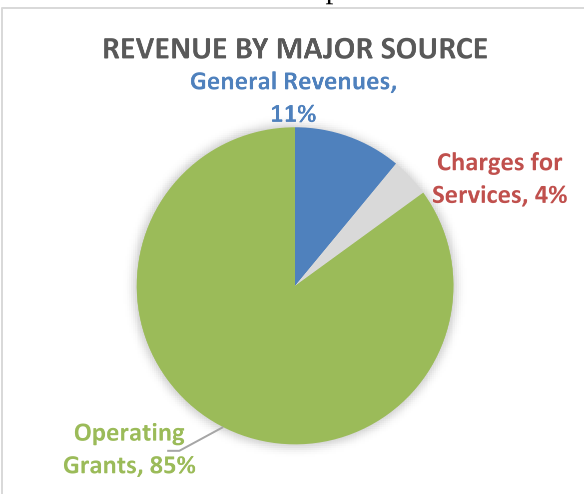
Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of NOACA. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, NOACA's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

The most significant change from the prior year is the large increase in the Net Pension Liability which is due to an increase at the state level and an increase in NOACA's proportionate share. The decrease in Current and Other Assets resulted from a decrease in cash from operations and lower receivables from the decline in FTA funded activities.

The following graphs depict NOACA's revenue into percentages by type.

Graph 1



Graph 2

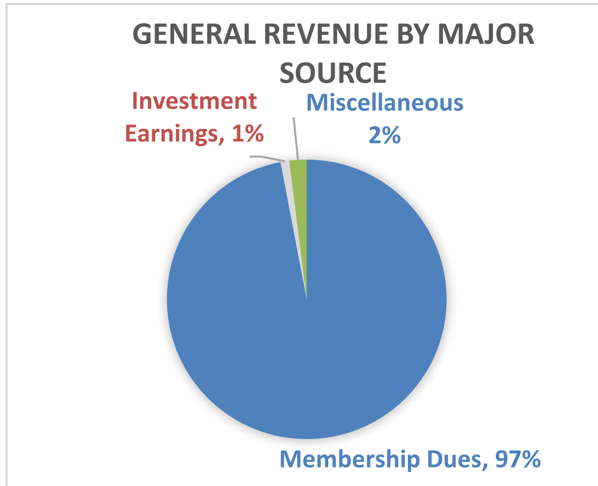


Table 2 shows the revenue for NOACA as a whole during fiscal years 2017 and 2016.

Table 2
Revenues (Millions)

Revenues	2017	2016	Change
Program Revenues			
Charges for Services	$0.26	$0.26	$0.00
Operating Grants/Contributions	5.70	5.63	0.07
General Revenues			
Membership Dues	0.71	0.71	0.00
Investment Earnings	0.01	0.00	0.01
Miscellaneous	0.02	0.06	(0.04)
Total Revenues	$6.70	$6.66	$0.04

Table 3 shows total program and net program expenses during fiscal years 2017 and 2016.

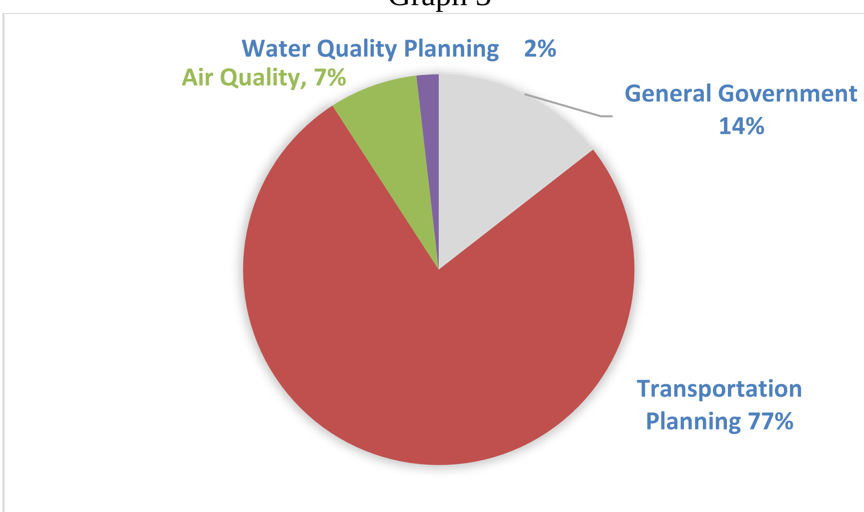
Table 3
Total Program Expenses (Millions)

