

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2009

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA

Auditor of State

Executive Committee
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, 2008 through June 30, 2009. 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

February 16, 2010

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**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

TABLE OF CONTENTS

<i>INDEPENDENT AUDITOR'S REPORT</i>	1
<i>Financial Management Discussion and Analysis</i>	3
<i>BASIC FINANCIAL STATEMENTS</i>	
Statement of Net Assets	9
Statement of Revenues, Expenses and Changes in Net Assets	10
Statement of Cash Flow	11
Notes to the Basic Financial Statements	13
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government</i> <i>Auditing Standards</i>	23
Schedule of Audit Findings and Responses	25
Schedule of Prior Audit Findings.....	26

INDEPENDENT AUDITOR'S REPORT

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

To the Executive Committee:

We have audited the accompanying financial statements of the business-type activities of the Richland County Regional Planning Commission (the Commission), Mansfield, Ohio, as of and for the fiscal year ended June 30, 2009, 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 the Richland County Regional Planning Commission, as of June 30, 2009, 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 November 30, 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 important for 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

November 30, 2009

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2009 (Unaudited)**

Management Discussion & Analysis Fiscal Year 2009

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 fiscal year ended June 30, 2009. 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 2009 are as follows:

- The Commission's total net assets decreased by \$30,862, which is a decrease of 21.4% over Fiscal Year 2008.
- The Commission's assets increased \$15,899, which represents a 7.5% increase from the Fiscal Year 2008. The increase is due in part to the fact that the transportation planning allocation increased from the Fiscal Year 2008 funding level of \$366,992 to \$383,636, an increase totaling \$16,644. The increase is also associated with the total budget increase associated with the addition of the Transportation Coordination program in January 2009.
- Liabilities increased by \$46,761 which is 68.7% over the amount of liabilities stated in the Fiscal Year 2008 MD&A with restatement of accounts payable reducing it by \$21,979 taken into account. Also, the addition of the Transportation Coordination program which accounts for approximately \$16,700 of additional accounts payable being booked in FY 2009. The June 2009 cost of new traffic counters and Biennial Transportation Report also contribute to this increase.
- Operating revenues increased by \$126,417, which represents a 19.3% increase due to an increase in Transportation Planning funds allocated to the RCRPC as the MPO and for the Transportation Coordination program added in January 2009
- Operating expenses increased by \$145,518 or 21.7%, due the additional costs associated with the Transportation Coordination program and that the expenses associated with the GIS managers work for the Richland County Engineer now booked as a regular expense rather than an "Other Expense." This financial management change is associated with the standards of the Cost Allocation Plan which has the approved fringe benefit rate applied to this time worked away from the Commission's office.

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2009 (Unaudited)**

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 Flow.

Statement of Net Assets

The Statement of Net Assets looks at how well the Commission has performed financially from inception through June 30, 2009. 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, 2009 and June 30, 2008:

	<u>FY 2009</u>	<u>Restated FY 2008</u>
Assets		
Current Assets	\$190,345	\$174,609
Non Current Assets	<u>37,824</u>	<u>37,661</u>
Total Assets	<u>228,169</u>	<u>212,270</u>
Liabilities		
Current Liabilities	68,761	39,331
Non Current Liabilities	<u>46,111</u>	<u>28,780</u>
Total Liabilities	<u>114,872</u>	<u>68,111</u>
Net Assets		
Invested in Capital Assets	37,824	37,661
Restricted For:		
Special Vision Project	2,930	0
Unrestricted	<u>72,543</u>	<u>106,498</u>
Total Net Assets	<u>\$113,297</u>	<u>\$144,159</u>

Net assets decreased \$30,862; Unrestricted Net Assets decreased \$33,955 while invested in Capital Assets remained relatively constant. The amount of \$2,930 is being held by the Commission for a future specified Vision project use.

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2009 (Unaudited)**

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets reports operating and non-operating activities for the fiscal year ended June 30, 2009.

