NORTH EAST OHIO NETWORK
MAHONING COUNTY

REGULAR AUDIT
FOR THE YEAR ENDED
DECEMBER 31, 2018

OHIO AUDITOR OF STATE
KEITH FABER

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Columbus, Ohio 43215
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Board of Trustees
North East Ohio Network
5121 Mahoning Ave, Suite 103
Austintown, OH 44515

We have reviewed the *Independent Auditor's Report* of the North East Ohio Network, Mahoning County, prepared by Canter & Associates, for the audit period January 1, 2018 through December 31, 2018. 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 North East Ohio Network is responsible for compliance with these laws and regulations.

Keith Faber

Keith Faber
Auditor of State
Columbus, Ohio

September 20, 2019

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North East Ohio Network
Mahoning County

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CANTER & ASSOCIATES

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INDEPENDENT AUDITOR'S REPORT

North East Ohio Network
Mahoning County
5121 Mahoning Ave., Suite 102
Austintown, Ohio 44515

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund (General), and the aggregate remaining fund information of the North East Ohio Network (the Organization), Mahoning County, Austintown, Ohio as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Organization'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 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 Organization'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 Organization'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 the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund (General), and the aggregate remaining fund information of the North East Ohio Network, Mahoning County, Austintown, Ohio, as of December 31, 2018, 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 described in Note 3 to the financial statements, in fiscal year ended December 31, 2018, the Organization adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Our opinion is not modified with respect to 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 and Postemployment Benefit Liabilities and Pension and Postemployment Benefit Contributions, listed in the table of contents, 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 about 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Organization's basic financial statements. The schedule of revenues, expenditures, and changes in fund balance-budget and actual and the schedule of funds administered for county boards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of revenues, expenditures, and changes in fund balance-budget and actual and the schedule of funds administered for county boards are the responsibility of management 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 and 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, schedule of revenues, expenditures, and changes in fund balance-budget and actual and the schedule of funds administered for county boards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2019, on our consideration of the 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. 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 Organization’s internal control over financial reporting and compliance.

Canter & Assoc

CANTER & ASSOCIATES

Poland, Ohio
July 30, 2019

The discussion and analysis of North East Ohio Network (the Organization) financial performance provides an overall review of the Organization's financial activities for the year ended December 31, 2018. The intent of this discussion and analysis is to look at the Organization's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the Organization's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2018 are as follows:

Overall:

- The assets and deferred outflows of the Organization were less than its liabilities and deferred inflows at the close of the year ended December 31, 2018, by $786,891 (net position).

- At the end of the current fiscal year, the Organization's general fund reported an ending fund balance of $1,113,889, of which $1,106,715 is available to fund future operations.

- The Organization's total net position decreased by $32,755 which represents a 4 percent decrease from restated 2017.

- For 2018, the Organization adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB), resulting in the restatement of beginning net position from the previously reported ($7,636), to ($754,136).

Using these Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand North East Ohio Network as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole Organization, presenting both an aggregate view of the Organization's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term and what remains for future spending. The fund financial statements also look at the Organization's most significant fund which, in the case of North East Ohio Network, is the general fund.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The view of the Organization as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2018?" The Statement of Net Position and the Statement of Activities answers this question. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

Reporting the Organization's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objects. The Organization, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Organization can be divided into two categories: governmental funds and fiduciary funds. Fund financial reports provide detailed information about the Organization's major fund which is the general fund which encompasses all of the Organization's non-fiduciary activities.

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

Because the focus of governmental funds is different than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. The statements provide a reconciliation to facilitate a comparison between governmental funds and governmental activities.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Organization's own expenses. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the basic financial statements begin on page 16 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Organization, assets plus deferred outflows of resources exceeded liabilities plus deferred inflows of resources by ($786,891) at December 31, 2018 and by ($754,136) at December 31, 2017.

Table 1 provides a summary of the Organization's net position for 2018 and 2017.

	2018 Governmental Activities	(Restated) 2017 Governmental Activities	Increase (Decrease)
Assets:			
Cash and Investments	$1,138,921	$1,174,407	($35,486)
Other Assets	29,259	26,556	2,703
Capital Assets, net of accumulated dep.	1,753	5,533	(3,780)
Total Assets	1,169,933	1,206,496	(36,563)
Deferred Outflows of Resources			
Pension	239,414	648,018	($408,604)
OPEB	50,026	10,217	39,809
Total Deferred Outflows of Resources	289,440	658,235	(368,795)
Total Assets and Deferred Outflows	1,459,373	1,864,731	(405,358)
Liabilities:			
Current Liabilities	54,291	59,854	(5,563)
Long-term Liabilities:			
Net Pension Liability	998,231	1,653,618	(655,387)
Net OPEB Liability	679,790	756,717	(76,927)
Total Liabilities	1,732,312	2,470,189	(737,877)
Deferred Inflows of Resources			
Pension	379,371	148,678	$230,693
OPEB	134,581	0	134,581
Total Deferred Inflows of Resources	513,952	148,678	365,274
Total Liabilities and Deferred Inflows	2,246,264	2,618,867	(372,603)
Net Position:			
Net Investment in Capital Assets	1,753	5,533	(3,780)
Unrestricted (Deficit)	(788,644)	(759,669)	(28,975)
Total Net Position	($786,891)	($754,136)	($32,755)

The net pension liability (NPL) is one of the largest liabilities reported by the Organization at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions-an Amendment of GASB Statement 27." For 2018, the Organization adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Organization's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OBEP liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability to equal the Organization's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB 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 and other postemployment benefits. GASB noted that the unfunded portion of this 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 Organization is not responsible for certain key factors affecting the balance of these liabilities. 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 Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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 retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *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 retirement system is responsible for the administration of the pension and OPEB plans.

