



Dave Yost • Auditor of State

**COMMUNITY PARTNERSHIP ON AGING
CUYAHOGA COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet	
Governmental Funds.....	13
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balance Governmental Funds.....	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Statement of Fiduciary Net Position	
Agency Funds	17
Notes to the Basic Financial Statements	18
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	33
Schedule of Findings.....	35

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Community Partnership on Aging
Cuyahoga County
1370 Victory Drive
South Euclid, Ohio 44121

To the Council of Governments:

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 Community Partnership on Aging, Cuyahoga County, Ohio (the Partnership), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Partnership'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 Partnership'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 Partnership'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 the Community Partnership on Aging, Cuyahoga County, Ohio, as of December 31, 2014, 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.

Emphasis of Matter

As discussed in Note 3 to the financial statements, during the year ended December 31, 2014, the Partnership adopted the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis - for State and Local Governments*. The Partnership reported on a cash basis in prior years. The change in accounting principle required a restatement of the beginning fund balance, as discussed in Note 3. We did not modify our opinion regarding these matters.

Other Matter

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 24, 2015, on our consideration of the Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Partnership'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

August 24, 2015

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Community Partnership on Aging
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2014

The following discussion provides a summary overview of the financial activities of the Community Partnership on Aging (the "Partnership") for the year ended December 31, 2014. The intent of this discussion and analysis is to look at the Partnership'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 the Partnership's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position of governmental activities increased by \$46,181 from 2013. The Partnership has no business-type activities.
- The assets of the Partnership exceeded its liabilities at December 31, 2014 by \$688,752.
- Total assets increased by \$52,229 in 2014 which represents an increase of 7.24 percent from 2013. The increase was due primarily to an increase in equity in pooled cash and cash equivalents.
- Total liabilities increased by \$6,048 in 2014, which represents an increase of 7.69 percent from 2013. Current liabilities increased \$4,672 due to an increase in accounts payable and accrued wages in the current year. Long-term liabilities increased \$1,376, due to increases in compensated absences liability.
- The General fund, the Partnership's operating fund, increased by \$154,033 from 2013.

Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Partnership's basic financial statements. The Partnership's 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 the reader with a broad overview of the Partnership's finances, in a manner similar to a private-sector business.

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

The *statement of activities* presents information showing how the Partnership'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., uncollected receivables and earned but unused vacation leave).

Community Partnership on Aging
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2014

Both of the government-wide financial statements distinguish functions of the Partnership that are principally supported by user fees and charges and the program expenses used to operate during the fiscal year.

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. The Partnership, like State and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Partnership can be divided into two categories: governmental and fiduciary funds.

Governmental funds – The 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 near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the 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, the reader may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Partnership maintains four governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for which the general fund, special accounts fund, Cuyahoga County Division of Senior & Adult Services fund and the Title IIIB & IIIC Fund are considered to be the major funds.

The basic fund financial statements can be found on pages 13-16 of this report.

Fiduciary Funds - The fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are not available to support the Partnership's own programs. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trusts funds and agency funds. Trust funds are used to account for assets held by the Partnership under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Partnership's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Partnership's only fiduciary fund is an agency fund.

The basic fiduciary fund financial statement can be found on page 17 of this report.

Community Partnership on Aging
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2014

Notes to the Basic Financial Statements - The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 18 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the Partnership's financial position. In the case of the Partnership, assets exceeded liabilities by \$688,752 at the close of the most recent fiscal year.

More than ninety-five percent of the Partnership's net position reflects its unrestricted net position. The Partnership uses unrestricted net position to maintain services provided to seniors and associated operating costs. 1.55 percent of the net position is investments in capital assets (e.g., equipment and furniture). The Partnership uses these capital assets to provide services to senior adults; consequently, these assets are not available for future spending.

At the end of the current fiscal year, the Partnership is able to report positive balances in both categories of net position in the governmental activities. The same situation held true for the prior fiscal year. The table below shows net position for the year 2014 compared to year 2013.

