OHIO AUDITOR OF STATE
KEITH FABER

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY
JUNE 30, 2020

TABLE OF CONTENTS

TITLE	PAGE
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 Statement 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 the Net Pension Liability – Ohio Public Employees Retirement System – Traditional Plan	47
Schedule of NOACA's Proportionate Share of the 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	50
Other Information:	
Schedule of Fringe Benefit Cost Charges, Rate Base and Fringe Benefit Rate Computation	53
Schedule of Indirect Cost Charges, Rate Base and Indirect Cost Rate Computation	54
Schedule of Expenditures of Federal Awards	55
Notes to the Schedule of Expenditures of Federal Awards	56

TABLE OF CONTENTS
(Continued)

TITLE	PAGE
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*	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
Prepared by Management:	
Corrective Action Plan	63

OHIO AUDITOR OF STATE
KEITH FABER

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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, 2020, 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 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 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.

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, 2020, 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 12 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the NOACA. 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 Fringe Benefit Rate Computation and Indirect Cost Charges, Rate Base and Indirect Cost 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, 2021, on our consideration of 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 NOACA's internal control over financial reporting and compliance.

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2021

This page intentionally left blank.

Northeast Ohio Areawide Coordinating Agency
Management's Discussion and Analysis
For the Year Ended June 30, 2020
(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, 2020. 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

Government-Wide Activities:

- General revenues totaled $961,067 or 12.5 percent of all net operating revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for $6.7 million or 87.5 percent of total revenues of $7.7 million.

- NOACA had $8.1 million in expenses related to governmental activities; $6.7 million of these expenses were offset by program specific charges for services, grants or contributions. General revenues of $961,067, along with beginning net position, excluding the net pension and post-employment benefits liability of $7.8 million, were adequate to provide for these programs.

Governmental Funds:

- Foundations provided $255,813 for the Hyperloop feasibility study and for a Transportation for Livable Communities study of East 66th Street.

- General Fund expenditures increased slightly from last year due to the design work for the green infrastructure project and costs related to the freight conference.

- The General Fund's fund balance at the close of the current year was $1.6 million or 3.5 times the current year's expenditures compared to 3.7 times during the prior fiscal year.

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. 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 17 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, FTA 3510 and Foundations Funds which are considered major funds. Data from the other 13 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, 2020 and 2019.

Table 1
Net Position (Thousands)

Assets	2020	2019	Change
Current and Other assets	$1,964	$1,848	$116
Capital Assets	970	932	38
Total Assets	2,934	2,780	154
Deferred Outflows of Resources			
Pension	491	1,732	(1,241)
OPEB	489	232	257
Total Deferred Outflows Resources	980	1,964	(984)
Liabilities			
Current Liabilities	339	403	(64)
Noncurrent Liabilities Due Within One Year	339	409	(70)
Net Pension Liability	4,712	6,677	(1,965)
Net OPEB Liability	3,083	2,960	123
Other Noncurrent Liabilities	380	206	174
Total Liabilities	8,853	10,655	(1,802)
Deferred Inflows of Resources			
Pension	1,082	143	939
OPEB	479	48	431
Total Deferred Inflows Resources	1,561	191	1,370
Net Position			
Net Investment in Capital Assets	970	932	38
Unrestricted (Deficit)	(7,470)	(7,034)	(436)
Total Net Position	$(6,500)	$(6,102)	$(398)

The net pension liability (NPL) is the largest single liability reported by NOACA at June 30, 2020. GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange, However, NOACA is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contribution to provide for these OPEB benefits.

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

The most significant changes from the prior year are the decreases in deferred outflows and net pension liability for the pension plan and the increases in the deferred inflows of resources for pension and OPEB.

The majority of NOACA's revenues are from operating grants as reflected in the following table. Revenues in Fiscal Year 2020 were approximately $.5 million lower than in Fiscal Year 2019 due to the winding down of the Hyperloop feasibility study and due to lower spending in the CMAQ program which was at least partly due to the unusual traffic patterns during COVID 19.

Table 2
Revenues (Thousands)

Revenues	2020	2019	Change
Program Revenues			
Charges for Services	$83	$184	$(101)
Operating Grants/Contributions	6,662	7,036	(374)
General Revenues			
Membership Dues	945	945	0
Investment Earnings	16	19	(3)
Total Revenues	$7,706	$8,184	$(478)

Table 3 shows total program and net program expenses during fiscal years 2020 and 2019.

