



OHIO AUDITOR OF STATE  
**KEITH FABER**





**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
 CUYAHOGA COUNTY  
 JUNE 30, 2018**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Prepared by Management:	
Management's Discussion and Analysis .....	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds and Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	15
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds and Reconciliation of the Statements of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	16
Notes to the Basic Financial Statements.....	17
Required Supplementary Information:	
Schedule of NOACA's Proportionate Share of Net Pension Liability – Ohio Public Employees Retirement System – Traditional Plan .....	47
Schedule of NOACA's Proportionate Share of Net OPEB Liability – Ohio Public Employees Retirement System – Traditional Plan .....	48
Schedule of NOACA's Contributions – Ohio Public Employees Retirement System – Traditional Plan .....	49
Notes to the Required Supplementary Information .....	51
Other Information:	
Schedule of Fringe Benefit Cost Charges, Rate Base and Provisional Rate Computation .....	52
Schedule of Indirect Cost Charges, Rate Base and Fixed Rate Computation .....	53
Schedule of Expenditures of Federal Awards .....	55
Notes to the Schedule of Expenditures of Federal Awards.....	56

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
CUYAHOGA COUNTY  
JUNE 30, 2018**

**TABLE OF CONTENTS  
(Continued)**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	57
Independent Auditor's Report on Compliance with Requirements Applicable to the Major Federal Program and on Internal Control Over Compliance Required by the Uniform Guidance.....	59
Schedule of Findings.....	61



## INDEPENDENT AUDITOR'S REPORT

Northeast Ohio Areawide Coordinating Agency  
Cuyahoga County  
1299 Superior Avenue  
Cleveland, Ohio 44114

To the Board of Directors:

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio (NOACA), as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise NOACA's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the NOACA's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the NOACA's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
Phone: 216-787-3665 or 800-626-2297  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, Ohio, as of June 30, 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 discussed in Note 10 to the financial statements, during 2018, NOACA adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits other than Pensions*. We did not modify our opinion regarding this matter.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The Schedules of Fringe Benefit Cost Charges, Rate Base and Provisional Rate Computation and Indirect Cost Charges, Rate Base and Fixed Rate Computation present additional analysis and are not a required part of the basic financial statements.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 26, 2019, on our consideration of the NOACA's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the NOACA's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State

Columbus, Ohio

March 26, 2019

**This page intentionally left blank.**

*Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018  
(UNAUDITED)*

The management's discussion and analysis of Northeast Ohio Areawide Coordinating Agency's (NOACA) financial performance provides an overall review of NOACA's financial activities for the fiscal year ended June 30, 2018. The intent of this discussion and analysis is to look at NOACA's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of NOACA's financial performance.

#### Financial Highlights

- General revenues totaled \$717,323 or 11.4 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$5.59 million or 88.6 percent of total revenues of \$6.31 million.
- NOACA had \$7.23 million in expenses related to governmental activities; \$5.59 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$717,323, along with beginning net position, excluding the net pension and post-employment benefits liability of \$6.2 million were adequate to provide for these programs.
- Among major funds, the general fund had \$519,557 in revenues and \$795,718 in expenditures. The general fund's balance at the close of the current year was 140.8 percent of the current year's expenditures.
- Capital asset improvements during the year included the renovation of six restrooms and replacement of the carpet throughout the building.

#### Overview of the Financial Statements

The management's discussion and analysis is intended to serve as an introduction to NOACA's basic financial statements. NOACA's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements.

**Government-wide financial statements** - are designed to provide readers with a broad overview of NOACA's finances, in a manner similar to private-sector business.

The *statement of net position* presents information on all NOACA's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the four reported as *net position*. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of NOACA is improving or deteriorating.

The *statement of activities* presents information showing how NOACA's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

*Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018  
(UNAUDITED)*

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused vacation leave.)

The government-wide financial statements can be found on pages 13 and 14 of this report.

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

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

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

NOACA maintains 10 individual governmental funds. Information is presented separately in the governmental fund balance sheet and the statement of revenues, expenditures and changes in fund balance for the General, OCPG and FTA 3510 Funds which are considered major funds. Data from the other seven governmental funds are combined into a single, aggregate presentation.

*Notes to the Basic Financial Statements* - The notes provide additional information that is essential to develop a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements start on page 17 of this report.

#### Government-Wide Financial Analysis

Recall that the Statement of Net Position provides the perspective of NOACA as a whole. Table 1 provides a comparison of NOACA's net position for the years ended June 30, 2018 and 2017.

**Northeast Ohio Areawide Coordinating Agency**  
**Management's Discussion and Analysis**  
**For the Year Ended June 30, 2018**  
**(UNAUDITED)**

Table 1  
Net Position (Thousands)

<u>Assets</u>	<u>2018</u>	<u>2017</u>	<u>Change</u>
Current and Other assets	\$1,445	\$1,573	\$(128)
Capital Assets	998	1,000	(2)
Total Assets	<u>2,443</u>	<u>2,573</u>	<u>(130)</u>
 <u>Deferred Outflows of Resources</u>			
Pension	751	2,117	(1,366)
OPEB	<u>183</u>	<u>17</u>	<u>166</u>
Total Deferred Outflows Resources	<u>934</u>	<u>2,134</u>	<u>(1,200)</u>
 <u>Liabilities</u>			
Current Liabilities	325	176	149
Noncurrent Liabilities Due Within			
One Year	414	415	(1)
Net Pension Liability	3,859	5,721	(1,862)
Net OPEB Liability	2,492	2,380	112
Other Noncurrent Liabilities	<u>180</u>	<u>143</u>	<u>37</u>
Total Liabilities	<u>7,270</u>	<u>8,835</u>	<u>(1,565)</u>
 <u>Deferred Inflows of Resources</u>			
Pension	967	34	933
OPEB	<u>228</u>	<u>0</u>	<u>228</u>
Total Deferred Inflows Resources	<u>1,195</u>	<u>34</u>	<u>1,161</u>
 <u>Net Position</u>			
Net Investment in Capital Assets	998	1,000	(2)
Unrestricted	<u>(6,086)</u>	<u>(5,162)</u>	<u>(924)</u>
Total Net Position	<u>\$(5,088)</u>	<u>\$(4,162)</u>	<u>\$(926)</u>

The net pension liability and other post-employment benefits (OPEB) are the largest liabilities reported by NOACA at June 30, 2018, and are reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27" and GASB Statement 75, "Accounting and Financial Reporting for Post-Employment Benefits Other Than Pensions", which was adopted for fiscal year 2018. For reasons discussed below, many end users of this financial statement will gain clearer understanding of NOACA's actual condition by adding deferred inflows, net pension and OPEB liabilities, and subtracting deferred outflows related to Governmental Accounting Standards Board standards, which 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 OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and

*Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018  
(UNAUDITED)*

OPEB accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68 and 75, the net pension and OPEB liabilities equal NOACA's proportionate share of each plan's collective:

1. Present value of estimated future pension and 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 post employment benefits. GASB noted that the unfunded portion of this promise is a present obligation of NOACA, part of a bargained-for benefit to the employee, and should accordingly be reported by NOACA as a liability since they received the benefit of the exchange. However, NOACA is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding 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 employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, as 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 OPEB liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of these liabilities, but are outside the control of NOACA. 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 and OPEB liabilities are satisfied, these liabilities are separately identified within the long-term liability section of the statement of net position.