Table 1
Net Position

	2014	Restated 2013	Variance
Assets:			
Current Assets	\$ 762,694	\$ 707,923	\$ 54,771
Capital Assets, Net	10,681	13,223	(2,542)
Total Assets	773,375	721,146	52,229
Liabilities:			
Current Liabilities	68,647	63,975	4,672
Noncurrent Liabilities	15,976	14,600	1,376
Total Liabilities	84,623	78,575	6,048
Net Position:			
Investment in Capital Assets	10,681	13,223	(2,542)
Restricted for:			
Special Revenue	20,688	124,896	(104,208)
Unrestricted	657,383	504,452	152,931
Total Net Position	\$ 688,752	\$ 642,571	\$ 46,181

As noted above, the Partnership's net position increased by \$46,181. This increase is due to increases in program revenue compared to fiscal year 2013.

Community Partnership on Aging
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2014

Table 2 reflects the changes in net position in 2014 and 2013 for governmental activities.

Table 2
Statements of Revenues, Expenses and Changes in Net Position

	2014	Restated 2013	Variance
Program Revenues:			
Charges for Services	\$ 12,601	\$ 13,965	\$ (1,364)
Operating Grants and Contributions	<u>135,029</u>	<u>168,903</u>	<u>(33,874)</u>
Total Program Revenues	<u>147,630</u>	<u>182,868</u>	<u>(35,238)</u>
General Revenues:			
Intergovernmental	700,915	723,411	(22,496)
Earnings on Investments	724	1,075	(351)
Miscellaneous	<u>266</u>	<u>210</u>	<u>56</u>
Total General Revenues	<u>701,905</u>	<u>724,696</u>	<u>(22,791)</u>
Total Revenues	<u>849,535</u>	<u>907,564</u>	<u>(58,029)</u>
Program Expenses:			
Wages and Benefits	526,140	598,672	(72,532)
Building Rent and Maintenance	7,596	7,596	-
Materials and Supplies	19,399	19,838	(439)
Utilities	9,835	9,911	(76)
Transportation	176,261	187,852	(11,591)
Technical Services	6,009	7,958	(1,949)
Liability services	9,443	5,741	3,702
Other	<u>48,671</u>	<u>39,795</u>	<u>8,876</u>
Total Program Expenses	<u>803,354</u>	<u>877,363</u>	<u>(74,009)</u>
Change in Net Position	46,181	30,201	15,980
Net Position, Beginning of Year, Restated	<u>642,571</u>	<u>612,370</u>	<u>30,201</u>
Net Position, End of Year	\$ <u>688,752</u>	\$ <u>642,571</u>	\$ <u>46,181</u>

Governmental Activities

Program revenues of governmental activities represent 17.38 percent in 2014 and 20.15 percent in 2013 of total governmental revenues. They consisted of monies received from the Western Reserve Area Agency, Cuyahoga County, and the Partnership's member municipalities for services performed as defined by the Partnership Board and the contractual agreements with these agencies.

Community Partnership on Aging
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2014

General revenues of governmental activities represent 82.62 percent in 2014 and 79.85 percent in 2013. Of the Partnership's 2014 total general revenues, 99.86 percent relates to unrestricted local grants and entitlements. Investment income and miscellaneous revenues constitute less than one percent of the Partnership's general revenues during 2014.

Expenses for governmental net position include program expenditures, which represent the overhead costs of running the Partnership and the support services provided for senior activities. These include the costs of internal services such as payroll and purchasing.

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Partnership. The next column identifies the costs of providing these services. The major program expenses for governmental activities are for wages and benefits and transportation, which account for 65.49 and 21.94 percent of all governmental expenses in 2014. The next two columns of the Statement entitled Program Revenues identify amounts paid by people who are directly charged for the service and grants or contributions received by the Partnership that must be used to provide a specific service. The Net Revenues (Expenses) column compares the program revenues to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from unrestricted funds within the Partnership. These net costs are paid from the general revenues which are presented at the bottom of the Statement.

Capital Assets

At the end of 2014, the Partnership had \$10,681 invested in appliances, furniture and fixtures, and vehicles. Table 3 shows 2014 balances of capital assets as compared to 2013.

