



Dave Yost • Auditor of State



**NORTHEAST OHIO CONSORTIUM COUNCIL OF GOVERNMENTS  
GEAUGA COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Northeast Ohio Consortium Council of Governments  
Geauga County  
385 Center Street, Suite 100  
Chardon, Ohio 44024

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and the major fund of Northeast Ohio Consortium Council of Governments, Geauga County, Ohio (NOC COG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the NOC COG'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 NOC COG'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 NOC COG'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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major of Northeast Ohio Consortium of Governments, Geauga County, Ohio, as of June 30, 2015, 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 14 to the financial statements, during the year ended June 30, 2015, the NOC COG adopted Governmental Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary Information and Other Information*

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

The Schedule of Federal Awards Receipts and 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 not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the 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.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2016, on our consideration of the NOC COG'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 NOC COG'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 "Y" and "O".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 28, 2016

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## **Northeast Ohio Consortium Council of Governments**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

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The discussion and analysis of the Northeast Ohio Consortium Council of Governments (NOC COG) financial performance provides an overall review of NOC COG's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at NOC COG's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of NOC COG's financial performance.

### **Financial Highlights**

Key Financial Highlights for the fiscal year 2015 are as follows:

- NOC COG Ohio Means Jobs Center locations provided services for 19,265 visits by universal customers through the Workforce Investment Act during fiscal year 2015. NOC COG also served approximately 239 youth in intensive youth programming.
- During fiscal year 2015, NOC COG conducted 274 business interviews through the Business Resource Network offering assistance with economic and workforce development.
- NOC COG had \$3,022,327 in expenses related to governmental activities which were fully offset by program revenues of \$3,085,674.

### **Using this Annual Financial Report**

This annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand NOC COG as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the NOC COG, presenting both an aggregate view of NOC COG's finances and a longer-term view of those assets. The Statement of Activities shows a net (expense) revenue and changes to net position related to each department of NOC COG. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

### **Reporting on the Northeast Ohio Consortium Council of Governments as a Whole**

#### *Statement of Net Position and the Statement of Activities*

The Statement of Net Position and Statement of Activities include all assets and deferred outflows of resources and liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the current year's revenues and expenses regardless of when the cash was received or paid.

These two statements report NOC COG's net position and the change in that position. The change in net position is important because it tells the reader whether, for NOC COG as a whole, the financial position of NOC COG has improved or diminished.

**Northeast Ohio Consortium Council of Governments**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

All of NOC COG's programs and services are reported as Governmental Activities in the Statement of Net Position and the Statement of Activities. Governmental Activities consist of functions that are primarily supported by intergovernmental revenues. Activities include administration, adult, dislocated workers, youth and other funding streams as available.

**Reporting on the Most Significant Fund**

*Governmental Fund*

The presentation for NOC COG's only fund, the Workforce Investment Act (WIA) special revenue fund, focuses on how resources flow into and out of it and the balance that is left at year end and available for spending in future periods. The WIA special revenue fund is reported using modified accrual accounting which measures cash and all other financial assets that are expected to be readily converted to cash. The governmental fund statements provide a detailed short-term view of NOC COG's general operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future on services provided to our users. The relationship (or difference) between governmental *activities* (reported in the *Statement of Net Position* and the *Statement of Activities*) and the governmental *fund* is reconciled in the financial statements.

**Northeast Ohio Consortium Council of Governments as a Whole**

Recall that the Statement of Net Position looks at NOC COG as a whole. Table 1 provides a summary of NOC COG's net position for fiscal year 2015 compared to fiscal year 2014.

**Table 1**  
**Net Position**

	2015	Restated 2014	Change
<b>Assets</b>			
Current and Other Assets-General	\$403,878	\$289,281	\$114,597
Current and Other Assets-One Stop	191,550	99,472	92,078
Current and Other Assets-Business Resource Network	20,576	48,145	(27,569)
<b>Total Assets</b>	<b>616,004</b>	<b>436,898</b>	<b>179,106</b>
<b>Deferred Outflows of Resources</b>	<b>16,038</b>	<b>9,399</b>	<b>6,639</b>
<b>Liabilities</b>			
Current Liabilities	367,985	270,261	(97,724)
Long-Term Liabilities:			
Due in More than One Year:			
Net Pension Liability	147,628	144,294	(3,334)
Other Amounts	14,329	8,859	(5,470)
<b>Total Liabilities</b>	<b>529,942</b>	<b>423,414</b>	<b>(106,528)</b>
<b>Deferred Inflows of Resources</b>	<b>2,594</b>	<b>0</b>	<b>(2,594)</b>
<b>Net Position</b>			
Restricted	\$99,506	\$22,883	\$76,623

**Northeast Ohio Consortium Council of Governments**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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During 2015, the NOC COG adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the NOC COG's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

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

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

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

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

**Northeast Ohio Consortium Council of Governments**

*Management's Discussion and Analysis*

*For the Fiscal Year Ended June 30, 2015*

*Unaudited*

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

As a result of implementing GASB 68, the NOC COG is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation along with a (\$17,843) restatement adjustment to beginning vacation benefits payable and long-term liabilities relating to compensated absences had the effect of restating net position at June 30, 2014, from \$175,621 to \$22,883.

