

**NORTHEAST OHIO FOUR COUNTY
REGIONAL PLANNING AND
DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEARS ENDED
JUNE 30, 2014 AND 2013**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Members of the General Policy Board
Northeast Ohio Four County
Regional Planning and Development Organization
175 S. Main Street, Room 2011
Akron, Ohio 44308

We have reviewed the *Independent Auditor's Report* of the Northeast Ohio Four County Regional Planning and Development Organization, Summit County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2012 through June 30, 2014. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Northeast Ohio Four County Regional Planning and Development Organization is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

March 4, 2015

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**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SUMMIT COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Garfield Hts., Ohio 44125

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To Members of the General Policy Board
Northeast Ohio Four County Regional
Planning and Development Organization
175 S. Main Street, Room 211
Akron, Ohio 44308

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization (NEFCO), Summit County, Ohio, (the Government), as of and for the years ended June 30, 2014 and June 30, 2013, and the related notes to the financial statements, which collectively comprise the Government's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1-B; this includes determining that the modified cash accounting basis is an acceptable basis for the presentation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the NEFCO's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the NEFCO's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization, Summit County, Ohio as of June 30, 2014 and June 30, 2013, and the respective changes in modified cash financial position and, cash flows thereof for the years then ended in accordance with the modified cash basis of accounting described in Note 1-B.

Basis of Accounting

We draw attention to Note 1-B of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Other Matters

Supplemental and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise NEFCO's basic financial statements.

Management's Discussion and Analysis includes tables of net position and cash receipts, expenses, and changes in net position. This information provides additional analysis and is not a required part of the basic financial statements. The Schedules of Indirect Costs and Cost Allocation Method (June 30, 2014 and June 30, 2013) on pages 21 and 22 present additional analysis and are also not a required part of the basic financial statements.

These tables and schedules are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. We also applied certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and schedules are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables and schedules, we applied no procedures to any other information in the Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2014, on our consideration of the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 NEFCO's internal controls over financial reporting and compliance

James G.
Zupka, CPA,
President



Digitally signed by James G. Zupka,
CPA, President
DN: cn=James G. Zupka, CPA,
President, o=James G. Zupka, CPA,
Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.12.29 16:36:00 -05'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 25, 2014

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013
(Unaudited)**

The management's discussion and analysis of the Northeast Ohio Four County Regional Planning and Development Organization's (NEFCO) financial performance provides an overall review of NEFCO's financial activities for the fiscal years ended June 30, 2014 and 2013. The intent of this discussion and analysis is to look at NEFCO's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of NEFCO's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net Position, was \$229,618 at June 30, 2014, an increase of \$41,828 from the prior year.
- Revenues were \$734,391 in fiscal year 2014 compared to \$441,007 in fiscal year 2013, an increase of \$293,384 or 67 percent.
- NEFCO had \$692,563 in expenses in fiscal year 2014 compared to \$416,430 in fiscal year 2013, an increase of \$276,133 or 66 percent.

Key financial highlights for 2013 are as follows:

- Net Position was \$187,790 at June 30, 2013, an increase of \$24,577 from the prior year.
- Revenues were \$441,007 in fiscal year 2013 compared to \$508,810 in fiscal year 2012, a decrease of \$67,803 or 13 percent.
- Expenses were \$416,430 in fiscal year 2013 compared to \$415,497 in fiscal year 2012, an increase of \$933 or less than one percent.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Organization has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013
(Unaudited)**

Using this Annual Financial Report

This annual report consists of three parts, the Management's Discussion and Analysis, the Financial Statements and the Notes to the Basic Financial Statements. The Financial Statements include Statements of Net Position, Statements of Receipts, Expenses and Changes in Net Position and Statements of Cash Flows.

Statement of Net Position

The Statement of Net Position looks at how well the Organization has performed financially from inception through June 30th of each year. This Statement includes all of the assets, liabilities and net position balances using the modified cash basis of accounting, which is the accounting method used by the Northeast Ohio Four County Regional Planning and Development Organization.

