RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2017

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To Members of the Commission:

Report on the Financial Statements

We have audited the accompanying financial statements of the Richland County Regional Planning Commission, Richland County, Ohio, (the Commission) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to 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 overall financial statement presentation.

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199
www.auditor.state.oh.us

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Regional Planning Commission, Richland County, Ohio, as of June 30, 2017, and the change in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Information

We did not subject the Schedule of Expenses by Work Element and Schedule of Direct Labor, Fringe Benefits, and General Overhead to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on this information.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 13, 2018, 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. While we did not opine on the internal control over financial reporting or on compliance, 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

February 13, 2018

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017
UNAUDITED

The management's discussion and analysis of the Richland County Regional Planning Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the year ended June 30, 2017. 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 2017 are as follows:

- The net position of the Commission remained stable with fiscal year 2017 decreasing by $2,686.

- The Commission's assets decreased $2,106, which represents a .72% decrease from fiscal year 2016. The decrease is associated with the decrease in receivables.

- Deferred outflows of resources decreased $22,649 as a result of the change in deferred outflows reported at fiscal year-end related to the net pension asset/liability.

- Total liabilities decreased by $57,778 from the total liabilities stated in fiscal year 2016 due to a decrease in the net pension liability.

- Deferred inflows of resources increased by $35,709 from fiscal year 2016 as a result of the change in deferred outflows reported at fiscal year-end related to the net pension asset/liability.

- Operating revenues increased by $38,033, which represents a 3.56% increase primarily due to an increase in the Transportation Coordination program.

- Total operating expenses increased by $54,952 or 5.20%, due to the increased costs associated with the Transportation Coordination program.

Using this Annual Financial Report

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

Statement of Net Position

The Statement of Net Position looks at how well the Commission has performed financially from inception through June 30, 2017. This Statement includes all of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position 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 Position for fiscal years ended June 30, 2017 and June 30, 2016:

Net Position

Assets	**Fiscal Year 2017**	**Fiscal Year 2016**
Current assets	$267,237	$268,715
Noncurrent assets		
Capital assets, net of depreciation	22,506	23,237
Net pension asset	103	-
Total noncurrent assets	22,609	23,237
Total assets	289,846	291,952
Deferred outflows of resources	200,244	222,893
Liabilities		
Current liabilities	55,444	63,348
Long-term liabilities		
Compensated absences benefits	33,905	48,517
Net pension liability	567,379	602,641
Total long-term liabilities	601,284	651,158
Total liabilities	656,728	714,506
Deferred inflows of resources	87,547	51,838
Net position		
Net investment in capital assets	22,506	23,237
Unrestricted (deficit)	(276,691)	(274,736)
Total net position (deficit)	($254,185)	($251,499)

The Commission has adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Commission's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension asset/liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension asset/liability equals the Commission's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Commission is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

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

In accordance with GASB 68, the Commission's statements include an annual pension expense for their proportionate share of each plan's *change* in net pension asset/liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the Commission is reporting a net pension asset/liability and deferred inflows/outflows of resources related to pension.

Net position remained stable with a $2,686 decrease; unrestricted net position decreased $1,955 while net investment in capital assets decreased by $731.

Statement of Revenues, Expenses and Change in Net Position

The Statement of Revenues, Expenses and Change in Net Position reports operating and non-operating activities for the fiscal year ended June 30, 2017. The following schedule provides a summary of the Commission's Statement of Revenues, Expenses and Change in Net Position for fiscal years ended June 30, 2017 and June 30, 2016.

Change in Net Position

Operating Revenues	**Fiscal Year 2017**	**Fiscal Year 2016**
Federal	$269,062	$268,595
State	48,084	33,574
Local Governments	92,831	187,964
Coordination Revenue	515,491	463,593
GIS	10,222	23,691
Local Reimbursements	160,301	90,644
Other	11,518	1,415
Total Operating Revenue	1,107,509	1,069,476
Operating Expenses		
Salaries & Wages	349,449	370,013
Employee Benefits	234,059	206,299
Staff Expenses	21,653	11,866
Equipment & Supplies	15,077	22,346
Contractual Services	13,179	11,643
Occupancy and Other	32,655	32,588
Coordination Service	438,908	394,305
Depreciation	5,215	6,183
Total Operating Expense	1,110,195	1,055,243
Change in Net Position	(2,686)	14,233
Net Position at Beginning of Year	(251,499)	(265,732)
Net Position at End of Year	($254,185)	($251,499)

Revenues increased by $38,033. There was a $51,898 increase in the revenues of the Coordination Program in fiscal year 2017. Operating expenses increased by $54,952 due mainly to an increase in the Coordination Program. The actual increase in the expenses of the coordination program was $44,603, while the remaining expense categories had a total increase of $10,349.