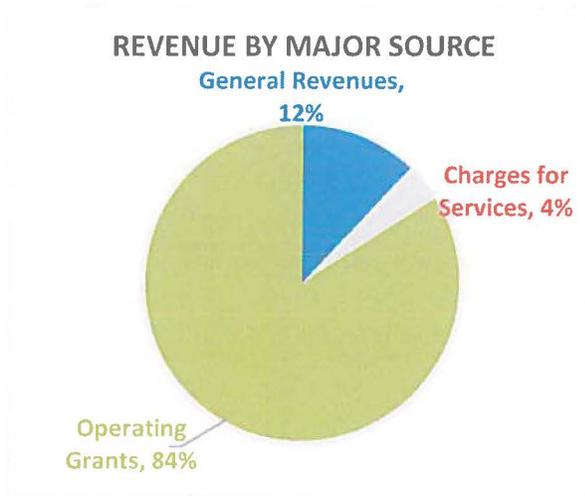
In accordance with GASB 68 and GASB 75, NOACA's statements prepared on an accrual basis of accounting include an annual pension and OPEB expense for their proportionate share of each plan's *change* in net pension and OPEB liabilities, respectively, not accounted for as deferred inflows/outflows.

**Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018  
(UNAUDITED)**

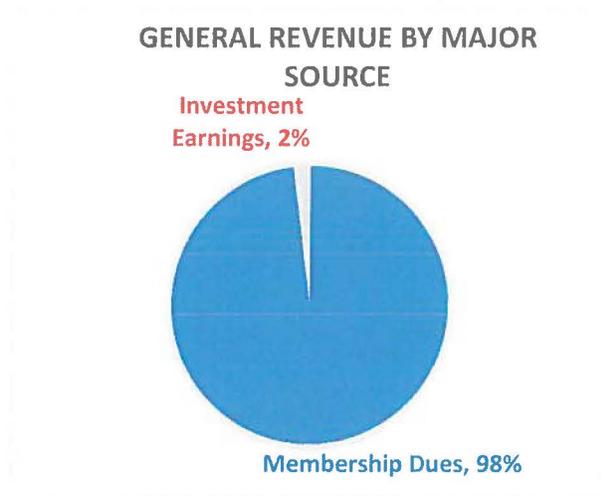
The most significant change from the prior year is the addition of the OPEB liability and the increase in the deferred inflows of resources for the pension and OPEB. Due to the adoption of GASB 75, the net position for June 30, 2017 was restated from (\$1.8) million to (\$4.2) million. The decrease in Current and Other Assets resulted from a decrease in cash from operations and capital improvements.

The majority of NOACA's revenues are from operating grants as reflected in the following graphs.

Graph 1



Graph 2



Revenues in Fiscal Year 2018 compared to Fiscal Year 2017 are reflected in Table 2 below. Program revenues are lower due to lower expenses funded by the operating grants.

Table 2  
Revenues (Thousands)

Revenues	2018	2017	Change
Program Revenues			
Charges for Services	\$270	\$261	\$9
Operating Grants/Contributions	5,320	5,695	(375)
General Revenues			
Membership Dues	707	707	0
Investment Earnings	11	6	5
Miscellaneous	0	11	(11)
<b>Total Revenues</b>	<b>\$6,308</b>	<b>\$6,680</b>	<b>\$(372)</b>

***Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018  
(UNAUDITED)***

Table 3 shows total program and net program expenses during fiscal years 2018 and 2017.

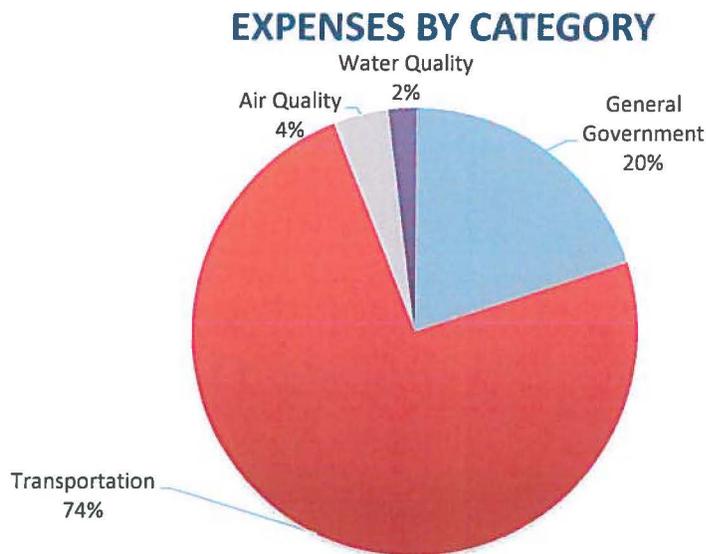
Table 3  
Total Program Expenses (Thousands)

<u>Functions/Programs</u>	<u>Program Expense</u>		<u>Net program Expense</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
General Government	\$1,445	\$1,086	\$(1,175)	\$(825)
Transportation Planning	5,381	5,979	(468)	(962)
Air Quality Planning	281	572	0	(22)
Water Quality Planning	<u>126</u>	<u>143</u>	<u>0</u>	<u>(15)</u>
Total Expenses	<u>\$7,233</u>	<u>\$7,780</u>	<u>\$(1,643)</u>	<u>\$(1,824)</u>
Net Ending Position	<u>\$(5,088)</u>			

Program expenses decreased during fiscal year 2018. Expenses by programs were lower due to a change in the accounting for pension expenses which previously were allocated to the different programs but in 2018 were reflected in General Government.

The following graph shows a breakdown of expenses by percentage in the major categories.

Graph 3



***Northeast Ohio Areawide Coordinating Agency  
Management's Discussion and Analysis  
For the Year Ended June 30, 2018  
(UNAUDITED)***

**The Major Funds**

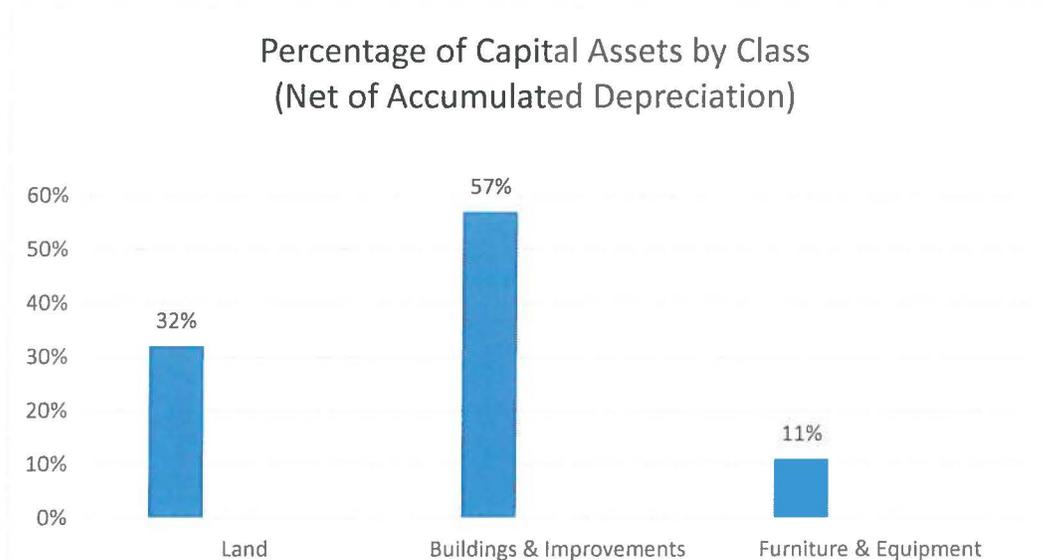
NOACA's major funds presentation begins on page 15. These funds are accounted for using the modified accrual basis of accounting, focusing on near term financial resources of NOACA. All governmental funds had total revenues of \$6.3 million and expenditures of \$6.6 million. The net change in fund balance for the year represents 19.78% of the year's beginning fund balance.