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 or the net OPEB liability. As explained above, changes in benefits, contribution rates, and return on investments affect the balance of these liabilities, 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 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 and the net OPEB liability are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, the Organization's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability, respectively, not accounted for as deferred inflows/outflows.

As a result of implementing GASB 75, the Organization is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting.

Total assets decreased by $36,563. This decrease can be attributed to an overall decrease in cash from the prior year.

Total liabilities decreased by $737,877. This decrease was due mostly to decreases in the pension and net OPEB liabilities.

By comparing assets, deferred outflows, liabilities and deferred inflows, one can see the overall position of the Organization has declined as evidenced by the decrease in net position of $32,755.

Table 2 below provides a summary of the changes in net position for 2018 and 2017.

Table 2
Change in Net Position
Governmental Activities

	2018	2017	Increase (Decrease)
Revenues			
Total Revenues	$1,476,026	$1,540,621	($64,595)
Expenditures			
Total Expenditures	1,508,781	1,678,800	170,019
Change in Net Position	(32,755)	(138,179)	(105,424)
Net Position Beginning of Year	(754,136)	N/A	
Net Position End of Year	($786,891)	($754,136)	($32,755)

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of $123,899 computed under GASB 45. GASB 45 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report OPEB expense of $119,019. Consequently, in order to compare 2018 total operating expenses to 2017, the following adjustments are needed:

Total 2018 Operating Expenses under GASB 75	$1,508,781
OPEB Expense under GASB 75	(119,099)
2018 Contractually Required Contributions	131,349
Adjusted 2018 Operating Expenses	1,521,031
Total 2017 Operating Expenses under GASB 45	1,678,800
Change in Operating Expenses not Related to OPEB	(157,769)

Wages and related benefits and taxes accounted for 77 percent of total expenses in 2018, and 79 percent in 2017.

Revenues decreased 4 percent in 2018 compared to 2017.

Financial Analysis of the Organization's Funds

As noted earlier, the Organization uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The general fund is the chief operating fund of the Organization. At December 31, 2018, the unassigned fund balance of the general fund was $1,106,715. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. At December 31, 2018, the unassigned fund balance represents approximately 73 percent of the total fund expenditures.

The fund balance of the Organization's general fund decreased by $16,729 during the current year. Revenues were down by $64,598 while expenditures were also down by $19,253. The decrease in revenue is related to declining contracted services with member County Boards. The decrease in expenses is due to decreased staff wages, benefits, and payroll taxes.

General Fund Budgeting Highlights

The Organization's budget is prepared at the request of the Board and is based on accounting for certain transactions on the cash basis. The only budgeted fund is the General Fund.

Capital Assets and Debt Administration

Capital Assets: The Organization's investment in capital assets for its governmental activities as of December 31, 2018, amounts to $1,753 (net of accumulated depreciation). This investment in capital assets includes software, furniture and equipment. Note 5 provides capital asset activity during 2018.

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. North East Ohio Network has been organized to provide services on a cost efficient basis to the member County Boards of DD.

Contacting North East Ohio Network's Financial Management

This financial report is designed to provide citizens, taxpayers, investors, and creditors with a general overview of the Organization's finances and to reflect the Organization's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Mr. Matthew Glidewell, Finance Director, North East Ohio Network, 5121 Mahoning Avenue, Suite 103, Austintown, Ohio 44515-1895.

North East Ohio Network
Mahoning County, Ohio

Statement of Net Position
December 31, 2018

	Governmental Activities
Assets	
Cash and Cash Equivalents	$1,138,921
Deposits and Prepaid Expenses	7,174
Cash with Fiscal Agent	3,007
Accounts Receivable from other Governments	19,078
Capital Assets, Net of Accumulated Depreciation	1,753
Total Assets	1,169,933
Deferred Outflows of Resources	
Pension	239,414
OPEB	50,026
Total Deferred Outflows of Resources	289,440
Total Assets and Deferred Outflows	1,459,373
Liabilities	
Current Liabilities:	
Accounts Payable	4,230
Due to other Governments	14,498
Accrued Wages and Benefits	35,563
Total Current Liabilities	54,291
Noncurrent Liabilities:	
Net Pension Liability	998,231
Net OPEB Liability	679,790
Total Noncurrent Liabilities	1,678,021
Total Liabilities	1,732,312
Deferred Inflows of Resources	
Pension	379,371
OPEB	134,581
Total Deferred Inflows of Resources	513,952
Total Liabilities and Deferred Inflows of Resources	2,246,264
Net Position	
Net Investment in Capital Assets	1,753
Unrestricted (Deficit)	(788,644)
Total Net Position	($786,891)

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Statement of Activities
For the Year Ended December 31, 2018