Table 3 – Capital Assets at December 31 (Net of Depreciation)

	Governmental Activities	
	2014	Restated 2013
Appliances	\$ 5,746	\$ 5,746
Furniture and fixtures	30,575	29,760
Vehicles	13,458	13,458
Accumulated Depreciation	(39,098)	(35,741)
Total capital assets, net	\$ 10,681	\$ 13,223

Capital assets decreased by \$2,542 in 2014. The main reason for this decrease is due to increases in depreciation expense from the prior year. See Note 7 for further discussion on capital assets.

Long-Term Obligations

At December 31, 2014, the Partnership had \$38,752 in compensated absences liability, which is considered a long-term obligation. This is an increase of \$1,102 from the 2013 compensated absences liability balance of \$37,650. See Note 6 for further discussion on compensated absences.

Community Partnership on Aging
Management's Discussion and Analysis (Unaudited)
For the Fiscal Year Ended December 31, 2014

Current Issues Affecting Financial Condition

2014 proved to be a year of significant activity for the Community Partnership on Aging. Over 11,200 one-way rides were provided through transportation services; over 10,300 meals were served through congregate meal and café lunch programs; social workers made over 950 supportive service related home visits and provided countless hours of phone consultation; homemaker services made over 890 visits providing approximately 1,850 total hours of service; agency social, educational and health related programs/activities received over 11,100 episodes of participation; an average of 100 totes of fresh food were given out every month and 24 households received necessary safety updates through the Safe At Home program. Overall, we have accomplished our desired goals for 2014.

While the demand and the need for our services are expected to increase in 2015, as are the expenses associated with providing these services, our outlook for 2015 is very positive. Our member communities of South Euclid, Lyndhurst, Highland Heights, Mayfield Heights and Mayfield Village remain dedicated to the older adults who reside in their communities. We believe that the funding we receive from our member communities, the Cuyahoga County Health and Human Service Levy, Western Reserve Area Agency on Aging, along with other various grants and donations received through other agencies, foundations and individuals will prove to be adequate to meet the needs of 2015.

Contacting the Agency's Financial Management

This financial report is designed to provide a general overview of the Partnership's finances for all interested parties. Questions and requests for additional information regarding this report should be addressed to the Chief Financial Officer, Community Partnership on Aging, 1370 Victory Drive, South Euclid, Ohio 44121.

Community Partnership on Aging

Statement of Net Position

December 31, 2014

Assets

Equity in Pooled Cash and Cash Equivalents	\$	719,730
Accounts Receivable		31,640
Prepaid Items		11,324
Depreciable Capital Assets, Net		<u>10,681</u>

<i>Total Assets</i>		<u>773,375</u>
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Liabilities

Accounts Payable		29,260
Accrued Payables		1,030
Accrued Wages		15,581
Long-Term Liabilities:		
Due Within One Year		22,776
Due In More Than One Year		<u>15,976</u>

<i>Total Liabilities</i>		<u>84,623</u>
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Net Position

Investment in Capital Assets		10,681
Restricted for:		
Special		20,688
Unrestricted		<u>657,383</u>

<i>Total Net Position</i>	\$	<u><u>688,752</u></u>
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The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging
Statement of Activities
For the Year Ended December 31, 2014

	Program Revenues			Net Revenue (Expense) and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities
Primary Government Governmental Activities:				
Wages and Benefits	\$ 526,140	\$ -	\$ 48,763	\$ (477,377)
Building Rent and Maintenance	7,596	-	-	(7,596)
Materials and Supplies	19,399	65	5,649	(13,685)
Utilities	9,835	-	-	(9,835)
Transportation	176,261	-	17,915	(158,346)
Technical Services	6,009	-	-	(6,009)
Liability Services	9,443	-	-	(9,443)
Other	48,671	12,536	62,702	26,567
<i>Total Governmental Activities</i>	<u>\$ 803,354</u>	<u>\$ 12,601</u>	<u>\$ 135,029</u>	<u>(655,724)</u>
		General Revenues		
				700,915
				266
				724
				<u>266</u>
				<u>701,905</u>
				46,181
				642,571
				<u>642,571</u>
				<u>\$ 688,752</u>