The general fund recognized \$123,730 in current liabilities for fiscal year 2018. Accrued salaries and benefits account for 60.7% of those liabilities. The other major funds, OCPG and FTA 5310, recognized \$535,162 and \$187,608, respectively, in current liabilities for the fiscal year. Interfund liabilities accounted for 97.6% and 100.0%, respectively, of those liabilities.

**Capital Assets**

At the end of the year, NOACA had \$998,195 invested in land, buildings and equipment, less accumulated depreciation. For further information on NOACA's capital assets, refer to Note 5 of the basic financial statements.

The graph below shows the breakdown (by percent) of the individual classes for capital assets.



**Contacting the Agency's Financial Management**

This financial report is designed to provide our members, grantors, citizens and creditors with a general overview of NOACA's finances and to show NOACA's accountability for the money it receives. If you have any questions about this report or need additional financial information, please contact the Comptroller, Northeast Ohio Areawide Coordinating Agency, 1299 Superior Avenue, Cleveland, Ohio 44114.

This page intentionally left blank

**Northwest Ohio Areawide Coordinating Agency**  
**Statement of Net Position**  
**June 30, 2018**

	Governmental Activities
<b><u>Assets</u></b>	
Equity in Pooled Cash and Cash Equivalents	\$563,257
Receivables:	
Accounts	880,798
Deposits	670
Restricted Assets:	
Nondepreciable Capital Assets	322,500
Depreciable Capital Assets, Net	675,695
Total Assets	2,442,920
<b><u>Deferred Outflows of Resources</u></b>	
Pension	750,818
OPEB	183,400
Total Deferred Outflows of Resources	934,218
<b><u>Liabilities</u></b>	
Accounts Payable	149,514
Accrued Wages Payable	75,147
Unearned Revenue	100,000
Noncurrent Liabilities:	
Due Within One Year	413,678
Due in More Than One Year	
Net Pension Liability (See Note 3)	3,858,792
Net OPEB Liability (See Note 4)	2,492,202
Other Amounts Due in More Than One Year	180,580
Total Liabilities	7,269,913
<b><u>Deferred Inflows of Resources</u></b>	
Pension	966,992
OPEB	227,813
Total Deferred Inflows of Resources	1,194,805
<b><u>Net Position</u></b>	
Net Investment in Capital Assets	998,195
Unrestricted	(6,085,775)
Total Net Position	(\$5,087,580)

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency**  
**Statement of Activities**  
**For the Year Ended June 30, 2018**

<u>Function/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net Position</u>
			<u>Contributions</u>	<u>Governmental</u>
				<u>Activities</u>
Governmental Activities:				
General Government	\$1,444,861	\$270,007	\$0	(\$1,174,854)
Transportation Planning	5,381,392	0	4,913,619	(467,773)
Air Quality Planning	281,225	0	281,225	0
Water Quality Planning	125,667	0	125,667	0
Total Governmental Activities	<u>\$7,233,145</u>	<u>\$270,007</u>	<u>\$5,320,511</u>	<u>(\$1,642,627)</u>

General Revenues:	
Membership Dues	\$706,747
Investment earnings	10,576
Total General Revenues	<u>717,323</u>
Changes in Net Position	(925,304)
Net Position-Beginning (Restated - See Note 10)	<u>(4,162,276)</u>
Net Position-Ending	<u><u>(\$5,087,580)</u></u>

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency  
Balance Sheet - Governmental Funds  
June 30, 2018**

	General	OCPG	FTA 5310	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$463,257	\$0	\$0	\$100,000	\$563,257
Receivables:					
Accounts	7,842	535,162	187,608	150,186	880,798
Interfund	772,025	0	0	0	772,025
Deposits	670	0	0	0	670
<b>Total Assets</b>	<b><u>\$1,243,794</u></b>	<b><u>\$535,162</u></b>	<b><u>\$187,608</u></b>	<b><u>\$250,186</u></b>	<b><u>\$2,216,750</u></b>
<b>Liabilities</b>					
Accounts Payable	\$48,583	\$12,746	\$0	\$88,185	\$149,514
Accrued Wages Payable	75,147	0	0	0	75,147
Interfund Payables	0	522,416	187,608	62,001	772,025
Unearned Revenue	0	0	0	100,000	100,000
<b>Total Liabilities</b>	<b><u>123,730</u></b>	<b><u>535,162</u></b>	<b><u>187,608</u></b>	<b><u>250,186</u></b>	<b><u>1,096,686</u></b>
<b>Fund Balance</b>					
Unassigned	1,120,064	0	0	0	1,120,064
<b>Total Fund Balances</b>	<b><u>1,120,064</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>1,120,064</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$1,243,794</u></b>	<b><u>\$535,162</u></b>	<b><u>\$187,608</u></b>	<b><u>\$250,186</u></b>	<b><u>\$2,216,750</u></b>

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency  
Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities  
June 30, 2018**

**Reconciliation of Total Governmental Fund Balances to  
Net Position of Governmental Activities**

<b>Total Governmental Fund Balances</b>	<b>\$1,120,064</b>
<b>Amounts reported for governmental activities in the statement of net position are different because:</b>	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	998,195
Long-term liabilities, such as uncompensated absences, are not due and payable in the current period therefore are not reported in the funds.	(594,258)
The net pension liability and net OPEB liability are not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in government funds:	
Deferred Outflows - Pension	750,818
Deferred Outflows - OPEB	183,400
Net Pension Liability	(3,858,792)
Net OPEB Liability	(2,492,202)
Deferred Inflows - Pension	(966,992)
Deferred Inflows - OPEB	(227,813)
<b>Net Position of Governmental Activities</b>	<b><u>(\$5,087,580)</u></b>

**Northeast Ohio Areawide Coordinating Agency**  
**Statement of Revenues, Expenditures and Changes in Fund Balances -**  
**Governmental Funds**  
**For the Year Ended June 30, 2018**

	General	OCPG	FTA 5310	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>					
Charges for Services	\$270,007	\$0	\$0	\$0	\$270,007
Membership Dues	238,974	433,193	0	34,580	706,747
Intergovernmental	0	3,899,005	609,882	811,624	5,320,511
Interest	10,576	0	0	0	10,576
<b>Total Revenues</b>	<b>519,557</b>	<b>4,332,198</b>	<b>609,882</b>	<b>846,204</b>	<b>6,307,841</b>
<b>Expenditures:</b>					
Current:					
General Government	795,718	0	0	0	795,718
Transportation Planning	0	4,332,198	609,882	439,312	5,381,392
Air Quality Planning	0	0	0	281,225	281,225
Water Quality Planning	0	0	0	125,667	125,667
<b>Total Expenditures</b>	<b>795,718</b>	<b>4,332,198</b>	<b>609,882</b>	<b>846,204</b>	<b>6,584,002</b>
Net Change in Fund Balances	(276,161)	0	0	0	(276,161)
Fund Balances - beginning	1,396,225	0	0	0	1,396,225
<b>Fund Balances - ending</b>	<b>\$1,120,064</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,120,064</b>

