



Dave Yost • Auditor of State

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Portage County Regional Planning Commission
Portage County
124 North Prospect Street
Ravenna, Ohio 44266

To the Board of Regional Planning Commission:

Report on the Financial Statements

We have audited the accompanying financial statements and related notes of Portage County Regional Planning Commission, Portage County, (the Commission) as of and for the years ended December 31, 2013 and 2012.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the Commission prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2013 and 2012, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Portage County Regional Planning Commission, Portage County, as of December 31, 2013 and 2012, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 21, 2014, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

May 21, 2014

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY
COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS , AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2013**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|--|-----------------|------------------------|---|
| Cash Receipts | | | |
| Membership Dues | \$225,416 | | \$225,416 |
| Grants (LGIF) | | \$65,126 | 65,126 |
| Contractual Services | 64,420 | | 64,420 |
| PCC Contractual Services | 76,191 | | 76,191 |
| Rental Income | 8,852 | | 8,852 |
| Other Receipts | 16,138 | | 16,138 |
| Total Cash Receipts | <u>391,017</u> | <u>65,126</u> | <u>456,143</u> |
| Cash Disbursements | | | |
| Salaries | 213,551 | 15,513 | 229,064 |
| Fringe and Health Benefits | 72,883 | 1,744 | 74,627 |
| Contract Service | 1,267 | 3,204 | 4,471 |
| Travel/Training | 3,973 | | 3,973 |
| Dues | 410 | | 410 |
| Publication/Advertising | 384 | | 384 |
| Utilities | 9,785 | | 9,785 |
| Postage | 1,311 | | 1,311 |
| Repairs | 6,245 | | 6,245 |
| Custodial Contract | 3,120 | | 3,120 |
| Equipment Rental | 3,703 | | 3,703 |
| Telephone | 2,035 | | 2,035 |
| Professional/Technical Services | 5,932 | | 5,932 |
| Legal Services | 10,000 | | 10,000 |
| Insurance (bonding) | 354 | | 354 |
| Supplies | 2,643 | | 2,643 |
| Photocopying/Printing | 1,552 | | 1,552 |
| Equipment | 354 | | 354 |
| Debt Service: | | | |
| Principal Retirement | 18,363 | | 18,363 |
| Interest and Fiscal Charges | 13,426 | | 13,426 |
| Total Cash Disbursements | <u>371,291</u> | <u>20,461</u> | <u>391,752</u> |
| Excess of Receipts Over Disbursements | 19,726 | 44,665 | 64,391 |
| Fund Cash Balances, January 1, | <u>33,143</u> | <u>0</u> | <u>33,143</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | | 44,665 | 44,665 |
| Assigned | 489 | | 489 |
| Unassigned | 52,380 | | 52,380 |
| Fund Cash Balances, December 31 | <u>\$52,869</u> | <u>\$44,665</u> | <u>\$97,534</u> |

The notes to the financial statements are an integral part of this statement.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CHANGES IN FUND BALANCES (CASH BASIS) - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2012**

| | General Fund |
|--|---------------------|
| Cash Receipts | |
| Membership Dues | \$221,115 |
| Grants | 8,636 |
| Contractual Services | 30,103 |
| County General Fund (Transfer) | 79,851 |
| Rental Income | 5,181 |
| Other Receipts | 16,103 |
| Total Cash Receipts | 360,989 |
| Cash Disbursements | |
| Salaries | 206,363 |
| Fringe and Health Benefits | 71,061 |
| Contract Service | 1,319 |
| Travel/Training | 462 |
| Dues | 235 |
| Publication/Advertising | 460 |
| Utilities | 8,597 |
| Postage | 1,450 |
| Repairs | 1,277 |
| Custodial Contract | 3,120 |
| Equipment Rental | 3,730 |
| Telephone | 2,704 |
| Professional/Technical Services | 4,133 |
| Audit Services | 2,050 |
| Legal Services | 10,000 |
| Supplies | 2,798 |
| Photocopying/Printing | 2,116 |
| Equipment | 3,113 |
| Building Improvements | 3,417 |
| Debt Service: | |
| Principal Retirement | 17,517 |
| Interest and Fiscal Charges | 14,259 |
| Total Cash Disbursements | 360,181 |
| Excess of Receipts Over Disbursements | 808 |
| Fund Cash Balance, January 1 | 32,335 |
| Fund Cash Balance, December 31 | |
| Assigned | 241 |
| Unassigned | 32,902 |
| Fund Cash Balance, December 31 | \$33,143 |

The notes to the financial statements are an integral part of this statement.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Portage County Regional Planning Commission, Portage County, (the Commission) as a body corporate and politic. A 29 member Board governs the Commission. The Board consists of representatives from participating political subdivisions, the county commissioners, and appointed citizens. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. The Commission consults with other professionals such as the County Engineer, County Sanitary Engineer, Health Department and the Soil and Water Conservation District staff. The participating subdivisions are:

| | | |
|--------------------------|------------------------------|---------------------------|
| Atwater Township | Brimfield Township | Deerfield Twp (2012 only) |
| Edinburg Twp (2012 only) | Franklin Township | Freedom Township |
| Garrettsville Village | Hiram Township | Hiram Village |
| Mantua Township | Mantua Village | Palmyra Township |
| Paris Township | Randolph Township | Rootstown Township |
| Ravenna City | Ravenna Township | Shalersville Township |
| Streetsboro City | Suffield Township | Sugar Bush Knolls Village |
| Park District | PARTA | Nelson Township |
| Windham Township | Portage County Commissioners | |

The Commission's management believes these financial statements present all activities for which the Commission is financially accountable.