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

*Balance Sheet
Governmental Funds
December 31, 2014*

	General Fund	Special Accounts Fund	Cuyahoga County Division of Senior & Adult Services Fund	Title IIIB & Title IIIC Fund	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 562,029	\$ 157,701	\$ -	\$ -	\$ 719,730
Accounts Receivable	21,931	-	6,048	3,661	31,640
Interfund Receivable	133,752	-	-	-	133,752
Prepaid Items	10,997	30	24	273	11,324
<i>Total Assets</i>	\$ <u>728,709</u>	\$ <u>157,731</u>	\$ <u>6,072</u>	\$ <u>3,934</u>	\$ <u>896,446</u>
Liabilities					
Accounts Payable	\$ 19,127	\$ 2,520	\$ 3,726	\$ 3,887	\$ 29,260
Accrued Payable	971	-	-	59	1,030
Accrued Wages	12,476	-	-	3,105	15,581
Interfund Payable	-	-	88,454	45,298	133,752
<i>Total Liabilities</i>	\$ <u>32,574</u>	\$ <u>2,520</u>	\$ <u>92,180</u>	\$ <u>52,349</u>	\$ <u>179,623</u>
Fund Balances					
Restricted	-	22,683	-	-	22,683
Committed	696,135	132,528	-	-	828,663
Unassigned	-	-	(86,108)	(48,415)	(134,523)
<i>Total Fund Balances (Deficits)</i>	\$ <u>696,135</u>	\$ <u>155,211</u>	\$ <u>(86,108)</u>	\$ <u>(48,415)</u>	\$ <u>716,823</u>
<i>Total Liabilities and Fund Balances</i>	\$ <u>728,709</u>	\$ <u>157,731</u>	\$ <u>6,072</u>	\$ <u>3,934</u>	\$ <u>896,446</u>

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging
*Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2014*

Total Governmental Funds Balances	\$ 716,823
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	10,681
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	(38,752)
	<hr/>
<i>Net Position of Governmental Activities</i>	<u>\$ 688,752</u>

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2014

	General Fund	Special Accounts Fund	Cuyahoga County Division of Senior & Adult Services Fund	Title IIIB & Title IIIC Fund	Total Governmental Funds
Revenues					
Intergovernmental	\$ 700,915	\$ -	\$ 22,216	\$ 71,985	\$ 795,116
Charges for Services	2,756	9,845	-	-	12,601
Earnings on investments	642	82	-	-	724
Contributions and Donations	19,756	8,744	-	12,328	40,828
Other	266	-	-	-	266
<i>Total Revenues</i>	<u>724,335</u>	<u>18,671</u>	<u>22,216</u>	<u>84,313</u>	<u>849,535</u>
Expenditures					
Current:					
Wages and Benefits	389,080	-	28,681	107,277	525,038
Building rent and maintenance	-	-	-	7,596	7,596
Materials & Supplies	11,274	84	4,583	3,458	19,399
Utilities	8,063	-	848	924	9,835
Transportation	122,146	-	40,849	10,724	173,719
Technical Services	7,751	-	666	-	8,417
Liability Services	8,494	-	949	-	9,443
Other	23,494	18,400	1,923	2,446	46,263
<i>Total Expenditures</i>	<u>570,302</u>	<u>18,484</u>	<u>78,499</u>	<u>132,425</u>	<u>799,710</u>
<i>Net Change in Fund Balances</i>	154,033	187	(56,283)	(48,112)	49,825
<i>Fund Balances (Deficits) Beginning of Year, Restated</i>	<u>542,102</u>	<u>155,024</u>	<u>(29,825)</u>	<u>(303)</u>	<u>666,998</u>
<i>Fund Balances (Deficits) End of Year</i>	<u>\$ 696,135</u>	<u>\$ 155,211</u>	<u>\$ (86,108)</u>	<u>\$ (48,415)</u>	<u>\$ 716,823</u>

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging
Statement of Fiduciary Net Position
December 31, 2014

Assets	
Equity Pooled in Cash and Cash Equivalents	\$ 39,010
Prepays	400
<i>Total Assets</i>	<u>\$ 39,410</u>
Liabilities	
Deposits Held and Due to Others	<u>\$ 39,410</u>
 <i>Total Liabilities</i>	 <u>\$ 39,410</u>

The accompanying notes are an integral part of these basic financial statements.