The following schedule provides a summary of the Northeast Ohio Four County Regional Planning and Development Organization's Statement of Net Position for fiscal years ended June 30, 2014, June 30, 2013, and June 30, 2012.

Table 1 - Statement of Net Position

| | 2014 | 2013 | 2012 |
|----------------------------|-------------------|-------------------|-------------------|
| <u>Assets</u> | | | |
| Current and Other Assets | \$ 234,049 | \$ 192,872 | \$ 170,576 |
| Total Assets | <u>234,049</u> | <u>192,872</u> | <u>170,576</u> |
| <u>Liabilities</u> | | | |
| Payroll Withholdings | 4,431 | 5,082 | 7,363 |
| Total Liabilities | <u>4,431</u> | <u>5,082</u> | <u>7,363</u> |
| <u>Net Position</u> | | | |
| Unrestricted | 229,618 | 187,790 | 163,213 |
| Total Net Position | <u>\$ 229,618</u> | <u>\$ 187,790</u> | <u>\$ 163,213</u> |

Total assets increased by \$41,177 in 2014 and total liabilities stayed relatively constant. A majority of the increase in total assets was due to additional grant monies.

Total assets increased by \$22,296 in 2013 and total liabilities decreased by \$2,281. Although dues and grant monies decreased during 2013, total revenues still exceeded total expenses.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013
(Unaudited)**

Statement of Cash Receipts, Expenses, and Changes in Net Position

Table 2 compares NEFCO's 2014, 2013, and 2012, receipts, expenses, and changes in net position.

Table 2 - Cash Receipts, Expenses, and Changes in Net Position

| | 2014 | 2013 | 2012 |
|------------------------|------------------|------------------|------------------|
| Receipts | | | |
| Federal Grants | \$ 468,723 | \$ 179,759 | \$ 207,636 |
| State and Local Grants | 62,383 | 63,398 | 102,073 |
| Membership Dues | 203,263 | 197,831 | 198,883 |
| Other | 0 | 0 | 200 |
| Interest | 22 | 19 | 18 |
| Total Receipts | <u>734,391</u> | <u>441,007</u> | <u>508,810</u> |
| Expenses | | | |
| Salaries and Wages | 234,383 | 242,419 | 261,848 |
| Employee Benefits | 88,362 | 92,109 | 88,418 |
| Staff Expenses | 5,217 | 8,389 | 4,469 |
| Office Expenses | 18,677 | 14,278 | 15,051 |
| Contractual Services | 302,831 | 15,867 | 2,739 |
| Occupancy | 35,769 | 35,200 | 35,030 |
| Other Expenses | 7,315 | 8,160 | 7,929 |
| Interest Expense | 9 | 8 | 13 |
| Total Expenses | <u>692,563</u> | <u>416,430</u> | <u>415,497</u> |
| Change in Net Assets | <u>\$ 41,828</u> | <u>\$ 24,577</u> | <u>\$ 93,313</u> |

Receipts increased by \$293,384 in fiscal year 2014 and consisted of an increase in federal grants of \$288,964. Program expenses increased by \$276,133, primarily due to an increase in contractual services by \$286,964.

Receipts decreased by \$67,803 in fiscal year 2013, consisting of a decrease in federal grants of \$27,877, and a decrease in state and local grants of \$38,675. Program expenses remained relatively constant.

Capital Assets

Because NEFCO is on a modified cash basis, it does not report capital assets.

Debt

NEFCO has no debt outstanding at the end of fiscal years 2014 and 2013.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Fiscal Years Ended June 30, 2014 and 2013
(Unaudited)**

Contacting the Organization's Financial Management

This financial report is designed to provide our members, grantors, citizens, and creditors with a general overview of NEFCO's finances and to show NEFCO's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Executive Director, Northeast Ohio Four County Regional Planning and Development Organization, 175 S. Main Street, Room 211, Akron, OH, 44308.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2014**

Assets

Current Assets:

Cash \$ 234,049

Total Assets \$ 234,049

Liabilities

Payroll Withholdings \$ 4,431

Total Liabilities 4,431

Net Position

Unrestricted 229,618

Total Net Position \$ 229,618

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF CASH RECEIPTS, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | |
|---|--------------------------|
| <u>Operating Receipts</u> | |
| Federal Grants | \$ 468,723 |
| State and Local Grants | 62,383 |
| Membership Dues | <u>203,263</u> |
| Total Operating Receipts | <u>734,369</u> |
| <u>Operating Expenses</u> | |
| Salaries and Wages | 234,383 |
| Employee Benefits | 88,362 |
| Staff Expenses | 5,217 |
| Office Expenses | 18,677 |
| Contractual Services | 302,831 |
| Occupancy | 35,769 |
| Other Expenses | <u>7,315</u> |
| Total Operating Expenses | <u>692,554</u> |
| Operating Income | <u>41,815</u> |
| <u>Non-Operating Receipts (Expenses)</u> | |
| Interest Income | 22 |
| Interest Expense | <u>(9)</u> |
| Total Non-Operating Receipts (Expenses) | <u>13</u> |
| Net Income | 41,828 |
| Net Position at Beginning of Year | <u>187,790</u> |
| Net Position at End of Year | <u><u>\$ 229,618</u></u> |

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

| | |
|---|------------------------------|
| <u>Cash Flows from Operating Activities</u> | |
| Cash Received from Grants | \$ 531,106 |
| Cash Received from Dues | 203,263 |
| Cash Paid for Employee Benefits | (88,362) |
| Cash Payments to Suppliers for Goods and Services | (369,809) |
| Cash Payments to Employees for Services | <u>(235,034)</u> |
| Net Cash Provided by Operating Activities | <u>41,164</u> |
| <u>Cash Flows from Investing Activities</u> | |
| Interest Received | <u>22</u> |
| Net Cash Flows from Investing Activities | <u>22</u> |
| <u>Cash Flows from Non-Capital Financing Activities</u> | |
| Interest Expense | <u>(9)</u> |
| Net Cash Flows from Non-Capital Financing Activities | <u>(9)</u> |
| Net Increase in Cash | 41,177 |
| Cash at Beginning of Year | <u>192,872</u> |
| Cash at End of Year | <u>\$ 234,049</u> |
| <u>Reconciliation of Operating Income to</u> | |
| <u>Net Cash Provided by Operating Activities</u> | |
| Operating Income | \$ 41,815 |
| Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities | |
| Decrease in Operating Liabilities: | |
| Payroll Withholdings | <u>(651)</u> |
| Total Adjustments | <u>(651)</u> |
| Net Cash Provided by Operating Activities | <u>\$ 41,164</u> |

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF NET POSITION - MODIFIED CASH BASIS
JUNE 30, 2013**

Assets

Current Assets:

Cash \$ 192,872

Total Assets 192,872

Liabilities

Payroll Withholdings 5,082

Total Liabilities 5,082

Net Position

Unrestricted 187,790

Total Net Position \$ 187,790

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF CASH RECEIPTS, EXPENSES, AND CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | |
|--|------------------------------|
| <u>Operating Receipts</u> | |
| Federal Grants | \$ 179,759 |
| State and Local Grants | 63,398 |
| Membership Dues | <u>197,831</u> |
| Total Operating Receipts | <u>440,988</u> |
| | |
| <u>Operating Expenses</u> | |
| Salaries and Wages | 242,419 |
| Employee Benefits | 92,109 |
| Staff Expenses | 8,389 |
| Office Expenses | 14,278 |
| Contractual Services | 15,867 |
| Occupancy | 35,200 |
| Other Expenses | <u>8,160</u> |
| Total Operating Expenses | <u>416,422</u> |
| Operating Income | <u>24,566</u> |
| | |
| <u>Non-Operating Receipts</u> | |
| Interest Income | 19 |
| Interest Expense | <u>(8)</u> |
| Total Non-Operating Receipts | <u>11</u> |
| Net Income | 24,577 |
| | |
| Net Position at Beginning of Year | <u>163,213</u> |
| Net Position at End of Year | <u><u>\$ 187,790</u></u> |