Current assets increased due to an increase in cash and cash equivalents resulting from a reduction in program expenses such as youth services as well as a drop in costs associated with running the One Stop Centers.

Current liabilities consisted of accounts payable, accrued wages, intergovernmental payable and vacation benefits payable. Current liabilities were higher than last fiscal year due to a greater amount of outstanding invoices to be paid at fiscal year-end. Long-term liabilities increased due to increases in both compensated absences and the net pension liability.

Table 2 shows the changes in net position for fiscal year 2015 compared to fiscal year 2014.

**Table 2**  
**Changes in Net Position**

	2015	Restated 2014	Change
<b>Revenues</b>			
Program Revenues:			
Charges for Services	\$266,154	\$282,151	(\$15,997)
Operating Grants and Contributions	2,819,520	2,847,405	(27,885)
General Revenues			
Refunds	13,273	2,888	10,385
Interest	3	6	(3)
<b>Total Revenues</b>	<b>3,098,950</b>	<b>3,132,450</b>	<b>(33,500)</b>
<b>Program Expenses</b>			
Administration	586,841	408,215	(178,626)
Adult	813,536	755,743	(57,793)
Dislocated Worker	586,332	411,020	(175,312)
Youth	678,506	866,758	188,252
Worker Training	29,852	25,159	(4,693)
Rapid Response	4,040	141,807	137,767
Ohio Works Incentive Program	157,825	184,179	26,354
Ohio Means Jobs Rebranding	4,368	13,807	9,439
One Stop	161,027	300,994	139,967
<b>Total Program Expenses</b>	<b>3,022,327</b>	<b>3,107,682</b>	<b>85,355</b>
<b>Change in Net Position</b>	<b>76,623</b>	<b>24,768</b>	<b>51,855</b>
<b>Net Position Beginning of Year</b>	<b>22,883</b>	N/A	
<b>Net Position End of Year</b>	<b>\$99,506</b>	<b>\$22,883</b>	<b>\$76,623</b>

**Northeast Ohio Consortium Council of Governments**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

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The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$9,399 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$7,450. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$3,022,327
2015 Pension expense under GASB 68	(7,450)
2015 contractually required contribution	8,161
Adjusted 2015 program expenses	<u>3,023,038</u>
Total 2014 program expenses under GASB 27	<u>3,107,682</u>
Decrease in program expenses not related to pension	<u><u>(\$84,644)</u></u>

The main revenue for NOC COG is Workforce Investment Act grants through the Ohio Department of Job and Family Services by the United States Department of Labor. During fiscal year 2015, total revenues decreased slightly due to a drop in workforce investment act monies. The decrease in program expenses reflects the decrease in funding as well as a reduction in costs for operating the One Stop Centers.

**Northeast Ohio Consortium Council of Governments Fund**

Information about NOC COG's governmental fund begins with the balance sheet. NOC COG uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of NOC COG's governmental fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the NOC COG's financing requirements.

As of the end of the current fiscal year, NOC COG's governmental fund reported an ending fund balance of \$258,035. As NOC COG only has one governmental fund, the analysis from a fund perspective is the same as the analysis already presented on a government-wide basis, as NOC COG has no capital assets.

**Budgeting Highlights**

The NOC COG's annual budget is primarily a management tool that assists its users in analyzing financial activity for its fiscal year ending June 30, 2015. NOC COG's annual budget is not subject to formal budget commission procedures and/or legal requirements. NOC COG's primary funding source is Federal and State grants, which have grant periods that may or may not coincide with NOC COG's fiscal year. Due to the nature of NOC COG's dependency on Federal and State budgetary decisions, revenue estimates are based upon the best available information as to potential sources of funding.

NOC COG's annual budget differs from that of a local government in two respects. First the uncertain nature of grant awards from other entities and second conversion of grant budgets to a fiscal year basis. The resultant annual budget is subject to constant change within the fiscal year due to increases/decreases in actual grant awards from those estimated, changes in grant periods, unanticipated grant awards not included in the budget and expected grant awards which fail to materialize.

## **Northeast Ohio Consortium Council of Governments**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2015  
Unaudited*

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NOC COG's annual budget for the WIA special revenue fund is reviewed and approved by the Executive Board and used throughout each fiscal period to monitor activity and ensure sound fiscal management. Modifications are made as needed to remain within established spending limits for the year and as additional initiatives are added or as existing projects/programs change.

As the fiduciary agent of taxpayer funds, NOC COG diligently searches for new and more efficient methods to reduce and/or contain operating expenses. NOC COG's goal continues to be to serve the maximum customers with the allocations available.

