

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Commissioners
Richland County Regional Planning Commission
35 North Park Street, Suite 230
Mansfield, Ohio 44902

We have reviewed the *Independent Auditor's Report* of the Richland County Regional Planning Commission, Richland County, prepared by Varney, Fink & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 31, 2009

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**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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INDEPENDENT AUDITOR'S REPORT

Richland County Regional Planning Commission
35 North Park Street, Suite 230
Mansfield, Ohio 44902

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities of Richland County Regional Planning Commission (the Commission), Mansfield, Ohio, as of and for the fiscal year ended June 30, 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Richland County Regional Planning Commission, as of June 30, 2008, and the respective changes in financial position, and cash flow for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2009, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

February 6, 2009

Richland County Regional Planning Commission
Financial Management Discussion and Analysis
FY 2008 (Un-Audited)

The discussion and analysis of the Richland County Regional Planning Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the year ended June 30, 2008. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the basic financial statements to enhance their understanding of the Commission's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- In total, the Commission's net assets decreased \$23,669, which represents a 15.8% decrease from Fiscal Year 2007. This decrease is due to financial reimbursements made during the Fiscal Year to funding agencies for the over recovery of FY 2004 and FY 2006 fringe benefits and indirect costs. The reimbursement was associated with the change from a fixed rate methodology to a provisional methodology for the Cost Allocation Plan¹.
- Total assets decreased \$2,422, which represents a 1.10% decrease from FY 2007. This decrease is due to the disposal of obsolete computer "fixed assets" as well as routine depreciation.
- Liabilities increased by \$12,128, which represents a 15.6% increase from FY 2007. The liability increase is due to an increase in compensated vacation time payable to employees, as well as the renewed accounting for sick leave compensation payable to employees upon retirement.
- Operating revenues increased by \$20,220, which represents a 3.2% increase due mainly to an increase in Transportation Planning funds allocated to the RCRPC as the MPO and for a special transit coordination study.
- Operating expenses increased by \$32,364 or 4.9%, due mainly to salary and benefit costs.

Using this Annual Financial Report

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

¹ The Fixed Rate Cost Allocation Plan (CAP) methodology adjusts for over or under recovery as a part of a future Fiscal Year's CAP. The Provisional methodology makes the adjustment at the conclusion and close-out of the actual Fiscal Year.

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
FY 2008 (Un-Audited)**

Statement of Net Assets

The Statement of Net Assets looks at how well the Commission has performed financially from inception through June 30, 2008. This Statement includes all of the assets, liabilities and net asset balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This basis of accounting takes into account all revenues earned and expenses incurred during the year, regardless as to when the cash is received or expended.

The following schedule provides a summary of the Commission's Statement of Net Assets for fiscal years ended June 30, 2007 and June 30, 2008:

Assets	FY 2008	FY 2007 Restated
Current Assets	\$178,609	\$178,555
Non-Current Assets	37,661	49,256
Total Assets	216,270	227,811
Liabilities		
Current Liabilities	90,090	77,962
Net Assets		
Invested in Capital Assets	37,661	49,256
Unrestricted	88,519	100,593
Total Net Assets	\$126,180	\$148,849

Net assets decreased \$23,669; Unrestricted Net Assets decreased \$12,074 while invested in Capital Assets decreased by \$11,595 due to depreciation.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets report operating and non-operating activities for the fiscal year ended June 30, 2008.