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | |
|--|------------------------------|
| <u>Cash Flows from Operating Activities</u> | |
| Cash Received from Grants | \$ 243,157 |
| Cash Received from Dues | 197,831 |
| Cash Paid for Employee Benefits | (92,109) |
| Cash Payments to Suppliers for Goods and Services | (81,894) |
| Cash Payments to Employees for Services | <u>(244,700)</u> |
| Net Cash Provided by Operating Activities | <u>22,285</u> |
| <u>Cash Flows from Investing Activities</u> | |
| Interest Received | <u>19</u> |
| Net Cash Flows from Investing Activities | <u>19</u> |
| <u>Cash Flows from Non-Capital Financing Activities</u> | |
| Interest Expense | <u>(8)</u> |
| Net Cash Flows from Non-Capital Financing Activities | <u>(8)</u> |
| Net Increase in Cash | 22,296 |
| Cash at Beginning of Year | <u>170,576</u> |
| Cash at End of Year | <u>\$ 192,872</u> |
| <u>Reconciliation of Operating Income to</u> | |
| <u>Net Cash Provided by Operating Activities</u> | |
| Operating Income | \$ 24,566 |
| Adjustments to Reconcile Operating Income to | |
| Net Cash Provided by Operating Activities: | |
| Decrease in Operating Liabilities: | |
| Payroll Withholdings | <u>(2,281)</u> |
| Total Adjustments | <u>(2,281)</u> |
| Net Cash Provided by Operating Activities | <u>\$ 22,285</u> |

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Northeast Ohio Four County Regional Planning and Development Organization, Summit County, (NEFCO) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. NEFCO is directed by a 38 member Board. NEFCO was formed as a Regional Council of Governments by the elected officials within the counties of Portage, Stark, Summit, and Wayne, pursuant to Chapter 167 of the Ohio Revised Code. Its purpose is to foster a cooperative effort in regional planning and programming, and the implementation of regional plans and programs. NEFCO is also organized as a forum for the discussion and study of common problems of a regional nature, and for the development of policies and actions and related recommendations.

NEFCO is supported by grants and by local dues paid by various political subdivisions served; such local dues are generally assessed at \$.18 per capita per year. These dues serve as the primary local matching sources for certain federal and state grants.

NEFCO's management believes these financial statements present all activities for which the entity is financially accountable.

B. Basis of Accounting

NEFCO prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. In addition, NEFCO is recognizing payroll withholdings as a liability.

C. Basis of Presentation

NEFCO adopted the enterprise basis of presentation effective July 1, 2008. Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses of providing goods or services to the general public on a continuing basis) be financed or recovered primarily through user charges or where it has been decided that periodic determination of receipts, expenses and/or net income is appropriate for public policy, management control, accountability or other purposes.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

D. Property, Plant and Equipment

Acquisitions of property and plant are recorded as capital outlay disbursements when paid and equipment is recorded as equipment expense when paid. These items are not reflected as assets on the accompanying financial statements.

E. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused vacation and compensatory time. Unpaid leave is not reflected as a liability under the basis of accounting NEFCO uses.

F. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

NOTE 2: CHANGE IN ACCOUNTING PRINCIPLES

GASB Statement Number 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. The requirements of this Statement are effective for financial statements for periods beginning after December 15, 2011 and have been implemented by the Government.

GASB Statement Number 65, *Items Previously Reported as Assets and Liabilities*. This Statement establishes accounting and financial reported standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as out flows of resources or inflows of resources, certain items that were previously reporting as assets and liabilities. The provisions of this Statement are effective for financial statements for periods beginning after December 15, 2012 and have been implemented by the Government.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)**

NOTE 3: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS

State statutes classify monies held by the Northeast Ohio Four County Regional Planning and Development Organization into three categories.