See accompanying notes to the basic financial statements

**Northeast Ohio Areawide Coordinating Agency**  
**Reconciliation of the Statements of Revenues, Expenditures and Changes**  
**in Fund Balances of Governmental Funds to the Statement of Activities**  
**For the Fiscal Year Ended June 30, 2018**

<b>Net Change in Governmental Fund Balances</b>	<b>(\$276,161)</b>
<b>Amounts reported in governmental activities in the statement of activities are different because:</b>	
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 outlays in the current period.	
Capital Asset Additions	268,200
Current Year Depreciation	(270,007)
Some items reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	(36,615)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
Pension	438,062
OPEB	15,108
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the State of Activities.	
Pension	(875,118)
OPEB	(188,773)
<b>Change in Net Position of Governmental Activities</b>	<b>(\$925,304)</b>

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. DESCRIPTION OF THE REPORTING ENTITY AND BASIS OF PRESENTATION**

The Northeast Ohio Areawide Coordinating Agency (NOACA) is a comprehensive planning and transportation agency formed to coordinate and review federal and state funded planning activities and proposals in northeast Ohio. NOACA was created under Ohio Revised Code Section, 307.14. Membership of NOACA includes the counties of Cuyahoga, Geauga, Lake, Lorain and Medina, the cities, villages, and townships within those counties, and the county-based transit agencies and sewer districts within those counties. The Governing Board comprises representatives, who hold public office, from the various member counties. There are 45 voting representatives on the NOACA Board.

Governmental accounting standards require disclosure of any organizations for which NOACA is financially accountable. NOACA's combined basic financial statements consist of all funds, departments, commissions and boards that are not legally separate from NOACA. NOACA is financially accountable for an organization if NOACA appoints a voting majority of the organization's governing board and (1) NOACA is able to significantly influence the programs or services performed or provided by the organization; or (2) NOACA is legally entitled to or can otherwise access the organization's resources; NOACA is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or NOACA is obligated for the debt of the organization. The criteria for including entities and funds in NOACA's financial statements are in agreement with the Governmental Accounting Standards Board (GASB) Statement 14, of and modified with GASB 61. There are no other governments for which NOACA is financially accountable that require inclusion in this presentation.

NOACA accounts are organized on the basis of funds, each of which is considered a separate accounting entity. Operations of each fund are accounted for with a set of self-balancing accounts that comprise assets, liabilities, fund balance, revenues, and expenses. The various funds are summarized by type in the basic financial statements.

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

**GOVERNMENTAL FUNDS**

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

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**A. DESCRIPTION OF THE REPORTING ENTITY AND BASIS OF PRESENTATION (Continued)**

**General Fund** - The General Fund is the operating fund of NOACA and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to NOACA for any purpose provided it is expended or transferred according to the general laws of Ohio.

**OCPG Fund** - The OCPG Fund (Ohio Consolidated Planning Grant) is a special revenue fund used to account for the proceeds of specific revenue sources (FHA/ODOT) that are legally restricted to expenditure for specified purposes.

**FTA 5310** – The FTA 5310 Fund (Enhanced Mobility of Seniors and Individuals with Disabilities) is a special revenue fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes.

**Government-wide and Fund Financial Statements** - The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all the activities of the primary government. The effect of interfund activity has been removed from these statements. *Governmental activities* normally are supported by charges for services and intergovernmental revenues.

**B. BASIS OF ACCOUNTING**

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

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational requirements of a particular function or segment.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the *economic resources measurement focus and the accrual basis of accounting*. Revenues are recorded when

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**B. BASIS OF ACCOUNTING (Continued)**

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants, membership dues and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, NOACA considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However, compensated absences are recorded only when payment is due.

Non-exchange transactions, in which NOACA receives value without directly giving equal value in return, include grants, entitlements and donations. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which NOACA must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to NOACA on a reimbursement basis.

On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

**NET POSITION:** Net position represents the difference between assets and deferred outflows, and liabilities and deferred inflows. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limits imposed on their use either through the enabling legislation adopted by NOACA or external restrictions imposed by creditors, grantors or laws or regulations of other governments. NOACA currently has no restricted net position amounts.

**BUDGETARY AND ACCOUNTING CONTROL:** In March-June each year, management submits an estimate of operating expenses for the current fiscal year to the NOACA Board for approval. In addition, a fiscal year budget by project is submitted to the Ohio Department of Transportation as a basis for NOACA's overall work program.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**B. BASIS OF ACCOUNTING (Continued)**

NOACA is not subject to Ohio Revised Code budgetary requirements.

**CASH AND SHORT TERM INVESTMENTS:** Cash and short term investments consist of bank, StarOhio and StarPlus balances.

**CAPITAL ASSETS:** Capital assets in service are stated on the basis of historical cost or, if contributed, at acquisition value at the date received. Interest incurred during construction is not capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. The capitalization threshold is \$300. Buildings and improvements and furniture and equipment are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	20
Furniture and Equipment	3-10

**DEFERRED INFLOWS/OUTFLOWS OF RESOURCES:** In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until then. For NOACA, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB plans. The deferred outflow of resources related to pension and OPEB plans are explained in Notes 3 and 4.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized until that time. For NOACA, deferred inflows of resources include pension and OPEB plans. Deferred inflows of resources related to pension and OPEB are reported on the government-wide statement of net position (See Notes 3 and 4).

**PENSIONS/OTHER POST EMPLOYMENT 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 position have been determined on the same basis as they are reported by the pension/OPEB plan. 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 plans report investments at fair value.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**B. BASIS OF ACCOUNTING (Continued)**

**COMPENSATED ABSENCES:** Vacation and sick benefits accrue as a liability since the benefits are earned if the employee's rights to receive compensation are attributable to service already rendered and it is probable NOACA will compensate the employees for the benefits through paid time off or other means. The liability includes the employees who are currently eligible to receive termination benefits and those NOACA has identified as probable of receiving payment in the future. The amount is based on accumulated leave and employees' wage rates at fiscal year-end, taking into consideration any limits specified in NOACA's termination policy.

NOACA records a liability for accumulated unused vacation time when earned for all employees. NOACA records a liability for accumulated unused sick leave for all employees, considering any limits specified in NOACA's termination policy.

On the governmental fund financial statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period, for example, as a result of employee resignations and retirements. The entire compensated absences liability is reported on the government-wide statement of net position.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS:** All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment when due. Net pension/OPEB liability should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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

**FEDERAL AND STATE AGENCY GRANT FUNDS:** Project funds authorized under federal and state agency grants are requisitioned from such agencies either on an advance

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

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

**B. BASIS OF ACCOUNTING (Continued)**

basis or for reimbursement of eligible costs incurred up to amounts contracted for under each grant. These funds are accounted for at the time eligible costs are incurred.

**LOCAL CONTRIBUTIONS:** Member units of government are assessed membership dues to generate local operating funds and provide the local matching requirements of federal and state grants. A local matching contribution is required for most federal and state grants. The amount of each matching contribution depends on the federal or state contribution. Membership dues are assessed in July for the current fiscal year and are accounted for at the time they are invoiced. The assessment is based on the relationship of population in each area as a percent of the total population NOACA serves.

**UNEARNED REVENUE:** Unearned revenue represents amounts under the accrual and modified accrual basis of accounting for which asset recognition criteria have been met, but for which revenue recognition criteria have not been met because the amounts have not yet been earned. NOACA's unearned revenues consist of \$100,000 received from the Cleveland Foundation during 2018 for the Hyperloop feasibility study, none of which was expended or earned during 2018.