The following schedule provides a summary of the Commission's Statement of Revenues, Expenses and Changes in Net Assets for fiscal years ended June 30, 2007 and June 30, 2008:

Revenues	FY 2008	FY 2007
Federal	\$295,686	\$282,530
State	47,721	39,177
Local Governments	315,285	314,699
Other	606	2,672
Total Revenue	659,298	639,078

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
FY 2008 (Un-Audited)**

Expenses		
Salaries & Wages	462,769	435,718
Employee Benefits	131,966	129,769
Staff Expenses	11,408	12,039
Materials and Supplies	16,773	21,695
Contractual Services	10,140	19,322
Occupancy and Other	29,147	31,962
Depreciation	16,096	9,099
Fringe & Indirect	13,669	0
	691,968	659,604
Operating Loss	(32,670)	(20,526)
Non-Operating Revenue		
GIS Consortium	29,801	28,619
Vision Project	12,700	14,700
	42,501	43,319
Total Non-Operating Revenue	42,501	43,319
Non-Operating Expenses		
GIS Consortium	21,100	23,811
Vision Project	12,400	14,765
	33,500	38,576
Total Non-Operating Expenses	33,500	38,576
Total Non-Operating Revenues and (Expenses)	9,001	4,743
Net Loss	(23,669)	(15,783)
Net Assets at Beginning of Year	149,849	156,513
Net Assets at End of Year	\$126,180	\$140,730

Revenues increased by \$20,220. There was a \$13,156 increase in Federal funds in FY 2008, and an increase in State funding of \$8,544. Expenses increased by \$32,364 due mainly to increased salaries and benefits.

Capital Assets

As of June 30, 2008, the Commission had net capital assets of \$37,661 invested in furniture and equipment and program assets. This is a \$2,476 decrease from June 30, 2007, for more information on capital assets; please see Note 4 to the Financial Statements.

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
FY 2008 (Un-Audited)**

Current Financial Issues

The Federal Transportation Bill expired in October, 2003. The Bill provides transportation planning funds that comprise the majority of the Commission Budget. The bill was finally approved in August 2006. Funding allocations for planning have been varied due to uncertainties

associated with this act and its implementation. As a result, budgeting and financial planning has been more difficult. Financial management of the Transportation Planning Program has also been subject to greater oversight from the Federal Highway Administration (FHWA) and the Ohio Department of Transportation (ODOT.) New policies have been implemented that change aspects of the organizations presentation of financial information as well as the approach to dealing with the Cost Allocation Plan.

Special Financial Management Notes for FY 2008

- 1) In the transition to a provisional methodology for the Cost Allocation Plan from the long used fixed rate methodology, it was necessary to make a one time catch up adjustment. In FY 2004 and FY 2006 the RCRPC over recovered fringe benefits and indirect costs based on the approved Cost Allocation Plans. In FY 2007 the Commission under recovered these costs. The table below summarizes the costs associated with these Fiscal Years to the various funding sources, with the net amount listed in the "Credit / Reimbursement column on the far right. A positive number in this column is an amount to be refunded to the funding agency either as a credit on a current invoice for services in FY 2008, or as in the case of the Transportation Planning over recovery, a check was issued to the Ohio Department of Transportation.

PROGRAM	FY 2004	FY 2006	FY 2007	Total (Over) Under Recovery	FHwA Share 80%	ODOT Share 10%	Credit/ (Reimbursement Due)
Commission	(\$174)	(\$3,050)	\$393	(\$2,832)	\$0	\$0	\$0
Transportation Planning	(806)	(20,589)	3,511	(17,884)	(14,307)	(1,788)	16,095
Transit Board	(181)	(3,333)	485	(3,029)	0	0	3,029
Richland County CDBG Admin.	(108)	(2,105)	246	(1,967)	0	0	1,967
District 16 Integrating Committee	(11)	(257)	56	(212)	0	0	212
Transportation Coordination	(91)	(1,878)	250	(1,718)	0	0	1,718
GIS/ Consortium & Co. Engineer	(123)	(4,028)	537	(3,614)	0	0	3,614
Vision	(4)	(199)	33	(170)	0	0	170
Safety Workshop	0	0	15	15	0	0	(15)
Coordinated Plan	0	0	21	21	0	0	(21)
Total	(\$1,498)	(\$35,439)	\$5,548	(\$31,389)	0	0	\$26,769

