



Dave Yost • Auditor of State

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Governing Board:

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, 2013, 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 the NOACA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the NOACA's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

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

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 Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio (NOACA), as of and for the year ended June 30, 2013, 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*, 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 the NOACA's basic financial statements taken as a whole.

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

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

The Schedule of Federal Awards Expenditures is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2014, on our consideration of NOACA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering NOACA's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

February 13, 2014

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Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2013
(UNAUDITED)

The management's discussion and analysis of Northeast Ohio Areawide Coordinating Agency's (NOACA) financial performance provides an overall review of NOACA's financial activities for the fiscal year ended June 30, 2013. 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 2013 are as follows:

- Assets, excluding capital assets, exceeded total current liabilities at the close of the most recent fiscal year by \$2.82 million. Of this amount, \$337,277 is restricted for the NOACA's leasehold requirement.
- General revenues accounted for \$729,462 in revenue or 9.96 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$6.76 million or 90.26 percent of total revenues of \$7.49 million.
- NOACA had \$7.61 million in expenses related to governmental activities; \$6.76 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$729,462, along with cash balances, were adequate to provide for these programs.
- Among major funds, the general fund had \$413,245 in revenues and \$587,304 in expenditures. The general fund's balance at the close of the current year was 480 percent of the current year's expenditures.

Overview of the Financial Statements

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

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

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

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2013
(UNAUDITED)*

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

The government-wide financial statements can be found on pages 9 and 10 of this report.

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

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

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

NOACA maintains 12 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 Sustainable Communities funds which are considered major funds. Data from the other ten governmental funds are combined into single, aggregate presentation.

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

**Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2013
(UNAUDITED)**

Government-Wide Financial Analysis

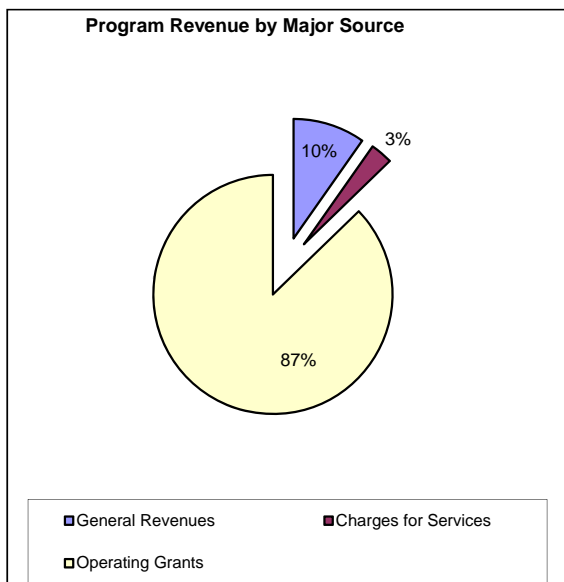
Recall that the Statement of Net Position provides the perspective of NOACA as a whole. Table 1 provides a comparison of NOACA's net position for the years ended June 30, 2013 and 2012.

Table 1
Net Position
(in Millions)

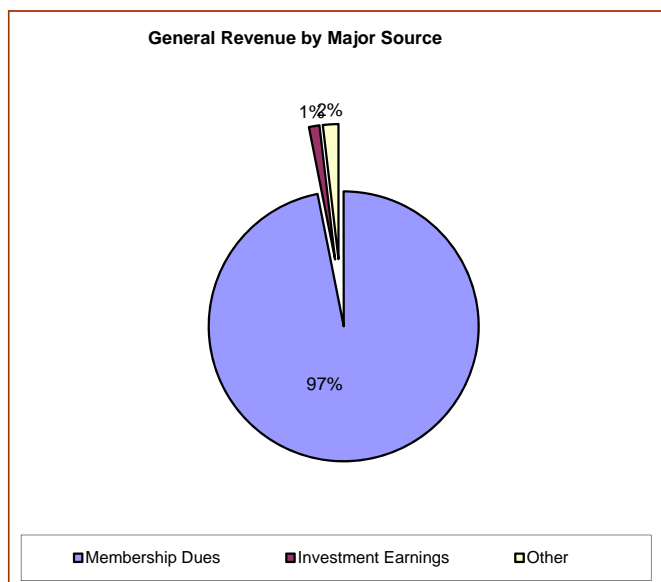
<u>Assets</u>	<u>2013</u>	<u>2012</u>	<u>Change</u>
Current and Other Assets	\$3.03	\$3.30	\$(.27)
Capital Assets	<u>1.13</u>	<u>1.28</u>	<u>(.15)</u>
Total Assets	4.16	4.58	(.42)
<u>Liabilities</u>			
Long-term Liabilities	(1.75)	(1.95)	.20
Other Liabilities	<u>(.21)</u>	<u>(.30)</u>	<u>.09</u>
Total Liabilities	(1.96)	(2.25)	.29
Net Investment in Capital Assets	(.08)	(.14)	.06
Restricted for:			
Leasehold Requirement	.34	.34	.00
Unrestricted	<u>1.94</u>	<u>2.13</u>	<u>(.19)</u>
Total Net Position	<u>\$2.20</u>	<u>\$2.33</u>	<u>\$(.13)</u>