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

Rates are calculated based on the latest audited fiscal year with adjustments for projected changes. Once approved, the provisional rates are billed for the contract period. At the end of the fiscal year, an actual rate is calculated and the difference between the estimated and actual cost for the period covered by the rate is identified to the specific contracts. Any variance is either billed as an additional cost or refunded to the granting agency. No carry forward provision is permitted to adjust future rates for the variance.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS**

Monies held by NOACA are classified by State statute into two categories.

Active deposits are public deposits determined to be necessary to meet demands upon NOACA's treasury. Active monies must be maintained either as cash in NOACA's treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

NOACA's Investment Policy allows for the short-term funds to be invested in the following instruments:

1. Negotiable Order of Withdrawal (NOW) accounts in federally-insured financial institutions and collateral at 105% of deposited amount;
2. No load money market mutual funds consisting exclusively of obligations described in division B(1) or (2) of Section 135.14 and repurchase agreements secured by such obligations;
3. Certificates of Deposit in eligible institutions as provided in Section 135.08 of the Ohio Revised Code (ORC);
4. Repurchase agreements (not to exceed 30 days) as permitted under Section 135.14(e) of the ORC; and
5. StarOhio (Local government investment pool).

Long-term funds can be invested in the following instruments:

1. Direct obligations of the U.S. Treasury, its agencies, instrumentalities and Government Sponsored Enterprises (GSE's);
2. Certificates of Deposit in eligible institutions as provided in Section 135.08 of the ORC;
3. StarOhio (Local government investment pool);
4. Negotiable Order of Withdrawal (NOW) accounts in federally-insured financial institutions and collateral at 105% of deposited amount;
5. Municipal Debt-Bonds and other obligations of political subdivisions of Ohio, rated in the three highest rating classifications and a maximum of 20% of the portfolio; and
6. Certificate of Deposit exempt from pledging requirements per Section 135.144 of the ORC (CDARS).

No derivative securities/investment "pools" except of StarOhio, are permitted.

**NORTHEAST OHIO AREA WIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)**

**CUSTODIAL CREDIT RISK:** Custodial credit risk for deposits is the risk that in the event a bank fails, NOACA will not be able to recover deposits or collateral securities held by an outside party. As of June 30, 2018, the carrying amount of NOACA's bank deposits was \$173,208, all of which were fully insured by the FDIC. In addition, StarPlus accounts, which are 100% FDIC-insured, totaled \$253,303.

NOACA's Investment Policy is consistent with Ohio law which requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with NOACA or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**INVESTMENTS:** Investments are reported at fair value. As of June 30, 2018, NOACA had the following investments:

<u>Investments</u>	Maturity			
	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
StarOhio Account	\$136,747	\$136,747	0	0
Total Investments	\$136,747	\$136,747	\$0	\$0

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

**CUSTODIAL CREDIT RISK:** For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, NOACA will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party

All of NOACA's investments are held in the State of Ohio's StarOhio fund.

**CONCENTRATION OF CREDIT RISK:** NOACA may invest in any investment that is not specifically guaranteed by the U.S. Government or considered a money market mutual fund up to fifty percent of total available investable cash at the end of each month during the fiscal year.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLANS**

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

**NET PENSION LIABILITY/NET OPEB LIABILITY**

The net pension liability and the net OPEB liability reported on the statement of net position represent liabilities to employees for pensions and OPEB, respectively. Pensions/OPEB are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions/OPEB 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/OPEB liability represent NOACA's proportionate share of each pension/OPEB plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension/OPEB plan's fiduciary net position. The net pension/OPEB liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting these estimates annually.

Ohio Revised Code limits NOACA's obligation for this liability to annually required payments. NOACA cannot control benefit terms or the manner in which pensions are financed; however, the District does receive the benefit of employees' services in exchange for compensation including pension and OPEB.

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability. Resulting adjustments to the net pension/OPEB liability would be effective when the changes are legally enforceable. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**NET PENSION LIABILITY/NET OPEB LIABILITY (Continued)**

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OBEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting. The remainder of this note includes the required pension disclosures. See Note 4 for the required OPEB disclosures.

**PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)**

NOACA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined 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 (e.g. NOACA employees) may elect the member-directed plan and the combined plan, substantially all employee members 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 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, including requirements for reduced and unreduced benefits):

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)  
(Continued)**

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

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 a 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:

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)  
(Continued)**

	State and Local
<b>FY 2018 Statutory Maximum Contribution Rates</b>	
Employer	14.0 %
Employee	10.0 %
 <b>FY 2018 Actual Contribution Rates</b>	
Employer (July 1, 2017 - December 31, 2017):	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
 Employer (Effective January 1, 2018):	
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.

NOACA's contractually required contribution was \$438,062 for fiscal year 2018. Of this amount, \$9,103 is reported as an intergovernmental payable.

**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. NOACA's proportion of the net pension liability was based on NOACA's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

	<u>OPERS</u>
Proportion of the Net Pension Liability:	
Current Measurement Date	0.02459700%
Prior Measurement Date	0.02519400%
Change in Proportionate Share	-0.00059700%
Proportionate Share of the Net Pension Liability	\$3,858,792
Pension Expense	\$875,118

At June 30, 2018, NOACA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>OPERS</u>
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience	\$3,941
Changes of assumptions	461,151
Changes in proportion and differences between NOACA contributions and proportionate share of contributions	44,056
NOACA contributions subsequent to the measurement date	241,670
Total Deferred Outflows of Resources	\$750,818
<b>Deferred Inflows of Resources</b>	
Differences between expected and actual experience	\$76,044
Net difference between projected and actual earnings on pension plan investments	828,432
Changes in proportion and differences between NOACA contributions and proportionate share of contributions	62,516
Total Deferred Inflows of Resources	\$966,992

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (Continued)**

The \$241,670 reported as deferred outflows of resources related to pension resulting from NOACA contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 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:

	<u>OPERS</u>
Fiscal Year Ending June 30:	
2019	\$354,752
2020	(107,384)
2021	(364,797)
2022	(340,415)
Total	(\$457,844)

**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. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2017, are presented below.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**ACTUARIAL ASSUMPTIONS - OPERS (Continued)**

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent
Actuarial Cost Method	Individual Entry Age

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 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 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 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

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**ACTUARIAL ASSUMPTIONS - OPERS (Continued)**

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
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	<u>100.00 %</u>	<u>5.66 %</u>

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

***Sensitivity of NOACA's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate*** The following table presents NOACA's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.5 percent, as well as what NOACA'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:

**NORTHEAST OHIO AREA WIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**3. DEFINED BENEFIT PENSION PLAN (Continued)**

**ACTUARIAL ASSUMPTIONS - OPERS (Continued)**

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
NOACA's proportionate share of the net pension liability	\$6,852,232	\$3,858,792	\$1,363,166

**4. DEFINED BENEFIT OPEB PLANS**

See Note 3 for a description of the net OPEB liability

**PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**PLAN DESCRIPTION – OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)**

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both 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 employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

NOACA's contractually required contribution was \$15,108 for fiscal year 2018. Of this amount, none is reported as an intergovernmental payable.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)**

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. NOACA's proportion of the net pension liability was based on NOACA's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>OPERS</u>
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.02295000%
Prior Measurement Date	0.02356700%
Change in Proportionate Share	-0.00061700%
Proportionate Share of the Net OPEB Liability	\$2,492,202
OPEB Expense	\$188,773

At June 30, 2018, NOACA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**OPEB LIABILITIES, OPEB EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO OPEB (Continued)**

	OPERS
<b>Deferred Outflows of Resources</b>	
Differences between expected and actual experience actual experience	\$1,941
Changes of assumptions	181,459
Total Deferred Outflows of Resources	\$183,400
<b>Deferred Inflows of Resources</b>	
Net difference between projected and actual earnings on OPEB plan investments	\$185,652
Changes in proportion and differences between NOACA contributions and proportionate share of contributions	42,161
Total Deferred Inflows of Resources	\$227,813

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2019	\$21,113
2020	21,113
2021	(40,226)
2022	(46,413)
Total	(\$44,413)

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**ACTUARIAL ASSUMPTIONS – OPERS (Continued)**

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 and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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 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 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 described tables.

