

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

AUDIT REPORT

FOR THE YEARS ENDED JUNE 30, 2010 AND 2009



Dave Yost • Auditor of State

January 11, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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

DAVE YOST
Auditor of State

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Mary Taylor, CPA
Auditor of State

Board Members

Northeast Ohio Four County Regional Planning and Development Organization
180 East South Street
Akron, Ohio 44311

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, 2008 through June 30, 2010. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 28, 2010

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**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
AUDIT REPORT
FOR THE YEARS ENDED JUNE 30, 2010 AND 2009**

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

Certified Public Accountants

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Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

General Policy Board
Northeast Ohio Four County Regional
Planning and Development Organization
180 East South Street
Akron, Ohio 44311

We have audited the accompanying financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization (NEFCO) as of and for the years ended June 30, 2010 and June 30, 2009, which collectively comprise the Organization's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Northeast Ohio Four County Regional Planning and Development Organization's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note 1-B, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

As discussed in Note 1-C, effective July 1, 2008 NEFCO changed to the enterprise basis of reporting. This change had no effect on the net assets of NEFCO as of July 1, 2008.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position - modified cash basis - of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization, as of June 30, 2010 and June 30, 2009, and the respective changes in financial position - modified cash basis, and cash flows for the years then ended in conformity with the accounting basis described in Note 1-B.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2010, on our consideration of the Northeast Ohio Four County Regional Planning and Development Organization'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. 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 to 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northeast Ohio Four County Regional Planning and Development Organization's financial statements as a whole. The Schedules of Indirect Cost and Cost Allocation Method as of June 30, 2010 and June 30, 2009, are presented for purposes of additional analysis and are not a required part of the financial statements. The Schedules of Indirect Cost and Cost Allocation Method as of June 30, 2010 and June 30, 2009 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



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

October 21, 2010

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Years Ended June 30, 2010 and 2009
(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, 2010 and 2009. 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 2010 are as follows:

- Net Assets, were \$52,841 at June 30, 2010, an increase of \$63,575 from the prior year.
- Revenues were \$421,514 in fiscal year 2010 compared to \$397,527 in fiscal year 2009, an increase of \$23,987 or 6 percent.
- NEFCO had \$357,939 in expenses in fiscal year 2010 compared to \$397,065 in fiscal year 2009, a decrease of \$39,126 or 9.8 percent.

Key financial highlights for 2009 are as follows:

- Net assets were (\$10,734) at June 30, 2009, an increase of \$462 from the prior year.
- Revenues were \$397,527 in fiscal year 2009 compared to \$393,200 in fiscal year 2008, an increase of \$4,327 or 1.1 percent.
- Expenses were \$397,065 in fiscal year 2009 compared to \$384,763 in fiscal year 2008, an increase of \$12,302 or 3.2 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 Years Ended June 30, 2010 and 2009
(Unaudited)**

Using this Annual Financial Report

This annual reports 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 a Statements of Net Assets, a Statements of Receipts, Expenses and Changes in Net Assets and a Statements of Cash Flows.

Statement of Net Assets

The Statement of Net Assets 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 asset 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 Assets for fiscal years ended June 30, 2010, June 30, 2009 and June 30, 2008.

Table 1 - Statement of Net Assets

	2010	2009	2008
<u>Assets</u>			
Current and Other Assets	\$ 56,488	\$ 27,594	\$ 13,399
Total Assets	<u>56,488</u>	<u>27,594</u>	<u>13,399</u>
<u>Liabilities</u>			
Payroll Withholdings	3,647	3,328	3,595
Other Liabilities	0	35,000	21,000
Total Liabilities	<u>3,647</u>	<u>38,328</u>	<u>24,595</u>
<u>Net Assets</u>			
Unrestricted	52,841	(10,734)	(11,196)
Total Net Assets	<u>\$ 52,841</u>	<u>\$ (10,734)</u>	<u>\$ (11,196)</u>

Total assets increased by \$28,894 in 2010. Total liabilities decreased by \$34,681. A majority of the reduction was due to an increase in grant revenue, which allowed for a portion of the line of credit to be reduced.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Years Ended June 30, 2010 and 2009
(Unaudited)**

Statement of Cash Receipts, Expenses and Changes in Net Assets

Table 2 compares NEFCO's 2010, 2009, and 2008 receipts, expenses, and changes in net assets.

