



Dave Yost • Auditor of State

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
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 |
| Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds | 14 |
| Notes to the Basic Financial Statements | 15 |
| Schedule of Federal Awards Expenditures..... | 31 |
| Notes to the Schedule of Federal Awards Expenditures | 32 |
| Provisional Rate Computational Schedules: | |
| Schedule of Fringe Benefit Cost Charges, Rate Base and Provisional Rate Computation..... | 33 |
| Schedule of Indirect Cost Charges, Rate Base and Fixed Rate Computation | 34 |
| Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 35 |
| 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 | 37 |
| Schedule of Findings..... | 39 |

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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

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio (NOACA), as of and for the year ended June 30, 2014, 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, 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.

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 27, 2015, 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 initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

February 27, 2015

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Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(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, 2014. 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 2014 are as follows:

- Assets, excluding capital assets, exceeded total current liabilities at the close of the most recent fiscal year by \$1.33 million.
- General revenues accounted for \$733,501 in revenue or 10.25 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$6.42 million or 89.75 percent of total revenues of \$7.15 million.
- NOACA had \$7.31 million in expenses related to governmental activities; \$6.42 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$733,501, along with net position, were adequate to provide for these programs.
- Among major funds, the general fund had \$526,804 in revenues and \$2,012,245 in expenditures. The general fund's balance at the close of the current year was 66 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, 2014
(UNAUDITED)*

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

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

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

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

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

NOACA maintains nine 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 six 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, 2014
(UNAUDITED)**

Government-Wide Financial Analysis

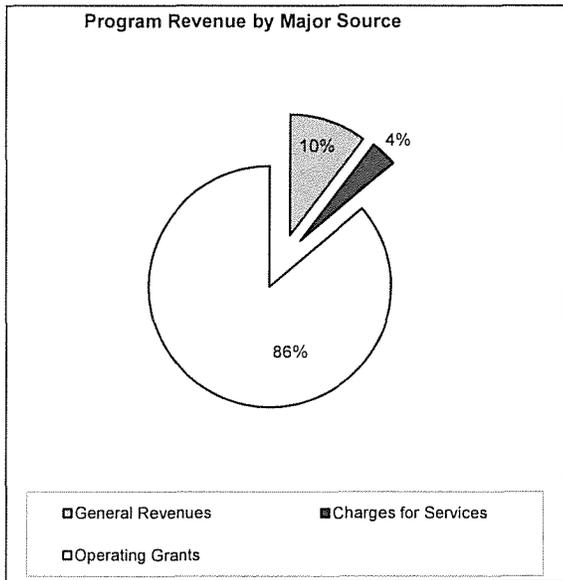
Recall that the Statement of Net Position provides the perspective of NOACA as a whole. Table 1 provides a comparison of NOACA's net position for the years ended June 30, 2014 and 2013.

*Table 1
Net Position
(in Millions)*

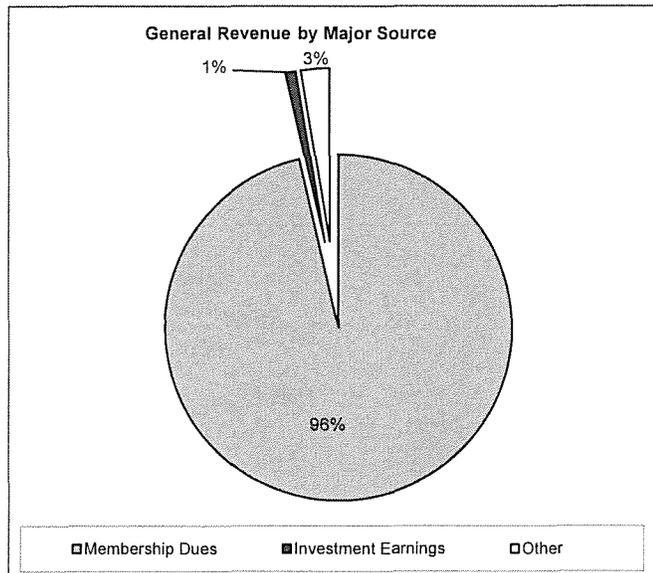
| <u>Assets</u> | <u>2014</u> | <u>2013</u> | <u>Change</u> |
|----------------------------------|---------------|---------------|----------------|
| Current and Other Assets | \$1.62 | \$3.03 | \$(1.41) |
| Capital Assets | <u>1.31</u> | <u>1.13</u> | <u>.18</u> |
| Total Assets | 2.93 | 4.16 | (1.23) |
| <u>Liabilities</u> | | | |
| Long-term Liabilities | (.59) | (1.75) | 1.16 |
| Other Liabilities | <u>(.29)</u> | <u>(.21)</u> | <u>(.08)</u> |
| Total Liabilities | (.88) | (1.96) | 1.08 |
| Net Position | | | |
| Net Investment in Capital Assets | 1.31 | (.08) | 1.39 |
| Restricted for: | | | |
| Leasehold Requirement | .00 | .34 | (.34) |
| Unrestricted | <u>.74</u> | <u>1.94</u> | <u>(1.20)</u> |
| Total Net Position | <u>\$2.05</u> | <u>\$2.20</u> | <u>\$(.15)</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, 2014
(UNAUDITED)