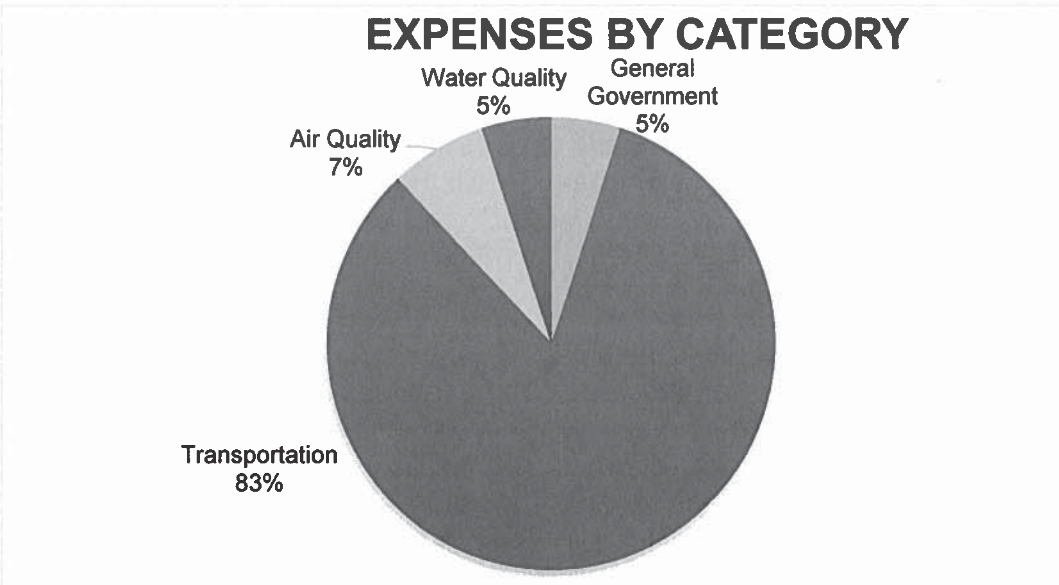
Table 3
Total Program Expenses (Thousands)

	Program Expense		Net program Expense	
Functions/Programs	2020	2019	2020	2019
General Government	$425	$965	$(343)	$(781)
Transportation Planning	6,685	7,383	(689)	(1,162)
Air Quality Planning	561	705	(22)	(15)
Water Quality Planning	433	145	(305)	(20)
Total Expenses	$8,104	$9,198	$(1,359)	$(1,978)

Program expenses decreased overall and in Transportation Planning during fiscal year 2020 due to the near completion of the Hyperloop feasibility study. Air Quality Planning also was lower due to limitations of the CMAQ program from COVID 19. The only area that shows an increase was due to the reclassification of the local water quality program from General Government to Water Quality Planning.

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

Graph 1



The Major Funds

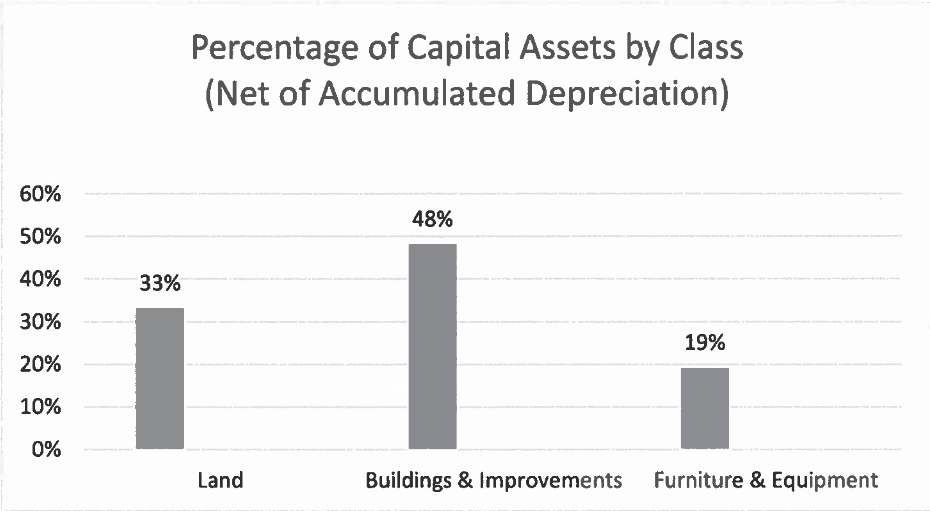
NOACA's major funds presentation begins on page 15. These funds are accounted for using the modified accrual basis of accounting, focusing on near term financial resources of NOACA. All governmental funds had total revenues of $7.7 million and expenditures of $7.5 million. The net increase in fund balance for the year represents 12.4% of the year's beginning fund balance.

The general fund recognized $192,975 in current liabilities for fiscal year 2020. Accrued salaries and benefits account for 59.3% of those liabilities. The other major funds, OCPG, FTA 5310, and Foundations recognized $373,639, $15,922, and $105,337, respectively, in current liabilities for the fiscal year. Interfund liabilities accounted for 95.2%,100.0%, and 0.00%, respectively, of those liabilities.

Capital Assets

At the end of the year, NOACA had $970,396 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

Northeast Ohio Areawide Coordinating Agency
Statement of Net Position
June 30, 2020

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	$1,425,734
Receivables:	
Accounts	537,297
Deposits	670
Nondepreciable Capital Assets	373,325
Depreciable Capital Assets, Net	597,071
Total Assets	2,934,097
Deferred Outflows of Resources	
Pension	490,494
OPEB	489,463
Total Deferred Outflows of Resources	979,957
Liabilities	
Accounts Payable	162,973
Accrued Wages Payable	114,457
Unearned Revenue	61,629
Noncurrent Liabilities:	
Due Within One Year	339,098
Due in More Than One Year	
Net Pension Liability (See Note 3)	4,712,336
Net OPEB Liability (See Note 4)	3,082,834
Other Amounts Due in More Than One Year	379,619
Total Liabilities	8,852,946
Deferred Inflows of Resources	
Pension	1,082,392
OPEB	478,953
Total Deferred Inflows of Resources	1,561,345
Net Position	
Net Investment in Capital Assets	970,396
Unrestricted (Deficit)	(7,470,633)
Total Net Position	($6,500,237)

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Statement of Activities
For the Year Ended June 30, 2020