Capital Assets

As of June 30, 2017, the Commission had capital assets of $22,506 invested in furniture and equipment. This figure is a $731 decrease compared to the amount presented for fiscal year 2016. See Note 3 for additional information on capital assets.

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.

Funds are allocated to the Commission from various local sources, including county, municipal, township sources 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 Cost Allocation Plan (CAP).

<u>Special Financial Management Notes for Fiscal Year 2017</u>

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 2017, 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.

Cost Allocation Plan	Estimated FY 2017	Actual FY 2017
Fringe Benefit Rate	58.66%	60.49%
Indirect Cost Rate	67.17%	64.41%
Total Overhead Cost Rate	125.83%	124.90%

2) In accordance with government accounting standards, the RCRPC adopted a policy to anticipate the financial impact of retiring employees who will be eligible for some financial compensation for unused sick leave. A total of $13,139 was booked in fiscal year 2017. 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 several years 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.

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 the Executive Director, Richland County Regional Planning Commission, 35 North Park Street, Suite 230, Mansfield, OH 44902, 419-774-5684.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

Assets:		
Current assets:		
Cash	$	165,485
Receivables:		
Federal		30,581
State		16,675
Local government		43,083
Coordination		11,098
Other		315
Total current assets		267,237
Noncurrent assets:		
Net pension asset		103
Capital assets:		
Depreciable capital assets, net		22,506
Total noncurrent assets		22,609
Total assets		289,846
Deferred outflows of resources:		
Pension - OPERS		200,244
Liabilities:		
Current liabilities:		
Accounts payable		32,628
Accrued wages and benefits		19,771
Intergovernmental payable		3,045
Total current liabilities		55,444
Noncurrent liabilities:		
Compensated absences payable		33,905
Net pension liability		567,379
Total noncurrent liabilities		601,284
Total liabilities		656,728
Deferred inflows of resources:		
Pension - OPERS		87,547
Net position:		
Net investment in capital assets		22,506
Unrestricted (deficit)		(276,691)
Total net position (deficit)	$	(254,185)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating revenues:	
Intergovernmental:	
Federal.	$ 269,062
State	48,084
Local governments.	92,831
Charges for services:	
Coordination.	515,491
GIS.	10,222
Local.	160,301
Other	11,518
Total operating revenues	1,107,509
Operating expenses:	
Salaries and wages	349,449
Employee benefits	234,059
Staff expenses	21,653
Equipment	1,982
Supplies	13,095
Contractual services	13,179
Occupancy and other	32,655
Coordination service.	438,908
Depreciation	5,215
Total operating expenses	1,110,195
Operating loss/change in net position.	(2,686)
Net position (deficit) at beginning of year . .	(251,499)
Net position (deficit) at end of year.	$ (254,185)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:	
Cash received from federal sources.	$ 318,882
Cash received from state sources	42,689
Cash received from local sources	96,942
Cash received from coordination	556,848
Cash received from other operating revenues.	184,556
Cash payments to employees for services	(574,331)
Cash payments to suppliers for goods and services . . .	(530,172)
Net cash received in operating activities	95,414
Cash flows from capital and related financing activities:	
Acquisition of capital assets.	(4,484)
Net increase in cash.	90,930
Cash at beginning of year	74,555
Cash at end of year.	$ 165,485
Reconciliation of operating loss to net cash received in operating activities:	
Operating loss	$ (2,686)
Adjustments:	
Depreciation	5,215
(Increase) decrease in assets and deferred outflows:	
Accounts receivable	92,408
Increase in net pension asset	(103)
Deferred outflows	22,649
Increase (decrease) in liabilities and deferred inflows:	
Accounts payable	(8,700)
Accrued wages and benefits	689
Intergovernmental payable.	107
Compensated absences payable	(14,612)
Net pension liability	(35,262)
Deferred inflows	35,709
Net cash received in operating activities	$ 95,414

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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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 Commission, 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*", as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*", 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 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.

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, deferred outflow of resources, liabilities and deferred inflow of resources are included on the Statement of Net Position. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total position.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 non-exchange 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.

