RICHLAND COUNTY REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2004

Auditor of State
Betty Montgomery

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

We have reviewed the Independent Auditor's Report of the Richland County Regional Planning Commission, prepared by Gary B. Fink & Associates, Inc., for the audit period July 1, 2003 through June 30, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

April 11, 2005

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RICHLAND COUNTY REGIONAL PLANNING COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2004

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GARY B. FINK & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
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Wadsworth, Ohio 44281
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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of the business-type activities of the Richland County Regional Planning Commission (the Commission), Mansfield, Ohio, as of and for the year ended June 30, 2004, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Richland County Regional Planning Commission, as of June 30, 2004 and the changes in its financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 10, during the fiscal year ended June 30, 2004, the Commission implemented a new financial reporting model, as required by provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments; Omnibus" and GASB Statement No. 38, "Certain Financial Statement Note Disclosure".

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2005 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

The Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion thereon.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

February 11, 2005

The discussion and analysis of the Richland County Regional Planning Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the year ended June 30, 2004. 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 2004 are as follows:

- In total, the Commission's net assets increased $21,668, which represents a 14.7% increase from 2003. This increase is due to reduced salaries and related expenses along with a reduction in compensated absences payable.

- Total assets increased $15,812, which represents a 5.8% increase from 2003. This increase is due to an increase in the year end cash balance of $133,930 that resulted from prior year receivables being collected.

- Liabilities decreased by $5,856, which represents a 4.6% decrease from 2003. The decrease was mainly due to a reduction of accrued wages and benefits.

- Operating revenues decreased slightly by $2,759, which represents a 0.5% decrease due mainly to funding sources remaining constant with the prior year.

- Operating expenses decreased by $13,142 or 2.5%, due mainly to lower salary and benefit costs due to retirement of an employee.

Using this Annual Financial Report

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

Statement of Net Assets

The Statement of Net Assets looks at how well the Commission has performed financially from inception through June 30, 2004. This Statement includes all of the assets, liabilities and net asset balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This basis of accounting takes into account all revenues earned and expenses incurred during the year, regardless as to when the cash is received or expended.

The following schedule provides a summary of the Commission's Statement of Net Assets for fiscal years ended June 30, 2004 and June 30, 2003:

	2004	2003
Assets		
Current Assets	$264,410	$243,426
Non-Current Assets	26,269	31,441
Total Assets	290,679	274,867
Liabilities		
Current Liabilities	121,691	127,547
Net Assets		
Invested in Capital Assets, Net	26,269	31,441
Unrestricted	142,719	115,879
Total Net Assets	168,988	147,320

Net assets increased $21,668, Unrestricted Net Assets increased $26,840 while Invested in Capital Assets Net of Related Debt decreased by $5,172 due mainly to depreciation.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets report operating and non-operating activities for the fiscal year ended June 30, 2004.

The following schedule provides a summary of the Commission's Statement of Revenues, Expenses and Changes in Net Assets for fiscal years ended June 30, 2004 and June 30, 2003:

	2004	2003
Revenues		
Federal	$227,867	$233,885
State	28,483	29,236
Local Governments	280,877	275,612
Other	4,136	5,332
Total Revenues	541,363	544,065

	2004	2003
Expenses		
Salaries and Wages	290,409	309,499
Employee Benefits	146,275	135,181
Staff Expenses	6,683	6,031
Materials and Supplies	25,309	24,848
Contractual Services	11,282	13,738
Occupancy and Other	30,895	30,401
Depreciation	9,273	13,570
Total Expenses	520,126	533,268
Operating Income	21,237	10,797
Net Non-Operating Revenues (Expenses)	431	(2,212)
Net Income	21,668	8,585
Net Assets at Beginning of Year	147,320	138,735
Net Assets at End of Year	$168,988	$147,320

Revenues decreased slightly by $2,702. There was $6,018 less in Federal funds in 2004, however, local funding offset this with an increase of $5,265. Expenses decreased by $13,142 due mainly to less salaries and wages which was caused by employee retirement.