### **Current Financial Related Activities**

Significant economic factors affecting NOC COG are as follows:

- Federal Workforce Investment Act funding through the U.S. Department of Labor
- National, State and Local unemployment rates
- National, State and Local poverty and income levels
- Inflationary pressure on training, services, supplies and other program and operational costs

NOC COG program allocations are calculated by the Ohio Department of Job and Family Services (ODJFS) based on a formula specified in the Workforce Investment Act. This formula considers various economic factors including income levels and unemployment rates.

### **Contacting the Northeast Ohio Consortium Council of Governments Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with the general overview of NOC COG's finances and to show NOC COG's accountability for all money it receives, spends, or invests. If you have any questions about this report or need financial information, contact Craig F. Sernik, Executive Director, Northeast Ohio Consortium Council of Governments, 385 Center Street, Suite #100, Chardon, Ohio 44024.

**Northeast Ohio Consortium Council of Governments**

*Statement of Net Position*

*June 30, 2015*

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents - General	\$52,799
Equity in Pooled Cash and Cash Equivalents - One-Stop	80,831
Equity in Pooled Cash and Cash Equivalents - Business Resource Network	20,576
Intergovernmental Receivable	459,909
Prepaid Items	1,889
	<hr/>
<i>Total Assets</i>	616,004
	<hr/>
<b>Deferred Outflows of Resources</b>	
Pension	16,038
	<hr/>
<b>Liabilities</b>	
Accounts Payable	132,355
Accrued Wages	5,730
Intergovernmental Payable	219,884
Vacation Benefits Payable	10,016
Long-Term Liabilities:	
Due in More Than One Year:	
Net Pension Liability (See Note 6)	147,628
Other Amounts	14,329
	<hr/>
<i>Total Liabilities</i>	529,942
	<hr/>
<b>Deferred Inflows of Resources</b>	
Pension	2,594
	<hr/>
<b>Net Position</b>	
Restricted for Job Training Programs	\$99,506
	<hr/> <hr/>

See accompanying notes to the basic financial statements

**Northeast Ohio Consortium Council of Governments**

*Statement of Activities*

*For the Fiscal Year Ended June 30, 2015*

	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Administration	\$586,841	\$0	\$578,272	(\$8,569)
Adult	813,536	0	801,657	(11,879)
Dislocated Workers	586,332	0	577,771	(8,561)
Youth	678,506	0	668,599	(9,907)
Worker Training	29,852	0	29,416	(436)
Rapid Response	4,040	0	3,981	(59)
Ohio Works Incentive Program	157,825	0	155,520	(2,305)
Ohio Means Jobs Rebranding	4,368	0	4,304	(64)
One Stop	161,027	266,154	0	105,127
<i>Totals</i>	<u>\$3,022,327</u>	<u>\$266,154</u>	<u>\$2,819,520</u>	<u>63,347</u>
		<i>General Revenues:</i>		
		Refunds		13,273
		Interest		3
		<i>Total General Revenues</i>		<u>13,276</u>
		Change in Net Position		76,623
		<i>Net Position Beginning of Year - Restated (See Note 14)</i>		<u>22,883</u>
		<i>Net Position End of Year</i>		<u>\$99,506</u>

See accompanying notes to the basic financial statements

**Northeast Ohio Consortium Council of Governments**

*Balance Sheet*

*Governmental Fund*

*June 30, 2015*

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	WIA Fund
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents - General	\$52,799
Equity in Pooled Cash and Cash Equivalents - One Stop	80,831
Equity in Pooled Cash and Cash Equivalents - Business Resource Network	20,576
Intergovernmental Receivable	459,909
Prepaid Items	1,889
	<hr/>
<i>Total Assets</i>	<u>\$616,004</u>
<b>Liabilities</b>	
Accounts Payable	\$132,355
Accrued Wages	5,730
Intergovernmental Payable	219,884
	<hr/>
<i>Total Liabilities</i>	<u>357,969</u>
<b>Fund Balance</b>	
Nonspendable	1,889
Restricted	256,146
	<hr/>
<i>Total Fund Balance</i>	<u>258,035</u>
<i>Total Liabilities and Fund Balance</i>	<u><u>\$616,004</u></u>

See accompanying notes to the basic financial statements

**Northeast Ohio Consortium Council of Governments**

*Reconciliation of Total Governmental Fund Balance to*

*Net Position of Governmental Activities*

*June 30, 2015*

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<b>Total Governmental Fund Balance</b>		<b>\$258,035</b>
 <i>Amounts reported for governmental activities in the statement of net position are different because</i>		
Vacation benefits payable is not expected to be paid with expendable available financial resources and therefore is not reported in the fund.		(10,016)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental fund.		
Deferred Outflows - Pension	16,038	
Deferred Inflows - Pension	(2,594)	
Net Pension Liability	<u>(147,628)</u>	
Total		(134,184)
Long-term liabilities payable, such as compensated absences, are not due and payable in the current period and therefore are not reported in the fund.		<u>(14,329)</u>
<i>Net Position of Governmental Activities</i>		<u><u>\$99,506</u></u>

