Marion Regional Planning Commission
Marion County

Financial Condition
As of
December 31, 2015 and 2014

Together with Auditor's Report

Dave Yost · Auditor of State

Board of Commissioners
Marion Regional Planning Commission
222 West Center Street
Marion, Ohio 43302

We have reviewed the *Independent Auditor's Report* of the Marion Regional Planning Commission, Marion County, prepared by Kevin L. Penn, Inc., for the audit period January 1, 2014 through December 31, 2015. 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 Marion Regional Planning Commission is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

June 29, 2016

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MARION REGIONAL PLANNING COMMISSION

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Independent Auditor's Report

Marion Regional Planning Commission
Marion County
222 W. Center Street
Marion, Ohio

Report on the Financial Statements

I have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Marion Regional Planning Commission, Marion County, Ohio (the Commission), as of and for the years ended December 31, 2015 and 2014.

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

My responsibility is to opine on these financial statements based on my audit. I 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 me 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 my judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, I consider internal control relevant to the Marion Regional Planning 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 Marion Regional Planning Commission's internal control. Accordingly, I 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 my evaluation of the overall financial statement presentation.

I believe the audit evidence I obtained is sufficient and appropriate to support my audit opinion.

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

As described in Note 1 of the financial statements, the Marion Regional Planning 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 these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Marion Regional Planning Commission does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. My opinion on this accounting basis permitted is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In my 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 Marion Regional Planning Commission as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In my opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Marion Regional Planning Commission, Marion County as of December 31, 2015 and 2014, 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*, I have also issued my report dated April 28, 2016, on my consideration of the Marion Regional Planning Commission's internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of my 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 Marion Regional Planning Commission's internal control over financial reporting and compliance.

Kevin L. Penn, Inc.

April 28, 2016

Marion Regional Planning Commission
Marion County
Statement of Cash Receipts, Disbursements
and Changes in Fund Cash Balances
For the Year Ended December 31, 2015 and 2014

	2015	2014
Cash Receipts:		
Fees Charged to Subdivisions	$ 127,852	$ 120,262
Contractual Services	89,510	79,804
Transfer Tax	31,000	25,660
Transfer Tax - CANDO	41,800	41,800
Economic Development - City of Marion	31,000	9,000
Other Receipts	2,267	559
Total Cash Receipts	323,429	277,085
Cash Disbursements:		
Salaries	178,437	172,315
Supplies	1,970	1,774
Equipment	1,059	-
Insurance	35,213	34,807
Contracts - Services	5,198	4,953
Rentals	18,870	18,870
Travel	1,995	2,361
Public Employee's Retirement	24,945	24,102
Worker's Compensation	1,047	1,032
Social Security/Medicare	1,679	1,612
Transfer Tax - CANDO	41,800	41,800
Other	230	3,535
Total Cash Disbursements	312,443	307,161
Net Change in Fund Cash Balance	10,986	(30,076)
Fund Cash Balance - January 1	25,758	55,834
Fund Cash Balances - December 31		
Unassigned	36,744	25,758
Fund Cash Balance - December 31	$ 36,744	$ 25,758

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

MARION REGIONAL PLANNING COMMISSION
MARION COUNTY

NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2015 AND 2014

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 Marion Regional Planning Commission, Marion County, Ohio, (the Commission) as a body corporate and politic. A thirty-five member Board governs the Commission. The Board consists of representatives from Marion County, Marion City, Commissions and Townships within Marion County, and an attorney member. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region.

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

B. Accounting Basis

These financial statements follow 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). This basis is similar to the cash receipts and disbursements accounting basis. The Board 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 financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

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:

General Fund

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

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.

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

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.

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 statement does 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. This financial statement does not include a liability for unpaid leave.

1. Summary of Significant Accounting Policies (Continued)

H. Budgetary Process

The Commission is not required to follow Budgetary Compliance in accordance with the Ohio Revised Code. However, they choose to budget annually.

1. Appropriations

The Board annually approves appropriations and subsequent amendments. Unencumbered appropriations lapse at year end

2. Estimated Resources

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

3. Encumbrances

The Commission reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2015 and 2014 budgetary activity appears in Note 2.

2. Budgetary Activity

2015 Budgeted vs. Actual Receipts

Fund Type:	Budgeted Receipts	Actual Receipts	Over/(Under) Budget Variance
General	$ 315,702	$ 323,429	$ 7,727

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type:	Appropriation Authority	Budgetary Expenditures	Over/(Under) Budget Variance
General	$ 315,702	$ 312,443	$ (3,259)

2014 Budgeted vs. Actual Receipts

Fund Type:	Budgeted Receipts	Actual Receipts	Over/(Under) Budget Variance
General	$ 316,907	$ 277,085	$ (39,822)

2014 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type:	Appropriation Authority	Budgetary Expenditures	Over(Under) Budget Variance
General	$ 310,424	$ 307,161	$ (3,263)

3. Retirement Systems

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Commission employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Commission employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2015. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

Group A Eligible to retire prior to January 7, 2015 or five years after January 7, 2015	**Group B** 20 years of service credit prior to January 7, 2015 or eligible to retire ten years after January 7, 2015	**Group C** Members not in other Groups and members hired on or after January 7, 2015
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2015, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2015, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

	State and Local
2015 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2015 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0
Total Employer	14.0 %
Employee	10.0 %

* This rate is determined by OPERS' Board and has no maximum rate established by ORC.
** This rate is also determined by OPERS' Board, but is limited by ORC to not more than 2 percent greater than the Public Safety rate.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The Commission's contractually required contribution was $24,102 for year 2014 and 24,945 for year 2015.

4. Risk Management

Commercial Insurance

The Commission has obtained commercial insurance for comprehensive property and general liability.

The Commission also provides health insurance and dental and vision coverage to full-time employees through the County's provider.

5. Related Party Transactions

The Regional Planning Commission, leases office space from the County Commissioners in the amount of $1,572.50 per month.

6. Contingent Liabilities

Management believes there are no pending claims or lawsuits.

7. Subsequent Events

There were no material revenues or expenditures incurred subsequent to December 31, 2015.

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<u>Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by Government Auditing Standards</u>

Marion Regional Planning Commission
Marion County
222 W. Center Street
Marion, Ohio

I 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 Marion Regional Planning Commission, Marion County, (the Commission), of the cash balances, receipts and disbursements by fund type, as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued my report thereon dated April 28, 2016 wherein I noted the Commission followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permits.

Internal Control Over Financial Reporting

As part of my financial statement audit, I considered the Marion Regional Planning Commission's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support my opinion**(s)** on the financial statements, but not to the extent necessary to opine on the effectiveness of the Marion Regional Planning Commission's internal control. Accordingly, I 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 Marion Regional Planning 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.

My 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, I did not identify any deficiencies in internal control that I consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the Marion Regional Planning Commission's financial statements are free of material misstatement, I 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 my audit and accordingly, I do not express an opinion. The results of my tests disclosed no instances of noncompliance or other matters I must report under *Government Auditing Standards*.

I noted certain matters that I reported to management of Marion Regional Planning Commission's in a separate letter dated April 28, 2016.

Purpose of this Report

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

Kevin L. Penn, Inc.

April 28, 2016

MARION REGIONAL PLANNING COMMISSION

MARION 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
JULY 12, 2016