	Program Expense		Net program Expense	
Revenues	2017	2016	2017	2016
General Government	$1.09	$0.88	$(0.83)	$(0.62)
Transportation Planning	5.98	5.92	(0.96)	(0.60)
Air Quality Planning	0.57	-.19	(0.02)	(0.01)
Water Quality Planning	0.14	0.14	(0.01)	(0.01)
Total Expenses	$7.78	$7.13	$(1.82)	$(1.24)
Net Ending Position	$(1.80)			

Program expenses increased during fiscal year 2017 primarily to account for additional functions performed under the CMAQ program. In addition, ending net position decreased as a result of accruals related to GASB 68.

The following graph shows a breakdown of expenses by percentage in the major categories.

Graph 3



The Major Funds

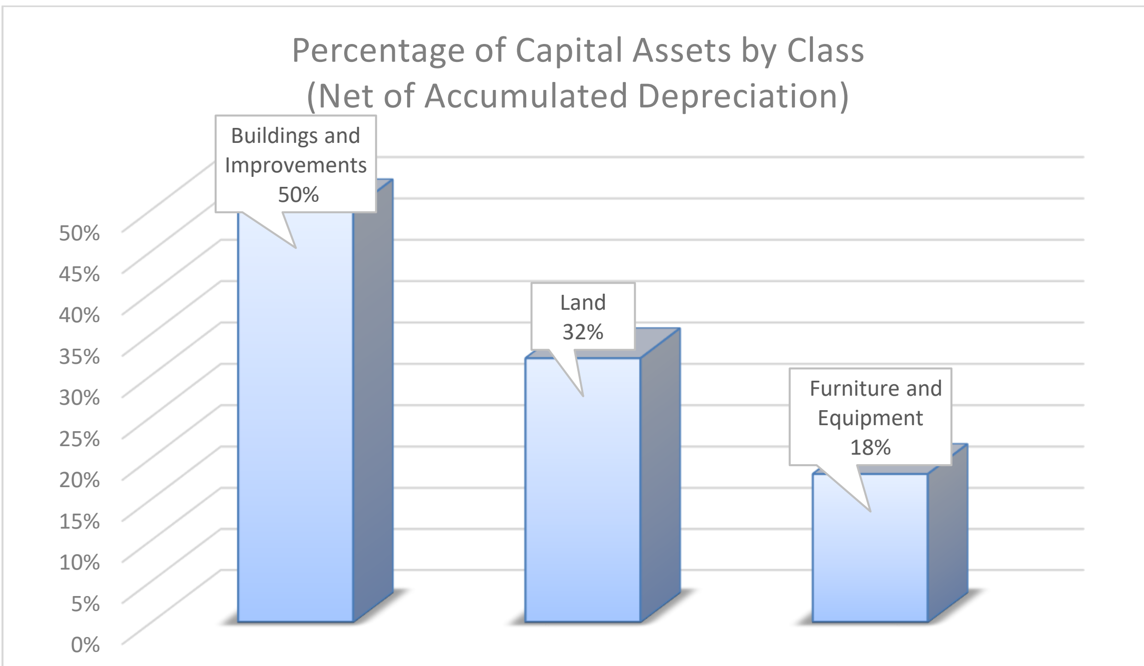
NOACA's major funds presentation begins on page 13. These funds are accounted for using the modified accrual basis of accounting, focusing on near term financial resources of NOACA. All governmental funds had total revenues of $6.70 million and expenditures of $6.79 million. The net change in fund balance for the year represents (5.77%) of the year's beginning fund balance.

The general fund recognized $156,644 in current liabilities for fiscal year 2017. Accrued salaries and benefits account for 80.0% of those liabilities. The other major funds, OCPG and CMAQ, recognized $418,056 and $141,049, respectively, in current liabilities for the fiscal year. Interfund liabilities accounted for 98.0% and 92.0%, respectively of those liabilities.

Capital Assets

At the end of the year, NOACA had $1.00 million invested in land, buildings and equipment, less accumulated depreciation. For further information on NOACA's capital assets, refer to Note 4 of the basic financial statements.