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, 2009 and June 30, 2008:

	<u>FY 2009</u>	<u>Restated FY 2008</u>
Operating Revenues		
Federal	\$305,757	\$295,686
State	38,220	47,721
Local Governments	316,207	311,285
Coordination	117,933	-
Other	3,598	606
	<u>781,715</u>	<u>655,298</u>
Operating Expenses		
Salaries & Wages	496,291	462,769
Employee Benefits	136,661	124,733
Staff Expenses	11,206	11,408
Materials and Supplies	24,220	16,773
Contractual Services	13,144	10,140
Occupancy and Other	33,555	30,497
Coordination Service	89,474	-
Depreciation	10,956	13,669
	<u>815,507</u>	<u>669,989</u>
Operating Loss	(33,792)	(14,691)
Non-Operating Revenues		
GIS County Engineer	-	29,801
Special Vision Project Revenues	2,930	12,700
	<u>2,930</u>	<u>42,501</u>
Non-Operating (Expenses)		
GIS County Engineer	-	(21,000)
Special Vision Project	-	(12,400)
	<u>-</u>	<u>(33,500)</u>
Total Non-Operating Revenues and (Expenses)	<u>2,930</u>	<u>9,001</u>
Net Loss	<u>(30,862)</u>	<u>(5,690)</u>
Net Assets at Beginning of Year (Restated)	<u>144,159</u>	<u>149,849</u>
Net Assets at End of Year	<u>\$113,297</u>	<u>\$144,159</u>

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2009 (Unaudited)**

Operating revenues increased by \$126,417. There was a \$10,071 increase in Federal funds in FY 2009, and a decrease in State funding of \$9,501. The new Coordination Program added \$117,933 to overall revenue. Operating expenses increased by \$145,518 due mainly to the Coordination Program and the accounting for all GIS expenses as operating expenses.

Capital Assets

As of June 30, 2009, the Commission had capital assets of \$37,824 invested in furniture and equipment. This figure is very similar to the amount presented for FY 2008.

Current Financial Issues

The largest portion of the Commission's budget is associated with its transportation planning program. The Federal Transportation legislation must be renewed every six (6) years; however it is seemingly never renewed on schedule. It often goes forward on a continuing resolution, creating some uncertainty about the level of funding to be expected.

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 organization's presentation of financial information as well as the approach to dealing with the Cost Allocation Plan.

Funds are allocated to the Commission from various local sources, including county, municipal, township, and the county engineer. A portion of the local funding is used to provide the required 10% local match for the transportation planning program. The balance supports local projects and planning initiatives, and costs that are ineligible for inclusion in the approved CAP. The Richland County economy is experiencing the national recession, and is additionally stressed by the downturn in the automobile industry and the announced closing of a General Motors facility in the City of Ontario. The economic circumstances have caused some local governments to reduce their local allocation to the Commission. Such reductions extending over several years may eventually hinder the Commission's ability to carry out a comprehensive planning program.

Special Financial Management Notes for FY 2009

- 1) The Commission utilizes a Cost Allocation Plan (CAP) in order to allocate its fringe benefit costs and its indirect cost appropriately to all programs. The CAP is prepared under the oversight of the Ohio Department of Transportation, which serves as the cognizant agency. The Commission uses the "provisional method." For Fiscal Year 2009 the Commission operated under an approved rate, recovering on the basis of direct time. With the provisional method, at the end of the Fiscal Year the actual fringe benefit cost and indirect costs are finalized, and a final rate is determined, and the costs are adjusted for over recovery or under recovery.

**Richland County Regional Planning Commission
Financial Management Discussion and Analysis
For the Fiscal Year Ending June 30, 2009 (Unaudited)**

Cost Allocation Plan	Approved CAP	Actual Rates
Fringe Benefits	48.24%	48.54%
Indirect Costs	79.54%	79.70%
Total CAP	127.78%	128.24%

- 2) In Fiscal Year 2007, in accordance with government accounting standards, the RCRPC adopted a policy to anticipate the financial impact of retiring employees who will be eligible for financial compensation for unused sick leave. A total of \$18,420 was booked in FY 2009. 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 Commission incorporated “Program Assets” into its financial system prior to this fiscal year based on the recommendations of 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 of the Commission in its role as the Metropolitan Planning Organization (MPO.) Program assets are those pieces of capital equipment that are purchased entirely from specific program funds because usage is devoted to that project. A typical example is traffic counting equipment being purchased using transportation planning funds. In FY 2009 the Commission also added to the program assets the estimated value of a piece of equipment that was donated to the organization. A large format scanner with an estimated value of \$2,750 was added to the program asset list.

- 4) The Vision Project operated through the Commission for a number of years as a special non-operating fund. The Vision would facilitate projects or programs, the Commission would pay the costs, with reimbursement coming from vision funds held by the Richland County Foundation. During Fiscal Year 2009 the Vision Project discontinued its active phase, and the remaining funds were allocated to appropriate projects. A portion of the funds were allocated toward the future costs of reprinting an emergency preparedness booklet. The amount set aside for this work, at some indefinite point in the future is \$2,929.78. That amount was received and an Account 9500 “Special Vision Project” reserve was established to hold that amount.