Active Monies - Those monies required to be kept in a “cash” or “near-cash” status for immediate use by NEFCO. Such monies must be maintained either as cash in NEFCO’s Treasury, in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive Monies - Those monies not required for use within the current five year period of designation of depositories. Inactive deposits may be deposited or invested as certificates of deposit maturing not later than the end of the current period of designation of depositories, or as savings or deposit account including, but not limited to, passbook accounts.

Interim Monies - 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.

Deposits - Custodial credit risk is the risk that in the event of bank failure, the government’s deposits may not be returned to it. Protection of NEFCO’s cash and deposits is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets.

By law, financial institutions must collateralize all public deposits. The face value of the pooled collateral must equal at least 105 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

At June 30, 2014, the carrying amount of NEFCO’s deposits was \$234,049, and the bank balance was \$234,017. At June 30, 2013, the carrying amount of NEFCO’s deposits was \$192,872, and the bank balance was \$192,872. All of NEFCO’s deposits for both years were fully insured by FDIC.

Investments - NEFCO had no investments at June 30, 2014 and June 30, 2013.

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**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)**

NOTE 4: OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Pension Plan

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

OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting www.opers.org/investments/cafr.shtml, by writing to OPERS, 277 E. Town Street, Columbus, OH 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For the years ended June 30, 2014 and 2013, the members of all three plans are required to contribute 10.00 percent of their annual covered salaries. NEFCO's contribution rate was 14.00 percent of covered payroll. The pension allocation for the Traditional and Combined Plans were 12.00 and 13.00 percent during calendar year 2014 and 2013, respectively. The pension allocation for the Traditional Plan was 10.00 percent during calendar year 2012. The pension allocation for the Combined Plan was 7.95 percent during calendar year 2012. NEFCO's required contributions for the Traditional Pension and Combined plans for the years ended June 30, 2014, 2013, and 2012 were \$32,814, \$33,939 and \$34,718, respectively; 100 percent has been contributed for 2014, 2013 and 2012.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)**

NOTE 4: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Post-Employment Benefits

Plan Description

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

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

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting www.opers.org/investments/cafr.shtml, writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-614-222-5601 or 1-800-222-7377.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)**

NOTE 4: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Post-Employment Benefits (Continued)

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post-retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care coverage. The 2014 and 2013 local government employer contribution rate was 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.00 percent of covered payroll for local government employers. Active members do not make contributions to the OPEB Plan.

OPERS' Post-Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan were 1.00 and 4.00 percent during calendar year 2013 and 2012, respectively. The portion of employer contributions allocated to health care for members in the Combined Plan were 1.00 and 6.05 percent during calendar year 2013, and 2012, respectively. Effective January 1, 2014, the portion of employer contributions allocated to health care was raised to 2.00 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. NEFCO's actual employer contributions for June 30, 2014, 2013 and 2012 which were used to fund post-employment benefits were \$3,503, \$6,177, and \$9,920, respectively; 100 percent has been contributed for 2014, 2013 and 2012.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00 percent of the employer contributions toward the health care fund after the end of the transition period.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2014 AND 2013
(CONTINUED)**

NOTE 5: RISK MANAGEMENT

NEFCO is exposed to various risks of loss related to torts; theft and damage to, and destruction of assets; errors and omissions, injuries to employees, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties: a) General liability and casualty and b) Public officials' liability.

Settled claims have not exceeded commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year.

NEFCO also provides health insurance and dental and vision, flex spending, and life insurance coverage for full-time employees through Summit County.

NOTE 6: CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

NOTE 7: OPERATING LEASE

NEFCO has an operating lease agreement with Summit County for use of property. The premise serves as the office location of NEFCO. NEFCO renewed the operating lease agreement in April 2012, by Board action, for 2 years at the current rent amount of \$2,510 per month. The County is responsible for the interior and exterior maintenance and repairs, utilities, and insurance for risk of fire and malicious mischief. NEFCO is responsible for telephone service, inspections and/or permits, and comprehensive general liability insurance.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD
JUNE 30, 2014**

Indirect costs were distributed to projects and activities pursuant to a method of allocation required by the Office of Management and Budget Circular A-87 and Handbook 6042.1, Revised.