The graph below shows the breakdown (by percent) of the individual classes for capital assets.



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 Comptroller, Northeast Ohio Areawide Coordinating Agency, 1299 Superior Avenue, Cleveland, Ohio 44114.

This page intentionally left blank.

Northeast Ohio Areawide Coordinating Agency
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$878,339
Receivables:	
Accounts	690,798
Deposits	670
Prepaids	3,138
Restricted Assets:	
Nondepreciable Capital Assets	322,500
Depreciable Capital Assets, Net	677,502
Total Assets	2,572,947
Deferred Outflows of Resources	
Pension	2,117,266
Total Deferred Outflows of Resources	2,117,266
Liabilities	
Payables:	
Accounts	51,131
Salaries and Employee Benefits	125,314
Noncurrent Liabilities:	
Due Within One Year	414,827
Due in More Than One Year	
Net Pension Liability (See Note 3)	5,721,129
Other Amounts Due in More Than One Year	142,816
Total Liabilities	6,455,217
Deferred Inflows of Resources	
Pension	34,047
Total Deferred Inflows of Resources	34,047
Net Position	
Net Investment in Capital Assets	1,000,002
Unrestricted	(2,799,053)
Total Net Position	($1,799,051)

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Statement of Activities
For the Year Ended June 30, 2017

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Function/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental Activities:				
General Government	$1,086,125	$261,037	$0	($825,088)
Transportation Planning	5,978,767	0	5,016,423	(962,344)
Air Quality Planning	572,623	0	550,828	(21,795)
Water Quality Planning	142,851	0	127,867	(14,984)
Total Governmental Activities	$7,780,366	$261,037	$5,695,118	($1,824,211)
General Revenues:				
Membership Dues				$706,748
Investment earnings				6,095
Miscellaneous				11,412
Total General Revenues				724,255
Changes in Net Position				(1,099,956)
Net Position-Beginning				(699,095)
Net Position-Ending				($1,799,051)

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Balance Sheet - Governmental Funds
June 30, 2017

	General	OCPG	CMAQ	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	$878,064	$275	$0	$0	$878,339
Receivables:					
Accounts	41,783	418,056	141,049	89,910	690,798
Interfund	629,214	0	0	0	629,214
Prepaids	3,138	0	0	0	3,138
Deposits	670	0	0	0	670
Total Assets	$1,552,869	$418,331	$141,049	$89,910	$2,202,159
Liabilities					
Payables:					
Accounts	$31,330	$8,521	$11,280	$0	$51,131
Salaries and Employee Benefits	125,314	0	0	0	125,314
Interfund	0	409,535	129,769	89,910	629,214
Total Liabilities	156,644	418,056	141,049	89,910	805,659
Deferred Inflows of Resources					
Unavailable Revenue	0	275	0	0	275
Fund Balance					
Unassigned	1,396,225	0	0	0	1,396,225
Total Fund Balances	1,396,225	0	0	0	1,396,225
Total Liabilities and Fund Balances	$1,552,869	$418,331	$141,049	$89,910	$2,202,159

Northeast Ohio Areawide Coordinating Agency
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2017

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities		
Total Governmental Fund Balances		$1,396,225
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		1,000,002
Other long-term liabilities are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenues in the funds:		
Intergovernmental		275
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(557,643)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in government funds:		
Deferred Outflows - Pension		2,117,266
Deferred Inflows - Pension		(34,047)
Net Pension Liability		(5,721,129)
Net Position of Governmental Activities		($1,799,051)

Northeast Ohio Areawide Coordinating Agency
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2017

	General	OCPG	CMAQ	Other Governmental Funds	Total Governmental Funds
Revenues:					
Charges for Services	$261,037	$0	$0	$0	$261,037
Membership Dues	239,784	431,695	0	35,269	706,748
Miscellaneous	11,412	0	0	0	11,412
Intergovernmental	0	3,934,972	550,828	1,229,043	5,714,843
Interest	6,095	0	0	0	6,095
Total Revenues	518,328	4,366,667	550,828	1,264,312	6,700,135
Expenditures:					
Current:					
General Government	603,876	0	0	0	603,876
Transportation Planning	0	4,366,667	0	1,136,445	5,503,112
Air Quality Planning	0	0	550,828	0	550,828
Water Quality Planning	0	0	0	127,867	127,867
Total Expenditures	603,876	4,366,667	550,828	1,264,312	6,785,683
Net Change in Fund Balances	(85,548)	0	0	0	(85,548)
Fund Balances - beginning	1,481,773	0	0	0	1,481,773
Fund Balances - ending	$1,396,225	$0	$0	$0	$1,396,225