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.

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Richland County Regional Planning Commission
Richland County
Statement of Net Assets
As of June 30, 2009

Assets	
Current Assets	
Cash in Richland County Treasury	\$54,762
Accounts Receivable:	
Federal	72,011
State	8,967
Local Government	35,772
Coordination	18,833
Total Accounts Receivable	<u>135,583</u>
Total Current Assets	<u>190,345</u>
Non-Current Assets	
Capital Assets (Net of Accumulated Depreciation)	<u>37,824</u>
Total Assets	<u>228,169</u>
Liabilities	
Current Liabilities:	
Accounts Payable	36,057
Intergovernmental Payable	6,453
Accrued Wages and Benefits	<u>26,251</u>
Total Current Liabilities	<u>68,761</u>
Noncurrent Liabilities:	
Compensated Absences	<u>46,111</u>
Total Liabilities	<u>114,872</u>
Net Assets	
Invested in Capital Assets	37,824
Restricted for:	
Special Vision Project	2,930
Unrestricted	<u>72,543</u>
Total Net Assets	<u>\$113,297</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, 2009

Operating Revenues	
Federal	\$305,757
State	38,220
Local Government	316,207
Coordination	117,933
Other	<u>3,598</u>
 Total Operating Revenues	 <u>781,715</u>
 Operating Expenses	
Salaries and Wages	496,291
Employee Benefits	136,661
Staff Expenses	11,206
Materials and Supplies	24,220
Contractual Services	13,144
Occupancy and Other	33,555
Coordination Services	89,474
Depreciation	<u>10,956</u>
 Total Operating Expenses	 <u>815,507</u>
 Operating Loss	 <u>(33,792)</u>
 Non-Operating Revenues	
Special Vision Project Revenues	<u>2,930</u>
 Total Non-Operating Revenues	 <u>2,930</u>
 Net Loss	 (30,862)
 Net Assets at Beginning of Year (Restated See Note 3)	 <u>144,159</u>
 Net Assets at End of Year	 <u>\$113,297</u>

See accompanying notes to the basic financial statements

Richland County Regional Planning Commission
Richland County
Statement of Cash Flow
For the Fiscal Year Ended June 30, 2009

Cash Flows from Operating Activities	
Cash Received from Federal Sources	\$289,803
Cash Received from State Sources	36,225
Cash Received from Local Sources	346,685
Cash Received from Coordination	98,779
Cash Payments to Suppliers for Goods and Services	(282,815)
Cash Payments to Employees for Services	(474,975)
Other Operating Revenues	<u>852</u>
Net Cash Provided by Operating Activities	<u>14,554</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from Local Sources	<u>15,630</u>
Net Cash Provided by Noncapital Financing Activities	<u>15,630</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	<u>(8,368)</u>
Net Cash (Used) for Related Financing Activities	<u>(8,368)</u>
Net Increase in Cash	21,816
Cash at Beginning of Year	<u>32,946</u>
Cash at End of Year	<u>\$54,762</u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (Loss)	(\$33,792)
Adjustments to Reconcile Operating (Loss) to Net Cash Provided by Operating Activities	
Depreciation	10,956
(Increase) in Operating Assets:	
Accounts Receivable	(6,620)
Donated Asset	(2,750)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	22,976
Accrued Wages and Benefits	7,690
Compensated Absences	17,331
Intergovernmental Payable	<u>(1,237)</u>
Total Adjustments	<u>48,346</u>
Net Cash Provided by Operating Activities	<u>\$14,554</u>

See accompanying notes to the basic financial statements

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**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

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, 2009

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.

Protection of the County's deposits is provided by the Federal Deposit Insurance Corporation, by eligible securities pledged by the financial institution as security for repayment by Surety Company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 twenty 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. The Commission utilizes the Provisional Method to calculate over/(underpayments) by the Ohio Department of Transportation. 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).

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 (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.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

The Special Vision Project Committee was formed to oversee projects throughout Richland County from donated funds.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The Commission has corrected accounts receivable and accounts payable for recording errors made in prior years. The results of these corrections and the effect on Net Assets are as follows:

Net Assets at June 30, 2008	\$126,180
Adjustment of Receivables	(4,000)
Adjustment of Payables	<u>21,979</u>
Restated Net Assets at July 1, 2008	<u>\$144,159</u>

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2009, the Commission implemented Governmental Accounting Standards Board (GASB) Statement No. 49, “Accounting and Financial Reporting for Pollution Remediation Obligations” and GASB Statement No. 52, “Land and Other Real Estate Held as Investments by Endowments”, GASB Statement No. 55, “The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments”, and GASB Statement No. 56 “Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards”.