See accompanying notes to the basic financial statements

**Northeast Ohio Consortium Council of Governments**  
*Statement of Revenues, Expenditures and Change in Fund Balance*  
*Governmental Fund*  
*For the Fiscal Year Ended June 30, 2015*

	WIA Fund
<b>Revenues</b>	
Intergovernmental	\$2,819,520
Refunds	13,273
One Stop	266,154
Interest	3
<i>Total Revenues</i>	<i>3,098,950</i>
<b>Expenditures</b>	
Administration	581,050
Adult	813,536
Dislocated Workers	586,332
Youth	678,506
Worker Training	29,852
Rapid Response	4,040
Ohio Works Incentive Program	157,825
Ohio Means Jobs Rebranding	4,368
One Stop	161,027
<i>Total Expenditures</i>	<i>3,016,536</i>
<i>Net Change in Fund Balance</i>	<i>82,414</i>
<i>Fund Balance Beginning of Year</i>	<i>175,621</i>
<i>Fund Balance End of Year</i>	<i>\$258,035</i>

See accompanying notes to the basic financial statements

**Northeast Ohio Consortium Council of Governments**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balance of the Governmental Fund to the Statement of Activities  
For the Fiscal Year Ended June 30, 2015*

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<b>Net Change in Fund Balance - Total Governmental Fund</b>	<b>\$82,414</b>
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*Amounts reported for governmental activities in the  
statement of activities are different because*

Contractual required contributions are reported as expenditures in the governmental fund; however, the statement of net position reports these amounts as deferred outflows.	8,161
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Except for amounts reported as deferred inflows/outflows, changes in net pension liability are reported as pension expense in the statement of activities.	(7,450)
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Some expenses reported in the statement of activities, such as compensated absences  
and vacation benefits, do not require the use of current financial resources and therefore  
are not reported as expenditures in the governmental fund.

Compensated Absences	(5,470)
Vacation Benefits Payable	<u>(1,032)</u>

Total	<u>(6,502)</u>
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<i>Change in Net Position of Governmental Activities</i>	<u><u>\$76,623</u></u>
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See accompanying notes to the basic financial statements

## **Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### **Note 1 – Description of the Entity**

The Workforce Investment Act (WIA) passed by Congress in August 1998 redesigned federal training programs. WIA made significant changes in how federally funded job-training programs and services are delivered. The passage of WIA gave states and local units of government the power to determine the allocation of WIA dollars in providing training and services to participants. WIA also changed the way federally funded job-training programs are structured, the type of services provided and who is eligible to receive services.

The Northeast Ohio Consortium Council of Governments (NOC COG) was established in 2013 from its predecessor the Geauga-Ashtabula-Portage Partnership (GAPP, Inc) established in 2004 as an exempt organization under Internal Revenue Code Section 501(c)(3) for the express purpose of serving as the administrative and fiscal agent of Ohio WIA Area 19. All assets and records were conveyed by GAPP Inc. to the NOC COG, and all GAPP Inc. employees were terminated by GAPP Inc. and hired by the NOC COG. GAPP, Inc.'s corporate dissolution was filed with the Ohio Secretary of State's office on December 11, 2013.

The NOC COG, a public entity incorporated under the laws of the State of Ohio and was granted status as an exempt organization under Internal Revenue Code Section 501(c)(3), functions as the administrative and fiscal agent, for Geauga, Ashtabula, and Portage Counties (WIA Area 19) of all Title I WIA funds and other relative workforce development activities funding sources and is responsible for complying with all State and federal fiscal reporting requirements.

For financial reporting purposes, all departments and operations over which NOC COG exercises financial accountability are included in the reporting entity.

No governmental units other than NOC COG itself are included in the reporting entity. NOC COG does not have oversight responsibility over any other governmental unit. This is evidenced by the fact that, with respect to any other governmental unit, there is no financial interdependency and NOC COG does not select their governing authority, designate their management, exercise significant influence over their daily operations or maintain their accounting records.

NOC COG participates in a public entity risk pool, the County Risk Sharing Authority. This organization is presented in Note 13 to the basic financial statements.

### **Note 2 – Summary of Significant Accounting Policies**

The financial statements of the Northeast Ohio Consortium Council of Governments 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 financial reporting principles. The more significant of the NOC COG's accounting policies are described below.

# Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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## ***Basis of Presentation***

NOC COG's 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 NOC COG as a whole. These statements include the financial activities of the primary government. These statements distinguish between those activities of NOC COG that are governmental and those that are considered business-type. NOC COG, however, has no business-type activities.

The statement of net position presents the financial condition of the governmental activities of NOC COG at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of NOC COG's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore are 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. Revenues which are not classified as program revenues are presented as general revenue of NOC COG, with certain limited exceptions. 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 NOC COG.