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2017

Net Change in Governmental Fund Balances	($85,548)
Amounts reported in governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	(162,591)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds:	
Intergovernmental	(19,725)
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.	64,108
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	226,166
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the in the net pension liability are reported as pension expense in the Statement of Activities	(1,122,366)
Change in Net Position of Governmental Activities	($1,099,956)

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2017

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 to coordinate and review federal and state funded planning activities and proposals in northeast Ohio. NOACA was created under Ohio Revised Code Section, 307.14. Membership of NOACA includes the counties of Cuyahoga, Geauga, Lake, Lorain and Medina and is open to all cities, villages, and townships in those counties. The Governing Board comprises representatives, who hold public office, from the various member counties. There are approximately 45 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, of and modified with GASB 61. There are no other governments for which NOACA is financially accountable that require inclusion in this presentation.

NOACA accounts are organized on the basis of funds, each of which is considered a separate accounting entity. Operations of each fund are accounted for with a set of self-balancing accounts that comprise assets, liabilities, fund balance, revenues, and expenses. 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:

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.

CMAQ Fund – The CMAQ (Congestion Mitigation Air Quality) Fund is a special revenue fund used to account for the proceeds of specific revenue sources (FHA/ODOT) that are legally restricted to expenditure for specified purposes.

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

B. BASIS OF ACCOUNTING

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, membership dues and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

Non-exchange transactions, in which NOACA receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which NOACA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to NOACA on a reimbursement basis.

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

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

BUDGETARY AND ACCOUNTING CONTROL: In March-June each year, management submits an estimate of operating expenses for the current fiscal year to the NOACA Board for approval. In addition, a fiscal year budget by project is submitted to the Ohio Department of Transportation as a basis for NOACA's overall work program.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

NOACA is not subject to Ohio Revised Code budgetary requirements.

CASH AND SHORT TERM INVESTMENTS: Cash and short term investments consist of bank, Certificate of Deposit Account Registry Service (CDARS), Certificate of Deposit (CD), and StarOhio balances.

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. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The capitalization threshold is $300. Property, land, building and equipment of NOACA is depreciated using the straight line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	20
Furniture and Equipment	3-10

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (expense) until that time. For NOACA, deferred inflows of resources include pension and unavailable revenue. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 3). Those related to unavailable revenue are described on the following page.

PENSIONS: For purposes of measuring the net position liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

with the benefit terms. The pension systems report investment at fair value.

COMPENSATED ABSENCES: Vacation and sick benefits accrue as a liability since the benefits are earned if the employee's rights to receive compensation are attributable to service already rendered and it is probable NOACA will compensate the employees for the benefits through paid time off or 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, considering any limits specified in NOACA's termination policy.

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

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

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

LOCAL CONTRIBUTIONS: Member units of government are assessed membership dues to generate local operating funds and provide the local matching requirements of federal and state grants. A local matching contribution is required for most federal and state grants. The amount of each matching contribution depends on the federal or state contribution. Membership dues are assessed in June for the current fiscal year and are accounted for at the time they are invoiced. The assessment is based on the relationship of population in each area as a percent of the total population NOACA serves.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

UNAVAILABLE REVENUE: NOACA reports deferred inflows of resources - unavailable revenue in relation to the revenue received from The Cleveland Foundation Public Service Fellowship. The Foundation provided the funds to NOACA for a fellowship that began in fiscal year 2017, to work with the External Relations Division on the agency's long-range transportation plan, legislative policy and community outreach. All but $275 was recognized in the current fiscal year.

INDIRECT COSTS: To facilitate equitable distribution of common purpose costs benefiting more than one indirect cost objective, NOACA 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 on 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.