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

	2010	2009	2008
Receipts			
Federal Grants	\$ 197,720	\$ 174,882	\$ 170,253
Membership Dues	220,763	220,763	220,763
Other Receipts	2,998	1,809	2,000
Interest	33	73	184
Total Receipts	<u>421,514</u>	<u>397,527</u>	<u>393,200</u>
Expenses			
Salaries and Wages	217,643	199,204	234,189
Employee Benefits	80,373	72,312	84,235
Staff Expenses	4,185	2,238	3,178
Office Expenses	10,734	10,101	11,323
Contract Services	1,709	16,936	9,038
Occupancy	35,909	35,881	34,302
Easement	0	53,772	0
Other Expenses	7,215	6,239	7,928
Interest Expense	171	382	570
Total Expenses	<u>357,939</u>	<u>397,065</u>	<u>384,763</u>
Change in Net Assets	<u>\$ 63,575</u>	<u>\$ 462</u>	<u>\$ 8,437</u>

Receipts increased by \$23,987 in fiscal year 2010 and consisted of an increase in federal grants of \$22,838. Program expenses stayed relatively constant in fiscal year 2009 and decreased to \$357,939 in 2010. The decrease is primarily due to an easement expense of \$53,772 which was made in fiscal year 2009.

Capital Assets

Because NEFCO is on a modified cash basis, they do not report capital assets.

Debt

NEFCO has debt in the form of a line of credit. The amount owed at the end of the fiscal years is as follows:

Table 3 - Debt Outstanding

	2010	2009	2008
Line of Credit	\$ 0	\$ 35,000	\$ 21,000
Total	<u>\$ 0</u>	<u>\$ 35,000</u>	<u>\$ 21,000</u>

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
Management's Discussion and Analysis
For the Years Ended June 30, 2010 and 2009
(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, 180 East South Street, Akron, Ohio 44311.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2010**

Assets

Current Assets:

Cash \$ 56,488

Total Assets \$ 56,488

Liabilities

Payroll Withholdings \$ 3,647

Total Liabilities 3,647

Net Assets

Unrestricted 52,841

Total Net Assets \$ 52,841

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2010**

<u>Operating Receipts</u>	
Federal Grants	\$ 197,720
Membership Dues	220,763
Other	<u>2,998</u>
Total Operating Receipts	<u>421,481</u>
<u>Operating Expenses</u>	
Salaries and Wages	217,643
Employee Benefits	80,373
Staff Expenses	4,185
Office Expenses	10,734
Contractual Services	1,709
Occupancy	35,909
Other Expenses	<u>7,215</u>
Total Operating Expenses	<u>357,768</u>
Operating Income	<u>63,713</u>
<u>Non-Operating Receipts</u>	
Interest Income	33
Interest Expense	<u>(171)</u>
Total Non-Operating Receipts Over (Under) Expenses	<u>(138)</u>
Net Income	63,575
Net Assets at Beginning of Year	<u>(10,734)</u>
Net Assets at End of Year	<u><u>\$ 52,841</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 YEAR ENDED JUNE 30, 2010**

<u>Cash Flows from Operating Activities</u>	
Cash Received from Federal Sources	\$ 197,720
Cash Received from Dues	220,763
Cash Paid for Employee Benefits	(80,373)
Cash Payments to Suppliers for Goods and Services	(59,752)
Cash Payments to Employees for Services	(217,324)
Other Operating Revenues	<u>2,998</u>
Net Cash Provided by Operating Activities	<u>64,032</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>33</u>
Net Cash Flows from Investing Activities	<u>33</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Payments on Line of Credit	<u>(35,171)</u>
Net Cash Flows from Non-Capital Financing Activities	<u>(35,171)</u>
Net Increase in Cash	28,894
Cash at Beginning of Year	<u>27,594</u>
Cash at End of Year	<u>\$ 56,488</u>
<u>Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities</u>	
Operating Income	<u>\$ 63,713</u>
<u>Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities</u>	
Increase (Decrease) in Operating Liabilities:	
Payroll Withholdings	<u>319</u>
Total Adjustments	<u>319</u>
Net Cash Provided by Operating Activities	<u>\$ 64,032</u>

See accompanying notes to the basic financial statements.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2009**

Assets

Current Assets:

Cash \$ 27,594

Total Assets 27,594

Liabilities

Payroll Withholdings 3,328

Line of Credit 35,000

Total Liabilities 38,328

Net Cash Assets

Unrestricted (10,734)

Total Net Assets \$ (10,734)

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 ASSETS
FOR THE YEAR ENDED JUNE 30, 2009**