	Expenses		Net (Expense) Revenue and Changes in Net Position Governmental Activities
Governmental Activities			
Current Health:			
Wages	$941,332		($941,332)
Employee Benefits	228,864		(228,864)
Payroll Taxes	13,070		(13,070)
Professional Fees	64,934		(64,934)
Office Expense	20,691		(20,691)
Rent	60,588		(60,588)
Software	37,771		(37,771)
Telephone	22,618		(22,618)
Postage	13,701		(13,701)
Travel and Meals	48,069		(48,069)
Seminars and Training	12,761		(12,761)
Miscellaneous	25,410		(25,410)
Depreciation	3,780		(3,780)
MAC Fees	4,397		(4,397)
Utilities	10,795		(10,795)
Total Governmental Activities	$1,508,781		(1,508,781)
		General Revenues	
		Waiver Administration	140,833
		Family Support Services	433,140
		Major Unusual Incidents	91,955
		Membership Fees	70,000
		Quality Assurance	213,288
		Provider Training	159,871
		MAC Revenue	335,218
		Investment Earnings	2,115
		Other	29,606
		Total General Revenues	1,476,026
		Change in Net Position	(32,755)
		Net Position Beginning of Year - ***Restated See Note 3***	(754,136)
		Net Position End of Year	($786,891)

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Balance Sheet
Governmental Funds
December 31, 2018

	General
Assets	
Cash and Cash Equivalents	$1,138,921
Deposits and Prepaid Expenses	7,174
Cash with Fiscal Agent	3,007
Accounts Receivable from other Governments	19,078
Total Assets	$1,168,180
Liabilities	
Accounts Payable	$4,230
Accrued Wages and Benefits Payable	35,563
Due to Other Governments	14,498
Total Liabilities	54,291
Fund Balances	
Nonspendable	7,174
Unassigned	1,106,715
Total Fund Balances	1,113,889
Total Liabilities and Fund Balances	$1,168,180

See accompanying notes to the basic financial statements.

North East Ohio Network
Mahoning County, Ohio

Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2018

Total Governmental Fund Balances		$1,113,889
Amounts reported for governmental activities in the statement of net position are different because		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,753
Some liabilities/assets, including net pension/OPEB obligations, are not due and payable in the current period and, therefore, are not reported in the funds.		
Net Pension Liability	(998,231)	
Net OPEB Liability	(679,790)	
Total		(1,678,021)
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and, therefore, are not reported in the funds.		
Deferred outflows of resources related to:		
Pension	239,414	
OPEB	50,026	
Total		289,440
Deferred inflows of resources related to pension and OPEB:		
Pension	(379,371)	
OPEB	(134,581)	
Total		(513,952)
Net Position of Governmental Activities		($786,891)

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General
Revenues	
Waiver Administration	$140,830
Family Support Services Administration Fee	433,140
Major Unusual Incidents Fee	91,955
Membership Fees	70,000
Quality Assurance	213,288
Provider Training	159,871
Investment Earnings	2,115
Other	29,606
MAC Revenue	335,218
Total Revenues	1,476,023
Expenditures	
Current:	
Wages	941,332
Employee Benefits	216,615
Payroll Taxes	13,070
Professional Fees	64,934
Office Expense	20,691
Rent	60,588
Software	37,771
Telephone	22,618
Postage	13,701
Travel and Meals	48,069
Seminars and Training	12,761
MAC Fees	4,397
Miscellaneous	25,410
Utilities	10,795
Total Expenditures	1,492,752
Net Change in Fund Balance	(16,729)
Fund Balance Beginning of Year	1,130,618
Fund Balance End of Year	$1,113,889

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2018

Net Change in Fund Balances - Total Governmental Funds		($16,729)
Amounts reported for governmental activities in the statement of activities are different because		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Current Year Depreciation		(3,780)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports the impact as deferred outflows. pension expense.		
Direct contributions:		
Pension	119,099	
OPEB	0	
Total		119,099
Except for amounts reported as deferred inflows/outflows, changes in net pension/OPEB liability impact pension/OPEB expense in the statement of activities.		
Pension	(113,504)	
OPEB	(17,841)	
Total		(131,345)
Change in Net Position of Governmental Activities		($32,755)

See accompanying notes to the basic financial statements

North East Ohio Network
Mahoning County, Ohio

Statement of Fiduciary Net Position
Agency Funds
December 31, 2018

	Agency
Assets	
Cash and Investments	$21,625,685
Liabilities	
Due to Other Governments	$21,625,685

See accompanying notes to the basic financial statements

Note 1 – Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the North East Ohio Network Council of Governments, Mahoning County (the Organization), with all the powers and authority vested in regional councils of government by Chapter 167 of the Ohio Revised Code as a body corporate and political. The Organization commenced operations in 1996. The Organization is governed by a 14-member board consisting of the Superintendents of the member County Boards of Developmental Disabilities. The participating member County Boards are: Ashtabula, Columbiana, Cuyahoga, Geauga, Lake, Lorain, Mahoning, Medina, Portage, Richland, Stark, Summit, Trumbull, and Wayne counties. Services provided include Family Support Services and other Locally Funded Programs, Waiver Administration, Major Unusual Incident Investigations, Quality Assurance Reviews, Provider Compliance Reviews, and Training. The primary purpose of the Organization is to coordinate the power and duties of the member boards to better benefit and serve individuals with developmental disabilities in each of the organization's member counties.

Note 2 – Summary of Significant Accounting Policies

The financial statements of the Organization have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the Organization are described below.

A. Fund Accounting

The accounts of the Organization are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

Governmental Funds: Governmental funds are used to account for the Organization's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). The Organization considers all revenues available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred.