Table 2 shows the revenue for NOACA as a whole during fiscal years 2014 and 2013.

Table 2
Revenues
(in Millions)

| | <u>2014</u> | <u>2013</u> | <u>Change</u> |
|--------------------------------|----------------|---------------|-----------------|
| Revenues | | | |
| <i>Program Revenues</i> | | | |
| Charges for Services | \$.25 | \$.23 | \$.02 |
| Operating Grants/Contributions | 6.17 | 6.53 | (.36) |
| <i>General Revenues</i> | | | |
| Membership Dues | .71 | .71 | .00 |
| Investment Earnings | .01 | .01 | .00 |
| Other | <u>.02</u> | <u>.01</u> | <u>.01</u> |
| Total Revenues | <u>\$ 7.16</u> | <u>\$7.49</u> | <u>\$ (.33)</u> |

Table 3 shows total program expenses and net program expense.

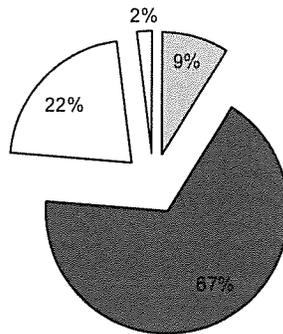
Table 3
Total Program Expenses
(in Millions)

| | <u>Program Expense</u> | | <u>Net Program Expense</u> | |
|----------------------------------|------------------------|---------------|----------------------------|-----------------|
| | <u>2014</u> | <u>2013</u> | <u>2014</u> | <u>2013</u> |
| <i>Program Expenses</i> | | | | |
| General Government | \$.65 | \$.51 | \$ (.40) | \$ (.28) |
| Transportation Planning | 4.92 | 5.29 | (.49) | (.57) |
| Air Quality Planning | .00 | .03 | .00 | .00 |
| Water Quality Planning | .15 | .06 | .00 | .00 |
| Sustainable Communities - NEOSCC | <u>1.59</u> | <u>1.72</u> | <u>.00</u> | <u>.00</u> |
| Total Expenses | <u>\$7.31</u> | <u>\$7.61</u> | <u>\$(.89)</u> | <u>\$ (.85)</u> |
| Ending Net Position | <u>\$ 2.05</u> | | | |

*Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2014
(UNAUDITED)*

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

Graph 3



Capital Assets

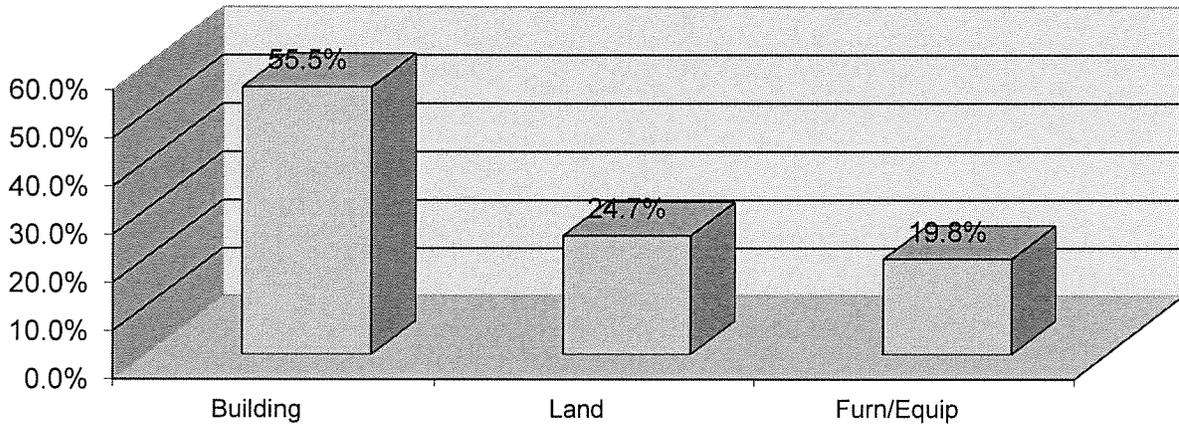
At the end of the year, NOACA had \$1.31 million invested in buildings and equipment, less accumulated depreciation. For further information on NOACA's capital assets, refer to Note 4 of the basic financial statements.

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, 2014
(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 \$7.15 million and expenditures of \$8.64 million. The net change in fund balance for the year represented -52.72 percent of the years beginning fund balance.

The general fund recognized \$230,722 in current liabilities for fiscal year 2014. Accrued salaries and benefits accounted for 62.0% of those liabilities. The other major funds, OCPG and Sustainable Communities, recognized \$472,334 and \$0 in current liabilities, respectively for the fiscal year. Interfund liabilities accounted for 95.1% 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, 2014

| | Governmental Activities |
|---|----------------------------|
| <u>Assets</u> | |
| Equity in Pooled Cash and Cash Equivalents | \$946,175 |
| Receivables: | |
| Accounts | 620,485 |
| Accrued Interest | |
| Deposits | 670 |
| Prepays | 51,840 |
| Nondepreciable Capital Assets | 322,500 |
| Depreciable Capital Assets, Net | 984,114 |
| Total Assets | 2,925,784 |
| <u>Liabilities</u> | |
| Payables: | |
| Accounts | 142,447 |
| Salaries and Employee Benefits | 143,093 |
| Noncurrent Liabilities: | |
| Due within one year | 337,049 |
| Due in more than one year | 254,287 |
| Total Liabilities | 876,876 |
| <u>Deferred Inflows of Resources</u> | |
| Grants | 1,423 |
| Total Deferred Inflows of Resources | 1,423 |
| <u>Net Position</u> | |
| Net Investment in | |
| Capital Assets | 1,306,614 |
| Unrestricted | 740,871 |
| Total Net Position | \$2,047,485 |

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Statement of Activities
For the Year Ended June 30, 2014

| <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 | \$647,928 | \$250,779 | \$0 | (\$397,149) |
| Transportation Planning | 4,923,092 | 0 | 4,435,845 | (487,247) |
| Water Quality Planning | 147,519 | 0 | 147,519 | 0 |
| Sustainable Communities - NEOSCC | 1,586,799 | 0 | 1,586,799 | 0 |
| Total Governmental Activities | <u>\$7,305,338</u> | <u>\$250,779</u> | <u>\$6,170,163</u> | <u>(\$884,396)</u> |
| General Revenues: | | | | |
| Membership Dues | | | | \$706,747 |
| Unrestricted investment earnings | | | | 7,118 |
| Miscellaneous | | | | 19,636 |
| Total General Revenues | | | | <u>733,501</u> |
| Changes in Net Position | | | | (150,895) |
| Net Position-Beginning | | | | <u>2,198,380</u> |
| Net Position-Ending | | | | <u><u>\$2,047,485</u></u> |