<u>Operating Receipts</u>	
Federal Grants	\$ 174,882
Membership Dues	220,763
Other	<u>1,809</u>
Total Operating Receipts	<u>397,454</u>
<u>Operating Expenses</u>	
Salaries and Wages	199,204
Employee Benefits	72,312
Staff Expenses	2,238
Office Expenses	10,101
Contractual Services	16,936
Occupancy	35,881
Other Expenses	6,239
Easement	<u>53,772</u>
Total Operating Expenses	<u>396,683</u>
Operating Income	<u>771</u>
<u>Non-Operating Receipts</u>	
Interest Income	73
Interest Expense	<u>(382)</u>
Total Non-Operating Receipts Over (Under) Expenses	<u>(309)</u>
Net Income	462
Net Assets at Beginning of Year	<u>(11,196)</u>
Net Assets at End of Year	<u><u>\$ (10,734)</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 YEAR ENDED JUNE 30, 2009**

<u>Cash Flows from Operating Activities</u>	
Cash Received from Federal Sources	\$ 174,882
Cash Received from Dues	220,763
Cash Paid for Employee Benefits	(72,312)
Cash Payments to Suppliers for Goods and Services	(125,167)
Cash Payments to Employees for Services	(199,471)
Other Operating Revenues	<u>1,809</u>
Net Cash Provided by Operating Activities	<u>504</u>
<u>Cash Flows from Investing Activities</u>	
Interest Received	<u>73</u>
Net Cash Flows from Investing Activities	<u>73</u>
<u>Cash Flows from Non-Capital Financing Activities</u>	
Payments on Line of Credit	(21,382)
Receipts from Line of Credit	<u>35,000</u>
Net Cash Flows from Non-Capital Financing Activities	<u>13,618</u>
Net Increase in Cash	14,195
Cash at Beginning of Year	<u>13,399</u>
Cash at End of Year	<u><u>\$ 27,594</u></u>
<u>Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities</u>	
Operating Income	\$ 771
<u>Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities</u>	
Increase (Decrease) in Operating Liabilities:	
Payroll Withholdings	<u>(267)</u>
Total Adjustments	<u>(267)</u>
Net Cash Provided by Operating Activities	<u><u>\$ 504</u></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 YEAR ENDED JUNE 30, 2010**

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 42 member Board. NEFCO was formed as a Regional Council of Governments by the elected officials within Portage, Stark, Summit and Wayne Counties 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 \$.20 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 and the line of credit balance 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 YEAR ENDED JUNE 30, 2010
(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.

NOTE 2: 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.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 2: DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS
(Continued)

At June 30, 2010, the carrying amount of NEFCO's deposits was \$56,488, and the bank balance was \$56,500. At June 30, 2009 the carrying amounts of NEFCO's deposits were \$27,594 and the bank balance was \$30,963. All of NEFCO's deposits for both years were fully insured by FDIC.

Investments - NEFCO had no investments at June 30, 2010 and June 30, 2009.

NOTE 3: OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Pension Plan

All employees of NEFCO participate in the OPERS, a cost-sharing multiple employer defined benefit pension plan. OPERS administers three separate pension plans. The Traditional Plan is a cost sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests, both member and employer contributions (employer contributions vest over 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. Under the Combined Plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar in nature to 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 basic retirement and disability benefits, annual cost of living adjustments and death benefits to plan members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-PERS (7377).

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 3: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Pension Plan (Continued)

The Ohio Revised code provides statutory authority for employee and employer contributions. The employee contribution rate for employees is 10 percent. The Organization's contribution rate for 2010 and 2009 was 14 percent of covered payroll. For the period July 1, 2008 through March 31, 2009 a portion of the Organization's contribution equal to 7.0 percent of covered payroll, was allocated to fund post-employment health care; for the period April 1, 2009 through June 30, 2010 this amount was decreased to 5.5 percent. The contribution requirements of plan members and NEFCO are established and may be amended by the Public Employees Retirement Board. NEFCO's contributions to the OPERS for the years ending June 30, 2010, 2009, and 2008, were \$21,765, \$19,465, and \$17,415, respectively, which represents 100 percent of contributions for all three years.

Postemployment Benefits

A. Plan Description

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 healthcare 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.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 3: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Postemployment Benefits (Continued)

A. ***Plan Description*** (Continued)

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 writing OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 1-614-222-5601 or 1-800-222-7377.

B. ***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 benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, (the latest information available) state and local employers contributed at a rate of 14 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14 percent of the covered payroll for state and local employers units. 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 Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. From July 1, 2008 to March 31, 2009 the employer contribution allocated to the health care plan was 7 percent of covered payroll, from April 1, 2009 to June 30, 2010 the rate was changed to 5.5 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. The Organization's contribution to OPERS which were used to fund post employment benefits for the fiscal years ended June 30, 2010 and June 30, 2009 were \$10,009 and \$13,265, respectively.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 3: **OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)** (Continued)

Postemployment Benefits (Continued)

B. Funding Policy (Continued)

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 4, 2004, was effective January 1, 2007. Member and employer contributions rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan.