Community Partnership on Aging

Notes to Basic Financial Statements

For the Year Ended December 31, 2014

Note 1: Reporting Entity

The Community Partnership on Aging, Cuyahoga County, (the “Partnership”), is a Council of Governments. The Partnership consists of five member communities: Mayfield Village and the cities of Highland Heights, Lyndhurst, Mayfield Heights, and South Euclid.

The mayors of each of these five communities comprise the Partnership’s Board of Directors. Each mayor appoints a certain number of commission board members to serve as representatives to the Partnership. The Partnership’s function is to help older persons maintain independence and dignity in a home environment, remove barriers to independence for older persons, and provide a continuum for the vulnerable elderly.

The Partnership’s management believes these financial statements present all activities for which the Partnership is financially accountable.

Note 2: Summary of Significant Accounting Policies

The financial statements of the Partnership have been prepared in accordance with accounting principles generally accepted in the United States of America (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 most significant of the Partnership’s accounting policies are described below.

A. Basis of Presentation

The Partnership’s basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the Partnership as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial condition of the governmental activities of the Partnership at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Partnership’s governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues not classified as program revenues are presented as general revenues of the Partnership, with certain limited exceptions.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

A. Basis of Presentation (continued)

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Partnership.

Fund Financial Statements

During the year, the Partnership segregates transactions related to certain Partnership functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Partnership at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column.

B. Fund Accounting

The Partnership uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The Partnership classified their funds into two categories: governmental and fiduciary.

Governmental Funds – Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the Partnership's major governmental funds:

General Fund – The General Fund accounts for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the Partnership for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Accounts Fund – The special accounts fund includes money received from donations, special program income, and funds derived from fund raisers to benefit senior adults.

Cuyahoga County Division of Senior & Adult Services Fund – This fund accounts for social services that are intended to strengthen and maintain the well-being of seniors and at-risk adults. Grant services include congregate meals and transportation.

Title IIIB/IIIC Fund – This fund accounts for social services which inform the local population of available services and/or assist potential participants in accessing services. Grant services include congregate meals, supportive services, and transportation.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Fiduciary Fund – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the Partnership under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the Partnership's own programs. The Partnership has no trust funds.

Agency funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations. The Partnership's agency funds hold resources for individuals, organizations or other governments. The Partnership disburses these funds as directed by the individual, organization or other government. The Partnership's agency fund is used to account for funds held for senior adult trips.

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of the Partnership are included on the statement of net position. The statement of activities presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. The governmental fund financial statements therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting; proprietary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows/outflows of resources, and in the presentation of expenses versus expenditures.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

D. Basis of Accounting (continued)

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available.

Available means that the resources will be collected within the current year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. Available period for the Partnership is sixty days after year-end.

Non-exchange transactions, in which the Partnership receives value without directly giving equal value in return, include grants, contributions and donations.

Revenue from grants, contributions and donations is recognized in the 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 year when use is first permitted, matching requirements, in which the Partnership must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Partnership on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: contributions and donations, earnings on investments, grants and charges for services.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

Cash received by the Partnership is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Partnership's records.

During fiscal year 2014, the Partnership's investments were limited to certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

E. Cash and Cash Equivalents (continued)

For presentation on the statement of net position, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the Partnership are considered to be cash equivalents. Instruments with an initial maturity of more than three months are reported as investments.

F. Budgetary Process

The Partnership is not bound by the budgetary laws prescribed by the Ohio Revised Code. The Board passes an annual budget prior to the beginning of the fiscal year.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2014, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure/expense in the year in which it was consumed.