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

Graph 1



Graph 2



**Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2013
(UNAUDITED)**

Table 2 shows the revenue for NOACA as a whole during fiscal year 2013.

Table 2
Revenues
(in Millions)

	<u>2013</u>	<u>2012</u>	<u>Change</u>
Revenues			
<i>Program Revenues</i>			
Charges for Services	\$.23	.21	.02
Operating Grants/Contributions	6.53	6.64	(.11)
<i>General Revenues</i>			
Membership Dues	.71	.71	.00
Investment Earnings	.01	.02	(.01)
Other	<u>.01</u>	<u>.04</u>	<u>(.03)</u>
Total Revenues	<u>\$ 7.49</u>	<u>\$7.62</u>	<u>\$ (.13)</u>

Table 3 shows total program expenses and net program expense.

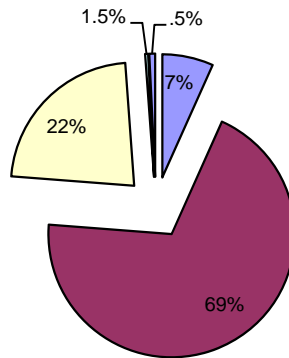
Table 3
Total Program Expenses
(in Millions)

	<u>Program Expense</u>		<u>Net Program Expense</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
<i>Program Expenses</i>				
General Government	\$.51	\$.53	\$ (.28)	\$ (.32)
Transportation Planning	5.29	5.38	(.57)	(.49)
Air Quality Planning	.03	.12	.00	.00
Water Quality Planning	.06	.14	.00	.00
Sustainable Communities - NEOSCC	<u>1.72</u>	<u>1.49</u>	<u>.00</u>	<u>.00</u>
Total Expenses	<u>\$7.61</u>	<u>\$7.66</u>	<u>\$(.85)</u>	<u>\$ (.81)</u>
Ending Net Position	<u>\$ 2.20</u>			

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2013
(UNAUDITED)*

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

Graph 3



■ General Government ■ Transportation Planning ■ Sustainable Communities ■ Air Quality Planning ■ Water Quality Planning

Capital Assets

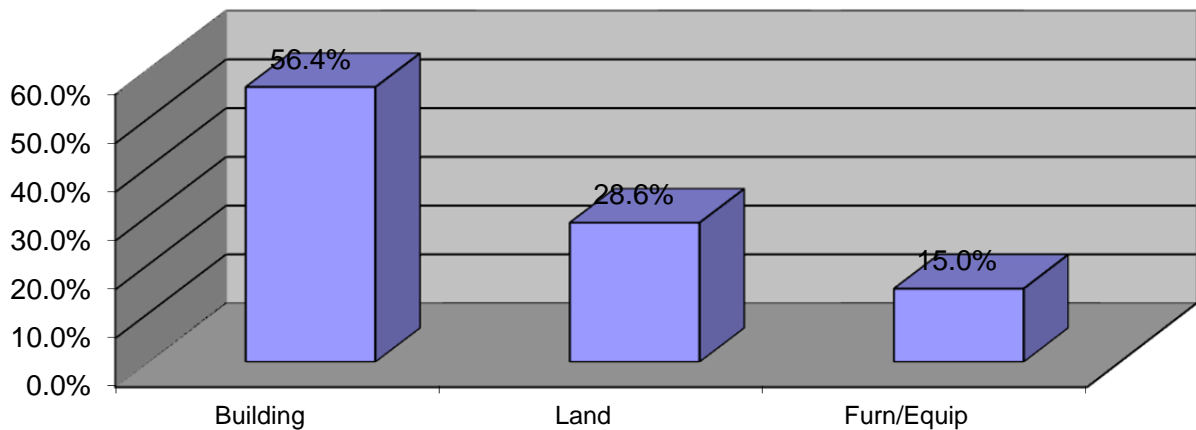
At the end of the year, NOACA had \$1.13 million invested in buildings and equipment, less accumulated depreciation. For further information on NOACA's capital assets, refer to Note 4 of the basic financial statements.