A deferred inflow of resources is an acquisition of net position by the Commission that is applicable to a future reporting period. The Commission reports deferred inflow of resources for the following items related to the Commission's net pension liability: (1) differences between expected and actual experience and (2) differences between employer's contributions and the employer's proportional share of contributions.

A deferred outflow of resources is a consumption of net position by the Commission that is applicable to a future reporting period. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Commission, deferred outflows of resources have been reported for the following items related to the Commission's net pension liability: (1) differences between expected and actual experience, (2) the net difference between projected and actual investment earnings on pension plan assets, (3) changes of assumptions, and (4) the Commission's contributions to the pension systems subsequent to the measurement date.

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.

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 the requirements of Title 2 U.S. Code of Federal Regulations Part 200 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.

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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 or 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. Operating Revenues (Expenses)

Operating revenues are those revenues that are generated directly from the primary activities. For the Commission, these revenues are primarily membership fees from participating subdivisions and operating grants from federal, state, and local governments. Operating expenses are cost incurred to provide the good or service that is the primary activity of the Commission. Revenues and expenses not meeting the definition are reported as non-operating.

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 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

L. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets", consists of capital assets, net of accumulated depreciation. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position.

M. Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Commission, deferred outflows of resources have been reported for the following two items related to the Commission's net pension liability: (1) differences between expected and actual experience, (2) the net difference between projected and actual investment earnings on pension plan assets, (3) changes of assumptions, and (4) the Commission's contributions to the pension systems subsequent to the measurement date.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The Commission reports deferred inflows of resources for (1) the difference between expected and actual experience of the pension system, and (2) the difference between the Commission's contributions and the proportional share of contributions.

N. Pension

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension system. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension system reports investments at fair value.

NOTE 3 - CAPITAL ASSETS

A summary of the Commission's Capital Assets at June 30, 2017 is as follows:

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Furniture and Equipment	$ 152,120	$ 4,484	$ -	$ 156,604
Accumulated Depreciation	(128,883)	(5,215)	-	(134,098)
Book Value	$ 23,237	$ (731)	$ -	$ 22,506

NOTE 4 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability/Asset

The net pension liability/asset reported on the statement of net position represents a liability or asset to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability/asset represents the Commission's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability/asset calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Commission's obligation for this liability to annually required payments. The Commission cannot control benefit terms or the manner in which pensions are financed; however, the Commission does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability* or *net pension asset*, respectively, on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - Commission employees, other than full-time police and firefighters, 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. Commission employee members are in OPERS' Traditional Pension Plan and the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension 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.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. 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 Pension 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, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
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, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Benefits in the Combined Plan consist of both an age-and-service formula benefit (defined benefit) and a defined contribution element. The defined benefit element is calculated on the basis of age, FAS, and years of service. Eligibility regarding age and years of service in the Combined Plan is the same as the Traditional Pension Plan. The benefit formula for the defined benefit component of the plan for State and Local members in transition Groups A and B applies a factor of 1.0% to the member's FAS for the first 30 years of service.

A factor of 1.25% is applied to years of service in excess of 30. The benefit formula for transition Group C applies a factor of 1.0% to the member's FAS and the first 35 years of service and a factor of 1.25% is applied to years in excess of 35. Persons retiring before age 65 with less than 30 years of service credit receive a percentage reduction in benefit. The defined contribution portion of the benefit is based on accumulated member contributions plus or minus any investment gains or losses on those contributions. Members retiring under the Combined Plan receive a 3% COLA adjustment on the defined benefit portion of their benefit.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the OPERS's Board of Trustees. Member-Directed Plan and Combined Plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the Combined Plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. The amount available for defined contribution benefits in the Member-Directed Plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20% each year. For additional information, see the Plan Statement in the OPERS CAFR.

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

	State & Local: Calendar Year 2016	State & Local: Calendar Year 2017
Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0
Employee	10.0 %	10.0
Actual Contribution Rates		
Employer:		
Pension	12.0 %	13.0
Post-employment Health Care Benefits	2.0 %	1.0
Total Employer	14.0 %	14.0
Employee	10.0 %	10.0

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

The Commission's contractually required contribution for the Traditional Pension Plan and Member-Directed Plan was $48,876 for 2017. Of this amount, $2,471 is reported as intergovernmental payable.