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Function/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Governmental Activities**
Governmental Activities:				
General Government	$425,254	$82,639	$0	($342,615)
Transportation Planning	6,685,325	0	5,996,012	(689,313)
Air Quality Planning	560,499	0	538,821	(21,678)
Water Quality Planning	432,738	0	127,172	(305,566)
Total Governmental Activities	$8,103,816	$82,639	$6,662,005	(1,359,172)
General Revenues:				
Membership Dues				944,747
Investment earnings				16,320
Total General Revenues				961,067
Changes in Net Position				(398,105)
Net Position-Beginning				(6,102,132)
Net Position-Ending				($6,500,237)

See accompanying notes to the basic financial statements

Northeast Ohio Areawide Coordinating Agency
Balance Sheet - Governmental Funds
June 30, 2020

	General	OCPG	FTA 5310	Foundations	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	$1,364,105	$0	$0	$44,839	$16,790	$1,425,734
Receivables:						
Accounts	10,561	373,639	15,922	0	137,175	537,297
Interfund	442,281	0	0	60,498		502,779
Deposits	670	0	0	0	0	670
Total Assets	$1,817,617	$373,639	$15,922	$105,337	$153,965	$2,466,480
Liabilities						
Accounts Payable	$78,518	$17,918	$0	$60,498	$6,039	$162,973
Accrued Wages Payable	114,457	0	0	0	0	114,457
Interfund Payables	0	355,721	15,922	0	131,136	502,779
Unearned Revenue	0	0	0	44,839	16,790	61,629
Total Liabilities	192,975	373,639	15,922	105,337	153,965	841,838
Fund Balance						
Unassigned	1,624,642	0	0	0	0	1,624,642
Total Fund Balances	1,624,642	0	0	0	0	1,624,642
Total Liabilities and Fund Balances	$1,817,617	$373,639	$15,922	$105,337	$153,965	$2,466,480

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, 2020

Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	
Total Governmental Fund Balances	$1,624,642
Amounts reported for governmental activities in the statement of net position are different because:	
resources and, therefore, are not reported in the funds.	970,396
Long-term liabilities, such as compensated absences, are not due and payable in the current period therefore are not reported in the funds.	(718,717)
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	490,494
Deferred Outflows - OPEB	489,463
Net Pension Liability	(4,712,336)
Net OPEB Liability	(3,082,834)
Deferred Inflows - Pension	(1,082,392)
Deferred Inflows - OPEB	(478,953)
Net Position of Governmental Activities	($6,500,237)

Northeast Ohio Areawide Coordinating Agency
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds
For the Year Ended June 30, 2020

	General	OCPG	FTA 5310	Foundations	Other Governmental Funds	Total Governmental Funds
Revenues:						
Charges for Services	$82,639	$0	$0	$0	$0	$82,639
Membership Dues	545,314	399,433	0	0	0	944,747
Intergovernmental & Grants	0	3,594,887	1,241,389	255,813	1,569,916	6,662,005
Interest	16,320	0	0	0	0	16,320
Total Revenues	644,273	3,994,320	1,241,389	255,813	1,569,916	7,705,711
Expenditures:						
Current:						
General Government	185,709	0	0	0	0	185,709
Transportation Planning	0	3,994,320	1,241,389	255,813	991,090	6,482,612
Air Quality Planning	0	0		0	451,654	451,654
Water Quality Planning	279,197	0	0	0	127,172	406,369
Total Expenditures	464,906	3,994,320	1,241,389	255,813	1,569,916	7,526,344
Net Change in Fund Balances	179,367	0	0	0	(0)	179,367
Fund Balances - beginning	1,445,275	0	0	0	0	1,445,275
Fund Balances - ending	$1,624,642	$0	$0	$0	($0)	$1,624,642

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, 2020

Net Change in Governmental Fund Balances	$179,367
Amounts reported in governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.	
Capital Asset Additions	120,816
Current Year Depreciation	(82,639)
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.	(103,620)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of activities reports these amounts as deferred outflows.	
Pension	467,627
OPEB	2,100
Except for amounts reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the Statement of Activities.	
Pension	(683,160)
OPEB	(298,596)
Change in Net Position of Governmental Activities	($398,105)

NOTES TO THE BASIC FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 46 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:

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 expenditures for specified purposes.

Foundations – The Foundations Fund is a special revenue fund used to account for the proceeds of foundation grants that are legally restricted to expenditures that meet the requirements of the grant.

The other governmental funds of NOACA account for grants and other resources whose use is restricted, committed or assigned to a particular purpose.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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: At the March or June Board meeting each year, management submits an estimate of operating expenses for the next fiscal year for Board 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. NOACA is not subject to Ohio Revised Code budgetary requirements.

CASH AND SHORT TERM INVESTMENTS: Cash and short term investments consist of bank, STAR Ohio and STAR Plus balances.

STAR Ohio (the State Treasury Asset Reserve of Ohio), is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. NOACA measures their investment in STAR Ohio at the new asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

CAPITAL ASSETS: Capital assets in service are stated on the basis of historical cost or, if contributed, at acquisition value at the date received. 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 $2,000. Buildings and improvements and furniture and equipment are depreciated using the straight line method over their estimated useful lives:

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

Assets	Years
Buildings and Improvements	20 years
Furniture and Equipment	3 to 10 years

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.