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

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2013
(UNAUDITED)*

Graph 4

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



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 the near term financial resources of NOACA. All governmental funds had total revenues of \$7.49 million and expenditures of \$7.66 million. The net change in fund balance for the year represented -5.82 percent of the years beginning fund balance.

The general fund recognized \$162,896 in current liabilities for fiscal year 2013. Accrued salaries and benefits accounted for 77.5% of those liabilities. The other major funds, OCPG and Sustainable Communities, recognized \$713,809 and \$0 in current liabilities, respectively for the fiscal year. Interfund liabilities accounted for 95.6% and 0% of those liabilities, respectively.

Contacting the Agency's Financial Management

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

Northeast Ohio Areawide Coordinating Agency
Statement of Net Position
June 30, 2013

	Governmental Activities
<u>Assets</u>	
Equity in Pooled Cash and Cash Equivalents	\$1,767,008
Accounts Receivable	920,812
Deposits	670
Prepays	4,020
Restricted Assets:	
Equity in Pooled Cash and Cash Equivalents	337,277
Nondepreciable Capital Assets	322,500
Depreciable Capital Assets, Net	806,308
Total Assets	4,158,595
<u>Liabilities</u>	
Current Liabilities:	
Payables:	
Accounts	85,835
Salaries and Employee Benefits	126,302
Noncurrent Liabilities:	
Due within one year	611,723
Due in more than one year	1,136,353
Total Liabilities	1,960,213
<u>Net Position</u>	
Net Investment in	
Capital Assets	(77,861)
Restricted for:	
Leasehold Requirement	337,277
Unrestricted	1,938,964
Total Net Position	\$2,198,380

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Statement of Activities
For the Year Ended June 30, 2013

<u>Function/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net Position</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
General Government	\$510,011	\$225,705	\$0	(\$284,306)
Transportation Planning	5,293,979	0	4,726,076	(567,903)
Air Quality Planning	29,408	0	29,408	0
Water Quality Planning	58,538	0	55,072	(3,466)
Sustainable Communities - NEOSCC	1,723,766	0	1,723,766	0
Total Governmental Activities	<u>\$7,615,702</u>	<u>\$225,705</u>	<u>\$6,534,322</u>	<u>(\$855,675)</u>
General Revenues:				
Membership Dues				\$706,749
Unrestricted investment earnings				9,210
Miscellaneous				13,504
Total General Revenues				<u>729,463</u>
Changes in Net Position				(126,212)
Net Position-Beginning				<u>2,324,592</u>
Net Position-Ending				<u><u>\$2,198,380</u></u>

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency
Balance Sheet - Governmental Funds
June 30, 2013**

	General	OCPG	TLCI	Sustainable Communities	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$1,767,008	\$0	\$0	\$0	\$0	\$1,767,008
Receivables:						
Accounts	16,238	713,809	111,824	0	78,941	920,812
Interfund	855,331	0	0	0	1,513	856,844
Prepays	4,020	0	0	0	0	4,020
Deposits	670	0	0	0	0	670
Restricted Assets:						
Cash and Cash Equivalents	337,277	0	0	0	0	337,277
Total Assets	\$2,980,544	\$713,809	\$111,824	\$0	\$80,454	\$3,886,631
Liabilities and Fund Balances						
Liabilities						
Payables:						
Accounts	\$36,594	\$31,757	\$0	\$0	\$17,486	\$85,837
Salaries and Employee Benefits	126,302	0	0	0	0	126,302
Interfund	0	682,052	111,824	0	62,968	856,844
Deferred Revenue	0	0	0	0	0	0
Total Liabilities	162,896	713,809	111,824	0	80,454	1,068,983
Fund Balances:						
Restricted for:						
Building Reserve Requirement	337,277	0	0	0	0	337,277
Unassigned	2,480,371	0	0	0	0	2,480,371
Total Fund Balances	2,817,648	0	0	0	0	2,817,648
Total Liabilities and Fund Balances	\$2,980,544	\$713,809	\$111,824	\$0	\$80,454	\$3,886,631