General Fund: This fund is the Organization's primary operating fund. It accounts for all financial resources of the Organization, except those required to be accounted for in another fund. Fiduciary funds: The agency funds are custodial in nature and do not represent results of operations or have a measurement focus. Agency funds are accounted for by using the economic resources measurement focus and the accrual basis of accounting. These funds are used to account for assets that the Organization holds for its member County Boards.

B. Basis of Presentation and Measurement Focus

For financial statement reporting purposes, the Organization is considered a single purpose governmental entity. The Organization's basic financial statements consist of fund financial statements presented with adjustments reconciling to government-wide financial statements.

Government-wide Financial Statements - The Statement of Net Position and the Statement of Activities display information about the Organization as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statements are prepared using the economic resources measurement focus. This approach differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each program of the Organization's governmental activities. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

Fund Financial Statements - Fund financial statements report detailed information about the Organization. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds include balance sheet, which generally includes only current assets, deferred outflows of resources, current liabilities and deferred inflows of resources, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

Fund Balance - The Organization reports classifications of fund balance based on the extent to which the Organization is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. The following categories are used:

Nonspendable - amounts that cannot be spent because they are either (a) not in spendable form, or (b) legally required to be maintained intact.

Restricted - amounts that have constraints placed on the use of resources that are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

Committed - amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Organization's highest level of decision-making authority, the Board of Trustees.

Assigned - amounts that are constrained by the Organization's intent to be used for a specific purpose, but are neither restricted nor committed. Assigned amounts include those approved through the Organization's formal purchasing procedure by the Executive Director. Through the Organization's purchasing policy, the Board of Trustees has given the Executive Director the authority to constrain monies for intended purposes.

Unassigned - residual fund balance within the general fund that is in spendable form that is not restricted, committed, or assigned.

The Organization applies restricted resources first when an expense is incurred for purposes for which restricted and unrestricted fund balance is available. The Organization considers committed, assigned, and unassigned fund balances, respectively, to be spent when expenditures are incurred for purposes for which any of the unrestricted fund balance classifications could be used.

Agency funds do not report a measurement focus as they do not report operations.

Expenditure Recognition: The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. Allocations of costs such as depreciation and amortization are not recognized in the governmental funds.

Cash and Cash Equivalents: The Organization's cash and cash equivalents are considered to be cash on hand, demand deposits, money market funds and short-term investments with original maturities of three months or less from the date of acquisition.

Investments: Investments, primarily certificates of deposit, government securities, preferred stock, and corporate bonds, are stated at fair value.

Capital Assets: Capital assets include furniture, fixtures, and equipment owned by the Organization. These assets are reported in the government-wide financial statements. The Organization defines capital assets as assets with an initial individual cost of $2,000 or more. Capital assets are stated on the basis of historical cost, or, if contributed, at fair market value on the dates received.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed. Depreciation is computed using the straight-line method over the useful lives of 5 to 7 years.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future periods and are recorded as prepaid expenses.

Deferred Outflows/Inflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow if resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes 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 as an inflow of resources (revenue) until that time.

Budgetary Information: Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the general fund. The budget is prepared by the Executive Director, Finance Director, and the Operations Manager and approved by the Board of North East Ohio Network. As this is not required by State statute, the budget is not considered to be legally adopted. Budget amounts may be amended periodically by the Board.

State Cost Report Recovery or Repayment: Revenue from the State of Ohio for certain services provided by the Organization is based on tentative payment rates. Initial reimbursement or repayment is determined by the State after submission of annual cost reports. This initial determination is then subject to audit by the State. Revenue and expense is adjusted as required in subsequent periods based on final settlements. Settlements for calendar years through 2011 have been received or repaid. Although cost reports have been filed for 2012, 2013, 2014, and 2015, no determination has been made by the State of Ohio as to reimbursement or repayment.

Pensions/Other Postemployment Benefits (OPEB): For purposes of measuring the net pension/OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB, and pension/OPEB expense, information about the fiduciary net position of the pension/OPEB plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension/OPEB 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/OPEB systems report investments at fair value.

Net Position: Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Organization or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

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

Note 3 – Change in Accounting Principle & Restatement of Prior Year Net Position

Change in Accounting Principles

For 2018, the Organization has implemented GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", GASB Statement No. 85, "Omnibus 2017" and GASB Statement No. 86, "Certain Debt Extinguishments".

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 effected the Organization's postemployment benefit plan disclosures, as presented in Note 15 to the basic financial statements and added required supplementary information which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the Organization.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the Organization.

Restatement of Prior Year Net Position

A net position restatement is required in order to implement GASB Statement No. 75. The governmental activities at January 1, 2018 have been restated as follows:

	Governmental Activities
Net Position as Previously Reported	$ (7,636)
Deferred Outflows - Payments Subsequent to Measurement Date	10,217
Net OPEB Liability - OPERS	(756,717)
Restated Net Position at January 1, 2018	$ (754,136)

Note 4 – Cash and Investments

In accordance with Ohio Revised Code Section 167.04, the Organization invests in those instruments authorized by its written investment policy filed with the Auditor of the State which include (1) Bonds, notes, or other obligations guaranteed by the United States; (2) Bonds, notes, or other obligations issued by any Federal government agency; (3) Repurchase agreements under the terms of which the Organization purchases and the seller agrees unconditionally to repurchase any of the securities listed in (1) or (2); (4) Bonds and other obligations of the State of Ohio; (5) No load money market mutual funds and (6)

Investment grade corporate or commercial paper including preferred stock (up to a maximum of 25 percent of total investment assets).