The indirect cost allocation rate for the fiscal year ended June 30, 2014 was as follows:

| | |
|--------------------------------------|------------|
| A. Indirect costs for all projects | \$ 157,350 |
| B. Total direct salaries and fringes | 234,519 |
| C. Allocation percentage (A/B) | 67.1% |

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2014:

| | |
|-------------------------------------|--------------------------|
| Indirect Payroll | \$ 71,437 |
| Indirect Payroll (Vacation/Sick) | 16,790 |
| Telephone | 497 |
| Travel | 901 |
| Insurance | 2,330 |
| Membership | 2,670 |
| Professional Fees (Legal, Audit) | 2,360 |
| Interest | 9 |
| Equipment Maintenance | 3,931 |
| Equipment Rental | 618 |
| Office Supplies | 3,026 |
| Meeting Expense | 407 |
| Postage | 1,467 |
| Advertising | 332 |
| Subscriptions | 2,809 |
| Computer Supplies and Equipment | 7,771 |
| Service Charges and Late Fees | 262 |
| Office Rent | 30,122 |
| Internet Access | 1,734 |
| Payroll Processing Charges | 413 |
| Carry Forward Adjustments - FY 2013 | <u>7,464</u> |
| Total Indirect Cost | <u>\$ 157,350</u> |

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD
JUNE 30, 2013**

Indirect costs were distributed to projects and activities pursuant to a method of allocation required by the Office of Management and Budget Circular A-87 and Handbook 6042.1, Revised.

The indirect cost allocation rate for the fiscal year ended June 30, 2013 was as follows:

| | |
|--------------------------------------|------------|
| A. Indirect costs for all projects | \$ 142,422 |
| B. Total direct salaries and fringes | 264,925 |
| C. Allocation percentage (A/B) | 53.8% |

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2013:

| | |
|----------------------------------|--------------------------|
| Indirect Payroll | \$ 51,694 |
| Indirect Payroll (Vacation/Sick) | 22,699 |
| Telephone | 410 |
| Travel | 1,294 |
| Insurance | 2,344 |
| Membership | 3,570 |
| Professional Fees (Legal, Audit) | 11,686 |
| Interest | 8 |
| Equipment Maintenance | 3,766 |
| Equipment Rental | 618 |
| Office Supplies | 2,082 |
| Meeting Expense | 729 |
| Postage | 1,587 |
| Subscriptions | 2,717 |
| Computer Supplies and Equipment | 4,263 |
| Service Charges and Late Fees | 730 |
| Office Rent | 30,122 |
| Internet Access | 1,706 |
| Payroll Processing Charges | <u>397</u> |
| Total Indirect Cost | <u>\$ 142,422</u> |

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Certified Public Accountants

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To Members of the General Policy Board
Northeast Ohio Four County Regional
Planning and Development Organization
Akron, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization, (NEFCO), Summit County, Ohio, as of and for the years ended June 30, 2014 and June 30, 2013, which collectively comprise the Northeast Ohio Four County Regional Planning and Development Organization's basic financial statements and have issued our report thereon dated November 25, 2014, wherein we noted that the Northeast Ohio Four County Regional Planning and Development Organization uses a comprehensive basis of accounting other than accounting principles generally accepted in the United State of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the NEFCO's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the NEFCO's internal control. Accordingly, we do not express an opinion on the effectiveness of the NEFCO's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *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 charges 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Northeast Ohio Four County Regional Planning and Development Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

James G. Zupka
CPA, President

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc.,
ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2014.12.29 16:36:44 -05'00'

James G. Zupka, CPA, Inc.
Certified Public Accountants

November 25, 2014

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATUS OF PRIOR FINDINGS AND RECOMMENDATIONS
JUNE 30, 2014**

The audit report for the prior year ended June 30, 2012, contained no findings or citations. Management letter recommendations have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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Dave Yost • Auditor of State

NORTHEAST OHIO COUNTY REGIONAL PLANNING & DEV ORG

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 24, 2015**