Pension Liabilities/Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability and net pension asset for the OPERS Traditional Pension Plan and Member-Directed Plan, respectively, were measured as of December 31, 2016, and the total pension liability or asset used to calculate the net pension liability or asset was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability or asset was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

	OPERS
Proportion of the net pension liability prior measurement date	0.003479198%
Proportion of the net pension liability current measurement date	0.002498550%
Change in proportionate share	-0.000980648%
Proportion of the net pension asset prior measurement date	0.000000000%
Proportion of the net pension asset current measurement date	0.024767720%
Change in proportionate share	0.024767720%
Proportionate share of the net pension liability	$ 567,379
Proportionate share of the net pension asset	103
Pension expense	46,724

At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred outflows of resources	
Differences between expected and actual experience	$ 1,819
Net difference between projected and actual earnings on pension plan investments	84,585
Changes of assumptions	90,109
Commission contributions subsequent to the measurement date	23,731
Total deferred outflows of resources	$ 200,244
Deferred inflows of resources	
Differences between expected and actual experience	3,375
Changes in employer's proportionate percentage/ difference between employer contributions	84,172
Total deferred inflows of resources	$ 87,547

$23,731 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending June 30, 2018.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

		OPERS
Year Ending December 31:		
2017	$	30,619
2018		33,345
2019		26,768
2020		(2,328)
2021		151
Thereafter		411
Total	$	88,966

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below for the Traditional Pension Plan and the Member-Directed Plan.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

	Traditional Pension Plan	**Member-Directed Plan**
Valuation date	12/31/2016	12/31/2016
Experience Study	5 Year Period Ended 12/31/2015	5 Year Period Ended 12/31/2015
Actuarial cost method	Individual entry age	Individual entry age
Actuarial assumptions:		
Investment rate of return	7.50%	7.50%
Wage inflation	3.50%	3.50%
Projected salaries increases	3.25% - 10.75% (including wage inflation of 3.25%)	3.25% - 8.25% (including wage inflation of 3.25%)
Cost-of-living adjustments	Pre-1/7/2013 Retirees: 3.00% Simple	Pre-1/7/2013 Retirees: 3.00% Simple
	Post-1/7/2013 Retirees: 3.00% Simple through 2018 then 2.15% Simple	Post-1/7/2013 Retirees: 3.00% Simple through 2018 then 2.15% Simple

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

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

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

NOTE 4 - DEFINED BENEFIT PENSION PLAN - (Continued)

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate **-** The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan, Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate **-** The following table presents the Commission's proportionate share of the net pension liability/asset calculated using the current period discount rate assumption of 7.50 percent, as well as what the Commission's proportionate share of the net pension liability/asset would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Commission's proportionate share of the net pension liability (asset):			
Traditional Pension Plan	$ 866,798	$ 567,379	$ 317,866
Member-Directed Plan	248	(103)	(248)

NOTE 5 - POSTRETIREMENT BENEFIT PLAN

Ohio Public Employees Retirement System

Plan Description - 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 Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. 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.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/financial/reports.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for calendar years 2017 and 2016 was 1.00% and 2.00%, respectively.

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 covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Commission's contributions allocated to fund post-employment health care benefits for fiscal years 2017, 2016, and 2015 were $5,865, $8,501, and $7,485, respectively; 94.94% has been contributed for 2017 and 100% has been contributed for 2016 and 2015. The remaining fiscal year 2017 post-employment health care benefits liability of $297 has been reported as intergovernmental payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 6 - LONG TERM LIABILITIES

During fiscal year 2017, the following change occurred in Long-Term Liabilities.

	Balance June 30, 2016	Additions	Deletions	Balance June 30, 2017
Compensated Absences Benefits	$ 48,517	$ 25,291	$ (39,903)	$ 33,905
Net Pension Liability	602,641	-	(35,262)	567,379
Total	$ 651,158	$ 25,291	$ (75,165)	$ 601,284

NOTE 7- 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 Commission (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 Orders and Counterfeit Paper Currency $1,000,000 Depositor's Forgery $1,000,000 Money and Securities $1,000,000 Money Orders and Counterfeit Paper $1,000,000 Fund Transfer Fraud $500,000 Computer Fraud $500,000
Equipment:	Valuable Papers $2,500,000 Accounts Receivable $1,000,000 Electronic Date Processing $250,000 Contractors Equipment Replacement Cost Property in Transit $100,000 Flood & Earthquake Replacement Cost Auto Physical Damage Actual Cash Value Automatic Acquisition $5,000,000 Real and Personal Property Replacement Cost
Excess Liability:	Richland County $5,000,000 per Occurrence - No Annual Aggregate
Errors & Omissions Liability:	$1,000,000 per Occurrence - Annual Aggregate

NOTE 7- RISK MANAGEMENT - (Continued)

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 8 - RISK SHARING POOL

Through Richland County, the Commission participates in the County Risk Sharing Commission, 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.