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2013**

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

Total Governmental Fund Balances \$2,817,648

**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. 1,128,808

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (1,748,076)

Net Position of Governmental Activities \$2,198,380

Northeast Ohio Areawide Coordinating Agency
 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Governmental Funds
 For the Year Ended June 30, 2013

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, 2013

	General	OCPG	TLCI	Sustainable Communities	Other Governmental Funds	Total Governmental Funds
Revenues:						
Charges for Services	\$225,705	\$0	\$0	\$0	\$0	\$225,705
Membership Dues	164,827	367,514	31,190	0	143,218	706,749
Miscellaneous	13,504	0	0	0	0	13,504
Intergovernmental	0	3,307,621	639,457	1,694,319	892,925	6,534,322
Interest	9,210	0	0	0	0	9,210
Total Revenues	413,246	3,675,135	670,647	1,694,319	1,036,143	7,489,490
Expenditures:						
Current:						
General Government	376,471	0	0	0	0	376,471
Capital Lease Payments	210,833	0	0	0	0	210,833
Transportation Planning	0	3,675,135	670,647	0	948,197	5,293,979
Air Quality Planning	0	0	0	0	29,408	29,408
Water Quality Planning	0	0	0	0	58,538	58,538
Sustainable Communities - NEOSCC	0	0	0	1,694,319	0	1,694,319
Total Expenditures	587,304	3,675,135	670,647	1,694,319	1,036,143	7,663,548
Excess of Revenues Over Expenditures	(174,058)	0	0	0	0	(174,058)
Net Change in Fund Balances	(174,058)	0	0	0	0	(174,058)
Fund Balances - beginning	2,991,706	0	0	0	0	2,991,706
Fund Balances - ending	<u>\$2,817,648</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$2,817,648</u>

Net Change in Governmental Fund Balances (\$174,058)

**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. (151,411)

Repayment of long-term obligations is reported as an expenditure in governmental funds, the the repayment reduces long-term liabilities in the statement of net position. In the current year, this amount is: 210,833

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (11,576)

Change in Net Position of Governmental Activities (\$126,212)

See accompanying notes to the basic financial statements

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE REPORTING ENTITY AND BASIS OF PRESENTATION

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

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

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

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

GOVERNMENTAL FUNDS:

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

General Fund - The General Fund is the operating fund of NOACA and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to NOACA for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

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

Government-wide and Fund Financial Statements

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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

NET POSITION: Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of these assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by NOACA or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

CASH AND SHORT TERM INVESTMENTS: Cash and short term investments consist of bank balances, investments in the State Treasurer's Investment Pool (STAR Ohio), an overnight sweep account, and government securities.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for at June 30, 2013.

RESTRICTED CASH: NOACA is required to maintain a cash balance with Huntington Banks equal to 10% of the Bond proceeds related to the capital lease with the Cleveland Cuyahoga County Port Authority for the building located at 1299 Superior Avenue, Cleveland, Ohio. The capital lease is presented further in Note 8 to the basic financial statements.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

The carrying amount of \$337,277 with Huntington Banks represents the 10% reserve requirement related to the capital lease. This cash is therefore restricted and identified as such in the assets and equity sections of the governmental fund balance sheet.

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

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

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

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

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

FUND BALANCE:

NOACA reports the following categories:

Restricted fund balances related to capital lease maintained in segregated account for construction and required to be held for payment of debt service obligations.

Unassigned fund balance is the residual classification for General Fund and includes all spendable amounts not contained in the other classifications.

NOACA applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted amounts are available.

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

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

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

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

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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

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

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

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

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

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

LEGAL REQUIREMENTS:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

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

LEGAL REQUIREMENTS: (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; the State Treasurer's investment pool (STAR Ohio); certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time;
6. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies; and
7. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts.

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

DEPOSITS:

CUSTODIAL CREDIT RISK: Custodial credit risk for deposits is the risk that in the event of bank failure, NOACA will not be able to recover deposits or collateral securities that are in possession of an outside party. As of June 30, 2013, the carrying amount of NOACA's deposits as \$1,390,100 and the bank balance was \$1,527,127. Of the bank balance, \$1,527,127 was covered by federal depository insurance or by individual surety bonds. Although the securities were held by the pledging financial institutions' trust department and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject NOACA to a successful claim by the FDIC.