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency
Balance Sheet - Governmental Funds
June 30, 2014**

| | <u>General</u> | <u>OCPG</u> | <u>Sustainable Communities</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|--------------------|------------------|------------------------------------|---|---|
| Assets | | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$944,752 | \$1,423 | \$0 | \$0 | \$946,175 |
| Receivables: | | | | | |
| Accounts | 13,699 | 472,334 | 0 | 134,452 | 620,485 |
| Interfund | 551,968 | 0 | 0 | 7,456 | 559,424 |
| Prepays | 51,840 | 0 | 0 | 0 | 51,840 |
| Deposits | 670 | 0 | 0 | 0 | 670 |
| Total Assets | <u>\$1,562,929</u> | <u>\$473,757</u> | <u>\$0</u> | <u>\$141,908</u> | <u>\$2,178,594</u> |
| Liabilities and Fund Balances | | | | | |
| Liabilities | | | | | |
| Payables: | | | | | |
| Accounts | \$87,629 | \$21,704 | \$0 | \$33,114 | \$142,447 |
| Salaries and Employee Benefits | 143,093 | 0 | 0 | 0 | 143,093 |
| Interfund | 0 | 450,630 | 0 | 108,794 | 559,424 |
| Total Liabilities | <u>230,722</u> | <u>472,334</u> | <u>0</u> | <u>141,908</u> | <u>844,964</u> |
| Deferred Inflows of Resources | | | | | |
| Grants | 0 | 1,423 | 0 | 0 | 1,423 |
| Total Liabilities Deferred Inflows of Resources | <u>0</u> | <u>1,423</u> | <u>0</u> | <u>0</u> | <u>1,423</u> |
| Fund Balances: | | | | | |
| Unassigned | 1,332,207 | 0 | 0 | 0 | 1,332,207 |
| Total Fund Balances | <u>1,332,207</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>1,332,207</u> |
| Total Liabilities and Fund Balances | <u>\$1,562,929</u> | <u>\$473,757</u> | <u>\$0</u> | <u>\$141,908</u> | <u>\$2,178,594</u> |

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, 2014**

| | |
|--|--------------------|
| Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities | |
| Total Governmental Fund Balances | \$1,332,207 |
| Amounts reported for governmental activities in | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | 1,306,614 |
| Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. | <u>(591,336)</u> |
| Net Position of Governmental Activities | <u>\$2,047,485</u> |

Northeast Ohio Areawide Coordinating Agency
Statement of Revenues, Expenditures and Changes in Fund Balances -
Governmental Funds
For the Year Ended June 30, 2014

| | General | OCPG | Sustainable Communities | Other Governmental Funds | Total Governmental Funds |
|--|--------------------|------------------|----------------------------|--------------------------------|--------------------------------|
| Revenues: | | | | | |
| Charges for Services | \$250,779 | \$0 | \$0 | \$0 | \$250,779 |
| Membership Dues | 249,271 | 420,697 | 0 | 36,779 | 706,747 |
| Miscellaneous | 19,636 | 2,077 | 0 | 0 | 21,713 |
| Intergovernmental | 0 | 3,786,272 | 1,557,028 | 824,786 | 6,168,086 |
| Interest | 7,118 | 0 | 0 | 0 | 7,118 |
| Total Revenues | 526,804 | 4,209,046 | 1,557,028 | 861,565 | 7,154,443 |
| Expenditures: | | | | | |
| Current: | | | | | |
| General Government | 805,577 | 0 | 0 | 0 | 805,577 |
| Capital Lease Payments | 1,206,668 | 0 | 0 | 0 | 1,206,668 |
| Transportation Planning | 0 | 4,209,046 | 0 | 714,046 | 4,923,092 |
| Water Quality Planning | 0 | 0 | 0 | 147,519 | 147,519 |
| Sustainable Communities - NEOSCC | 0 | 0 | 1,557,028 | 0 | 1,557,028 |
| Total Expenditures | 2,012,245 | 4,209,046 | 1,557,028 | 861,565 | 8,639,884 |
| Excess of Revenues Under Expenditures | (1,485,441) | 0 | 0 | 0 | (1,485,441) |
| Net Change in Fund Balances | (1,485,441) | 0 | 0 | 0 | (1,485,441) |
| Fund Balances - beginning | 2,817,648 | 0 | 0 | 0 | 2,817,648 |
| Fund Balances - ending | <u>\$1,332,207</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$1,332,207</u> |