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

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

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

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

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

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

NOACA's Investment Policy allows for the short-term funds to be invested in the following instruments:

1. Negotiable Order of Withdrawal (NOW) accounts in federally-insured financial institutions and collateral at 105% of deposited amount;
2. No load money market mutual funds consisting exclusively of obligations described in division B(1) or (2) of Section 135.14 and repurchase agreements secured by such obligations;
3. Certificates of Deposit in eligible institutions as provided in Section 135.08 of the Ohio Revised Code (ORC);
4. Repurchase agreements (not to exceed 30 days) as permitted under Section 135.14(e) of the ORC; and
5. StarOhio (Local government investment pool).

Long-term funds can be invested in the following instruments:

1. Direct obligations of the U.S. Treasury, its agencies, instrumentalities and Government Sponsored Enterprises (GSE's);
2. Certificates of Deposit in eligible institutions as provided in Section 135.08 of the ORC;
3. StarOhio (Local government investment pool);
4. Negotiable Order of Withdrawal (NOW) accounts in federally-insured financial institutions and collateral at 105% of deposited amount;
5. Municipal Debt-Bonds and other obligations of political subdivisions of Ohio, rated in the three highest rating classifications and a maximum of 20% of the portfolio; and
6. Certificate of Deposit exempt from pledging requirements per Section 135.144 of the ORC (CDARS).

No derivative securities/investment "pools" except of StarOhio, are permitted.

DEPOSITS:

CUSTODIAL CREDIT RISK: Custodial credit risk for deposits is the risk that in the event a bank fails, NOACA will not be able to recover deposits or collateral securities held by an outside party. As of June 30, 2017, the carrying amount of NOACA's bank deposits is $152,143 with all fully insured by the FDIC.

NOACA's Investment Policy is consistent with Ohio law which 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

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

market value at all times shall be at least one hundred five percent of the deposits being secured.

INVESTMENTS: Investments are reported at fair value. As of June 30, 2017, NOACA had the following investments:

		Maturity		
Investments	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
TriState Capital Bank CDARS	$248,000	$248,000	$0	$0
StarOhio Account	478,196	478,196	0	0
Total Investments	$726,196	$726,196	$0	$0

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

CUSTODIAL CREDIT RISK: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, NOACA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party

All of NOACA's funds are either held by an eligible and insured financial institution or with the State of Ohio's StarOhio fund.

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, 2017:

Investments	Percentage of Investment
TriState Capital Bank CDARS	34%
StarOhio Account	66%
Total Investments	100%

3. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)

NET PENSION LIABILITY: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability is NOACA's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability calculation depends on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits NOACA's obligation for this liability to annually required payments. NOACA cannot control benefit terms or the manner in which pensions are financed; however, NOACA does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on the accrual basis of accounting.

Plan Description – NOACA employees participate 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

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (NOACA 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 plan. 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 data about OPERS' fiduciary net position that may be obtained at https://www.opers.org/financial/reports.shtml or by writing to the Ohio Public Employees Retirement System, 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 343 (see OPERS CAFR referenced above for additional information):

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

Age and service requirements for retirement are as follows:

	Group A Eligible to Retire On or Before January 7, 2013 *	Group B Eligible to Retire On or Before January 7, 2013	Group C Eligible to Retire After January 7, 2013
Full Benefits	Any age with 30 years of service credit, or age 65 with 5 years of service credit	Any age with 32 years of service credit, or age 66 with 5 years of service credit, or age 52 with 31 years of service credit	Age 55 with 32 years of service credit, or age 67 with 5 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit, or age 55 with 25 years of service credit	Age 60 with 5 years of service credit, or age 55 with 25 years of service credit	Age 62 with 5 years of service credit, or age 57 with 25 years of service credit

* Members with 25 years of service credit as of January 7, 2013, will be included in this plan.

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 who retired 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.

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2016 Actual Contribution Rates	
Employer:	
Pension	13.0%
Post-employment Health Care Benefits	1.0%
Total Employer	14.0%
Employee	10.0%

Rate determined by OPERS' Board and has no maximum rate established by ORC
Rate also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer Contribution rates are actuarially determined and are expressed as a percentage of covered payroll. NOACA's contractually required contribution was $468,547 for the year ending June 30, 2017. Of this amount, $8,875 is reported as intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. NOACA's proportion of the net pension liability was based on NOACA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

Pension Liability	$5,721,129
Proportion of the Net Pension Liability	0.025194%
Pension Expense	$896,199