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

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

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

INVESTMENTS:

Investments are reported at fair value. As of June 30, 2013, NOACA had the following investments:

<u>Investments</u>	<u>Maturity</u>	
	<u>Fair Value</u>	<u>Less Than 6 Months</u>
Huntington National Bank FFCB	\$335,198	\$335,198
Charter One Money Market	126,921	126,921
TriState Capital Bank Money Market	249,850	249,850
STAR Ohio	137	137
Huntington Bank Money Market	2,079	2,079
Total Investment	<u>\$714,185</u>	<u>\$714,185</u>

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

CUSTODIAL CREDIT RISK: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, NOACA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Huntington Bank, Charter One, and TriState Capital Bank Money Markets and the Federal Farm Credit Bank Notes are exposed to custodial credit risk in that they are uninsured, unregistered and held by the counterparty's trust department or agent but not in NOACA's name. NOACA employs the use of "safekeeping" accounts to hold and maintain custody of its investments as identified within the investment policy and as a means of mitigating this risk.

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2013

(Continued)

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

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

CONCENTRATION OF CREDIT RISK: NOACA may invest in any investment that is not specifically guaranteed by the U.S. Government or considered a money market mutual fund up to fifty percent of total available investable cash at the end of each month during the fiscal year. The following is NOACA's allocation as of June 30, 2013:

<u>Investment</u>	<u>Percentage of Investments</u>
Huntington National Bank FFCB	47%
TriState Capital Money Market	35%
Charter One Money Market	18%
STAR Ohio	0%
Huntington Bank Money Market	0%

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM

PENSION BENEFITS

NOACA participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan.

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

PENSION BENEFITS (Continued)

Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan. OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601.

For the year ended June 30, 2013, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. NOACA's contribution rate for pension benefits for 2013 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

NOACA's required contributions for pension obligations to the traditional and combined plans for the years ended June 30, 2013, 2012, and 2011 were \$279,811, \$247,797 and \$331,352 respectively; 100 percent has been contributed for the years ended June 30, 2013, 2012 and 2011. There were no contributions made to the member-directed plan by either the plan member or NOACA.

OTHER POST – EMPLOYMENT BENEFITS (OPEB)

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OTHER POST – EMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.0 percent of covered payroll. Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The amount of employer contributions which were allocated to fund post-employment health care was 4.0 percent during calendar year 2013.

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

NOACA’s contributions allocated to fund post-employment health care benefits for the years ended June 30, 2013, 2012 and 2011 were \$101,949, \$115,884, and \$147,049, respectively. 100 percent has been contributed for 2013, 2012 and 2011.

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM (Continued)

OTHER POST – EMPLOYMENT BENEFITS (OPEB) (Continued)

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

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

4. CHANGE IN CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2013 were as follows:

	Balance July 1, 2012	Additions	(Reductions)	Balance June 30, 2013
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$322,500	\$0	\$0	\$322,500
<i>Capital Assets, being depreciated</i>				
Buildings and Improvements	3,022,500	0	0	3,022,500
Furniture and Equipment	1,000,919	74,294	0	1,075,213
<i>Total Capital Assets being depreciated</i>	<u>4,023,419</u>	<u>74,294</u>	<u>0</u>	<u>4,097,713</u>
Less: Accumulated Depreciation:				
Building & Improvements	(2,226,296)	(159,667)	0	(2,385,963)
Equipment	(839,404)	(66,038)	0	(905,442)
<i>Total Accumulated Depreciation</i>	<u>(3,065,700)</u>	<u>(225,705)</u>	<u>0</u>	<u>(3,291,405)</u>
<i>Total Capital Assets, being Depreciated, Net</i>	957,719	(151,411)	0	806,308
<i>Governmental Activities Capital Assets, Net</i>	<u>\$1,280,219</u>	<u>(\$151,411)</u>	<u>\$0</u>	<u>\$1,128,808</u>

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

4. CHANGE IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 22,142
Transportation Planning	200,178
Air Quality Planning	1,129
Water Quality Planning	<u>2,256</u>
Total Depreciation Expense	<u>\$ 225,705</u>

5. COMPENSATED ABSENCES

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

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

Employees may accrue a maximum of four years vacation leave credit. Any amounts that exceed a four-year accrual are paid to the employee through the conversion program at 100 percent of the employees' hourly rate. At termination or upon other separation from NOACA, employees are paid at their full rate for 100 percent of unused vacation leave.