Cash and investments as of December 31, 2018 are classified in the accompanying financial statements as follows:

Statement of Net Position and Governmental Fund Balance Sheet

Cash and Cash Equivalents	$1,142,354
Statement of Fiduciary Net Position - Agency Funds	21,625,685
Total Cash and Investments	$22,768,039

Cash and Investments as of December 31, 2018

PNC Business Checking	$22,768,039
Investments	0
Total Cash and Investments	$22,768,039

Deposits: At December 31, 2018, the book amount of the Organization's deposits in the PNC accounts was $1,142,354, and the cash balance per the PNC statements was $1,142,354.

All deposits and investments are held in PNC accounts as an investment advisor in the name of the Organization or jointly in the name of the Organization and the individual county. All amounts held by PNC are covered by Federal Deposit Insurance, Securities Investor Protection Corporation (SIPC) insurance, Excess SIPC coverage provided by surety bond, or financial guaranty insurance.

Note 5 – Capital Assets

Capital asset activity for the year ended December 31, 2018 was as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
Capital Assets, being depreciated:				
Furniture and Fixtures	$12,442	$0	$0	$12,442
Office Equipment	86,539	0	0	86,539
Total Capital Assets, being depreciated:	98,981	0	0	98,981
Less Accumulated Depreciation:				
Furniture and Fixtures	(9,324)	(1,382)	0	(10,706)
Office Equipment	(84,124)	(2,398)	0	(86,522)
Total Accumulated Depreciation	(93,448)	(3,780)	0	(97,228)
Total Capital Assets being depreciated, net	5,533	(3,780)	0	1,753
Total Capital Assets, Net	$5,533	($3,780)	$0	$1,753

Depreciation expense charged to governmental activities totaled $3,780 for 2018.

Note 6 – Defined Benefit Pension Plan

Net Pension Liability

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 retirement systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The retirement systems report investments at fair value.

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 Organization's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, 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 other variables. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Organization's share of each plan's unfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting.

Ohio Revised Code limits the Organization's obligation for this liability to annually required payments. The Organization cannot control benefit terms or the manner in which pensions are financed; however, the Organization does receive the benefit of employees' services 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. A 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 – The Organization participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members of the Organization may elect the member-directed plan and the combined plan, substantially all employees are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional pension 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 OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (800) 222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. 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 as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

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
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

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 earnings over a member's career.

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2018 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee	10.0%
2018 Actual Contribution Rates	
Employer:	
Pension	14.0%
Post-Employment Health Care Benefits	0.0%
Total Employer	14.0%
Employee	10.0%

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Organization's contractual required contribution was $119,099 for 2018.

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

The net pension liability for OPERS was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Organization's proportion of the net pension liability was based on the Organization's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS Traditional	OPERS Combined	OPERS Total
Proportion of the Net Pension Liability (Asset) Prior Measurement Date	0.00728200%	0.01885200%	
Proportion of the Net Pension Liability (Asset) Current Measurement Date	0.00636300%	0.00000000%	
Change in Proportionate Share	-0.00091900%	-0.01885200%	
Proportionate Share of the Net Pension Liability (Asset)	$998,231	$0	$998,231
Pension Expense	$86,088	$27,416	$113,504

At December 31, 2018, the Organization reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS Traditional
Deferred Outflows of Resources	
Differences between expected and actual experience	$1,020
Change of Assumptions	119,295
Organization contributions subsequent to the measurement date	119,099
Total Deferred Outflows of Resources	$239,414
Deferred Inflows of Resources	
Differences between expected and actual experience	$19,673
Net difference between projected and actual earnings on pension plan investments	214,305
Change in proportionate share & difference between Organization contributions and proportionate share of contributions	145,393
Total Deferred Inflows of Resources	$379,371

$119,099 reported as deferred outflows of resources related to pension resulting from Organization contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS Traditional
Year Ending December 31:	
2019	($7,047)
2020	(69,579)
2021	(94,368)
2022	(88,062)
Total	($259,056)

Actuarial Assumptions - OPERS

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 was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all periods included in the measurement, in accordance with the requirements of GASB 67:

Wage Inflation	3.25 Percent
Future Salary Increases, Including Inflation	3.25 Percent to 10.75 Percent
COLA or Ad hoc COLA	Pre 1/7/2013 retirees: 3 Percent; Post 1/7/2013 retirees: 3 Percent Simple through 2018, then 2.15 Percent Simple
Investment Rate of Return	7.50 Percent
Actuarial Cost Method	Individual Entry Age
Mortality Tables	RP-2014

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 16.82 percent for 2017.

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 following table displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.20 %
Domestic Equities	19.00	6.37
Real Estate	10.00	5.26
Private Equity	10.00	8.97
International Equities	20.00	7.88
Other Investments	18.00	5.26
Total	100.00 %	5.66 %

Discount Rate The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed the contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the Organization's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the Organization's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what the Organization's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.5 percent), or one percentage point higher (8.5 percent) than the current rate.

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Organization's Proportionate Share of the Net Pension Liability (Asset) - Traditional	$1,772,605	$998,231	$352,637

Note 7 – Defined Benefit Other Postemployment Benefits (OPEB) Plan

Net OPEB Liability

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

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions-between an employer and its employees-of salaries and benefits for employee services. OPEB is 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 OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

The Organization's share of each plan's unfunded benefits is presented as a long-term *net other postemployment benefit liability* on the accrual basis of accounting.