***Fund Financial Statements*** Fund financial statements report detailed information about the organization. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. Governmental funds are those through which most governmental functions are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The difference between governmental fund assets and liabilities is reported as fund balance. NOC COG's only governmental fund is the WIA special revenue fund which accounts for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specified purposes.

## ***Measurement of Focus***

***Government-wide Financial Statements*** The government-wide financial statements are prepared using a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of NOC COG are included on the Statement of Net Position. The Statement of Activities presents increases (i.e., revenues) and decreases (i.e., 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. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

## Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### ***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. The WIA special revenue fund uses the modified accrual basis of accounting.

***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 fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For NOC COG, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which NOC COG receives value without directly giving equal value in return, include grants and donations. Revenue from grants 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 NOC COG must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to NOC COG 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 such are considered to be both measurable and available at fiscal year-end: grants and investment earnings.

***Deferred Outflows/Inflows of Resources*** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the NOC COG, deferred outflows of resources are reported on the government-wide statement of net position for pension. The deferred outflows of resources related to pension are explained in Note 6.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For the NOC COG, deferred inflows of resources are reported on the government-wide statement of net position for pension. (See Note 6)

***Expenses/Expenditures*** 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.

## **Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### ***Pensions***

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

### ***Cash and Cash Equivalents***

To improve cash management, all cash received by NOC COG is pooled in a central bank account. Monies for all funds are maintained in the account or temporarily used to purchase short term investments. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

For presentation on the financial statements, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by NOC COG are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. NOC COG does not have any investments at this time.

### ***Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2015, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expenditure/expense in the fiscal year which services are consumed.

### ***Capital Assets***

Capital assets include furniture and equipment purchased by Northeast Ohio Consortium Council of Governments, for the use of Northeast Ohio Consortium Council of Governments. These assets generally result from expenditures in the governmental funds. NOC COG's property management standards require that depreciation be computed on all non-expendable personal property having a useful life of more than one year and purchase price of \$5,000 or more. Northeast Ohio Consortium Council of Governments does not have any capital assets.

All capital assets that may have been purchased by NOC COG, as fiscal agent for Geauga, Ashtabula and Portage Counties, with Workforce Investment Act program grant funds, were purchased for the use of said counties. Therefore, each county is responsible for the recording of any capital assets purchased through NOC COG, and the computation and recording of depreciation.

### ***Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the NOC COG will compensate the employees for the benefits through paid time off or some other means. The NOC COG records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Since the NOC COG's policy limits the accrual of vacation time to one year from the employee's anniversary date, the outstanding liability is recorded as "vacation benefits payable" on the statement of net position rather than as a long-term liability.

## Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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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 the City has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the NOC COG's termination policy.

The entire compensated absences liability is reported on the government-wide financial statements.

### ***Accrued Liabilities and Long-term Obligations***

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

Governmental fund payables that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the fund. However, compensated absences and net pension liability that will be paid from the governmental fund are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year.

### ***Fund Balance***

Fund balance is divided into five classifications based primarily on the extent to which NOC COG is bound to observe constraints imposed upon the use of the resources in the governmental funds. NOC COG, however, only uses the following two:

***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.

### ***Net Position***

Net position represents the difference between all other elements in a statement of financial position. Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

### ***Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

## Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### **Note 3 – Fund Balances**

Fund balance is classified as nonspendable and restricted based primarily on the extent to which NOC COG is bound to observe constraints imposed upon the use of the resources in the government funds. At fiscal year-end, \$1,889 of the fund balance was nonspendable in relation to prepaid insurance and the remaining \$256,146 was restricted due to constraints imposed by grants for a total fund balance of \$258,035.

### **Note 4 – Deposits and Investments**

Monies held by NOC COG are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the NOC COG treasury. Active monies must be maintained either as cash in the NOC COG treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that NOC COG has 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 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.

Protection of NOC COG's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and 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, 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;
3. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made only through eligible institutions;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio;

## Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain commercial paper notes and bankers' acceptances for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time if training requirements have been met; and
8. Written repurchase agreements in the securities described in (1) or (2) provided 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 the term of the agreement must not exceed thirty days.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purchase of arbitrage, the use of leverage, and short selling are prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of NOC COG, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Note 5 – Receivables**

Receivables at June 30, 2015, consisted of intergovernmental grants. Intergovernmental receivables represent amounts owed to NOC COG from the Ohio Department of Jobs and Family Services for grant funds earned but not received in the amount of \$459,909. All receivables are considered fully collectible and will be received within one year.