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

**NORTHEAST OHIO AREA WIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**ACTUARIAL ASSUMPTIONS – OPERS (Continued)**

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.

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees 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 the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	<u>100.00 %</u>	<u>4.98 %</u>

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**ACTUARIAL ASSUMPTIONS – OPERS (Continued)**

**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 NOACA’s Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate** The following table presents NOACA’s proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what NOACA’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
NOACA's proportionate share of the net OPEB liability	\$3,310,997	\$2,492,202	\$1,829,804

**Sensitivity of NOACA’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate** 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.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**4. DEFINED BENEFIT OPEB PLANS (Continued)**

**ACTUARIAL ASSUMPTIONS – OPERS (Continued)**

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.

	<u>1% Decrease</u>	<u>Current Health Care Cost Trend Rate Assumption</u>	<u>1% Increase</u>
NOACA's proportionate share of the net OPEB liability	\$2,384,505	\$2,492,202	\$2,603,448

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**5. CHANGE IN CAPITAL ASSETS**

Changes in capital assets during the year ended June 30, 2018 were as follows:

	Balance July 1, 2017	Additions	Reductions	Balance June 30, 2018
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$322,500	\$0	\$0	\$322,500
<i>Capital Assets, being depreciated</i>				
Buildings and Improvements	3,579,707	263,348	0	3,843,055
Furniture and Equipment	<u>1,375,340</u>	<u>4,852</u>	<u>(23,039)</u>	<u>1,357,153</u>
<i>Total Capital Assets being depreciated</i>	<u>4,955,047</u>	<u>268,200</u>	<u>(23,039)</u>	<u>5,200,208</u>
Less: Accumulated Depreciation:				
Building & Improvements	(3,080,939)	(194,313)	0	(3,275,252)
Furniture and Equipment	<u>(1,196,606)</u>	<u>(75,694)</u>	<u>23,039</u>	<u>(1,249,261)</u>
<i>Total Accumulated Depreciation</i>	<u>(4,277,545)</u>	<u>(270,007)</u>	<u>23,039</u>	<u>(4,524,513)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>677,502</u>	<u>(1,807)</u>	<u>0</u>	<u>675,695</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$1,000,002</u>	<u>\$(1,807)</u>	<u>\$0</u>	<u>\$998,195</u>

Depreciation expense is eliminated through the cancellation of indirect costs and recovered in the General Governmental function.

**6. COMPENSATED ABSENCES**

In conformity with Government Accounting Standards Board (GASB) Statement No. 16, NOACA accrues all types of leave benefits as earned by its employees.

**VACATION LEAVE:** Employees of NOACA earn vacation leave, sick leave, and personal leave at various rates. Generally, employees accrue vacation leave at a rate of 3.7 hours every two weeks for the first five years of employment, up to a maximum rate of 7.7 hours every two weeks after 15 years of employment.

Employees may accrue a maximum of three years vacation leave credit. Any amounts that exceed a three-year accrual must be used by December 31st, subsequent to fiscal year end. At termination or upon other separation from NOACA, employees are paid at their full rate for 100 percent of unused vacation leave for leave earned and unused during their NOACA tenure.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**6. COMPENSATED ABSENCES (Continued)**

**SICK LEAVE:** Sick leave for all full-time employees is accumulated at a rate of 3.7 hours every two weeks. Sick leave is cumulative. At termination, retirement, or death, employees may convert sick leave earned at NOACA to cash at one hour for every four (25%) up to a maximum of 960 hours. (e.g., if you cash in all 960 hours, you will receive payment for 240 hours of work).

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

The change in accrued vacation and sick leave is itemized below:

	<u>July 1, 2017</u>	<u>Additions</u>	<u>Reductions</u>	<u>June 30, 2018</u>
Vacation	\$429,046	263,921	(236,006)	\$456,961
Sick	<u>128,597</u>	<u>90,407</u>	<u>(81,707)</u>	<u>137,297</u>
Total	<u>\$557,643</u>	<u>354,328</u>	<u>(317,713)</u>	<u>\$594,258</u>

**7. INTERFUND RECEIVABLES/PAYABLES**

Individual fund interfund receivables and payables as of June 30, 2018, are as follows:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
<u>Major Funds</u>		
General	\$772,025	\$0
OCPG	0	522,416
FTA 5310	0	187,608
Nonmajor Governmental Funds	<u>0</u>	<u>62,001</u>
TOTAL	<u>\$772,025</u>	<u>\$772,025</u>

Interfund activity results from the reimbursement method of expenses. Interfund receivables/payables are normally received or paid within 60 days of submitting invoices to funding sources.

**NORTHEAST OHIO AREA WIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**8. RISK MANAGEMENT**

NOACA is exposed to various risks of loss related to theft, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2018, NOACA contracted with Selective Insurance Company of America for property insurance. Public Officials Liability coverage is provided by RSUI Indemnity Company with a \$1.0 million aggregate limit. Public Employee Dishonesty coverage is provided by Zurich with a \$500,000 limit per loss. Settled claims have not exceeded coverage for the past five years. There have been no significant reductions in insurance coverage from the prior year.

NOACA pays the Bureau of Worker's Compensation a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOACA provides health, vision, and dental insurance to its full-time employees. Health insurance is provided through a joint self-insurance Healthcare Benefits Program with Lorain County. Medical Mutual of Ohio is the third party administrator.

**9. CHANGES IN LONG TERM LIABILITIES**

Long-term liability activity for the year ended June 30, 2018, was as follows:

	Amount Outstanding <u>June 30, 2017</u>	<u>Additions</u>	<u>(Reductions)</u>	Amount Outstanding <u>June 30, 2018</u>	Due Within <u>One Year</u>
Government Activities					
Net Pension Liability	\$5,721,129	\$0	(\$1,862,337)	\$3,858,792	\$0
Net OPEB Liability	2,380,347	111,855	0	2,492,202	0
Compensated Absences	<u>557,643</u>	<u>354,328</u>	<u>(317,713)</u>	<u>594,258</u>	<u>413,678</u>
Total Government	<u>\$8,659,119</u>	<u>\$466,183</u>	<u>(\$2,180,050)</u>	<u>\$6,945,252</u>	<u>\$413,678</u>

**10. STATE INFRASTRUCTURE BANK LOANS**

NOACA serves as the Metropolitan Planning Organization (MPO) for Lake, Geauga, Cuyahoga, Lorain and Medina Counties. The federal government has designated MPOs to carry out the transportation planning process required for certain federal capital improvement grants in urban areas. The MPOs are required to prepare a twenty-year long range transportation plan and a four-year transportation improvement program (TIP). Federal dollars are allocated to ODOT, which are utilized based on the TIP.