Ohio Revised Code limits the Organization's obligation for liabilities to OPERS to annual required payments. The Organization cannot control benefit terms or the manner in which OPEB from the cost-sharing, multiple-employer plans are financed; however, the Organization does receive the benefit of employees' services in exchange for compensation including OPEB.

GASB Statement No. 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio Revised Code permits but does not require the cost-sharing, multiple-employer retirement systems to provide health care to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

Plan Description—Ohio Public Employees Retirement System (OPERS)

The Organization contributes to the health care plans administered by OPERS. OPERS is a cost-sharing, multiple-employer public employee retirement system comprised of three separate pension plans; the Traditional Pension Plan, a defined benefit plan; the Combined Plan, a combination defined benefit/defined contribution plan; and the Member-Directed Plan, a defined contribution plan.

Prior to January 1, 2015, OPERS provided comprehensive health care coverage to retirees with 10 or more years of qualifying service credit and offered coverage to their dependents on a premium deduction or direct bill basis. Beginning January 1, 2015, the service eligibility criteria for health care coverage increased from 10 years to 20 years with a minimum age of 60, or 30 years of qualifying service at any age. Beginning January 1, 2016, Traditional Pension Plan and Combined Plan Medicare-eligible retirees could select supplemental coverage through the OPERS Medicare Connector (Connector). The Connector is a relationship with a vendor selected by OPERS and tasked with assisting eligible retirees, spouses and dependents with selecting and purchasing Medicare supplemental coverage through the Medicare market. Retirees that purchase supplemental coverage through the Connector may be eligible for monthly allowances deposited into a health reimbursement arrangement account (HRA) to be used for reimbursement of eligible health care expenses.

The OPERS health care plans and prescription drug coverage for non-Medicare eligible recipients are self-insured. Coverage for non-Medicare retirees includes hospitalization, medical expenses and prescription drugs. OPERS determines the amount, if any, of the associated health care costs that will be absorbed by OPERS and attempts to control costs by using managed care, case management and other programs. Participants in the Member-Directed Plan are not eligible for health care coverage offered to benefit recipients in the Traditional Pension and Combined plans. A portion of the employer contributions for these participants is allocated to a retiree medical account. Upon separation or retirement, participants may be reimbursed for qualified medical expenses from these accounts.

Effective January 1, 2007, OPERS implemented, with a five-year phase-in, the Health Care Preservation Plan (HCPP) to improve the long-term solvency of the health care fund. The HCPP features coverage levels and provides monthly allowances for health care coverage for retirees and their dependents based on the retiree's years of service. The allowance is determined at date of retirement and is adjusted for inflation annually thereafter based on OPERS Board-approved caps.

The financial report of the health care plans is included in the OPERS Comprehensive Annual Financial Report which can be obtained at https://www.opers.org/financial/reports.shtml#CAFR.

Funding Policy-The Ohio Revised Code permits, but does not require, OPERS to offer postemployment health care coverage. Authority to establish and amend health care coverage is provided to the OPERS Board of Trustees in Chapter 145 of the Ohio Revised Code. Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The portion of employer contributions allocated to health care for members in the Traditional Pension and Combined plans was 1.0 percent during calendar year 2017. For the calendar year 2018, OPERS decreased the portion allocated to health care to 0 percent. The Organization's contractually required contribution to OPERS health care for 2018 was $0.

OPEB Liabilities, OPEB Expense and Deferred Outflows of Resources and Deferred inflows of Resources Related to OPEB

The net OPEB liability for OPERS was measured as of December 31, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to December 31, 2017 by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. The Organization's proportion of the net OPEB liability was based on the Organization's share of contributions to the retirement system relative to the contributions of all participating entities. The following is information related to the proportionate share and OPEB expense:

	OPERS
Proportion of the Net OPEB Liability Prior Measurement Date	0.00749200%
Proportion of the Net OPEB Liability Current Measurement Date	0.00626000%
Change in Proportionate Share	-0.00123200%
Proportionate Share of the Net OPEB Liability	$679,790
OPEB Expense	$17,841

At December 31, 2018, the Organization reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$530
Change of Assumptions	49,496
Total Deferred Outflows of Resources	$50,026
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$50,640
Change in proportionate share and difference between contributions and proportionate share of contributions	83,941
Total Deferred Inflows of Resources	$134,581

No amount was reported as deferred outflows of resources related to OPEB resulting from Organization contributions subsequent to the measurement date that will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in pension expense as follows:

	OPERS
Year Ending December 31:	
2019	($28,875)
2020	(28,875)
2021	(14,145)
2022	(12,660)
Total	($84,555)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value 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 health care costs for financial reporting purposes are based on the substantive plan and include the types of coverages provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OBEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017.

Key Methods and Assumptions Used in Valuation of the Total OPEB Liability:

Actuarial Valuation Date	December 31, 2016
Rolled-Forward Measurement Date	December 31, 2017
Experience Study	5-Year Period ended December 31, 2015
Actuarial Cost Method	Individual Age Entry
Actuarial Assumptions:	
Single Discount Rate	3.85 Percent
Investment Rate of Return	6.50 Percent
Municipal Bond Rate	3.31 Percent
Wage Inflation	3.25 Percent
Projected Salary Increases	3.25 - 10.75 Percent (includes wage inflation at 3.25 Percent)
Health Care Cost Trend Rate	7.5 Percent, 3.25 Percent ultimate in 2028

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above tables.