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 identified as probable of receiving future payments. NOACA records a liability for accumulated unused vacation and sick time based on employees' wage

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

rates at fiscal year-end, in accordance with 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 during the current fiscal year. 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 a nonspendable fund balance which are items not expected to be converted to cash (like prepaid amounts) and 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 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. BASIS OF ACCOUNTING (Continued)

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 $8,801 received from the RK Mellon Foundation for the Hyperloop feasibility study, $25,664 received from the Cleveland Foundation for the East 66th Street TLCI Study, $10,374 received from the National Association of Chronic Disease Directors for the Walkability Virtual Academy, and $16,790 received for the Lake Erie Coastal Trail.

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 Overall Work Program and Budget. 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.

INTERFUND BALANCES: On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." Interfund loans which do not represent available expendable resources are offset by a component of fund balance. These amounts are eliminated in the governmental activity column of the statement of net position.

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 current 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 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 short-term funds to be invested in the following instruments:

1. Negotiable Order of Withdrawal (NOW) accounts in federally-insured financial institutions and collateralized 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. STAR Ohio (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. STAR Ohio (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).

2. DEPOSITS WITH FINANCIAL INSTITUTIONS AND INVESTMENTS (Continued)

No derivative securities/investment "pools" except for STAR Ohio, are permitted.

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, 2020, the carrying amount of NOACA's bank deposits was $465,861, $250,000 of which were insured by the FDIC. In addition, STAR Plus accounts, which are 100% FDIC-insured, totaled $748,881.

NOACA's Investment Policy and operating practices are 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.

INVESTMENTS: As of June 30, 2020, all of NOACA's investments were held in the State of Ohio's STAR Ohio Fund and were valued at net asset value per share:

		Maturity		
Investments	Fair Value	Less Than 6 Months	6-12 Months	1-5 Years
STAR Ohio Account	$210,992	$210,992	0	0
Total Investments	$210,992	$210,992	$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. 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.

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.

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 represents 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, NOACA 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

3. DEFINED BENEFIT PENSION PLANS (Continued)

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.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension/OPEB 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.* 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)*

Plan Description - NOACA employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employee retirement system which 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 combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional and combined plans. 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 in the traditional and combined plans 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 and combined plans as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

3. DEFINED BENEFIT PENSION PLANS (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years After January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups And members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Traditional Plan Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excel of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of Service for the first 30 years and 2.5% for service years in excess of 30	**Traditional Plan Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35
Combined Plan Formula: 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 30 years and 1.25% for service years in excess of 30	**Combined Plan Formula:** 1% of FAS multiplied by years of service for the first 35 years and 1.25% 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. The initial amount of a member's pension benefit is vested in upon receipt of the initial benefit payment for calculation of an annual cost-of-living adjustment.

When a traditional plan benefit recipient has received benefits for 12 months, current law provides for an annual cost of living adjustment (COLA). This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. Members retiring under the combined plan receive a cost–of–living adjustment of the defined benefit portion of their pension benefit. For those retiring prior to January 7, 2013, current law provides for a 3 percent COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member–directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the

3. DEFINED BENEFIT PENSION PLANS (Continued)

member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of the benefit (which includes joint and survivor options), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options.

Beginning in 2022, the Combined Plan will be consolidated under the Traditional pension Plan (defined benefit plan) and the Combined Plan option will no longer be available for new hires beginning in 2022.

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

	State and Local
Fiscal Year 2020 Statutory Maximum Contribution Rates	
Employer	14.0%
Employee *	10.0%
Fiscal Year 2020 Actual Contribution Rates	
Employer:	
Pension ****	14.0%
Post- Employment Health Care Benefits ****	0.0%
Total Employer	14.0%
Employee	10.0%
* Member contributions within the combined plan are not used to fund the defined benefit retirement allowance.	
**** These pension and employer health care rates are for the traditional and combined plans. The employer contribution rate for the member-directed plan is allocated 4 percent.	

3. DEFINED BENEFIT PENSION PLANS (Continued)

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

For fiscal year 2020, NOACA's contractually required contribution was $467,627, for the traditional plan and $5,250 for the member-directed plan. Of these amounts, $13,618 is reported as an intergovernmental payable for the traditional plan and $199 for the member-directed plan.

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, 2019, 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 of NOACA's defined benefit pension plan:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.02384100%
Prior Measurement Date	0.02438100%
Change in Proportionate Share	-0.00054000%
Proportionate Share of the:	
Net Pension Liability	$4,712,336
Pension Expense	683,160

Fiscal Year 2020 pension expense for the member-directed defined contribution plan was $5,250. The aggregate pension expense for all pension plans was $688,410 for fiscal year 2020.

3. DEFINED BENEFIT PENSION PLANS (Continued)

At June 30, 2020, NOACA reported deferred outflows of resources and deferred inflows of resources related to defined benefit pensions from the following sources:

	OPERS
Deferred Outflows of Resources	
Changes of Assumptions	$251,694
NOACA contributions subsequent to the Measurement date	238,800
Total Deferred Outflows of Resources	$490,494
Deferred Inflows of Resources	
Differences between expected and actual experience	$59,581
Net difference between projected and actual earning on pension plan investments	940,005
Changes in proportion and differences between NOACA contributions and proportionate share of contributions	82,806
Total Deferred Inflows of Resources	$1,082,392

$238,800 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 or increase to the net pension asset in fiscal year 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2021	($167,388)
2022	(328,992)
2023	38,925
2024	(373,243)
Total	($830,698)

3. DEFINED BENEFIT PENSION PLANS (Continued)

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, 2019, using the following key actuarial assumptions and methods 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, 2018, are presented below.