NOTE 4: **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 5: **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.

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
(CONTINUED)**

NOTE 6: OPERATING LEASE

NEFCO has an operating lease agreement with Summit County for use of property. The premise serves as the office location of NEFCO. Effective September 30, 2009, a new lease agreement was executed, which increased the rent to \$2,510 per month. This agreement was effective until May 31, 2012, with potential renewal for 3 additional years. NEFCO is currently in the second year of the lease renewal agreement which commenced on June 1, 2010 and terminates on May 31, 2011. The rent will remain the same. 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.

NOTE 7: LINE OF CREDIT

NEFCO has a line of credit with PNC Bank for operating disbursements at a fluctuating rate of interest. NEFCO had a balance of \$35,000 on June 30, 2009, for operating disbursements due to delays in funding. The line of credit was paid in full as of June 30, 2010.

The activity on the line of credit for the fiscal year is as follows:

		<u>2009</u>			
<u>Balance</u>		<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	
<u>07/01/2008</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>06/30/2009</u>
\$ 21,000		\$ 35,000		\$ 21,000	\$ 35,000
		<u>2010</u>			
<u>Balance</u>		<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	
<u>07/01/2009</u>		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>06/30/2010</u>
\$ 35,000		\$ 0		\$ 35,000	\$ 0

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD
JUNE 30, 2010**

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, 2010 was as follows:

A. Indirect costs for all projects	\$ 114,047
B. Total direct salaries and fringes	230,410
C. Allocation percentage (A/B)	49.5%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2010:

Indirect Payroll	\$ 34,617
Indirect Payroll (Vacation/Sick)	28,615
Indirect Contract	1,277
Telephone	527
Travel	603
Insurance	2,331
Membership	1,065
Professional Fees (Legal, Audit)	45
Interest	171
Equipment Maintenance	1,516
Equipment Rental	535
Office Supplies	1,148
Meeting Expense	307
Postage	1,375
Subscriptions	2,405
Computer Supplies and Equipment	2,899
Service Charges	37
Advertising	2,967
Office Rent	30,122
Internet Access	<u>1,485</u>
Total Indirect Cost	<u>\$ 114,047</u>

**NORTHEAST OHIO FOUR COUNTY REGIONAL
PLANNING AND DEVELOPMENT ORGANIZATION
SCHEDULE OF INDIRECT COSTS AND COST ALLOCATION METHOD
JUNE 30, 2009**

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, 2009 was as follows:

A. Indirect costs for all projects	\$ 134,141
B. Total direct salaries and fringes	198,366
C. Allocation percentage (A/B)	67.6%

The following are the indirect costs allocated to projects for the fiscal year ended June 30, 2009:

Indirect Payroll	\$ 41,344
Indirect Payroll (Vacation/Sick)	31,807
Indirect Contract	631
Telephone	698
Travel	754
Insurance	2,168
Membership	3,140
Professional Fees (Legal, Audit)	11,103
Interest	382
Equipment Maintenance	1,352
Equipment Rental	1,890
Meeting Expense	320
Office Supplies	1,764
Postage	1,369
Subscriptions	2,219
Computer Supplies and Equipment	1,119
Service Charges	8
Advertising	102
Office Rent	30,217
Internet Access	<u>1,754</u>
Total Indirect Cost	<u>\$ 134,141</u>

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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***

General Policy Board
Northeast Ohio Four County Regional
Planning and Development Organization
180 East South Street
Akron, Ohio 44311

We have audited the financial statements of the business-type activities of the Northeast Ohio Four County Regional Planning and Development Organization, as of and for the years ended June 30, 2010 and June 30, 2009, which collectively comprise the Northeast Ohio Four County Regional Planning and Development Organization's basic financial statements and have issued our report thereon dated October 21, 2010, wherein we noted that the Organization uses a comprehensive basis of accounting other than generally accepted accounting principles. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Northeast Ohio Four County Regional Planning and Development Organization's internal control over financial reporting.

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 Northeast Ohio Four County Regional Planning and Development Organization's financial statements will not be prevented, or detected and corrected on a timely basis.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 of 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*.

We noted certain matters that we reported to the management of Northeast Ohio Four county Regional Planning and Development Organization in a separate letter dated October 21, 2010.

This report is intended solely for the information and use of management, the General Policy Board, and others within the entity, and is not intended to be and should not be used by anyone other than these specified parties.



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

October 21, 2010



Mary Taylor, CPA
Auditor of State

NORTHEAST OHIO FOUR COUNTY REGIONAL PLANNING AND DEVELOPMENT ORGANIZATION

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
JANUARY 11, 2011**