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

At June 30, 2017, NOACA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$852,007
Differences between employer contributions and proportionate share of contributions	4,595
Change in proportionate share	127,057
Change in Assumptions	907,441
NOACA contributions subsequent to the measurement date	226,166
Total Deferred Outflows of Resources	$2,117,266
Deferred Outflows of Resources	
Differences between expected and actual experience	$34,047

The $226,166 reported as deferred outflows of resources related to pension resulting from NOACA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

2017	$794,363
2018	781,819
2019	305,845
2020	(24,974)
Total	$1,857,053

Actuarial Methods and Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future. Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

Wage Inflation	3.25 percent
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation %)
COLA or Ad Hoc COLA	Pre 1/7/2013 Retirees 3% Simple Post 1/7/2013 Retirees 3% Simple through 2018, then 2.15% Simple
Investment Rate of Return	7.50 percent
Actuarial Cost Method	Individual Entry Age

The latest experience study was completed for the five-year period ended December 31, 2015.

Mortality rates are the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the vase year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year both healthy/disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above tables.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

During 2016, OPERS managed investment in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust Portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the new position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets in the Defined Benefit portfolio is approved by the Board of Trustees as in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00%	2.75%
Domestic Equities	20.70	6.34
Real Estate	10.00	4.75
Private Equity	10.00	8.97
International Equities	18.30	7.95
Other Investments	18.00	4.92
Total	100.00%	5.66%

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term

3. DEFINED BENEFIT PENSION PLAN (Continued)

PLAN DESCRIPTION – OPERS (Continued)

expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of NOACA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents NOACA's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what NOACA's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower (6.5 percent) or one percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
NOACA's proportionate Share of the net pension liability	$8,740,302	$5,721,129	$3,205,181

OTHER POST – EMPLOYMENT BENEFITS (OPEB)

A. Plan Description

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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. As of December 31, 2016, OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

3. DEFINED BENEFIT PENSION PLAN (Continued)

OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

To qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS 2015 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting https://www.opers.org/financial/reports.shtml#CAFR, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund 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 2016, State and Local employers contributed at a rate of 14.0% of earnable salary and Public Safety and Law Enforcement employers contributed at 18.1%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care

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 2.0% during calendar year 2016. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2017, decreased to 1.0% 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 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 RMA for participants in the Member-Directed Plan for 2016 was 4.5%.

3. DEFINED BENEFIT PENSION PLAN (Continued)

OTHER POST-EMPLOYMENT BENEFITS (OPEB) (Continued)

NOACA's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2017, 2016, and 2015 were $50,201, $64,556, and $117,295, respectively; 100 percent has been contributed for 2017, 2016 and 2015.

4. CHANGE IN CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2017 were as follows:

	Balance July 1, 2016	Additions	Reductions	Balance June 30, 2017
Governmental Activities				
Capital Assets, not being depreciated:				
Land	$322,500	$0	$0	$322,500
Capital Assets, being depreciated				
Buildings and Improvements	3,539,395	40,312	0	3,579,707
Furniture and Equipment	1,351,726	58,134	(34,520)	1,375,340
Total Capital Assets being depreciated	4,891,121	98,446	(34,520)	4,955,047
Less: Accumulated Depreciation:				
Building & Improvements	(2,903,984)	(176,955)	0	(3,080,939)
Equipment	(1,147,044)	(84,082)	34,520	(1,196,606)
Total Accumulated Depreciation	(4,051,028)	(261,037)	34,520	(4,277,545)
Total Capital Assets Being Depreciated, Net	840,093	(162,591)	$0	677,502
Governmental Activities Capital Assets, Net	$1,162,593	$(162,591)	$0	$1,000,002

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

5. COMPENSATED ABSENCES

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

VACATION LEAVE: Employees of NOACA earn vacation leave, sick leave, and personal leave at various rates. Generally, employees accrue vacation leave at a rate of 3.7 hours every

5. COMPENSATED ABSENCES (Continued)

two weeks for the first five years of employment, up to a maximum rate of 7.7 hours every two weeks after 15 years of employment.

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

SICK LEAVE: Sick leave for all full-time employees is accumulated at a rate of 3.7 hours every two weeks. Sick leave is cumulative. At termination, retirement, or death, employees may convert sick leave earned at NOACA to cash at one hour for every four (25%) up to a maximum of 960 hours. (e.g., if you cash in all 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 expense when employees use personal leave time.