	OPERS Traditional Plan	OPERS Combined Plan
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	1.4 percent, simple through 2020, then 2.15 percent, simple	1.4 percent, simple through 2020, then 2.15 percent, simple
Investment Rate of Return	7.2 percent	7.2 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

In October 2019, the OPERS Board adopted a change in COLA for Post-January 7, 2013 retirees, changing it from 3 percent simple through 2018 then 2.15 simple to 1.4 simple through 2020, then 2.15 percent simple.

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

3. DEFINED BENEFIT PENSION PLANS (Continued)

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.

During 2019, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 17.2 percent for 2019.

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 long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The table below displays the Board-approved asset allocation policy for 2018 and the long-term expected real rates of return:

3. DEFINED BENEFIT PENSION PLANS (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	25.00 %	1.83 %
Domestic Equities	19.00	5.75
Real Estate	10.00	5.20
Private Equity	12.00	10.70
International Equities	21.00	7.66
Other Investments	13.00	4.98
Total	100.00% %	5.61 %

Discount Rate The discount rate used to measure the total pension liability was 7.2 percent for the traditional plan and the combined plan. 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 for the traditional pension plan, combined plan and member-directed plan 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 7.2 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 (6.2 percent) or one-percentage-point higher (8.2 percent) than the current rate:

	1% Decrease (6.20%)	Current Discount Rate (7.20%)	1% Increase (8.20%)
NOACA's proportionate share of the net pension liability OPERS Traditional Plan	$7,772,166	$4,712,336	$1,961,637

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 separation, 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 with a minimum age of 60, or generally 30 years of qualifying service at any age. 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.

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

4. DEFINED BENEFIT OPEB PLANS (Continued)

OPERS. When funding is approved by OPERS Board of Trustees, 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. For fiscal year 2020, state and local employers contributed at a rate of 14.0 percent of earnable salary. 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. 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 fiscal year 2020 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 $2,100 for fiscal year 2020. Of this amount, $80 is reported as an intergovernmental payable.

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

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2018, rolled forward to the measurement date of December 31, 2019, 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 OPEB 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 OPEB expense:

4. DEFINED BENEFIT OPEB PLANS (Continued)

	OPERS
Proportion of the Net OPEB Liability:	
Current Measurement Date	0.0223190%
Prior Measurement Date	0.0227030%
Change in Proportionate Share	-0.0003840%
Proportionate Share of the:	
Net OPEB Liability	$3,082,834
OPEB Expense	$298,596

At June 30, 2020, NOACA reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$83
Changes of Assumptions	487,980
NOACA contributions subsequent to the Measurement date	1,400
Total Deferred Outflows of Resources	$489,463
Deferred Inflows of Resources	
Differences between expected and actual experience	$281,939
Net difference between projected and actual earnings on actual earnings on OPEB plan investments	156,977
Changes in proportion and differences between NOACA contributions and proportionate share of contributions	40,037
Total Deferred Inflows of Resources	$478,953

$1,400 reported as deferred outflows of resources related to OPEB resulting from NOACA contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in fiscal year 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

4. DEFINED BENEFIT OPEB PLANS (Continued)

	OPERS
Fiscal Year Ending June 30:	
2020	$51,154
2021	24,909
2022	125
2023	(67,078)
Total	$9,110

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 health care costs 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 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, 2018, rolled forward to the measurement date of December 31, 2019. 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	a. percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent
Single Discount Rate:	
Current Measurement Date	3.16 percent
Prior Measurement Date	3.96 percent
Investment Rate of Return	6.00 percent
Municipal Bond Rate:	
Current Measurement Date	2.75 percent
Prior Measurement Date	3.71 percent
Health Care Cost Trend Rate:	
Current Measurement Date	10.0 percent, initial 3.5 percent, ultimate in 2030
Prior Measurement Date	10.0 percent, initial 3.25 percent, ultimate in 2029
Actuarial Cost Method	Individual Entry Age Normal

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

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.

During 2019, 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, if any contribution are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. 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 was 19.7 percent for 2019.

The allocation of investment assets within 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 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. For each major

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

asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2019, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	36.00 %	1.53 %
Domestic Equities	21.00	5.75
Real Estate Investment Trust	6.00	5.69
International Equities	23.00	7.66
Other Investments	14.00	4.90
Total	100.00% %	4.55 %

Discount Rate A single discount rate of 3.16 percent was used to measure the OPEB liability on the measurement date of December 31, 2019. A single discount rate of 3.96 percent was used to measure the OPEB liability on the measurement date of December 31, 2018. 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 6.00 percent and a municipal bond rate of 2.75 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 3.16 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 (2.16 percent) or one-percentage-point higher (4.16 percent) than the current rate:

4. DEFINED BENEFIT OPEB PLANS (Continued)

	1% Decrease (2.16%)	Current Discount Rate (3.16%)	1% Increase (4.16%)
NOACA's proportionate share of the net OPEB liability	$4,034,382	$3,082,834	$2,320,953

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.

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 2020 is 10.50 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 3.50 percent in the most recent valuation.

	1% Decrease	Current Health Care Cost Trend Rate Assumption	1% Increase
NOACA's proportionate share of the net OPEB liability	$2,991,862	$3,082,834	$3,172,616

Changes between Measurement Date and Reporting Date

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and pre-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for pre-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are not reflected in the current year financial statements but are expected to decrease the associated OPEB liability.