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Reconciliation of the Statements of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the fiscal Year Ended June 30, 2014

| | |
|---|---------------------------|
| Net Change in Governmental Fund Balances | (\$1,485,441) |
| Amounts reported in governmental activities in the statement of activities are different because: | |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period. | 177,807 |
| 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: | 1,206,668 |
| 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. | (49,929) |
| Change in Net Position of Governmental Activities | <u><u>(\$150,895)</u></u> |

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014

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 balance, revenues and expenditures. The various funds are summarized by type in the basic financial statements.

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

GOVERNMENTAL FUNDS:

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(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.

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, 2014

(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, 2014

(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 is 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), and a money market investment account.

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, 2014.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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, land, building 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 |

DEFERRED INFLOWS OF RESOURCES: Deferred inflows of resources arise when assets are recognized before revenue recognition criteria have been satisfied. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred inflows of resources. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred inflows of resources.

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 position.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

FUND BALANCE:

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

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

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

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

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

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

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

B. BASIS OF ACCOUNTING (Continued)

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 AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(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, 2014, the carrying amount of NOACA's deposits was \$190,279 and the bank balance was \$252,364. Of the bank balance, \$252,364 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 AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(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, 2014, NOACA had the following investments:

| <u>Investments</u> | Maturity | | | |
|------------------------------|------------------|--------------------|-------------|------------|
| | Fair Value | Less Than 6 Months | 6-12 Months | 1-5 Years |
| STAR Plus | 600,033 | 600,033 | 0 | 0 |
| STAR Ohio | 155,859 | 155,859 | 0 | 0 |
| Huntington Bank Money Market | 4 | 4 | 0 | 0 |
| Total Investment | \$755,896 | \$755,896 | \$0 | \$0 |

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

CUSTODIAL CREDIT RISK: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, NOACA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Huntington Bank is exposed to custodial credit risk in that it is uninsured, unregistered and held by the counterparty's trust department or agent but not in NOACA's name.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(Continued)

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

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.

CREDIT RISK: The Huntington Money Market account, STAR Plus and STAR Ohio carry a rating of AAAM by Standard & Poor’s. 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, 2014:

| <u>Investment</u> | <u>Percentage of Investments</u> |
|-------------------|--------------------------------------|
| STAR Plus | 79% |
| STAR Ohio | 21% |

3. PUBLIC EMPLOYEES RETIREMENT SYSTEM

PENSION BENEFITS

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(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, 2014, 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 2014 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, 2014, 2013, and 2012 were \$290,187, \$279,811 and \$247,797 respectively; 100 percent has been contributed for the years ended June 30, 2014, 2013 and 2012. There were no contributions made to the member-directed plan by either the plan member or NOACA.

OTHER POST – EMPLOYMENT BENEFITS (OPEB)

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(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 2014, 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 3.0 percent during calendar year 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.

NOACA's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2014, 2013 and 2012 were \$117,674, \$101,949, and \$115,884, respectively. 100 percent has been contributed for 2014, 2013 and 2012.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(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.

4. CHANGE IN CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2014 were as follows:

| | Balance July 1, 2013 | Additions | (Reductions) | Balance June 30, 2014 |
|---|-------------------------|------------------|--------------|--------------------------|
| 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 | 256,257 | 0 | 3,278,757 |
| Furniture and Equipment | 1,075,213 | 172,328 | 0 | 1,247,541 |
| <i>Total Capital Assets being depreciated</i> | 4,097,713 | 428,585 | 0 | 4,526,298 |
| Less: Accumulated Depreciation: | | | | |
| Building & Improvements | (2,385,963) | (167,944) | 0 | (2,553,907) |
| Equipment | (905,442) | (82,835) | 0 | (988,277) |
| <i>Total Accumulated Depreciation</i> | (3,291,405) | (250,779) | 0 | (3,542,184) |
| <i>Total Capital Assets, being Depreciated, Net</i> | 806,308 | 177,806 | 0 | 984,114 |
| <i>Governmental Activities Capital Assets, Net</i> | <u>\$1,128,808</u> | <u>\$177,806</u> | <u>\$0</u> | <u>\$1,306,614</u> |