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
FY 2008 (Un-Audited)**

- 2) In accordance with government accounting standards, the RCRPC adopted a policy to anticipate the financial impact of retiring employees who will be eligible for some financial compensation for unused sick leave. A new account was established during FY 2008 identified as “6300 · Sick Payable on Retirement” and monthly amounts were entered towards potential retirements between FY 2011 and FY 2017. A total of \$4,135.24 was booked in FY 2008. The sick payable on retirement cannot be a part of a cost allocation plan until the year that the retirement distribution actually takes place.
- 3) The RCRPC in its role as the Metropolitan Planning Organization (MPO) underwent an extensive audit of its financial management and compliance procedures with Federal and State regulations and guidelines. This audit was conducted by the Ohio Department of Transportation. Three (3) additional changes were implemented during FY 2008 as a result of this Audit.

- The RCRPC system has identified fixed assets purchased for general use and has depreciated these assets in the books. The financial reporting system has not included the purchase and depreciation of equipment purchased directly for a specific program. An example of equipment purchased specifically for a program would be the traffic counting equipment necessary for the transportation planning program. The ODOT Audit indicated that these assets should be presented in the financial statements, and thus new accounts were added during FY 2008, as follows:

3500 · Program Assets	Amount
3600 · Direct Equipment Purchase	\$37,246
3700 · Program Depreciation (no CAP)	(\$32,522)
Total 3500 · Program Assets	\$4,724

- The Geographic Information System (GIS) Manager has worked at the RCRPC since 2001. The position is split between the GIS Consortium and the Richland County Engineer and others. Time for the GIS Consortium has been considered work for the RCRPC and the Fringe Benefit and Indirect Cost rates have been applied to the direct time involved. The time for the County Engineer and others has been charged on the basis of the cost of direct time plus the actual cost for the fringe benefits earned by the GIS Manager. The ODOT Audit advised that the time for the County Engineer and others should be charged using direct time plus the current fringe benefit rate. That change was implemented during FY 2008.
- The annual audit of the RCRPC has for years been considered an indirect cost, and has been a part of the Cost Allocation Plan. The ODOT Audit revealed that in order to be in the CAP, the agency must meet the Federal standards for a “single audit” which now carries a \$500,000 minimum for federal funds. The Commission does not meet this standard, and thus the audit must be charged to local funding sources.

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
FY 2008 (Un-Audited)**

Contacting the Commission's Financial Management

This financial report is designed to provide a general overview of the Commission's finances and to show the Commission's accountability for the monies it receives. If you have any questions about this report or need additional information, please contact Richard D. Adair, Executive Director, Richland County Regional Planning Commission, 35 North Park Street, Suite 230, Mansfield, OH 44902, 419-774-5684.

Richland County Regional Planning Commission
Richland County
Statement of Net Assets
As of June 30, 2008

Assets	
Current Assets	
Cash in Richland County Treasury	\$32,946
Accounts Receivable:	
Federal	56,023
State	7,007
Local Government	82,624
Other	9
Total Accounts Receivable	<u>145,663</u>
Total Current Assets	<u>178,609</u>
Non-Current Assets	
Capital Assets (Net of Accumulated Depreciation)	<u>37,661</u>
Total Non-Current Assets	<u>37,661</u>
Total Assets	<u>216,270</u>
Liabilities	
Current Liabilities:	
Accounts Payable	35,059
Intergovernmental Payable	7,690
Accrued Wages and Benefits	18,561
Noncurrent Liabilities:	
Compensated Absences	<u>28,780</u>
Total Liabilities	<u>90,090</u>
Net Assets	
Invested in Capital Assets	37,661
Unrestricted	<u>88,519</u>
Total Net Assets	<u>\$126,180</u>

See accompanying notes to the basic financial statements

Richland County Regional Planning Commission
Richland County
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