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 Commission 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 9 - CONTINGENCIES

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.

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.

NOTE 10 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2017, the Commission has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Commission.

NOTE 10 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Commission.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Commission.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the Commission.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR FISCALYEARS

	2016	**2015**	**2014**	**2013**
Traditional Plan:				
Commission's proportion of the net pension liability	0.002498550%	0.003479198%	0.003915000%	0.003915000%
Commission's proportionate share of the net pension liability	$ 567,379	$ 602,641	$ 472,185	$ 406,569
Commission's covered-employee payroll	$ 319,150	$ 436,625	$ 449,150	$ 397,238
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	177.78%	138.02%	105.13%	102.35%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%
Member Directed Plan:				
Commission's proportion of the net pension asset	0.024767720%			
Commission's proportionate share of the net pension asset	$ 103			
Commission's covered-employee payroll	$ 105,875			
Commission's proportionate share of the net pension asset as a percentage of its covered-employee payroll	0.10%			
Plan fiduciary net position as a percentage of the total pension asset	103.40%			

Note: Information prior to 2013 was unavailable. The schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note: Information prior to 2016 was not available for the Member Directed Plan.

Amounts presented as of the Commission's measurement date which is December 31.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COMMISSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE FISCAL YEARS

	2017	2016	2015	2014	2013
Traditional Plan:					
Contractually required contribution	$ 36,701	$ 38,298	$ 52,395	$ 53,898	$ 51,641
Contributions in relation to the contractually required contribution	(36,701)	(38,298)	(52,395)	(53,898)	(51,641)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 293,608	$ 319,150	$ 436,625	$ 449,150	$ 397,238
Contributions as a percentage of covered-employee payroll	12.50%	12.00%	12.00%	12.00%	13.00%
Member Directed Plan:					
Contractually required contribution	$ 12,175	$ 12,705			
Contributions in relation to the contractually required contribution	(12,175)	(12,705)			
Contribution deficiency (excess)	**$** -	**$** -			
Commission's covered-employee payroll	$ 97,400	$ 105,875			
Contributions as a percentage of covered-employee payroll	12.50%	12.00%			

Note: Information prior to 2013 was unavailable. The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Note: Information prior to 2016 was not available for the Member Directed Plan.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 - 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 - 2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) investment rate of return ws reduced from 8.00% to 7.50%, (b) wage inflation was reduced from 3.75% to 3.25%, (c) projected salary increases ranges were changed from 4.25% - 10.05% to 3.25% - 10.75%, (d) long-term average price inflation was reduced from 3.00% to 2.50% and (e) changes mortality rate tables.

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RICHLAND COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
July 1, 2016 - June 30, 2017