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

4. CHANGE IN CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

| | |
|----------------------------|-------------------|
| General Government | \$ 71,246 |
| Transportation Planning | 174,316 |
| Water Quality Planning | <u>5,217</u> |
| Total Depreciation Expense | <u>\$ 250,779</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 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 3.7 hours every two weeks. Sick leave is cumulative. At termination, retirement or death, employees may convert sick leave to cash at one hour for every four (25%) up to a maximum of 960 hours. (e.g., If you cash in the full 960 hours you will receive payment for 240 hours of work).

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

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2014
(Continued)

5. COMPENSATED ABSENCES (Continued)

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

| | <u>July 1, 2013</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>June 30, 2014</u> |
|----------|---------------------|------------------|---------------------|----------------------|
| Vacation | \$362,030 | \$252,812 | \$(217,607) | \$397,235 |
| Sick | 179,377 | 106,970 | (92,247) | 194,100 |
| Total | <u>\$541,407</u> | <u>\$359,782</u> | <u>\$(309,854)</u> | <u>\$591,335</u> |

6. INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables as of June 30, 2014, are as follows:

| | <u>INTERFUND RECEIVABLES</u> | <u>INTERFUND PAYABLES</u> |
|-------------------------|----------------------------------|-------------------------------|
| <u>Major Funds</u> | | |
| General Fund | \$551,968 | \$ 0 |
| OCPG | 0 | 450,630 |
| Sustainable Communities | 0 | 0 |
| Nonmajor Governmental | 7,456 | 108,794 |
| TOTAL | <u>\$559,424</u> | <u>\$559,424</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 2014, NOACA contracted with Acuity Insurance Company for property insurance. Public Officials Liability coverage is provided by RSUI Indemnity Company with a \$1.0 million aggregate limit. Public Employee Dishonesty coverage is provided by 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 Medical Mutual of Ohio. Medical Mutual claims are the responsibility of and paid for by the respective carriers.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE BASIC FINANCIAL STATEMENTS

JUNE 30, 2014

(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 was 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 provided 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.

Assets under the capital lease totaled \$3,345,000 at May 1, 2014. NOACA paid \$201,669 in capital lease payments through May 1, 2014, then purchased the building by paying the remaining principal (\$1,005,000) of the lease on May 13, 2014.

| | <u>Principal</u> | <u>Governmental Activities</u> <u>Interest</u> | <u>Total</u> |
|----------------------------------|------------------|---|--------------|
| Fiscal Year Ending June 30, 2014 | \$201,668 | \$59,651 | \$261,319 |

9. CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2014, was as follows:

| | <u>Amount</u> <u>Outstanding</u> <u>June 30, 2013</u> | <u>Additions</u> | <u>(Reductions)</u> | <u>Amount</u> <u>Outstanding</u> <u>June 30, 2014</u> | <u>Due Within</u> <u>One Year</u> |
|--------------------------------|---|------------------|---------------------|---|--------------------------------------|
| <u>Governmental Activities</u> | | | | | |
| Compensated Absences | \$ 541,407 | \$ 359,782 | \$ (309,853) | \$ 591,336 | \$337,049 |
| Capital Leases Payable | 1,206,668 | 0 | (1,206,668) | 0 | 0 |
| Total Government | \$1,748,075 | \$ 359,782 | \$ (1,516,521) | \$ 591,336 | \$337,049 |