ODOT maintains the State Infrastructure Bank (SIB) Loan program, authorized under Chapter 5531 of the Ohio Revised Cod, for financing transportation projects throughout the state. The program is utilized as a mechanism for funding capital projects in advance of future federal

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**10. STATE INFRASTRUCTURE BANK LOANS (Continued)**

allocation dollars, thus allowing an earlier completion date for the project. NOACA is party to these agreements; however, they are not reflected on the financial statements. As of June 30, 2018, \$60,513,110 of these agreements have been executed with ODOT, with a balance outstanding of \$10,159,826 in amounts disbursed to the various capital projects.

**11. CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION**

For fiscal year 2018, NOACA implemented Governmental Accounting Standards Board (GASB) Statement No. 85, *Omnibus 2017*, Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, and related guidance from (GASB) Implementation Guide No. 2017-3, *Accounting and Financial Reporting for Postemployment Benefits other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)*.

For fiscal year 2018, NOACA also implemented the Governmental Accounting Standards Board's (GASB) *Implementation Guide No. 2017-1*. These changes were incorporated in NOACA's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 85 addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits (OPEB)). These changes were incorporated in NOACA's fiscal year 2018 financial statements; however, there was no effect on beginning net position/fund balance.

GASB 75 established standards for measuring and recognizing Postemployment benefit liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2017:

Net Position June 30, 2017	(\$1,799,051)
Adjustments:	
Net OPEB Liability	(2,380,347)
Deferred Outflow - Payments Subsequent to Measurement Date	17,397
Correction of Prior Year Net Position	<u>(275)</u>
Restated Net Position June 30, 2017	<u>(\$4,162,276)</u>

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**JUNE 30, 2018**

**11. CHANGES IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION (Continued)**

In addition to the restatement due to GASB 75, a correction in the amount of \$275 is being made to the Net Position on June 30, 2017. This amount had been received from the Cleveland Foundation but had not yet been spent/earned and should have been reported as an increase in unearned revenue and a decrease in the Net Position as reflected above.

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

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF NOACA'S PROPORTIONATE SHARE OF NET PENSION LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN**  
**LAST FOUR FISCAL YEARS \***

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NOACA's Proportion of the Net Pension Liability	.02459700%	.02519400%	.02434100%	.02328700%
NOACA's Proportionate Share of Net Pension Liability	\$3,858,792	\$5,721,129	\$4,216,527	\$2,808,672
NOACA's Covered Payroll	\$3,250,446	\$3,256,825	\$3,029,475	\$2,855,008
NOACA's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	118.72%	175.67%	139.18%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%

\*Amounts presented for each fiscal year were determined as of NOACA's measurement date which is the prior calendar year.

See accompanying notes to the required supplementary information.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF NOACA'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN**  
**LAST TWO FISCAL YEARS (1)**

	<u>2018</u>	<u>2017</u>
NOACA's Proportion of the Net OPEB Liability	.02295000%	.02356700%
NOACA's Proportionate Share of the Net OPEB Liability	\$2,492,202	\$2,380,347
NOACA's Covered Payroll	\$3,250,446	\$3,256,825
NOACA's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	54.14%	N/A

(1) Information prior to 2017 is not available

Amounts presented for each fiscal year were determined as of NOACA's measurement date which is the prior calendar year.

See accompanying notes to the required supplementary information.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF NOACA'S CONTRIBUTIONS**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN**  
**LAST TEN FISCAL YEARS**

<b>Net Pension Liability</b>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually Required Contribution	\$438,062	\$468,547	\$451,889	\$410,531	\$411,860
Contributions in Relation to the Contractually Required Contribution	<u>(438,062)</u>	<u>(468,547)</u>	<u>(451,889)</u>	<u>(410,531)</u>	<u>(411,860)</u>
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
NOACA Covered Payroll (1)	\$3,236,922	\$3,532,545	\$3,283,801	\$3,002,711	\$3,028,086
Contributions as a Percentage of Covered Payroll	13.53%	13.00%	12.00%	12.00%	10.00%
<b>Net OPEB Liability</b>					
Contractually Required Contribution	\$15,108	\$44,039	\$64,233	\$58,312	\$117,674
Contributions in Relation to the Contractually Required Contribution	<u>(15,108)</u>	<u>(44,039)</u>	<u>(64,233)</u>	<u>(58,312)</u>	<u>(117,674)</u>
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
OPEB Contributions as a percentage of Covered Payroll	.47%	1.00%	2.00%	2.00%	4.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) NOACA's covered payroll is the same for Pension and OPEB.

(Continued)

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

(2)

**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF NOACA'S CONTRIBUTIONS - CONTINUED**  
**OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM – TRADITIONAL PLAN**  
**LAST TEN FISCAL YEARS**

<b>Net Pension Liability</b>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Contractually Required Contribution	\$356,820	\$405,591	\$411,786	\$410,123	\$417,925
Contributions in Relation to the Contractually Required Contribution	<u>(356,820)</u>	<u>(405,591)</u>	<u>(411,786)</u>	<u>(410,123)</u>	<u>(417,925)</u>
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
NOACA Covered Payroll (1)	\$2,780,846	\$2,790,153	\$3,040,602	\$2,884,643	\$2,939,831
Pension Contributions as a Percentage of Covered Payroll	10.00%	9.00%	9.00%	8.00%	7.00%
<b>Net OPEB Liability</b>					
Contractually Required Contribution	\$101,949	\$115,884	\$147,049	\$109,650	\$112,168
Contributions in Relation to the Contractually Required Contribution	<u>(101,949)</u>	<u>(115,884)</u>	<u>(147,049)</u>	<u>(109,650)</u>	<u>(112,168)</u>
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0
OPEB Contributions as a percentage of Covered Payroll	4.00%	5.00%	5.00%	6.00%	7.00%
Total Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%	14.00%

(1) NOACA's covered payroll is the same for Pension and OPEB.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**Changes in Assumptions – OPERS Traditional and Combined Plans, Net Pension Liability**

Amounts reported for fiscal year 2018 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2017 and prior are presented below:

Key Methods and Assumptions in Valuing Total Pension Liability - 2017 Measurement

	<u>Traditional Plan</u>	<u>Combined Plan</u>
Wage Inflation	3.25 percent	3.25 percent
Future Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation	3.25 to 8.25 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.15 percent, simple	3 percent, simple through 2018, then 2.15 percent, simple
Investment Rate of Return	7.5 percent	7.5 - 8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Key Methods and Assumptions in Valuing Total Pension Liability - 2016 Measurement

	<u>Traditional Plan</u>	<u>Combined Plan</u>
Wage Inflation	3.75 percent	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation	4.25 to 8.05 percent including wage inflation
COLA or Ad Hoc COLA:		
Pre-January 7, 2013 Retirees	3 percent, simple	3 percent, simple
Post-January 7, 2013 Retirees	3 percent, simple through 2018, then 2.8 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	8 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

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 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 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 described tables.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**Changes in Assumptions – Net OPEB Liability**

The total OPEB liability in the December 31, 2017 actuarial valuation for Ohio’s Public Employees Retirement System OPEB benefit plan was determined using the following assumptions, applied to all periods included in the measurement period:

	Fiscal Year ended June 30, 2018
Inflation	3.25 percent
Projected salary increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate	3.85 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Payroll Increases	3.25 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

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 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 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 described tables.