SICK LEAVE: Sick leave for all full-time employees is accumulated at a rate of 4.6 hours every two weeks. Sick leave is cumulative. Employees may annually choose to cash in some or all of their sick time at the rate of one hour for every four, or 25 percent at current salary levels. All employees must keep 240 hours (6 weeks) sick leave as a minimum balance to participate in the program. Therefore, any sick leave balances that exceed 240 hours, but less than 960 hours can be converted to cash. If employees have a balance beyond 960 hours they will not lose it; it remains in their pool. At termination, retirement or death, employees may convert sick leave to cash at one hour for every four (25%) up to a maximum of 960 hours. (e.g., If you cash in the full 960 hours you will receive payment for 240 hours of work).

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

5. COMPENSATED ABSENCES (Continued)

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

	<u>July 1, 2012</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>June 30, 2013</u>
Vacation	\$341,877	\$245,382	\$(225,229)	\$362,030
Sick	<u>187,954</u>	<u>101,176</u>	<u>(109,753)</u>	<u>179,377</u>
Total	<u>\$529,831</u>	<u>\$346,558</u>	<u>\$(334,982)</u>	<u>\$541,407</u>

6. INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables as of June 30, 2013, are as follows:

<u>Major Funds</u>	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$855,331	\$ 0
OCPG	0	682,052
TLCI	0	111,824
Nonmajor Governmental	<u>1,513</u>	<u>62,968</u>
TOTAL	<u>\$856,844</u>	<u>\$856,844</u>

7. RISK MANAGEMENT

NOACA is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2013, NOACA contracted with CGU/Acuity Insurance Company for property insurance. Public Officials Liability coverage is provided by United National Insurance Company with a \$1.0 million aggregate limit. Public Employee Dishonesty coverage is provided by the Fidelity and Deposit Insurance Company with a \$500,000 limit per loss. Settled claims have not exceeded coverage for the past five years. There have been no significant reductions in insurance coverage from the prior year.

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

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

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

8. CAPITAL LEASES – LESSEE DISCLOSURE

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

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

Assets under the capital lease totaled \$3,345,000 at June 30, 2013. The following is a schedule of the future minimum lease payments under the capital lease, together with the net present value of the minimum lease payments as of June 30, 2013:

Fiscal Year Ending June 30,	Principal	Governmental Activities	
		Interest	Total
2014	\$220,833	\$64,342	\$285,175
2015	230,833	52,058	282,891
2016	245,833	39,202	285,035
2017	256,669	25,544	282,213
2018	<u>252,500</u>	<u>11,068</u>	<u>263,568</u>
Total	<u>\$1,206,668</u>	<u>\$192,214</u>	<u>\$1,398,882</u>

9. CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2013, was as follows:

	Amount Outstanding <u>June 30, 2012</u>	<u>Additions</u>	<u>(Reductions)</u>	Amount Outstanding <u>June 30, 2013</u>	<u>Due Within One Year</u>
<u>Governmental Activities</u>					
Compensated Absences	\$ 529,831	\$ 346,558	\$ (334,982)	\$ 541,407	\$390,889
Capital Leases Payable	<u>1,417,501</u>	<u>0</u>	<u>(210,833)</u>	<u>1,206,668</u>	<u>220,833</u>
Total Government	<u>\$1,947,332</u>	<u>\$ 346,558</u>	<u>\$ (545,815)</u>	<u>\$1,748,075</u>	<u>\$611,722</u>

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2013
(Continued)

10. CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2013, NOACA implemented Governmental Auditing Standards Board (GASB) Statement No. 62, "Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements." GASB Statement No. 62 incorporates into GASB's authoritative literature certain FASB and AICPA pronouncements issued on or before November 30, 1989. The implementation of this statement had no impact on NOACA's financial statements.

For fiscal year 2013, NOACA also implemented GASB Statement No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position." GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. The implementation of this statement had no impact on NOACA's financial statements.

For fiscal year 2013, NOACA also implemented GASB Statement No. 65, "Items Previously Reported as Assets and Liabilities." GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of this statement had no impact on NOACA's financial statements.