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

| 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 | \$ 89,392 |
| Watershed Planning | 604 (b) | 66.454 | <u>58,127</u> |
| Total U.S. Environmental Protection Agency | | | <u>147,519</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 | 432,604 |
| Federal Aid Urban System | Rideshare | 20.205 | 22,002 |
| FHWA/FTA Program | FY '13 OCPG C/O | 20.205 | 1,255,533 |
| FHWA/FTA Program | FY '14 OCPG | 20.205 | 2,953,514 |
| FHWA/FTA Program | JARC/New Freedom | 20.205 | 3,988 |
| FHWA/FTA Program | New Freedom | 20.205 | 191,881 |
| FHWA/FTA Program | Household Travel Survey | 20.205 | <u>33,800</u> |
| Total Highway Planning and Construction Grant | | | <u>4,893,322</u> |
| Total Federal Highway Administration | | | <u>4,893,322</u> |
| Total U.S. Department of Highway Planning and Construction | | | <u>4,893,322</u> |
| <u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u> | | | |
| <i>Direct Award:</i> | | | |
| Sustainable Communities Regional Planning Grant | | | |
| Sustainable Communities Consortium | Sustainable Comm | 14.703 | 29,771 |
| Sustainable Communities Consortium (NEOSCC) | NEOSCC | 14.703 | <u>1,557,028</u> |
| Total Sustainable Communities Consortium Grant | | | <u>1,586,799</u> |
| Total Federal Awards Expenditures | | | <u><u>\$ 6,627,640</u></u> |

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2014**

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, 2014

ACTUAL RATE - FY 2014

LABOR BASE

\$2,524,762

FRINGE BENEFIT CATEGORY

| | |
|---------------------------|---------------|
| Sick Leave | \$92,247 |
| Bereavement | 5,376 |
| Holiday | 131,914 |
| Vacation | 217,607 |
| Personal Days | 43,383 |
| Jury/Longevity/Stipend | 12,797 |
| PERS | 411,860 |
| Worker's Compensation | 722 |
| Unemployment Compensation | 2,238 |
| Hospitalization | 418,474 |
| Transit Subsidy | 7,048 |
| Tuition/Reimbursement | 3,783 |
| Medicare | <u>39,123</u> |

TOTAL FRINGE BENEFIT COSTS

\$1,386,572

Fringe Benefit Rate used by NOACA

54.919%

NORTHEAST OHIO AREA WIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF INDIRECT COST CHARGES, RATE BASE AND
FIXED RATE COMPUTATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2014

DIRECT LABOR (SALARY)

| | |
|--------------------------------|--------------------|
| Air Quality | \$ 54,143 |
| Water Quality (604(B) + local) | 112,450 |
| Transportation Programs | 1,791,889 |
| Rideshare Program | 2,080 |
| Other | 13,001 |
| Local Activities | <u>13,237</u> |
| | |
| Total Labor | \$1,986,800 |
| Total Fringes | <u>1,091,129</u> |
| Labor/Fringe Base | <u>\$3,077,929</u> |

INDIRECT COST CATEGORY

| | |
|---------------------------------|---------------------------|
| Salaries/Fringes | \$ 833,405 |
| Office/Utilities/Maint/Security | 303,708 |
| Telephone | 15,999 |
| Travel/Training | 16,623 |
| Parking | 3,562 |
| Supplies | 39,534 |
| Postage | 2,400 |
| Consultants | 50,961 |
| Software/Hardware | 24,280 |
| Membership Dues | 4,836 |
| Audit Fees | 15,990 |
| Outside Reproduction | 1,311 |
| Depreciation | 82,835 |
| Advertising | 1,674 |
| Accounting Services | 612 |
| Insurance | 21,804 |
| Equipment Leasing | 2,365 |
| Maintenance Repair (Equipment) | 40,816 |
| Publications | <u>1,007</u> |
| | |
| TOTAL | <u>\$1,463,722</u> |

| | |
|----------------------------------|---------|
| Indirect Cost Rate Used by NOACA | 47.555% |
|----------------------------------|---------|



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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

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, (NOACA) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise NOACA's basic financial statements and have issued our report thereon dated February 27, 2015.

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.

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 27, 2015



Dave Yost • Auditor of State

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

To the Board of Directors:

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, 2014. 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 NOACA's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and 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 NOACA's compliance.

Opinion on the Major Federal Program

In our opinion, 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, 2014.

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 27, 2015

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

CUYAHOGA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 12, 2015**