		ESTIMATED FY 2017	ACTUAL FY 2017	VARIANCE (OVER BUDGET) UNDER BUDGET	ESTIMATED FY 2017
EMPLOYEE WAGES					
Indirect Labor					
Acct. #	Acct. Name				
12	Indirect Labor	$83,506.00	$77,541.68	$5,964.32	$83,506.00
Subtotal - Indirect Labor		$83,506.00	$77,541.68	$5,964.32	$83,506.00
Direct Labor					
Acct. #	Acct. Name				
204.15	CDBG	$5,982.00	$8,200.88	($2,218.88)	$5,982.00
206.1	District 16 OPWC	$6,028.00	$5,661.23	$366.77	$6,028.00
207.1	District 16 NRAC	$996.00	$1,542.12	($546.12)	$996.00
601.1	Short Range Transportation Planning	$27,855.00	$58,478.41	($30,623.41)	$27,855.00
602.1	TIP	$22,515.00	$13,622.30	$8,892.70	$22,515.00
605.1	Surveillance	$30,825.00	$29,399.40	$1,425.60	$30,825.00
610.1	Long Range Transportation Planning	$11,565.00	$3,650.25	$7,914.75	$11,565.00
625.1	Planning Assistance	$16,100.00	$11,731.52	$4,368.48	$16,100.00
630.1	Participation in Statewide Planning	$4,010.00	$456.47	$3,553.53	$4,010.00
695.1	Program Supervision	$0.00	$0.00	$0.00	$0.00
697.1	Tranportation Program Reporting	$34,256.00	$27,952.55	$6,303.45	$34,256.00
674.2	RCTB General	$32,035.00	$37,813.93	($5,778.93)	$32,035.00
674.4	Agency Coordination	$29,886.00	$30,007.35	($121.35)	$29,886.00
901.1	Local Service	$20,107.00	$13,744.33	$6,362.67	$20,107.00
920	Development Regulations	$0.00	$0.00	$0.00	$0.00
914.1	LGIF Grant	$0.00	$0.00	$0.00	$0.00
915.1	GIS Project	$32,552.00	$15,784.25	$16,767.75	$32,552.00
901.1	Safe Communities Grant	$0.00	$7,677.38	($7,677.38)	$0.00
916.1	GIS External - FB only to apply	$13,951.00	$6,185.04	$7,765.96	$13,951.00
Subtotal - Direct Labor		$288,663.00	$271,907.41	$16,755.59	$288,663.00
TOTAL EMPLOYEE WAGES		$372,169.00	$349,449.09	$22,719.91	$372,169.00
FRINGE BENEFITS COST CENTER					
Paid Leave					
Acct. #	Acct. Name				
211	Holiday Leave Taken	$16,270.17	$15,202.96	$1,067.21	$16,270.17
2122	Vacation Leave Accrued	$28,723.11	$27,245.83	$1,477.28	$28,723.11
221	Sick Leave Taken	$14,690.70	$11,447.94	$3,242.76	$14,690.70
Subtotal - Paid Leave		$59,683.98	$53,896.73	$5,787.25	$59,683.98
Other Fringe Benefits					
Acct. #	Acct. Name				
22	PERS (Employer Share)	$60,454.03	$56,660.16	$3,793.87	$60,454.03
23	Workers Compensation	$5,000.00	$2,917.85	$2,082.15	$5,000.00
24	Medicare	$6,261.31	$5,825.73	$435.58	$6,261.31
251	Health Ins., Dental, VEBA, & Buyout	$85,643.40	$90,862.14	($5,218.74)	$85,643.40
252	Life - County	$115.20	$111.60	$3.60	$115.20
253	Life - RCRPC	$1,152.00	$1,092.00	$60.00	$1,152.00
Subtotal - Other Fringe		$158,625.94	$157,469.48	$1,156.46	$158,625.94
TOTAL FRINGE BENEFITS		$218,309.92	$211,366.21	$6,943.71	$218,309.92

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
July 1, 2016 - June 30, 2017