H. Capital Assets and Depreciation

All capital assets are recorded at historical cost and updated for additions and retirements during the year. The Partnership maintains a capitalization threshold of \$100. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Appliances	5 years
Furniture, Fixtures and Equipment	5 – 15 years
Vehicles	5 years

I. Compensated Absences

The Partnership reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those that the Partnership has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employee wage rates at fiscal year-end taking into consideration any limits specified in the Partnership's termination policy. Additionally, certain salary related payments associated with the payment of compensated absences have been accrued. The entire compensated absence liability is reported on the government-wide financial statements.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

I. Compensated Absences (continued)

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. These amounts are recorded in the account "accrued wages" in the fund from which the employees who have accumulated leave are paid. The noncurrent portion of the liability is not reported.

J. Payables, Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, compensated absences are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year.

K. Net Position

Net position represents the difference between all other elements in a statement of financial position. Investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Partnership or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Partnership applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Partnership and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2014.

M. Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

N. Reclassification

Prior year data presented in the Management's Discussion and Analysis have been reclassified in order to be comparative and provide an understanding of the changes in financial position and operations. Certain reclassifications have been made to the 2013 data in order to conform to the 2014 presentation.

O. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Partnership must observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable: The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted: Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed: The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Partnership's Board. Those committed amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, committed fund balance classification may be redeployed for other purposes with appropriate due process. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned: Amounts in the assigned fund balance classification are intended to be used by the Partnership for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the Partnership Board or a Partnership official delegated that authority by resolution, or by state statute.

Unassigned: Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 2: Summary of Significant Accounting Policies (continued)

O. Fund Balance (continued)

The Partnership applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3: Changes in Accounting Principles and Restatement

A. Change in Accounting Principles

For 2014, the Partnership has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments". GASB No. 34 creates new basic financial statements for reporting on the Partnership's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. The beginning net position for the governmental programs reflects the change in fund balance for the governmental funds at December 31, 2014, caused by the conversion to the accrual basis of accounting. The changes in beginning fund balance related to the implementation of GASB No. 34 are shown in the restatement section below. GASB No. 34 also requires the inclusion of the Management Discussion and Analysis (MD&A) section which provides a narrative introduction and overview of the financial statements to enhance the user's ability to interpret the information within the statements.

In June 2012, the GASB issued Statement No. 68, Accounting and Financial Reporting for Pensions. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2014. The Partnership has not determined the impact that this Statement will have on its financial statements or disclosures.

B. Restatement

In 2014, the Partnership changed reporting on the cash basis of accounting to the accrual basis of accounting. The following changes were made to the funds as previously reported:

	<u>December 31, 2013</u>	<u>January 1, 2014</u>
General Fund	\$ -	\$ 542,102
Special Accounts Fund	-	155,136
Cuyahoga Division of Senior & Adult Services Fund	-	(29,825)
Title IIIB & IIIC Fund	-	(303)
Special Revenue Funds	667,852	-
Agency Fund	40,269	-

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 4: Deposits and Investments

The Partnership follows state statute and classifies held monies into three categories.

Active deposits are amounts necessary to meet current cash needs. Such monies are maintained either in commercial accounts payable or withdraw able on demand accounts, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are those monies that are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

Interim monies may be deposited or invested in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest therein.
2. Bonds, notes, debentures or other obligations or securities issued by any federal government agency.
3. Deposits with financial institutions and savings and loan associations, collateralized, as required by law.
4. State Treasurer's investment pool (STAR Ohio).
5. Bonds and other obligations of the State of Ohio.
6. Repurchase agreements fully collateralized with securities listed in 1 and 2 above.

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the Partnership's deposits may be lost. Protection of the Partnership's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution, by surety company bonds or by a single collateral pool established by the financial institution.

At December 31, 2014, the carrying amount of the Partnership's deposits was \$758,535 and the bank balance was \$760,037. Of the bank balance, \$339,730 was covered by FDIC insurance and \$420,307 was collateralized with securities held by the pledging institution's trust department, not in the Partnership's name. At year-end, the Partnership had \$205 of un-deposited cash on hand.

The Partnership 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 the Partnership 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.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 5: Receivables

Accounts receivable included on the statement of net position at December 31, 2014 consists primarily of fees receivable and miscellaneous service receivables due from grantors, clients and member municipalities. Management considers all receivables fully collectible.