5. CHANGE IN CAPITAL ASSETS

Changes in capital assets during the year ended June 30, 2020 were as follows:

	Balance July 1, 2019	Additions	Reductions	Balance June 30, 2020
Governmental Activities				
Capital Assets, not being depreciated:				
Construction in Progress	0	$50,825	0	$50,825
Land	322,500	0	0	322,500
Total Capital Assets Not Being Depreciated	322,500	50,825	0	373,325
Capital Assets, being depreciated				
Buildings and Improvements	3,843,055	0	0	3,843,055
Furniture and Equipment	1,204,649	69,991	$(8,063)	1,266,577
Total Capital Assets being depreciated	5,047,704	69,991	(8,063)	5,109,632
Less: Accumulated Depreciation:				
Building & Improvements	(3,385,360)	(46,408)	0	(3,431,768)
Furniture and Equipment	(1,052,625)	(36,231)	8,063	(1,080,793)
Total Accumulated Depreciation	(4,437,985)	(82,639)	8,063	(4,512,561)
Total Capital Assets Being Depreciated, Net	609,719	(12,648)	$0	597,071
Governmental Activities Capital Assets, Net	$932,219	$38,177	$0	$970,396

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 two 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 the end of the pay period which

6. COMPENSATED ABSENCES (Continued)

includes December 31st. At termination or upon other separation from NOACA, employees are paid at their final rate for 100 percent of unused vacation leave for leave earned and unused during their NOACA tenure.

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 and unused 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:

	July 1, 2019	Additions	Reductions	June 30, 2020
Vacation	$486,638	$319,114	$(238,075)	$567,677
Sick	128,459	94,114	(71,533)	151,040
Total	$615,097	$413,228	$(309,608)	$718,717

7. INTERFUND RECEIVABLES/PAYABLES

Individual fund interfund receivables and payables as of June 30, 2020, are as follows:

	Interfund Receivables	Interfund Payables
Major Funds		
General	$442,281	$0
OCPG	0	355,721
FTA 5310	0	15,922
Foundations	60,498	0
Other Governmental Funds	0	131,136
TOTAL	$502,779	$502,779

7. INTERFUND RECEIVABLES/PAYABLES (Continued)

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.

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 2020, NOACA contracted with Cincinnati Insurance Company of America for property insurance. Greenwich Insurance Company provides Public Officials Liability and Employment Practices Liability coverage with a $1.0 million aggregate limit. Hiscox Insurance Company, Inc. provides the Public Employee Dishonesty coverage with a $500,000 limit per loss. Lloyds of London provides the cyber liability coverage with $1,000,000 per claim. 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, 2020, was as follows:

	Amount Outstanding June 30, 2019	Additions	(Reductions)	Amount Outstanding June 30, 2020	Due Within One Year
Government Activities					
Net Pension Liability	$6,677,461	$0	$(1,965,125)	$4,712,336	$0
Net OPEB Liability	2,959,936	122,898	0	3,082,834	0
Compensated Absences	615,097	413,228	(309,608)	718,717	339,098
Total Government	$10,252,494	$536,126	($2,274,733)	$8,513,887	$339,098

9. CHANGES IN LONG TERM LIABILITIES

The compensated absences will be paid from the General Fund. There is no repayment schedule for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are made from the General Fund. For additional information related to the net pension liability and net OPEB liability see Notes 3 and 4.

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 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, 2020, $60,513,110 of these agreements have been executed with ODOT, with a balance outstanding of $31,929,990 in amounts disbursed to the various capital projects.

11. CHANGES IN ACCOUNTING PRINCIPLE

The Governmental Accounting Standards Board (GASB) recently issued GASB Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. NOACA evaluated implementing these certain GASB pronouncements based on the guidance in GASB 95.

For fiscal year 2020, NOACA also implemented the Governmental Accounting Standards Board's (GASB) Implementation Guide No. 2018-1. These changes were incorporated in NOACA's 2020 financial statements; however, there was no effect on the beginning net position/fund balance.

12. COVID-19

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of NOACA. NOACA's investment portfolio and the investments of the pension and other employee benefit plan in which NOACA participates fluctuate with market conditions, and due to market volatility, the amount of gains or losses that will be recognized in subsequent periods, if any, cannot be determined. In addition, the impact on NOACA's future operating costs, revenues, and any recovery from emergency funding, either Federal or State, cannot estimated.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

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

	2020	2019	2018	2017	2016	2015
NOACA's Proportion of the Net Pension Liability	0.02384100%	0.02438100%	0.02459700%	0.02519400%	0.02434100%	0.02328700%
NOACA's Proportionate Share of the Net Pension Liability	$4,712,336	$6,677,461	$3,858,792	$5,721,129	$4,216,527	$2,808,672
NOACA's Covered Payroll	$3,354,443	$3,293,071	$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	140.48%	202.77%	118.72%	175.67%	139.18%	98.38%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	82.17%	74.70%	84.66%	77.25%	81.08%	86.45%

(1) Information prior to 2015 is not available.