### **Note 6 – Defined Benefit Pension Plan**

#### ***Net Pension Liability***

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

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

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

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

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

***Plan Description – Ohio Public Employees Retirement System (OPERS)***

Plan Description – NOC COG employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-directed plan is a defined contribution plan and the Combined plan is a cost-sharing, multiple-employer defined benefit pension plan. While members (e.g. NOC COG employees) may elect the Member-directed plan and the Combined plan, substantially all employee members are in OPERS’ Traditional plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

For retirement calculation purposes, members are divided into three groups. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional plan:

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	<b>Age and Service Requirements:</b> Age 57 with 25 months of service credit or Age 62 with 5 years of service credit
<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	<b>Formula:</b> 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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

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

Once a benefit recipient retiring under the traditional plan has received benefits for 12 months, an annual 3 percent cost-of-living adjustment is provided on the member's base benefit.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For fiscal year 2015, members in state and local classifications contributed 10 percent of covered payroll.

For fiscal year 2015, the employer contribution rate was 14 percent. The portion of the employer's contribution used to fund pension benefits is net of postemployment health care benefits. The portion of the employer's contribution allocated to health care was 2 percent for fiscal year 2015. Employer contribution rates are actuarially determined.

In fiscal year 2015, the NOC COG's contractually required contribution was \$16,814 net of post-employment healthcare benefits.

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

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The NOC COG's proportion of the net pension liability was based on the NOC COG's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportionate Share of the Net Pension Liability	\$147,628
Proportion of the Net Pension Liability	0.001224%
Pension Expense	\$7,450

At June 30, 2015, the NOC COG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

	<u>OPERS</u>
<b>Deferred Outflows of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$7,877
NOC COG contributions subsequent to the measurement date	<u>8,161</u>
Total Deferred Outflows of Resources	<u><u>\$16,038</u></u>
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	<u><u>\$2,594</u></u>

\$8,161 reported as deferred outflows of resources related to pension resulting from NOC COG contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>OPERS</u>
2016	\$773
2017	773
2018	1,769
2019	<u>1,968</u>
Total	<u><u>\$5,283</u></u>

***Actuarial Assumptions***

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including Inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
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Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

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

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2014 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other investments	18.00	4.59
Total	100.00 %	5.28 %

**Discount Rate** The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**Sensitivity of the Office’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the Office’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Office’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7%)	Discount Rate (8%)	1% Increase (9%)
Office's proportionate share of the net pension liability- Traditonal	\$271,593	\$147,628	\$43,219

## Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### Note 7 – Postemployment Benefits

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional 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 postemployment health care plan for qualifying members of both the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits, including postemployment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional and combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, 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.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The postemployment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postemployment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In fiscal year 2015, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS retirement board determines the portion of the employer contribution rate that will be set aside for funding postemployment health care benefits. The portion of the employer contribution allocated to health care for members in both the traditional and combined plans was 2 percent for fiscal year 2014. Effective January 1, 2015, the portion of the employer contribution allocated to health care remained at 2 percent for both plans as recommended by the OPERS actuary.

The OPERS retirement board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The NOC COG's contribution allocated to fund postemployment health care benefits for the fiscal years ended June 30, 2015, 2014 and 2013 was \$4,200, \$3,058 and \$3,240, respectively. For fiscal year 2015, 89.63 percent has been contributed with the balance being reported as an intergovernmental payable. The full amount has been contributed for 2014 and 2013.

## Northeast Ohio Consortium Council of Governments

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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### **Note 8 – Contingent Liabilities**

There are no pending material lawsuits in which Northeast Ohio Consortium Council of Governments is involved.

Under the terms of federal and state grants, periodic audits are required and certain expenditures may be questioned as not appropriate under the terms of the grants. Such audits could lead to reimbursement to the grantor agencies.

There are no expenditures recommended for disallowance. Costs recommended for disallowance are those involving expenditures for which existing documentary evidence leads the auditor to conclude that the expenditures were in violation of legislative or regulatory requirements. These costs are disallowed by the grantor unless the grantee is able to convince the grantor that they were made in accordance with legal or regulatory requirements.

### **Note 9 – Compensated Absences**

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Sick leave is accrued at the rate of 4.6 hours per eighty hours of service worked. Employees earn vacation different rates depending upon length of service and type of employment. Vacation leave benefits are credited to each employee upon the employee's full-time anniversary date. Vacation benefits are lost upon the following year's anniversary date if employees do not use these balances during the year unless prior approval has been obtained from an immediate supervisor. Upon termination, employees are paid up to a maximum of 250 hours for accumulated unused sick leave.

### **Note 10 – Lease Commitments**

NOC COG does not have any material lease commitments. Total office rent expense was \$13,800 for fiscal year ended June 30, 2015. NOC COG leases office space under a certain operating lease for one year at a time.

### **Note 11 – Risk Management**

#### ***Property and Liability Insurance***

NOC COG is exposed to various risks of loss related to torts, thefts of, damages to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. During fiscal year 2015, NOC COG contracted with County Risk Sharing Authority (CORSA) for officer and director liability, general liability, automobile liability and business personal property insurance. The director and officer liability policy provides aggregate coverage in the amount of \$1,000,000 with a deductible of \$2,500. The general liability and automobile liability coverage is \$1,000,000 for each occurrence with a deductible of \$2,500. The business personal property coverage limit is \$50,000 with a deductible of \$2,500 in any one occurrence.