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

**SCHEDULE OF FRINGE BENEFIT COST CHARGES, RATE BASE AND**  
**PROVISIONAL RATE COMPUTATION**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

	<u>ACTUAL RATE – FY 2018</u>
<u>LABOR BASE</u>	<u>\$2,774,108</u>
 <u>FRINGE BENEFIT CATEGORY</u>	
Sick Leave	\$81,707
Bereavement	4,809
Holiday	133,268
Vacation	236,006
Personal Days	37,651
Jury/Longevity/Stipend/Parental Leave	14,487
PERS	453,169
Worker's Compensation	541
Unemployment Compensation	1,598
Hospitalization	564,453
Transit Subsidy	(3,556)
Short Term Disability Insurance	14,389
Moving Expenses	800
Professional Dues	2,836
Medicare	<u>45,283</u>
 <b>TOTAL FRINGE BENEFIT COSTS</b>	 <b><u>\$1,587,441</u></b>
 Fringe Benefit Rate used by NOACA	 57.22%

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**  
**CUYAHOGA COUNTY**

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

**DIRECT LABOR (SALARY)**

Air Quality	\$ 87,748
Water Quality (604(B) + local)	166,754
Transportation Programs	1,848,041
Rideshare Program	47,769
Other Local Activities	<u>21,599</u>
Total Labor	\$2,171,911
Total Fringes	<u>1,242,843</u>
Labor/Fringe Base	<u>\$3,414,754</u>

**INDIRECT COST CATEGORY**

Salaries/Fringes	\$946,795
Office/Utilities/Maint/Security	96,977
Telephone	15,023
Travel/Training	24,662
Meeting/Parking	1,242
Supplies	13,999
Postage	24
Consultants	31,203
Hardware/Software	26,804
Membership Dues	36,386
Furniture/Equipment	250
Audit Fees	15,990
Depreciation	252,652
Advertising	992
Accounting Services	3,234
Insurance	19,583
Legal Services	36,625
Equipment Leasing	1,440
Maintenance Repair (Equipment)	47,997
Publications	<u>728</u>
TOTAL	<u>\$1,572,606</u>
Indirect Cost Rate Used by NOACA	46.05%

**This page intentionally left blank.**

**NORTHEAST OHIO AREA WIDE COORDINATING AGENCY  
CUYAHOGA COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Grant Number</b>	<b>Passed Through to Subrecipients</b>	<b>Total Federal Expenditures</b>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>				
<i>Passed Through the Ohio Environmental Protection Agency</i>				
Watershed Planning	66.454	604 (b)	\$ -	\$ 50,667
Total U.S. Environmental Protection Agency			-	<b>50,667</b>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
<b>FEDERAL HIGHWAY ADMINISTRATION</b>				
<i>Passed Through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster				
Highway Planning and Construction:				
Enhanced TLC	20.205	TLCI	-	138,319
Federal Aid Urban System	20.205	Rideshare	-	128,803
FHWA/FTA Program	20.205	OCPG - FY 2017	-	692,003
FHWA/FTA Program	20.205	OCPG - FY 2018	-	2,773,534
FHWA/FTA Program	20.205	CMAQ	-	281,225
Total Highway Planning and Construction Cluster			-	<b>4,013,884</b>
<b>FEDERAL TRANSIT ADMINISTRATION</b>				
<i>Direct Awards</i>				
Transit Services Program Cluster				
Enhanced Mobility for Seniors and Individuals with Disabilities - FHWA/FTA Program	20.513	Enhanced Mobility - 5310	334,296	609,882
New Freedom Program - FHWA/FTA Program	20.521	New Freedom	134,200	134,200
Total Transit Services Program Cluster			468,496	744,082
Total U.S. Department of Transportation			<b>468,496</b>	<b>4,757,966</b>
<b>Total Expenditures of Federal Awards</b>			<b>\$ 468,496</b>	<b>\$ 4,808,633</b>

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

**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY  
CUYAHOGA COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2018**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Northeast Ohio Areawide Coordinating Agency (NOACA's) under programs of the federal government for the year ended June 30, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of NOACA, it is not intended to and does not present the financial position, changes in net position, or cash flows of NOACA.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

**NOTE C – INDIRECT COST RATE**

NOACA has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE D – SUBRECIPIENTS**

NOACA passes certain federal awards received from the United States Department of Transportation to other governments or not-for-profit agencies (subrecipients). As Note B describes, NOACA reports expenditures of Federal awards to subrecipients on an accrual basis.

As a subrecipient, NOACA has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

**NOTE E – MATCHING REQUIREMENTS**

Certain Federal programs require NOACA to contribute non-Federal funds (matching funds) to support the Federally-funded programs. NOACA has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

# OHIO AUDITOR OF STATE KEITH FABER



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

Northeast Ohio Areawide Coordinating Agency  
Cuyahoga County  
1299 Superior Avenue  
Cleveland, Ohio 44114

To the Board of Directors:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' Government Auditing Standards, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Northeast Ohio Areawide Coordinating Agency, Cuyahoga County, (NOACA) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise NOACA's basic financial statements and have issued our report thereon dated March 26, 2019, wherein we noted NOACA adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

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

As part of our financial statement audit, we considered NOACA's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of NOACA's internal control. Accordingly, we have not opined on it.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of NOACA's financial statements. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
Phone: 216-787-3665 or 800-626-2297  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

***Compliance and Other Matters***

As part of reasonably assuring whether NOACA's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under Government Auditing Standards.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of NOACA's internal control or on compliance. This report is an integral part of an audit performed under Government Auditing Standards in considering NOACA's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber  
Auditor of State

Columbus, Ohio

March 26, 2019



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Northeast Ohio Areawide Coordinating Agency  
Cuyahoga County  
1299 Superior Avenue  
Cleveland, Ohio 44114

To the Board of Directors:

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

We have audited the Northeast Ohio Areawide Coordinating Agency's (NOACA) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could directly and materially affect the Northeast Ohio Areawide Coordinating Agency's major federal program for the year ended June 30, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies NOACA's major federal program.

***Management's Responsibility***

NOACA's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to opine on NOACA's compliance for NOACA's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' Government Auditing Standards; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about NOACA's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on NOACA's major program. However, our audit does not provide a legal determination of NOACA's compliance.

Lausche Building, 615 Superior Ave., NW, Twelfth Floor, Cleveland, Ohio 44113-1801  
Phone: 216-787-3665 or 800-626-2297  
[www.ohioauditor.gov](http://www.ohioauditor.gov)

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

In our opinion, the Northeast Ohio Areawide Coordinating Agency complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2018.

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

NOACA's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered NOACA's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of NOACA's internal control over compliance.

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

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

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



Keith Faber  
Auditor of State

Columbus, Ohio

March 26, 2019

**NORTHEAST OHIO AREA WIDE COORDINATING AGENCY  
CUYAHOGA COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2018**

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

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unmodified
<b>(d)(1)(ii)</b>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material weaknesses in internal control reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Program's Compliance Opinion</b>	Unmodified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under 2 CFR § 200.516(a)?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program:</b>	Highway Planning and Construction Cluster – CFDA #20.205
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee under 2 CFR § 200.520?</b>	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

**This page intentionally left blank.**

# OHIO AUDITOR OF STATE KEITH FABER



**NORTHEAST OHIO AREAWIDE COORDINATING AGENCY**

**CUYAHOGA COUNTY**

### **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 28, 2019**