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Commission recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

As the Ohio Revised Code permits, the Portage County Treasurer holds the Commission's cash as the Commission's custodian. The County holds the Commission's assets in its investment pool, valued at the Treasurer's reported carrying amount.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

D. Fund Accounting

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission classifies its funds into the following types:

1. General Fund

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

2. Special Revenue Fund

This fund accounts for and reports the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Commission had the following significant Special Revenue Fund:

Local Government Innovation Fund - This fund receives funds to develop a countywide asset mapping tool to further Economic Development.

E. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Commission must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

1. Nonspendable

The Commission classifies assets as nonspendable when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

The Board can *commit* amounts via formal action (resolution). The Commission must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Commission Board or a Commission official delegated that authority by resolution, or by State Statute.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Commission applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

F. Property, Plant, and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

H. Budgetary Process

The Commission budgets annually.

1. Appropriations

The Board annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

1. Summary of Significant Accounting Policies – (Continued)

3. Encumbrances

The Commission reserve (encumbers) appropriations when individual commitments are made. A summary of 2013 and 2012 budgetary activity appears in Note 2.

2. Budgetary Activity

Budgetary activity for the years ending December 31, 2013 and 2012 follows:

| 2013 | | | |
|------------------------|------------------------|------------------------|-----------------|
| Fund Type | Budget Receipts | Actual Receipts | Variance |
| General | \$390,780 | \$391,017 | \$237 |
| Special Revenue | \$65,126 | \$65,126 | \$0 |

| 2013 | | | |
|------------------------|--------------------------------|-------------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$390,780 | \$371,780 | \$19,000 |
| Special Revenue | \$20,461 | \$20,461 | \$0 |

| 2012 | | | |
|------------------|------------------------|------------------------|-------------------|
| Fund Type | Budget Receipts | Actual Receipts | Variance |
| General | \$381,370 | \$360,989 | (\$20,381) |

| 2012 | | | |
|------------------|--------------------------------|-------------------------------|-----------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$381,370 | \$360,422 | \$20,948 |

3. Retirement Systems

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2013 and 2012, OPERS members contributed 10% of their gross salaries and the Commission contributed an amount equaling 14% of participants' gross salaries. The Commission has paid all contributions required through December 31, 2013.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

4. Risk Management

Risk Pool Membership

The Commission is a member of the County Risk Sharing Authority (CORSA) which is a property and liability self-insurance pool that was established by the County Commissioners Association of Ohio in 1987. The program is governed by a nine member Board of Trustees, all of whom must be commissioners from member counties. The County Risk Sharing Authority, Inc. (CORSA) is a public entity risk sharing pool among sixty two counties 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 coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, public official's liability and police professional insurance.

CORSA has issued certificates 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 the certificates. The Commission does not have an equity interest in CORSA.

5. Debt

Debt outstanding at December 31, 2013 was as follows:

| | Principal | Interest Rate |
|-----------------------------------|-----------|------------------|
| General Obligation Notes – Loan 1 | \$176,445 | 4.75% |
| General Obligation Notes – Loan 2 | 87,862 | 4.75% |
| Roof Loan | 50,000 | 0.00% |
| Total | \$314,307 | |

General Obligation Notes Loan

The Portage County Regional Planning Commission requested the Board of the Portage County Commissioners to incur debt on their behalf to purchase and rehabilitate property at 122-128 North Prospect St., Ravenna, OH 44266. The purpose was to provide rehabbed office space for the Commission (124 N. Prospect St.) with the other units providing rental income. The debt was financed through the U.S. Dept. of Agriculture, Rural Development in two different loans. Loan 1 was for the amount of \$326,000, for a term of 25 years at 4.75%. Loan 2 was for \$133,000, for a term of 25 years at 4.75%. Payments are due December 1 of each year for both loans. The Planning Commission has an informal understanding with the Board of County Commissioners that they will reimburse the general fund for the debt service payment each year and make repairs and improvements to this facility. When the debt is paid off, the understanding is that the property will be transferred to the Regional Planning Commission.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2013 AND 2012
(Continued)**

5. DEBT (Continued)

Future Loan payments are as follows:

| Year | Loan 1 | Loan 2 |
|-----------------------------------|------------------|-----------------|
| 2014 | \$22,574 | \$9,215 |
| 2015 | 22,574 | 9,215 |
| 2016 | 22,574 | 9,204 |
| 2017 | 22,574 | 9,215 |
| 2018 | 22,574 | 9,215 |
| 2019 - 2023 | 112,868 | 46,068 |
| 2024 - 2026 | 27,641 | 27,641 |
| Total Principal and Interest | \$225,738 | \$119,773 |
| Less amount representing interest | 49,293 | 31,911 |
| Total Principal | <u>\$176,445</u> | <u>\$87,862</u> |

Roof Loan

On January 17, 2008 the Planning Commission entered into a loan agreement with the Portage County Board of Commissioners to borrow \$50,000. The funds were to be used for costs associated with the repair/replacement of a flat roof of the Regional Planning office buildings. The repayment of the loan was deferred for a period of 5 years.

6. Contingent Liabilities

Amounts grantor agencies pay to the Commission are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

7. Subsequent Event

On March 12, 2014 the Portage County Board of Commissioners forgave the \$50,000 roof loan including any incurred interest per Resolution No. 14-0178.



Dave Yost • Auditor of State

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

Portage County Regional Planning Commission
Portage County
124 North Prospect Street
Ravenna, Ohio 44266

To the Board of Regional Planning Commission:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Portage County Regional Planning Commission, Portage County, (the Commission) as of and for the years ended December 31, 2013 and 2012, and the related notes to the financial statements and have issued our report thereon dated May 21, 2014, wherein we noted the Commission followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

À

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State
Columbus, Ohio

May 21, 2014



Dave Yost • Auditor of State

PORTAGE COUNTY REGIONAL PLANNING COMMISSION

PORTAGE 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
JUNE 10, 2014**