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effect of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of this Statement did not result in any change to the Commission’s financial statements.

GASB Statement No. 52 establishes standards for accounting and financial reporting for land and other real estate held as investments by endowments. Endowments include permanent and term endowments, and permanent funds. This Statement does not apply to lands granted by the Federal government in connection with a state being admitted into the United States. It also does not apply to quasi-endowments. The implementation of this Statement did not result in any change to the Commission’s financial statements.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principals (GAAP) for state and local governments into the GASB’s authoritative literature. The implementation of this Statement did not result in any change to the Commission’s financial statements.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES (continued)

GASB Statement No. 56 incorporates into the GASB’s authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants’ (AICPA) Statements on Auditing Standards. The implementation of this Statement did not result in any change to the Commission’s financial statements.

NOTE 5 – CAPITAL ASSETS

A summary of the Commission’s Capital Assets at June 30, 2009 is as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Furniture and Equipment	\$190,740	\$11,119	(\$9,587)	\$192,272
Accumulated Depreciation	(153,079)	(10,956)	9,587	(154,448)
Book Value	<u>\$37,661</u>	<u>\$163</u>	<u>\$0</u>	<u>\$37,824</u>

NOTE 6 – 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.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 6 – PENSION PLAN (continued)

Authority to establish and amend benefits is provided in 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.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2008, (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 10.0% of their annual covered salary to fund pension benefit obligations. The Commission is required to contribute 14.%. Contributions are authorized by State statute. The contribution rates are determined actuarially. The Commission's contributions for pension obligations to the OPERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$34,047, \$35,957 and \$40,103, respectively, equal to the required contributions for each year. The full amount has been contributed.

NOTE 7 – POSTEMPLOYMENT BENEFITS

A. *Plan Description*

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

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 7 – POSTEMPLOYMENT BENEFITS (continued)

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 1-614-222-5601 or 1-800-222-7377.

B. Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer’s contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, (the latest information available) state and local employers contributed at a rate of 14% of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14% of the covered payroll for state and local employer units. Active members do not make contributions to the OPEB Plan.

OPERS’ Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of cover dependents and the coverage selected. The Commission's contribution to OPERS which were used to fund post employment benefits for the fiscal year ended June 30, 2009 was \$34,047.

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

NOTE 8 – LONG TERM LIABILITIES

Long-Term liabilities at June 30, 2009 were as follows:

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Compensated Absences	\$28,780	\$50,746	(\$33,415)	\$46,111

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 9 – 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.

NOTE 10 – RISK SHARING POOL

Through Richland County, the Commission participates in the County Risk Sharing Authority, Inc. (CORSA), a risk sharing pool made up of sixty-two member counties. 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.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

NOTE 10 – RISK SHARING POOL (continued)

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 11 – 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 disallowances, 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**

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

To the Executive Committee:

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, 2009, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated November 30, 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 2009-01 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 this section and would not necessarily identify all deficiencies in the 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 consider item 2009-01 to be 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 no opinion on it.

This report is intended solely for the information and use of management and the Executive Committee, 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

November 30, 2009

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
SCHEDULE OF AUDIT FINDINGS AND RESPONSES
JUNE 30, 2009

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

Finding 2009-01 Significant Deficiency/Material Weakness

Sound financial reporting is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The Commission made the following audit adjustments to the June 30, 2009 financial statements:

1. To correct the recording of a donated asset valued at \$2,750.
2. To correct the recording of the purchase of a capital asset for \$1,424 and reduce the expense recorded at the time of purchase.
3. To correct the recording of compensated absences by \$13,609 and recognize the liability properly according to GASB 16.

Net Assets have been restated as of June 30, 2008. The restatement was done by the Commission to:

1. Correct an account receivable for \$4,000 that was invoiced in error in a prior period.
2. Correct accounts payable by \$21,979 that were recorded incorrectly as payables in a prior period.

The Executive Director should review the adjustments and restatements identified above and ensure that similar errors are not reported on the financial statements in subsequent years.

Officials Response:

The corrections associated with this finding have been reviewed with the Auditors, and the necessary adjustments have been made to the financial statements and the net assets have been restated as of June 30, 2008. The finding is also instructional to the staff of the Richland County Regional Planning Commission, and will be used in the future to further improve its financial management system.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No Longer Valid; Explain
2008-01	Restatement of Capital Assets.	Yes	Finding Corrected



Mary Taylor, CPA
Auditor of State

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
MARCH 2, 2010