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in coverage from last year.

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

Workers' compensation coverage is provided by the State. NOC COG pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

As NOC COG does not have capital assets, no other type of insurance is necessary.

***Employee Medical Benefits***

NOC COG provides life, health, and dental insurance to its employees through Anthem Blue Cross Blue Shield.

**Note 12 - Long-Term Obligations**

Changes in long-term obligations during fiscal year 2015 were as follows:

	<u>Outstanding 6/30/14</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/15</u>
<b><i>Long-Term Obligations</i></b>				
Net Pension Liability				
OPERS	144,294	3,334	0	147,628
Compensated Absences	8,859	12,012	(6,542)	14,329
<b><i>Total Governmental Activities</i></b>				
<b><i>Long-Term Liabilities</i></b>	<u>\$153,153</u>	<u>\$15,346</u>	<u>(\$6,542)</u>	<u>\$161,957</u>

The NOC COG pays obligations related to compensated absences and employee compensation from the fund benefitting from their service. See Note 6 for additional information related to the net pension liability. At June 30, 2015, the net pension liability and compensated absences do not have any amounts due in one year.

**Note 13 – Public Entity Risk Pool**

The County Risk Sharing Authority (CORSA) is a public entity risk sharing pool among sixty-five counties in Ohio. CORSA was established in 1987 as an Ohio nonprofit, self-insured pool to provide member counties with the best comprehensive property and liability coverage and highest quality risk management services at a stable and competitive price.

Member Counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. CORSA provides comprehensive coverage and risk management services for property and liability coverage including general liability, law enforcement liability, automobile liability, errors and omissions, direct physical loss or damage, equipment breakdown and crime.

CORSA is governed by nine Directors, who are County Commissioners from member counties. The Directors are elected by CORSA members and are eligible to serve three, two year terms. The officers are elected by the Board of Directors, and are eligible to serve two, one year terms. Each member county designates a voting representative and alternate in accordance with CORSA's Code of Regulations.

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2015*

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CORSA has earned the Advisory Standards Recognition from the association of Governmental Risk Pool (AGRIP). The award recognizes those pools that adhere to the eighty-eight “best practices” standards as established by AGRIP’s Membership Practices Committee, relating to the governance, management, financial accounting and operation of the pool.

**Note 14 – Change in Accounting Principle and Restatement of Net Position**

For fiscal year 2015, the NOC COG implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68”. GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure.

During fiscal year 2015, it was determined that vacation benefits payable and long-term liabilities relating to compensated absences were understated at June 30, 2014 by \$8,984 and \$8,859, respectively.

The implementation of pronouncement GASB Statement No. 68 as well as the restatement for vacation benefits payable and compensated absences due in more than one year had the following effect on net position as reported at June 30, 2014:

Net Position June 30, 2014	\$175,621
Adjustments:	
Net Pension Liability	(144,294)
Deferred Outflow - Payments Subsequent to Measurement Date	9,399
Vacation Benefits Payable	(8,984)
Due in More Than One Year - Other Amounts	(8,859)
Restated Net Position June 30, 2014	<u><u>\$22,883</u></u>

Other than employer contributions subsequent to the measurement date, the NOC COG made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**Note 15 – Subsequent Event**

Effective as of July 1, 2015, the Workforce Investment Act (WIA) will be replaced by the Workforce Innovation and Opportunity Act (WIOA) signed into law in July 2014.

**Northeast Ohio Consortium Council of Governments**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2015*

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## Required Supplementary Information

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**Northeast Ohio Consortium Council of Governments**  
*Required Supplementary Information*  
*Schedule of the NOC COG's Proportionate Share of the*  
*Net Pension Liability*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Two Fiscal Years (1)*

	2014	2013
NOC COG's Proportion of the Net Pension Liability	0.001224%	0.001224%
NOC COG's Proportionate Share of the Net Pension Liability	\$147,628	\$144,294
NOC COG's Covered-Employee Payroll	\$124,748	\$78,177
NOC COG's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	118.34%	184.57%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	86.45%	86.36%

(1) Information prior to 2013 is not available.

Amounts presented as of the NOC COG's measurement date which is December 31st.

**Northeast Ohio Consortium Council of Governments**  
*Required Supplementary Information*  
*Schedule of the NOC COG's Contributions*  
*Ohio Public Employees Retirement System - Traditional Plan*  
*Last Three Fiscal Years (1)*

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Contractually Required Contribution	\$16,814	\$15,593	\$8,990
Contributions in Relation to the Contractually Required Contribution	<u>(16,814)</u>	<u>(15,593)</u>	<u>(8,990)</u>
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
NOC COG Covered-Employee Payroll	\$140,117	\$124,748	\$78,177
Contributions as a Percentage of Covered-Employee Payroll	12.00%	12.50% (2)	11.50% (3)

(1) Information prior to fiscal year 2013 is not available.