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

See accompanying notes to the required supplementary information.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF NOACA'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM - OPEB PLAN
Last Four Fiscal Years (1)

	2020	2019	2018	2017
NOACA's Proportion of the Net OPEB Liability	0.02231900%	0.02270300%	0.02295000%	0.02356700%
NOACA's Proportionate Share of the Net OPEB Liability	$3,082,834	$2,959,936	$2,492,202	$2,380,347
NOACA's Covered Payroll	$3,371,943	$3,293,071	$3,250,446	$3,256,825
NOACA's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered - Payroll	91.43%	89.88%	76.67%	73.09%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	47.80%	46.33%	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 end.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

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

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Net Pension Liability - Traditional Plan										
Contractually Required Contribution	$467,627	$460,155	$438,062	$468,547	$451,889	$410,531	$411,860	$356,820	$405,591	$411,786
Contributions in Relation to the Contractually Required Contribution	(467,627)	(460,155)	(438,062)	(468,547)	(451,889)	(410,531)	(411,860)	(356,820)	(405,591)	(411,786)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NOACA Covered Payroll	$3,340,193	$3,286,821	$3,236,922	$3,532,545	$3,283,801	$3,002,711	$3,028,086	$2,780,846	$2,790,153	$3,040,602
Pension Contributions as a Percentage of Covered Payroll	14.00%	14.00%	13.53%	13.00%	12.00%	12.00%	10.00%	10.00%	9.00%	9.00%
Net OPEB Liability										
Contractually Required Contribution	2,100	0	15,107	44,039	64,233	58,312	117,674	101,949	115,884	147,049
Contributions in Relation to the Contractually Required Contribution	(2,100)	0	(15,107)	(44,039)	(64,233)	(58,312)	(117,674)	(101,949)	(115,884)	(147,049)
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
NOACA Covered Payroll (1)	$3,392,693	$3,286,821	$3,236,922	$3,532,545	$3,283,801	$3,002,711	$3,028,086	$2,780,846	$2,790,153	$3,040,602
OPEB Contributions as a Percentage of Covered Payroll	0.06%	0.00%	0.47%	1.00%	2.00%	2.00%	4.00%	4.00%	5.00%	5.00%
Total Contributions as a Percentage of Covered Payroll	14.06%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%

(1) The OPEB Plan includes the members from the traditional plan and the member directed plan. The member directed pension plan is a defined contribution pension plan; therefore, the pension side is not included above.

See accompanying notes to the required supplementary information

14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%	14.00%
0.00%	0.00%	0.47%	1.00%	2.00%	2.00%	4.00%	4.00%	5.00%	5.00%

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Changes in Assumptions – OPERS Pension

Amounts reported beginning in 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 2016 and prior are presented below:

	2018	2016 and prior
Wage Inflation	3.25 percent	3.75 percent
Future Salary Increases, including inflation	a. to 10.75 percent including wage inflation	4.25 to 10.05 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 2.15 percent, simple	3 percent, simple through 2018, then 2.8 percent, simple
Investment Rate of Return	7.5 percent	8 percent
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Beginning in 2019, the OPERS Board adopted a change in the investment return assumption, reducing it from 7.5 percent to 7.2 percent.

Amounts reported beginning in 2018 use mortality rates based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

Amounts reported for 2016 and prior use mortality rates based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Changes in Assumptions – OPERS OPEB

Investment Return Assumption:	
Beginning in fiscal year 2019	6.00 percent
Fiscal year 2018	6.50 percent
Municipal Bond Rate:	
Fiscal Year 2020	2.75 percent
Fiscal Year 2019	3.71 percent
Fiscal Year 2018	3.31 percent
Single Discount Rate:	
Fiscal year 2020	3.16 percent
Fiscal Year 2019	3.96 percent
Fiscal Year 2018	3.85 percent
Health Care Cost Trend Rate:	
Fiscal year 2020	10.0 percent, initial 3.5 percent, ultimate in 2030
Fiscal year 2019	10.0 percent, initial 3.25 percent, ultimate in 2029
Fiscal year 2018	9.00 percent, initial 3.25 percent, ultimate in 2028

This page intentionally left blank.

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY
SCHEDULE OF FRINGE BENEFIT COST CHARGES, RATE BASE AND
FRINGE BENEFIT RATE COMPUTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	ACTUAL RATE – FY 2020
LABOR BASE	$3,003,774
FRINGE BENEFIT CATEGORY	
Sick Leave	$71,533
Bereavement	4,221
Holiday	155,801
Vacation	238,075
Personal Days	32,956
Jury/Longevity/Stipend/Parental Leave	15,566
PERS	489,676
Worker's Compensation	(1,535)
Unemployment Compensation	1,209
Hospitalization	635,893
FSA Consultant	1,302
Transit Subsidy	(5,743)
Short Term Disability Insurance	16,458
Professional Dues	7,238
Medicare	48,905
TOTAL FRINGE BENEFIT COSTS	$1,711,555
Fringe Benefit Rate used by NOACA	56.98%

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY
SCHEDULE OF INDIRECT COST CHARGES, RATE BASE AND INDIRECT COST RATE COMPUTATION
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

DIRECT LABOR (SALARY)	
Air Quality	$ 111,850
Water Quality (604(B) + local)	181,374
Transportation Programs	1,993,901
Rideshare Program	37,261
Other Local Activities	6,380
Total Labor	$2,330,766
Total Fringes	1,328,070
Labor/Fringe Base	$3,658,836
INDIRECT COST CATEGORY	
Salaries/Fringes	1,056,489
Office/Utilities/Maint/Security	100,167
Telephone	14,466
Travel/Training	13,530
Meeting/Parking	1,852
Supplies	12,458
Postage	1,157
Consultants	51,748
Hardware/Software	51,818
Membership Dues	28,851
Furniture/Equipment	10,972
Audit Fees	16,400
Depreciation	71,274
Advertising	763
Accounting Services	655
Insurance	23,810
Legal Services	33,525
Equipment Leasing	1,568
Maintenance Repair (Equipment)	27,500
Outside Reproduction	453
Miscellaneous	1,230
TOTAL	$1,520,686
Indirect Cost Rate Used by NOACA	41.56%