Operating Revenues	
Federal	\$295,686
State	47,721
Local Government	315,285
Other	<u>606</u>
Total Operating Revenues	<u>659,298</u>
Operating Expenses	
Salaries and Wages	462,769
Employee Benefits	131,966
Staff Expenses	11,408
Materials and Supplies	16,773
Contractual Services	10,140
Occupancy and Other	29,147
Fringe & Indirect	16,096
Depreciation	<u>13,669</u>
Total Operating Expenses	<u>691,968</u>
Operating Loss	<u>(32,670)</u>
Non-Operating Revenues (Expenses)	
Special Vision Project Receipts	12,700
GIS Consortium Receipts	29,801
Special Vision Project Expenses	(12,400)
GIS Consortium Expenses	<u>(21,100)</u>
Total Non-Operating Revenues (Expenses)	<u>9,001</u>
Net Loss	(23,669)
Net Assets at Beginning of Year (Restated See Note 3)	<u>149,849</u>
Net Assets at End of Year	<u><u>\$126,180</u></u>

See accompanying notes to the basic financial statements

Richland County Regional Planning Commission
Richland County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2008

Cash Flows from Operating Activities	
Cash Received from Federal Sources	\$306,983
Cash Received from State Sources	53,308
Cash Received from Local Sources	257,930
Cash Payments to Suppliers for Goods and Services	(101,676)
Cash Payments to Employees for Services	(583,793)
Other Operating Revenues	627
	<hr/>
Net Cash Provided by Operating Activities	(66,621)
Cash Flows from Noncapital Financing Activities	
Cash Received from Local Sources	46,466
Non-Operating Payments	(33,456)
	<hr/>
Net Cash (Used) by Noncapital Financing Activities	13,010
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(2,075)
Net Cash (Used) by Related Financing Activities	(2,075)
	<hr/>
Net Increase in Cash	(55,686)
Cash at Beginning of Year	88,632
	<hr/>
Cash at End of Year	<u>\$32,946</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Loss	(\$32,670)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	13,669
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(59,219)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	4,093
Accrued Wages and Benefits	(999)
Compensated Absences	11,449
Intergovernmental Payable	(2,944)
Total Adjustments	<hr/> (33,951)
Net Cash Provided by Operating Activities	<u><u>(\$66,621)</u></u>

See accompanying notes to the basic financial statements

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE ENTITY

The Richland County Regional Planning Commission (the Commission) was organized in 1959 under Section 713.21 of the Ohio Revised Code to promote land use and transportation planning. The Commission provides services for the benefit of the local governments and operates under the control of the Planning Commission, which is the legislative authority, comprised of representatives from political subdivisions and private businesses in Richland County.

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", the Commission is not considered part of the Richland County financial reporting entity. There are no agencies or organizations for which the Commission is considered the primary government. Accordingly, the Commission is the sole organization of the reporting entity.

The Commission maintains its own set of accounting records. These financial statements were prepared from the accounts and financial records of the Commission and, accordingly, these financial statements do not present the financial position or results of operations of Richland County.

The accompanying financial statements have been designed to facilitate an understanding of the financial position and results of operations of the Commission. The activity of the Commission is determined by an overall work program which is approved by the Commission's Board and the Ohio Department of Transportation. All revenue and related costs are accounted for on a project basis. The financial information contained in these statements is the responsibility of the Commission.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission also applies Financial Accounting Standards Board (FASB) statements and interpretations issued prior to November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Commission has elected not to follow FASB statements and interpretations issued after November 30, 1989. The more significant of the Commission's accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statement of Net Asset. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the financial records and reported in the financial statements. The Commission's financial statements are prepared using the accrual basis of accounting. Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which the Commission receives value without directly giving equal value in return, such as grants and entitlements are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Commission must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. Expenses are recognized at the time they are incurred.