Since the prior measurement date, the single discount rate was decreased from 4.23 percent to 3.85 percent based on a change in the municipal bond rate used between measurement dates.

The allocation of investment assets within the Health Care portfolio is approved by the OPERS Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the OPERS Board-approved asset allocation policy for 2017 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	34.00 %	1.88 %
Domestic Equities	21.00	6.37
REIT's	6.00	5.91
International Equities	22.00	7.88
Other Investments	17.00	5.39
Total	100.00 %	4.98 %

The long-term expected rate of return on health care 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.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.2 percent for 2017.

Discount Rate. A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the Organization's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate and Changes in the Health Care Cost Trend Rates. The following table present the net OPEB liability calculated using the single discount rate of 3.85% and the expected net OPEB liability if it were calculated using a discount rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
Organization's Proportionate Share of the Net OPEB Liability	$903,130	$679,790	$499,110

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the Actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate:

	1% Decrease	Current Health Care Trend Rate	1% Increase
Organization's Proportionate Share of the Net OPEB Liability	$650,414	$679,790	$710,134

Note 8 – Risk Management

The Organization is exposed to various risks of loss related to torts and general liability; theft of, damage to, and destruction of assets, natural disasters; errors and omissions; and injuries to employees. The Organization maintains insurance to cover these risks. There has been no significant reduction in insurance coverage from the prior years. There have been no claims or settlements since the inception of the Organization.

Note 9 – Commitments

Operating Leases:

The Organization rents office space under an operating lease expiring in 2018. Rent expense for 2018 was $60,588.

The Organization entered into a 63-month operating lease agreement for two Xerox Copiers commencing on August 1, 2016. Lease expense for 2018 was $6,251.

Minimum Annual Rentals are as follows:

2018	$66,839

North East Ohio Network
Required Supplementary Information

Schedule of the Organization's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Five Years (1)

	2018	2017	2016	2015	2014
Organization's Proportion of the Net Pension Liability	0.0063630%	0.0072820%	0.0084180%	0.0094570%	0.0094570%
Organization's Proportionate Share of the Net Pension Liability	$998,231	$1,653,618	$1,458,104	$1,140,596	$1,114,834
Organization's Covered-Employee Payroll	$884,162	$884,161	$1,261,649	$1,395,890	$1,595,230
Organization's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	112.90%	187.03%	115.57%	81.71%	69.89%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	N/A

(1) Information prior to 2014 is not available.

Amounts presented as of NEON's measurement date, which is the prior year end.

North East Ohio Network
Required Supplementary Information

Schedule of the Organization's Proportionate Share of the Net Pension Asset
Ohio Public Employees Retirement System (OPERS) - Combined Plan
Last Five Years (1)

	2018 (2)	2017	2016	2015	2014
Organization's Proportion of the Net Pension Asset	0.00000000%	0.00847800%	0.02968000%	0.02339000%	0.02339000%
Organization's Proportionate Share of the Net Pension Asset	$0	$10,492	$14,442	$9,006	$2,454
Organization's Covered-Employee Payroll	$68,908	$67,267	$108,008	$85,492	$86,300
Organization's Proportionate Share of the Net Pension Asset as a Percentage of its Covered-Employee Payroll	0.00%	15.60%	13.37%	10.53%	N/A
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset	137.28%	116.55%	116.90%	114.83%	104.56%

(1) Information prior to 2014 is not available.
(2) NEON no longer participates in the combined plan.

Amounts presented as of NEON's measurement date, which is the prior year end.

North East Ohio Network

Required Supplementary Information

Schedule of the Organization's Proportionate Share of the Net OPEB Liability
Ohio Public Employees Retirement System (OPERS
Last Two Years

	2018	2017
Organization's Proportion of the Net OPEB Liability	0.0062600%	0.0074920%
Organization's Proportionate Share of the Net OPEB Liability	$679,790	$756,717
Organization's Covered-Employee Payroll	$953,070	$951,428
Organization's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	71.33%	79.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	54.05%

(1) Information prior to 2017 is not available.

Amounts presented as of NEON's measurement date, which is the prior year end.

North East Ohio Network
Required Supplementary Information

Schedule of Organization Pension Contributions
Ohio Public Employees Retirement System (OPERS) - Traditional Plan
Last Six Years (1)

	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$119,099	$114,941	$106,099	$151,398	$167,507	$191,428
Contributions in Relation to the Contractually Required Contribution	($119,099)	($114,941)	($106,099)	($151,398)	($167,507)	($191,428)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payroll	$850,707	$884,162	$884,161	$1,261,649	$1,395,890	$1,595,230
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	12.00%	12.00%	12.00%	12.00%

(1) Information prior to 2013 available upon request.

North East Ohio Network
Required Supplementary Information

Schedule of Organization Pension Contributions
Ohio Public Employees Retirement System (OPERS) - Combined Plan
Last Six Years (1)

	2018 (2)	2017	2016	2015	2014	2013
Contractually Required Contribution	$0	$8,958	$8,072	$12,961	$10,259	$12,082
Contributions in Relation to the Contractually Required Contribution	$0	($8,958)	($8,072)	($12,961)	($10,259)	($12,082)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payroll	$0	$68,908	$67,267	$108,008	$85,492	$86,300
Contributions as a Percentage of Covered-Employee Payroll	n/a	13.00%	12.00%	12.00%	12.00%	14.00%

(1) Information prior to 2013 available upon request.
(2) NEON no longer participates in the combined plan.