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

FEDERAL GRANTOR ***Pass Through Grantor*** **Program / Cluster Title**	**Federal CFDA Number**	**Pass-Through Entity Identifying Number**	**Passed Through to Subrecipients**	**Total Federal Expenditures**
U.S. DEPARTMENT OF TRANSPORTATION				
FEDERAL HIGHWAY ADMINISTRATION				
Passed Through Ohio Department of Transportation				
Highway Planning and Construction Cluster				
Highway Planning and Construction:				
CMAQ - Rideshare Program	20.205	97823	$ -	$ 87,167
CMAQ - Air Quality Program SFY 2019	20.205	97827		15,375
CMAQ - Air Quality Program SFY 2020	20.205	97828		155,521
SPR - Transit Regional Strategic Plan	20.205	105807		130,456
Consolidated Planning Grant SFY 2019	20.205	107010		481,763
Consolidated Planning Grant SFY 2020	20.205	109386	-	2,713,692
SPR - HTTP Hyperloop Feasibility Study	20.205	107993		15,801
CMAQ - Signal Timing Corridor Program SFY 2019	20.205	108142		257,112
CMAQ - Signal Timing Corridor Program SFY 2020	20.205	109653	-	23,645
STP - Transportation for Liveable Communities	20.205	109651	-	202,344
STP - Supplemental Planning Grant	20.205	110019	-	429,257
SPR - Freight Conference	20.205	110182	-	24,000
Total Highway Planning and Construction Cluster			-	4,536,133
FEDERAL TRANSIT ADMINISTRATION				
Direct Awards				
Transit Services Program Cluster				
Enhanced Mobility for Seniors and Individuals with	20.513	OH20017025	279,636	279,636
Disabilities - FHWA/FTA Program	20.513	OH2018042	784,515	961,753
Total Transit Services Program Cluster			1,064,151	1,241,389
Total U.S. Department of Transportation			**1,064,151**	**5,777,522**
U.S. ENVIRONMENTAL PROTECTION AGENCY				
Passed Through the Ohio Environmental Protection Agency				
Watershed Quality Management Planning	66.454	604 (b)	-	52,172
Total U.S. Environmental Protection Agency			**-**	**52,172**
Total Expenditures of Federal Awards			**$ 1,064,151**	**$ 5,829,694**

The accompanying notes are an integral part of this schedule.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2020

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) under programs of the federal government for the year ended June 30, 2020. 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 or changes in net position 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

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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, 2020, and the related notes to the financial statements, which collectively comprise the NOACA's basic financial statements and have issued our report thereon dated March 26, 2021, wherein we noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent period of NOACA.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered NOACA's internal control over financial reporting (internal control) as a basis for designing 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. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

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 financial statements. 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*.

NOACA's Response to the Finding

NOACA's response to the finding identified in our audit is described in the accompanying schedule of findings and corrective action plan. We did not subject NOACA's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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, 2021

OHIO AUDITOR OF STATE
KEITH FABER

Lausche Building, 12th Floor
615 Superior Avenue, NW
Cleveland, Ohio 44113-1801
(216) 787-3665 or (800) 626-2297
NortheastRegion@ohioauditor.gov

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 Education:

Report on Compliance for the Major Federal Program

We have audited the Northeast Ohio Areawide Coordinating Agency (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, 2020. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies NOACA's major federal programs.

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.

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, 2020.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 26, 2021

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY
CUYAHOGA COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2020

1. SUMMARY OF AUDITOR'S RESULTS

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

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

FINDING NUMBER 2020-001

Financial Reporting – Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2020-001 (Continued)

Accounts payable in the General Fund and Governmental Activities opinion units was understated by $50,825, with a corresponding understatement of general government expense in the General Fund and non-depreciable capital assets in the Governmental Activities opinion units by the same amount. The understatement was due to NOACA incorrectly excluding an invoice for engineering services that was received and paid subsequent to year-end, but represented work performed during the fiscal year, which was due and payable at fiscal year-end.

Management adjusted the financial statements to correct this error.

NOACA should ensure all payments made subsequent to year-end representing goods or services received during the fiscal year-end are accrued as payable. If the invoices are received after the accounting system is closed for the year, a manual adjustment to the financial statements should be made by management.

Officials' Response: See Corrective Action Plan.

3. FINDINGS FOR FEDERAL AWARDS

None

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
JUNE 30, 2020

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2020-001	1. Ensure that procedures are clear that the accounting office must receive a copy of all invoices from the Agency's vendors.	4/30/2021	Billie Geyer
	2. Work with the Budget Manager to determine which contracts are active at the end of the fiscal year and are expected to be invoiced for end of the year activity.	6/30/2021	Billie Geyer
	3. Inspect all invoices that are received two and a half months after the fiscal yearend for those which involve activity from the prior fiscal year.	9/15/2021	Billie Geyer

1299 Superior Ave., Cleveland, Ohio 44114-3204 Phone: 216-241-2414 FAX: 216-621-3024
Web: www.noaca.org noaca.org @noaca_mpo

OHIO AUDITOR OF STATE
KEITH FABER

NORTHEAST OHIO AREAWIDE COORDINATING AGENCY

CUYAHOGA COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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

Certified for Release 3/30/2021