C. Cash Deposits

As required by Section 713.21, Ohio Revised Code, the Commission must deposit all receipts in the Richland County Treasury. The County Treasurer maintains a cash and investment pool used for all County and Commission funds. The Commission has no other cash deposits or investments and does not receive interest income on its cash balances held in the County Treasury.

Pursuant to Section 135.181, Ohio Revised Code, the County's deposits are covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with specific depository institutions. In accordance with GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements", all deposits are classified as to risk.

The following risk categories most typically used are:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

D. Investments

The Ohio Revised Code does not provide the Commission the power to make or hold investments other than the deposits in the Richland County Treasury explained above.

E. Capital Assets and Depreciation

Furniture and equipment items are stated at cost and are depreciated on the straight line method over their estimated useful lives that range from three to ten years. Donated furniture and equipment is recorded at fair market value on the date donated. Upon sale or disposition of furniture and equipment, the cost and related depreciation are removed from the accounts and any gain or loss is recognized.

F. Indirect Costs and Fringe Benefits

Indirect costs are computed in accordance with OMB Circular A-87 under a cost allocation plan approved by the Ohio Department of Transportation. Prior to fiscal year 2008, any over/(underpayments) of indirect costs or fringe benefits by the Ohio Department of Transportation to the Commission were set up as an asset (due from other Governments – Indirect Costs/Fringes) or a liability (due to other Governments-Indirect Cost/Fringes) on the Statement of Net Asset. In fiscal year 2008, the transition was made to the Provisional Method. Under this method, an estimated or temporary overhead rate is calculated for the fiscal year. This rate is used for funding, interim reimbursement, and reporting indirect costs on Federal awards for the period. At the end of the fiscal year, an actual indirect cost rate is calculated. The entity then invoices or reimburses each funding agency for any under or over recovery. Under this method, there is no “carry forward” provision.

G. Budgetary Accounting

The accounting principles employed by the Commission in its budgetary accounting and reporting are the same as those used to present financial statements in accordance with generally accepted accounting principles. Outlined below are the annual procedures the Commission follows to establish the expense data reported in the financial statements:

In December or January, the Commission receives a preliminary indication of the funding mark from the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA), through the Ohio Department of Transportation (ODOT).

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In January and February the Commission begins drafting the Overall Work Program (OWP) for the coming fiscal year (July 1 through June 30). The funding resources from FHwA, FTA and ODOT are assigned to appropriate work elements. Remaining anticipated local funds are allocated to local service work elements. The OWP also incorporates activities and funding that support the various services provided by the Commission.

By April, the Commission receives feedback on the draft OWP, and is aware of the appropriation from the two largest local governments (Commission of the City of Mansfield and Richland County). The final OWP is prepared, including work elements to be completed, the costs associated with each of these elements, the staff resources and time allocation necessary to complete the work program, and the other direct and indirect costs associated with the work program, and the operation of the Planning Commission. Final approval on the OWP is made by the Commission at its May meeting, and generally ODOT/ FHwA /FTA approval comes near the start of the fiscal year.

The OWP is the instrument in which the Indirect Cost Allocation Plan is presented allocating indirect costs to all programs on the basis of a percentage of direct time.

In June of each year, the Executive Committee reviews a budget drawn from the OWP. This budget lists anticipated expenses by type as well as by program.

Budget categories for expense are salaries (including vacation, holidays and sick time), payroll additives, expenses, equipment, supplies, contractual and occupancy.

The Executive Committee meets monthly and reviews a financial report which presents monthly expenses by type and program, as well as for the fiscal year to date. It also tracks the actual indirect costs and provides a comparison to the OWP approved rate.

Throughout the year, the Executive Committee has the opportunity to amend the approved budget if it appears that the original estimates were incorrect. Generally, if an amendment is required, the Commission will try to make it near the end of the fiscal year.