(2) This represents the weighted average for fiscal year 2014. The contribution rate for July through December 2013 was 13.00%. The contribution rate for January through June 2014 was 12.00%.

(3) This represents the weighted average for fiscal year 2013. The contribution rate for July through December 2012 was 10.00%. The contribution rate for January through June 2013 was 13.00%.

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**NORTHEAST OHIO CONSORTIUM COUNCIL OF GOVERNMENTS  
 GEAUGA COUNTY  
 SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
 FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass Through Grantor	Pass-Through Entity Number	CFDA Number	Expenditure
<b>U.S. Department of Labor:</b>			
<i>Pass-Through from Ohio Department of Job &amp; Family Services: Workforce Investment Act Cluster</i>			
WIA Adult Program	(A)	17.258	\$607,715
WIA Adult - Administration	(A)		60,738
Non-Formulary-Grants	(A)		31,639
Total - WIA Adult Program			<u>700,092</u>
WIA Youth - Administration	(A)	17.259	79,314
WIA Youth Activities	(A)		701,130
Total - WIA Youth Activities			<u>780,444</u>
WIA Dislocated Worker Formula Grants	(A)	17.278	649,514
WIA Dislocated Worker - Administration	(A)		23,259
Rapid Response	(A)		40,829
Total - Dislocated Worker Formula Grants			<u>713,602</u>
<b>Total Workforce Investment Cluster</b>			<b><u>2,194,138</u></b>
<i>Employment Service/Manager - Wagner-Peyster Funded Activities:</i>			
Employment Service/Manager	(A)	17.207	34,771
<i>Workforce Investment Act (WIA) National Emergency Grants;</i>			
WIA - National Emergency Grant - Long Term Dislocated	OH-27	17.277	32,943
<b>Total U.S. Department of Labor</b>			<b><u>\$2,261,852</u></b>

(A) Project number not known or applicable

*The accompanying notes are an integral part of this Schedule.*

**NORTHEAST OHIO CONSORTIUM COUNCIL OF GOVERNMENTS  
GEAUGA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2015**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) reports the Northeast Ohio Consortium Council of Governments (NOC COG) federal award programs' disbursements. The schedule has been prepared on the cash basis of accounting.

**NOTE B - SUBRECIPIENTS**

The NOC COG passes certain federal awards received from the Department of Job and Family Services to other governments or not-for-profit agencies (subrecipients). As Note A describes, the NOC COG reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, NOC COG 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 to ensure that subrecipients achieve the award's performance goals.

**NOTE C – ADMINISTRATIVE EXPENSES**

The Administrative expenses for these programs are allocated between CFDA numbers 17.258, 17.259 and 17.278, based on a percentage of the federal expenditures.



# Dave Yost • Auditor of State

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

Northeast Ohio Consortium Council of Governments  
Geauga County  
385 Center Street, Suite 100  
Chardon, Ohio 44024

To the Board of Commissioners:

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 and the major fund of Northeast Ohio Consortium Council of Governments, Geauga County, (NOC COG) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the NOC COG's basic financial statements and have issued our report thereon dated March 28, 2016, wherein we noted the NOC COG adopted Government Accounting Standard No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement 27* and Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the NOC COG'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 NOC COG'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 the NOC COG'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 the NOC COG'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 the NOC COG's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the NOC COG'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

March 28, 2016



# 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 Consortium Council of Governments  
Geauga County  
385 Center Street, Suite 100  
Chardon, Ohio 44024

To the Board of Commissioners:

### ***Report on Compliance for the Major Federal Program***

We have audited the Northeast Ohio Consortium Council of Governments (NOC COG) 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 the Northeast Ohio Consortium Council of Government's major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the NOC COG's major federal program.

### ***Management's Responsibility***

The NOC COG'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 the NOC COG's compliance for the NOC COG'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 the NOC COG'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 the NOC COG's major program. However, our audit does not provide a legal determination of the NOC COG's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Northeast Consortium Council of Governments 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, 2015.

***Report on Internal Control Over Compliance***

The NOC COG'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 the NOC COG's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with 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 the NOC COG's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 28, 2016

**NORTHEAST OHIO CONSORTIUM COUNCIL OF GOVERNMENTS  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2015**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Workforce Investment Act Cluster: Adult, CFDA#17.258 Youth, CFDA#17.259 Dislocated Workers, CFDA#17.278
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**NORTHEAST OHIO CONSORTIUM COUNCIL OF GOVERNMENTS  
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 § .315 (b)  
JUNE 30, 2015**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2014-001	29 CFR 97.37(b) – subrecipient monitoring	Yes	Finding No Longer Valid NOC COG has conducted on-site subrecipient monitoring of participating Counties WIA programs during FY 2015.



# Dave Yost • Auditor of State

**NORTHEAST OHIO CONSORTIUM COUNCIL OF GOVERNMENTS**

**GEAUGA 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  
APRIL 12, 2016**