North East Ohio Network
Required Supplementary Information

Schedule of Organization OPEB Contributions
Ohio Public Employees Retirement System (OPERS
Last Six Years (1)

	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$0	$10,217	$10,147	$11,601	$12,271	$11,601
Contributions in Relation to the Contractually Required Contribution	$0	($10,217)	($10,147)	($11,601)	($12,271)	($11,601)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0
Organization Covered-Employee Payroll	$850,707	$953,070	$951,428	$1,369,657	$1,481,382	$1,681,530
Contributions as a Percentage of Covered-Employee Payroll	0.00%	1.07%	1.07%	0.85%	0.83%	0.69%

(1) Information prior to 2013 available upon request

Pension

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

Other Postemployment Benefits (OPEB)

Ohio Public Employees Retirement System (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

North East Ohio Network
Mahoning County, Ohio

Schedule of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Year Ended December 31, 2018

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Positive (Negative)
Revenues				
Waiver Administration	$175,700	$175,700	$168,977	($6,723)
Family Support Services Fee	437,500	437,500	433,707	(3,793)
Major Unusual Incidents Fee	142,920	142,920	89,850	(53,070)
Provider Reviews and Training	164,000	164,000	161,251	(2,749)
Quality Assurance	180,000	180,000	207,755	27,755
Financial Services/Investment Earnings	14,000	14,000	2,921	(11,079)
MAC	312,000	312,000	335,218	23,218
Membership Fees	70,000	70,000	70,000	0
Other	8,000	8,000	27,165	19,165
Total Revenues	1,504,120	1,504,120	1,496,844	(7,276)
Expenditures				
Current:				
Wages	909,529	944,529	943,987	542
Employee Benefits	253,908	253,908	245,359	8,549
Payroll Taxes	13,197	13,197	13,134	63
Professional Fees	102,947	102,947	85,852	17,095
Office Expense	25,000	25,000	28,619	(3,619)
Rent	60,588	60,588	60,588	0
Software	34,500	34,500	37,771	(3,271)
Telephone	21,700	21,700	22,647	(947)
MAC Fees	0	0	4,397	(4,397)
Travel and Meals	50,000	50,000	50,194	(194)
Seminars and Training	15,000	15,000	13,298	1,702
Utilities	11,412	11,412	10,984	428
Miscellaneous	12,500	12,500	10,235	2,265
Total Expenditures	1,510,281	1,545,281	1,527,065	18,216
Net Change in Fund Balance	(6,161)	(41,161)	(30,221)	10,940
Fund Balance Beginning of Year	877,489	877,489	877,489	0
Fund Balance End of Year	$871,328	$836,328	$847,268	$10,940

North East Ohio Network
Schedule of Funds Adminstered for County Boards
Year Ended December 31, 2018

	Ashtabula	Columbiana	Cuyahoga	Lake	Lorain	Mahoning	Medina	Portage	Richland	Stark	Summit	Wayne	Total
Cash and investment balance- Cost-- January 1, 2017	$ 1,083,143	$ 159,718	$ 517,407	$ 6,218,245	$ 631,079	$ 93,334	$ 454,485	$ 149,896	$ 7,181,836	$ 1,110,352	$ 4,982,388	$ 15,447	$ 22,597,330
Funds Received	3,663,376	39,233	1,724,025	4,147,044	-	361,900	278,735	462,115	2,692,368	305,316	466,193	10,000	14,150,305
Investment Earnings	-	-	-	-	-	-	-	-	(4,875)	-	-	-	(4,875)
Program Expenses	(1,909,078)	(94,248)	(1,868,829)	(4,815,918)	(8,812)	(284,832)	(361,753)	(369,567)	(4,269,177)	(686,295)	(431,609)	(16,957)	(15,117,075)
Bank Service Charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and investment balance- Cost - December 31, 2018	2,837,441	104,703	372,603	5,549,371	622,267	170,402	371,467	242,444	5,600,152	729,373	5,016,972	8,490	21,625,685
Unrealized Gain	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash and investment balance- Market-- December 31, 2018	$ 2,837,441	$ 104,703	$ 372,603	$ 5,549,371	$ 622,267	$ 170,402	$ 371,467	$ 242,444	$ 5,600,152	$ 729,373	$ 5,016,972	$ 8,490	$ 21,625,685
Accrued Interest Receivable	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 5,853	$ 158	$ -	$ -	$ 6,011

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CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S 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*

North East Ohio Network
Mahoning County
5121 Mahoning Ave., Suite 102
Austintown, Ohio 44515

To the Board of Trustees:

We have audited, in accordance with the 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, the financial statements of the governmental activities, the major fund (General), and the aggregate remaining fund information of the North East Ohio Network, Mahoning County (the Organization), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Organization's financial statements and have issued our report thereon dated July 30, 2019, wherein we noted the Organization adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 75, *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pension"*.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 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 deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Canter & Assoc

CANTER & ASSOCIATES

Poland, Ohio

July 30, 2019

OHIO AUDITOR OF STATE
KEITH FABER

NORTH EAST OHIO NETWORK

MAHONING 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
OCTOBER 3, 2019

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