Note 6: Compensated Absences

Accumulated unpaid vacation is accrued when earned and is to be used within the subsequent calendar year. In accordance with the Partnership vacation leave policy, unused vacation pay cannot be carried over from year to year. Accordingly, all accrued vacation pay is considered to be a current liability.

Partnership employees are paid for any unused vacation, earned and accrued for from the prior year, plus one-twelfth of their current year's anticipated annual vacation for every month worked up to the time of termination.

Sick leave is earned for full and regular part-time employees at the rate of 3.75 hours for each completed 75 hours of normal service. Upon retirement or death, employees hired before October 1, 2007 with ten or more active years of service are to be paid one-fourth of their accumulated sick leave, not to exceed 960 hours. Sick leave in excess of the 960 hour maximum is not paid upon retirement or death. There is no sick leave benefit available to those employees hired after October 1, 2007.

	Balance <u>12/31/2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2014</u>	Due Within <u>One Year</u>
Compensated Absences	\$ <u>37,650</u>	\$ <u>24,152</u>	\$ <u>23,050</u>	\$ <u>38,752</u>	\$ <u>22,776</u>

Note 7: Capital Assets

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balance <u>12/31/2013</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>12/31/2014</u>
Capital Assets being Depreciated:				
Appliances	\$ 5,746	\$ -	\$ -	\$ 5,746
Furniture, Fixtures and Equipment	29,760	815	-	30,575
Vehicles	13,458	-	-	13,458
Total Capital Assets being Depreciated	<u>48,964</u>	<u>815</u>	<u>-</u>	<u>49,779</u>
Less Accumulated Depreciation and Amortization for:				
Appliances	(5,357)	-	-	(5,357)
Furniture, Fixtures and Equipment	(16,926)	(3,357)	-	(20,283)
Vehicles	(13,458)	-	-	(13,458)
Total Accumulated Depreciation and Amortization	<u>(35,741)</u>	<u>(3,357)</u>	<u>-</u>	<u>(39,098)</u>
Total Capital Assets, Net	\$ <u>13,223</u>	\$ <u>(2,542)</u>	\$ <u>-</u>	\$ <u>10,681</u>

Depreciation expense was fully charged to the transportation function.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 8: Pension Plans

The Partnership participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member Directed Plan, members accumulate retirement assets equal to the value of the member and (vested) employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the combined plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit.

Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/carfr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2014, member and employer contribution rates were consistent across all three plans. The Partnership contributed 14 percent of earnable salary and employees contributed 10 percent of earnable salary.

The Partnership's required contributions for pension obligations to the Traditional, Combined, and Member-Directed Plans for the years ended December 31, 2014, 2013, and 2012 were \$58,274, \$60,066, and \$58,479, respectively, equal to the required contributions for each year. The full amount has been contributed for 2013 and 2012, while 93 percent has been contributed for 2014.

Note 9: Post-Employment Benefits

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

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 9: Post-Employment Benefits

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 health care coverage provided by OPERS meets the definition of an Other Post-Employment Benefit (OPEB) as described in GASB Statement 45. OPERS' eligibility requirements for post-employment health care coverage changed for those retiring on and after January 1, 2015. Please see the Plan Statement in the OPERS 2013 CAFR for details.

The Ohio Revised Code permits, but does not require, OPERS to provide OPEB benefits to its eligible benefit recipients. Authority to establish and amend health care coverage is provided 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/investments/carfr.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH, 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care. Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2014, the Partnership contributed at a rate of 14 percent of earnable salary, the maximum employer contribution rate permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of the post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2 percent during calendar year 2014. Effective January 1, 2015, the portion of employer contributions allocated to health care remains 2 percent for both plans, as recommended by the OPERS' Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Partnership's contributions for health care for the years ended December 31, 2014, 2013, and 2012 were \$8,322, \$4,289, and \$16,707, respectively. The full amount has been contributed for all three years. 100 percent has been contributed for 2013 and 2012, while 93 percent has been contributed for 2014.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 10: Risk Management

Commercial Insurance

The Partnership has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Abuse act liability;
- Employment practices liability;
- Professional liability;
- Stop gap liability; and
- Non-profit directors and officers coverage.