The change in accrued vacation and sick leave is itemized below:

	July 1, 2016	Additions	Reductions	June 30, 2017
Vacation	$442,405	310,903	(324,262)	$429,046
Sick	179,346	102,248	(152,997)	128,597
Total	$621,751	413,151	(477,259)	$557,643

6. INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables as of June 30, 2017, are as follows:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
Major Funds		
General	$629,214	$0
OCPG	0	409,535
CMAQ	0	129,769
Nonmajor Governmental	0	89,910
TOTAL	$629,214	$629,214

6. INTERFUND RECEIVABLES/PAYABLES (Continued)

Interfund activity results from the reimbursement method of expenses. Interfund receivables/payables are normally received or paid within 60 days of submitting invoices to funding sources.

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 2017, NOACA contracted with Selective Insurance Company of America for property insurance. Public Officials Liability coverage is provided by RSUI Indemnity Company with a $1.0 million aggregate limit. Public Employee Dishonesty coverage is provided by Zurich 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, vision, and dental insurance to its full-time employees. Health insurance is provided through a joint self-insurance Healthcare Benefits Program with Lorain County. Medical Mutual of Ohio is the third party administrator.

8. CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2017, was as follows:

	Amount Outstanding June 30, 2016	Additions	(Reductions)	Amount Outstanding June 30, 2017	Due Within One Year
Government Activities					
Net Pension Liability	$4,216,527	$1,504,602	$0	$5,721,129	$0
Compensated Absences	621,751	413,151	(477,259)	557,643	414,827
Total Government	$4,838,278	$2,226,389	($811,023)	$6,324,833	$414,827

9. CHANGES IN ACCOUNTING PRINCIPLE

NOACA implemented the following GASB statements during fiscal year 2017, none of which had an impact on NOACA's financial statements:

- GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* – Replaces Statement No. 55.

9. CHANGES IN ACCOUNTING PRINCIPLES (Continued)

- GASB Statement No. 77, *Tax Abatement Disclosures* – Requires governments to describe the amount, the methodology, and commitments made in relation to it tax abatements.
- GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans* – Addresses the scope and applicability of Statement No. 68 and is associated with pensions provided through certain multiple-employer defined benefit pension plans.
- GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* – Establishes criteria for how external investment pools measure its investments for financial reporting purposes.
- GASB Statement No. 80, *Blending Requirements for Certain Component Units – an amendment of GASB Statement No. 14* – Clarifies the financial statement presentation requirements of certain component units.

This page intentionally left blank.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

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

	2016	2015	2014
NOACA's Proportion of the Net Pension Liability	.025194%	.024341%	.023287%
NOACA's Proportionate Share of Net Pension Liability	$5,721,129	$4,216,527	$2,808,672
NOACA's Covered-Employee Payroll	$3,283,801	$3,002,711	$3,028,086
NOACA's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	174.22%	140.42%	92.75%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.25%	81.08%	86.45%

(1) Amounts presented as of NOACA's measurement date, which is December 31 of the year above.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

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

	2017	2016	2015	2014	2013
Contractually Required Contribution	$468,547	$451,889	$410,531	$411,860	$356,820
Contributions in Relation to the Contractually Required Contribution	$468,547	$451,889	$410,531	$411,860	$356,820
NOACA Covered-Employee Payroll	$3,532,545	$3,283,801	$3,002,711	$3,028,086	$2,780,846
Contributions as a Percentage of Covered-Employee Payroll	13.0%	12.0%	12.0%	10.0%	10.0%

	2012	2011	2010	2009	2008
Contractually Required Contribution	$405,591	$411,786	$410,123	$417,925	$415,866
Contributions in Relation to the Contractually Required Contribution	$405,591	$411,786	$410,123	$417,925	$415,866
NOACA Covered-Employee Payroll	$2,790,153	$3,040,602	$2,884,643	$2,939,831	$2,948,247
Contributions as a Percentage of Covered-Employee Payroll	9.0%	9.0%	8.0%	7.0%	7.0%