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**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2013**

Federal Grantor/ Pass Through Grantor Program Title	Grant Number	Federal CFDA Number	Expenditures
<u>U.S. ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Passed Through Ohio EPA:</i>			
Water Quality Management Planning	Ohio Biennial Budget	66.454	\$ 34,587
Watershed Planning	604 (b)	66.454	<u>8,670</u>
Total U.S. Environmental Protection Agency			<u>43,257</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>			
FEDERAL HIGHWAY ADMINISTRATION			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction Grant			
Enhanced TLC	TLCI	20.205	670,646
Federal Aid Urban System	Rideshare	20.205	56,159
FHWA/FTA Program	FY 2012 OCPG C/O	20.205	1,438,010
FHWA/FTA Program	FY 2013 OCPG	20.205	2,237,125
FHWA/FTA Program	JARC/New Freedom	20.205	126,572
FHWA/FTA Program	New Freedom	20.205	-
FHWA/FTA Program	Household Travel Survey	20.205	698,761
CMAQ	Ozone Action Day	20.205	29,408
Regional Pavement Management	Regional Pavement Mgmt	20.205	37,258
Total Highway Planning and Construction Grant			<u>5,293,939</u>
Total Federal Highway Administration			<u>5,293,939</u>
Total U.S. Department of Highway Planning and Construction			<u>5,293,939</u>
<u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>			
Sustainable Communities Regional Planning Grant			
Sustainable Communities Consortium	Sustainable Comm	14.703	29,447
Sustainable Communities Consortium (NEOSCC)	NEOSCC	14.703	1,694,319
Total Sustainable Communities Consortium Grant			<u>1,723,766</u>
Total Federal Awards Expenditures			<u><u>\$ 7,060,962</u></u>

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

NOACA passes certain federal awards received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note A describes, NOACA reports expenditures of Federal awards to subrecipients on an accrual basis.

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

NOTE C - MATCHING REQUIREMENTS

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

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

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ACTUAL RATE - FY 2013

LABOR BASE

\$2,302,417

FRINGE BENEFIT CATEGORY

Sick Leave	\$109,752
Bereavement	1,537
Holiday	98,361
Vacation	225,229
Personal Days	30,564
Jury/Longevity/Stipend	12,984
PERS	372,267
Worker's Compensation	5,358
Unemployment Compensation	1,121
Hospitalization	371,102
Staff Development	4,232
Transit Subsidy	6,926
Tuition/Reimbursement	8,056
Medicare	<u>33,771</u>

TOTAL FRINGE BENEFIT COSTS

\$1,281,260

Fringe Benefit Rate used by NOACA

55.648%

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, 2013

DIRECT LABOR (SALARY)

Air Quality	\$ 5,515
Water Quality (604(B) + local)	85,397
Transportation Programs	1,559,709
Rideshare Program	19,553
Other	17,687
Local Activities	<u>24,654</u>
Total Labor	\$1,712,515
Total Fringes	<u>952,987</u>
Labor/Fringe Base	<u>\$2,665,502</u>

INDIRECT COST CATEGORY

Salaries/Fringes	\$ 918,173
Office/Utilities/Maint/Security	288,690
Telephone	16,111
Travel/Training	9,798
Supplies	20,250
Postage	5,002
Consultants	46,950
Software/Hardware	27,190
Membership Dues	2,455
Audit Fees	15,990
Outside Reproduction	587
Depreciation	66,038
Advertising	3,049
Accounting Services	744
Insurance	20,783
Equipment Leasing	2,674
Maintenance Repair (Equipment)	43,808
Publications	<u>1,562</u>
TOTAL	<u>\$1,489,854</u>
Indirect Cost Rate Used by NOACA	55.894%



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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 44114-3204

To the Governing 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 governmental activities, each major fund, and the aggregate remaining fund information of Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, (NOACA) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the NOACA's basic financial statements and have issued our report thereon dated February 13, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

February 13, 2014



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

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

To the Governing Board:

Report on Compliance for Each 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) *Circular A-133, Compliance Supplement* that could directly and materially affect NOACA's major federal program for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the NOACA's major federal program.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on NOACA's compliance for each of NOACA's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about NOACA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the NOACA 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, 2013.

Report on Internal Control Over Compliance

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

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 compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

February 13, 2014

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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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
FEBRUARY 25, 2014**