The Partnership also offers health insurance to employees who work at least 25 hours a week. The Partnership pays 75 percent of the health insurance program.

Note 11: Related Party Transactions

A Partnership Council member is also a Board member of the Senior Transportation Connection, from which the Partnership acquired senior transportation services during 2014. The Partnership paid \$175,433 for these services in 2014.

Note 12: Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Board is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the general fund are presented below:

<u>Fund Balances</u>	<u>General</u>	<u>Special Accounts</u>	<u>Cuyahoga County Division of Senior & Adult Services</u>	<u>Title IIIB & IIIC</u>	<u>Total Governmental</u>
Restricted for:	\$				
Senior support services	-	\$ 22,683	-	-	\$ 22,683
Total restricted	<u>-</u>	<u>22,683</u>	<u>-</u>	<u>-</u>	<u>22,683</u>
Committed to:					
Senior support services	696,135	132,528	-	-	828,663
Unassigned (deficit)	<u>-</u>	<u>-</u>	<u>(86,108)</u>	<u>(48,415)</u>	<u>(134,523)</u>
Total fund balance	\$ <u>696,135</u>	\$ <u>155,211</u>	\$ <u>(86,108)</u>	\$ <u>(48,415)</u>	\$ <u>716,823</u>

Community Partnership on Aging

Notes to Basic Financial Statements (continued)

For the Year Ended December 31, 2014

Note 13: Interfund Activity

Interfund activity for the year ended December 31, 2014, consisted of the following:

<u>Interfund Payable</u>	<u>Interfund Receivable</u>
	<u>General</u>
	<u>Fund</u>
Major Governmental Funds:	
Title IIIB and Title IIIC Fund	\$ 45,298
Cuyahoga County Division of	
Senior & Adult Services Fund	<u>88,454</u>
Total	<u>\$ 133,752</u>

The interfund receivables and payables listed above result from a difference in the timing of when expenses are recognized in accordance with generally accepted accounting principles and when the related interfund subsidies are budgeted for payment on a cash basis.

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Dave Yost • Auditor of State

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

Community Partnership on Aging
Cuyahoga County
1370 Victory Drive
South Euclid, Ohio 44121

To the Council of Governments:

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 Community Partnership on Aging, Cuyahoga County, (the Partnership) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Partnership's basic financial statements and have issued our report thereon dated August 24, 2015, wherein we noted the Partnership adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis - for State and Local Governments*.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Partnership'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 the Partnership's internal control. Accordingly, we have not opined on it.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a 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 the Partnership'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. We consider finding 2014-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Partnership'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*.

Partnership's Response to the Finding

The Partnership's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Partnership's response and, accordingly, we express no opinion on it.

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 the Partnership's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Partnership's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Dave Yost
Auditor of State
Columbus, Ohio

August 24, 2015

**COMMUNITY PARTNERSHIP ON AGING
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2014 AND 2013**

FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2014-001

Financial Reporting – Material Weakness

Sound financial reporting is the responsibility of the Bookkeeper, Executive Director, and Council of Governments, and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

In its Cuyahoga County Division of Senior & Adult Services and Title IIIB & Title IIIC Funds, the Partnership misposted \$22,216 and \$71,985, respectively, in Intergovernmental Revenues as Contributions and Donations Revenues. The lack of controls over the posting of financial transactions and financial reporting resulted in adjustments to the financial statements made by the Partnership.

The Partnership should take appropriate measures to ensure all balances on its financial statements reflect the actual financial activity of the Partnership.

Officials' Response: The Partnership maintains that the Cuyahoga County Division of Senior & Adult Services and Title IIIB & Title IIIC funds were accounted for properly throughout 2014. The Partnership believes misclassification of these funds on the financial statements was due to a miscommunication between the Partnership and the accounting firm that completed the GAAP compilation. Furthermore, this was the first year the Partnership reported on a GAAP basis and in the process of reviewing the report, the Partnership failed to recognize that these funds were misclassified on the submitted statements.

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Dave Yost • Auditor of State

COMMUNITY PARTNERSHIP ON AGING

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
SEPTEMBER 8, 2015