H. Cash Equivalents

For the purposes of the Statement of Cash Flows, the Commission considers all cash held by the Richland County Treasury to be cash equivalents since they are available to the Commission upon demand.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The Commission records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Sick leave benefits are accrued as a liability using the vested method. The Commission records a liability for those employees with twenty years of service at the Commission or at age 55 for those who will have ten years of service by the age of 60 up to a maximum of thirty days.

J. Non-Operating Revenues (Expenses)

Non-operating revenues (expenses) consist of expenses incurred by the Special Vision Project Committee and the Geographic Information System (GIS) Consortium which are subsequently reimbursed to the Commission.

The Special Vision Project Committee was formed to oversee projects throughout Richland County from donated funds. The GIS Consortium is for the development of a GIS system.

K. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from these estimates.

NOTE 3 – RESTATEMENT NET ASSETS

At June 30, 2007, not all of the capital assets were recorded. The result of this change and the effect on Net Assets is summarized below:

Net Assets at June 30, 2006	\$140,730
Adjustment of Capital Assets, Net	<u>9,119</u>
Restated Net Assets at June 30, 2007	<u><u>\$149,849</u></u>

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 4 – CAPITAL ASSETS

A summary of the Commission’s Capital Assets at June 30, 2008 is as follows:

	June 30, 2007	Restatement	June 30, 2007 Restated	Additions	Deletions	June 30, 2008 Balance
Furniture and Equipment	\$158,079	\$37,246	\$195,325	\$2,074	(\$6,659)	\$190,740
Accumulated Depreciation	(117,942)	(28,127)	(146,069)	(13,669)	6,659	(153,079)
Book Value	\$40,137	\$9,119	\$49,256	(\$11,595)	\$0	\$37,661

NOTE 5 – PENSION PLAN

A. Public Employees Retirement System

All employees of the Commission participate in the Ohio Public Employees Retirement System (OPERS), which administers three separate pension plans as described below:

1. The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.
2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.
3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Plan and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a publicly available stand-alone financial report. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or 1-800-222-7377.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE 5 – PENSION PLAN (continued)

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2007, (the latest information available) member and employer contribution rates were consistent across all three plans (TP, MD and CO).

Plan members are required to contribute 9.0% of their annual covered salary to fund pension benefit obligations. The Commission is required to contribute 13.77%. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Commission's contributions for pension obligations to the OPERS for the years ending December 31, 2008, 2007 and 2006 were \$35,957, \$40,103 and \$32,783, respectively, equal to the required contributions for each year. The full amount has been contributed.

NOTE 6 – POSTEMPLOYMENT BENEFITS

A. *Public Employees Retirement System*

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments benefits to members of both the Traditional and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2007 (the latest information available) employer contribution rate was 13.77% of covered payroll; 6% was the portion that was used to fund health care for the fiscal year 2007. The Commission's actual contributions for fiscal year 2008 which were used to fund post-employment benefits were \$27,766.

The assumptions and calculations below were based on OPERS's latest actuarial review performed as of December 31, 2006, (the latest information available) include a rate of return on investments of 6.50%, an annual increase in active employee total payroll of 4.0% compounded annually (assuming no change in the number of active employees) and

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 6 – POSTEMPLOYMENT BENEFITS (continued)

an additional increase in total payroll over and above the 4.0% base increase of between .50% and 6.3% based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 5% for the next 8 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4%.

The Traditional Pension Combined Plans had 374,979 active contributing participants as of December 31, 2007 (the latest information available). The number of active contributing participants for both plans used in the December 31, 2006 (the latest information available) actuarial valuation was 362,130. OPERS’s net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

NOTE 7 – LONG TERM LIABILITIES

Long-Term liabilities at June 30, 2008 were as follows:

	Principal Outstanding June 30,2007	Additions	Deletions	Principal Outstanding June 30, 2008
Compensated Absences	\$17,331	\$11,449	\$0	\$28,780

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 8 – RISK MANAGEMENT

The Commission is exposed to various risks of loss related to torts, theft or damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters.