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, 2017

	ACTUAL RATE – FY 2017
LABOR BASE	$2,847,980
FRINGE BENEFIT CATEGORY	
Sick Leave	$152,997
Bereavement	8,626
Holiday	147,068
Vacation	324,262
Personal Days	41,787
Jury/Longevity/Stipend	9,825
PERS	468,547
Worker's Compensation	1,608
Unemployment Compensation	4,341
Hospitalization	417,661
Transit Subsidy	5,980
Staff Development	4,119
Medicare	47,582
TOTAL FRINGE BENEFIT COSTS	$1,634,403
Fringe Benefit Rate used by NOACA	57.39%

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, 2017

DIRECT LABOR (SALARY)

Air Quality	$ 81,708
Water Quality (604(B) + local)	146,021
Transportation Programs	1,863,421
Rideshare Program	37,543
Other Local Activities	55,703
Total Labor	$2,184,396
Total Fringes	1,253,584
Labor/Fringe Base	$3,437,980

INDIRECT COST CATEGORY

Salaries/Fringes	$1,044,403
Office/Utilities/Maint/Security	93,768
Telephone	15,099
Travel/Training	14,448
Meeting/Parking	1,714
Supplies	15,147
Postage	2,064
Consultants	27,772
Software/Hardware	10,979
Membership Dues	1,605
Audit Fees	15,990
Depreciation	243,875
Advertising	133
Accounting Services	2,443
Insurance	19,242
Legal Services	22,250
Equipment Leasing	1,440
Maintenance Repair (Equipment)	42,007
Publications	1,121
TOTAL	$1,575,500
Indirect Cost Rate Used by NOACA	45.83%

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2017

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Grant Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed Through the Ohio Environmental Protection Agency				
Watershed Planning	66.454	604 (b)	$ -	$ 52,867
Total U.S. Environmental Protection Agency			**-**	**52,867**
U.S. DEPARTMENT OF TRANSPORTATION				
FEDERAL HIGHWAY ADMINISTRATION				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction:				
Enhanced TLC	20.205	TLCI	-	141,076
Federal Aid Urban System	20.205	Rideshare	-	93,279
FHWA/FTA Program	20.205	OCPG - FY 2016	-	859,396
FHWA/FTA Program	20.205	OCPG - FY 2017	-	2,594,156
FHWA/FTA Program	20.205	CMAQ	-	550,828
Total Highway Planning and Construction Cluster			-	4,238,735
Highway Research and Development Program				
FHWA/FTA Progam	20.200	Asset Management	-	236,430
FEDERAL TRANSIT ADMINISTRATION				
Direct Awards				
Transit Services Program Cluster				
Enhanced Mobility for Seniors and Individuals with Disabilities - FHWA/FTA Program	20.513	Enhanced Mobility - 5310	367,384	525,072
New Freedom Program - FHWA/FTA Program	20.521	New Freedom	105,320	105,320
Total Transit Services Program Cluster			472,704	630,392
Total U.S. Department of Transportation			**472,704**	**5,105,557**
Total Expenditures of Federal Awards			**$ 472,704**	**$ 5,158,424**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2017

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Northeast Ohio Areawide Coordinating Agency (NOACA's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NOACA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the NOACA.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. NOACA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - SUBRECIPIENTS

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

As a subrecipient, NOACA has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE D - 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.

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

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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, (NOACA) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise NOACA's basic financial statements and have issued our report thereon dated March 26, 2018.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Directors:

Report on Compliance for the Major Federal Program

We have audited the Northeast Ohio Areawide Coordinating Agency's (NOACA) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect Northeast Ohio Areawide Coordinating Agency's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies NOACA's major federal program.

Management's Responsibility

NOACA's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on NOACA's compliance for NOACA's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about NOACA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on NOACA's major program. However, our audit does not provide a legal determination of the NOACA's compliance.

Opinion on the Major Federal Program

In our opinion, Northeast Ohio Areawide Coordinating Agency complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

NOACA's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered NOACA's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of NOACA's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

March 26, 2018

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material weaknesses in internal control reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Program's Compliance Opinion**	Unmodified
(d)(1)(vi)	**Are there any reportable findings under 2 CFR § 200.516(a)?**	No
(d)(1)(vii)	**Major Program:**	Highway Planning and Construction Cluster – CFDA #20.205
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee under 2 CFR §200.520?**	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

This page intentionally left blank.

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 29, 2018