			ESTIMATED FY 2017	ACTUAL FY 2017	VARIANCE (OVER BUDGET) UNDER BUDGET	ESTIMATED FY 2017
INDIRECT COST CENTER - NON-LABOR						
Acct. #	Acct. Name					
311	Mileage Reimbursement		$350.00	$224.48	$125.52	$350.00
313	Lodging Reimbursement		$500.00	$0.00	$500.00	$500.00
32.02	Vehicle Exp Applied by WE miles		$50.00	$11.83	$38.17	$50.00
33	Professional Memberships		$500.00	$406.00	$94.00	$500.00
34	Local Registration/Conference		$500.00	$250.00	$250.00	$500.00
35	Other Registration/Conference		$0.00	$350.00	($350.00)	$0.00
36	RCRPC Meeting expense		$0.00	$230.95	($230.95)	$0.00
37	Parking for staff and agency vehicle		$2,000.00	$1,920.00	$80.00	$2,000.00
40	Equipment - other		$0.00	$0.00	$0.00	$0.00
41	Leases - Copy Service		$2,100.00	$1,692.23	$407.77	$2,100.00
42	Maintenance		$0.00	$0.00	$0.00	$0.00
43	Purchases		$1,500.00	$956.04	$543.96	$1,500.00
44	Depreciation		$3,500.00	$2,695.48	$804.52	$3,500.00
51	Office (supplies, etc.)		$3,500.00	$2,792.53	$707.47	$3,500.00
53	Postage		$1,000.00	$650.49	$349.51	$1,000.00
55	Publications		$600.00	$329.50	$270.50	$600.00
56	Software		$500.00	$73.95	$426.05	$500.00
61	Printing		$0.00	$0.00	$0.00	$0.00
62	Legal Services & Public Notices		$500.00	$225.00	$275.00	$500.00
64	Other Consultants & Misc.		$2,000.00	$1,750.00	$250.00	$2,000.00
71	Occupancy - Rent		$30,625.00	$30,624.96	$0.04	$30,625.00
73	Occupancy - telephones		$2,500.00	$2,030.19	$469.81	$2,500.00
4300	Non-Budgeted Revenue		($200.00)	($497.54)	$297.54	($200.00)
TOTAL INDIRECT COSTS - NON-LABOR			$52,025.00	$46,716.09	$5,308.91	$52,025.00
FRINGE BENEFIT COST RATE CALCULATION						
TOTAL FRINGE BENEFITS		**A**	$218,310	$211,366		$218,310
TOTAL EMPLOYEE WAGES		**B**	$372,169	$349,449		$372,169
FRINGE BENEFIT COST RATE			**58.66%**	**60.49%**	**A ÷ B**	**58.66%**
FRINGE BENEFIT COST RECOVERY COMPARISON						
FY 2017						
Should have recovered in fiscal year		**+**		$164,465	Actual DL * Actual Fringe Rate	
Amount actually recovered in fiscal year		**-**		$159,498	Actual DL * Estimated Fringe Rate	
Prior Year Net (Over) / Under Recovery		**+**		$0		
Prior Year (Over) / Under Recovery Posted to Cost Center		**-**		$0		
(Over) / Under Recovery of Fringe Benefits		**=**		$4,967		
FRINGE BENEFITS COST DISTRIBUTION						
INDIRECT LABOR FRINGE BENEFITS			$48,984	$46,902		$48,984
DIRECT LABOR FRINGE BENEFITS			$169,326	$164,465		$169,326
TOTAL FRINGE BENEFITS			$218,310	$211,366		$218,310

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
July 1, 2016 - June 30, 2017

		ESTIMATED FY 2017	ACTUAL FY 2017	VARIANCE (OVER BUDGET) UNDER BUDGET	ESTIMATED FY 2017
INDIRECT COST RATE CALCULATION					
INDIRECT LABOR		$83,506	$77,542		$83,506
INDIRECT FRINGE BENEFITS		$48,984	$46,902		$48,984
OTHER INDIRECT COSTS		$52,025	$46,716		$52,025
TOTAL INDIRECT COSTS	**A**	$184,515	$171,159		$184,515
TOTAL DIRECT LABOR COSTS * **(see note 1)**	**B**	$274,712	$265,722		$274,712
INDIRECT COST RATE		**67.17%**	**64.41%**	**A ÷ B**	**67.17%**

INDIRECT COST RECOVERY COMPARISON FY 2017				
Should have recovered in fiscal year	**+**		$175,143	Actual DL * Actual Indirect Rate
Amount actually recovered in fiscal year	**-**		$182,631	Actual DL * Estimated Indirect Rate
Prior Year Net (Over) / Under Recovery	**+**		$0	
Prior Year (Over) / Under Recovery Posted to Cost Center	**-**		$0	
(Over) / Under Recovery of Indirect Costs	**=**		($7,488)	

SUMMARY

	ESTIMATED FY 2017	ACTUAL FY 2017	ESTIMATED FY 2017
FRINGE BENEFIT COST RATE	**58.66%**	**60.49%**	**58.66%**
INDIRECT COST RATE	**67.17%**	**64.41%**	**67.17%**
TOTAL OVERHEAD COST RATE	**125.83%**	**124.90%**	**125.83%**

Notes:

1 The direct labor associated with the County Engineer's GIS program is included in the total labor denominator for the calculation of the fringe benefits cost rate, but is not included in the direct labor denominator for the calculation of the indirect cost rate. This has been approved by ODOT as the U.S. DOT - FHWA and 2 CFR 200 recognized Pass-Through Entity for RCRPC's annual Cost Allocation Plan . The RCRPC and the County Engineer have a shared employee who is only on the payroll of the RCRPC but performs his work for the County Engineer at the offices of the County Engineer and not at the RCRPC office. Thus, an allocation of RCRPC indirect costs to this direct labor is not warranted. However, an allocation of fringe benefits costs is required.

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

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

To Members of the 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 Richland County Regional Planning Commission, Richland County, Ohio, (the Commission) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated February 13, 2018.

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 opinion 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.

Dave Yost

Dave Yost
Auditor of State
Columbus, Ohio

February 13, 2018

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 1, 2018