Through Richland County, the Commission maintained coverage with the County Risk Sharing Authority (CORSA), as follows:

General Liability:	Limit: \$1,000,000 per Occurrence – No Annual Aggregate	
Auto Liability:	Limit: \$1,000,000 per Occurrence – No Annual Aggregate Auto Medical Payments \$5,000 Each Person, \$50,000 Each Accident	
Public Officials Liability:	\$1,000,000 per Occurrence - \$1,000,000 Annual Aggregate	
Crime Coverage:	Employee Dishonesty \$1,000,000 Money and Securities \$1,000,000 Depositor’s Forgery \$1,000,000 Money Orders and Counterfeit Paper \$1,000,000	
Equipment:	Building – Contents	Replacement Cost
.	Valuable Papers	\$1,000,000
	Extra Expense	\$1,000,000
	Electronic Data Processing	Replacement Cost
	Contractors Equipment	Replacement Cost
	Misc. Inland Marine	Replacement Cost
	Motortruck Cargo	\$100,000
	Flood & Earthquake	Replacement Cost
	Auto Physical Damage	Actual Cash Value
	Automatic Acquisition	\$5,000,000
Excess Liability:	Richland County \$5,000,000	
Errors & Omissions Liability:	\$1,000,000 per Occurrence - Annual Aggregate	

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

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 9 – RISK SHARING POOL

Through Richland County, the Commission participates in County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool made up of sixty-two member counties and nineteen multi-county facilities in Ohio. CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverage provided by CORSA. This coverage includes comprehensive general liability, automobile liability, certain property insurance and public officials' errors and omissions liability insurance.

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financial of CORSA is limited to its voting authority and any representation it may have on the board of trustees. CORSA has issued certificate of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of certificates. The Commission does not have any equity interest in CORSA since the Commission is included as a part of Richland County.

NOTE 10 – CONTINGENCIES

- A. Federal and State contracts are subject to review and audit by the grantor agencies or their designees. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. There are no such claims pending and no known situations which would lead to such a claim. In addition, based upon prior experience and audit results, management believes that such disallowance's, if any, would be immaterial.
- B. In the normal course of its business activities, the Commission may become subject to claims and litigation relating to contracts, employment or other matters. In the opinion of management, the resolution of any such claims pending would not likely have a material impact on the Commission's financial position.

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

Richland County Regional Planning Commission
35 North Park Street, Suite 230
Mansfield, Ohio 44902

To the Board of Commissioners:

We have audited the financial statements of the business-type activities of the Richland County Regional Planning Commission (the Commission), as of and for the fiscal year ended June 30, 2008, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated February 6, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or, material weaknesses. However as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control. We consider the deficiency described in the accompanying Schedule of Findings and Responses as item 2008-01 to be a significant deficiency in internal control over financial reporting.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we do not believe that the significant deficiency described above is a material weakness.

Compliance and Other Matters

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

The Commission's response to the finding identified in our audit is described in the accompanying Schedule of Audit Findings and Responses. We did not audit the Commission's response and, accordingly, we express not opinion on it.

This report is intended solely for the information and use of Executive Committee, management and the Board of Commissioners, and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

February 6, 2009

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2008

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

Finding 2008-01 Significant Deficiency

Net assets have been restated \$9,119 as of June 30, 2007. The restatement was done by the Commission to include equipment costing \$37,246 not previously recorded as capital assets, and the related accumulated depreciation of \$28,127.

Officials Response:

As a result of an Ohio Department of Transportation (ODOT) examination on compliance with ODOT program requirements for fiscal years 2004 through 2006, the Commission was required to record previously unrecorded capital assets. The Commission restated Net Assets as of July 1, 2007 to include these capital assets as required by ODOT.

The commission will monitor its future purchases with ODOT program funds to make sure future capital asset purchases are properly capitalized on the financial statements of the Commission.



Mary Taylor, CPA
Auditor of State

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 14, 2009**