Capital Assets

As of June 30, 2004, the Commission had capital assets of $26,269 invested in furniture and equipment. This is a $5,172 decrease over June 30, 2003. For more information on capital assets, please see Notes to the Financial Statements.

Current Financial Issues

Director to provide a description of currently known facts, decisions or conditions that are expected to have a significant impact on financial position (net assets) or results of operations (revenues, expenses and other changes in net assets).

The Federal Transportation Bill expired in October, 2003. The Bill provides transportation planning funds that comprise the majority of the Commission Budget. Continuing resolutions have kept the funding coming, but it is not clear as to what amounts to anticipate in the future. A slight increase has been allocated for fiscal year 2005 and fiscal year 2006.

Contacting the Commission's Financial Management

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

Richland County Regional Planning Commission
Richland County
Statement of Net Assets
As of June 30, 2004

Assets	
Current Assets	
Cash in Richland County Treasury	$133,930
Accounts Receivable:	
Federal	41,884
State	5,236
Local Government	44,199
Other	39,161
Total Current Assets	264,410
Non-Current Assets	
Capital Assets (Net of Accumulated Depreciation)	26,269
Total Assets	$290,679
Liabilities	
Accounts Payable	$18,219
Intergovernmental Payable	5,630
Accrued Wages and Benefits	16,349
Compensated Absences	36,443
Deferred Revenue	45,050
Total Liabilities	121,691
Net Assets	
Invested in Capital Assets, Net of Related Debt	26,269
Unrestricted	142,719
Total Net Assets	$168,988

The accompanying notes are an integral part of the financial statements.

Richland County Regional Planning Commission
Richland County
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2004

Operating Revenues	
Federal	$227,867
State	28,483
Local Government	280,877
Other	4,136
Total Operating Revenues	541,363
Operating Expenses	
Salaries and Wages	290,409
Employee Benefits	146,275
Staff Expenses	6,683
Materials and Supplies	25,309
Contractual Services	11,282
Occupancy and Other	30,895
Depreciation	9,273
Total Operating Expenses	520,126
Operating Income	21,237
Non-Operating Revenues (Expenses)	
Special Vision Project Receipts	21,619
GIS Consortium Receipts	31,909
Special Vision Project Expenses	(24,079)
GIS Consortium Expenses	(29,018)
Total Non-Operating Revenues (Expenses)	431
Net Income	21,668
Net Assets at Beginning of Year (Restated, See Note 9)	147,320
Net Assets at End of Year	$168,988

The accompanying notes are an integral part of the financial statements.

Richland County Regional Planning Commission
Richland County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2004

Increase (Decrease) in Cash	
Cash Flows from Operating Activities	
Cash Received from Federal Sources	$236,695
Cash Received from State Sources	29,587
Cash Received from Local Sources	286,597
Cash Payments to Suppliers for Goods and Services	(75,352)
Cash Payments to Employees for Services	(428,358)
Other Operating Revenues	4,801
Net Cash Provided by Operating Activities	53,970
Cash Flows from Noncapital Financing Activities	
Cash Received from Local Sources	74,435
Non-Operating Payments	(51,036)
Net Cash Provided by Noncapital Financing Activities	23,399
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	(4,187)
Net Increase (Decrease) in Cash	73,182
Cash at Beginning of Year	60,748
Cash at End of Year	$133,930
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Income	$21,237
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	9,273
(Increase) Decrease in Operating Assets:	
Accounts Receivable	31,292
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(5,610)
Accrued Wages and Benefits	5,413
Compensated Absences	(8,005)
Intergovernmental Payable	370
Total Adjustments	32,733
Net Cash Provided by Operating Activities	$53,970

See accompanying notes to the basic financial statements

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. 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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting

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

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

C. Cash Deposits

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

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

The following risk categories most typically used are:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Commission's deposits with Richland County are classified in Category 3. Richland County's deposits of the Commission's funds are held by third party trustees pursuant to Section 135.181, Ohio Revised Code in collateral pools securing all public monies on deposit with specific depository institutions.

D. Investments

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

E. Capital Assets and Depreciation

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

F. Indirect Costs

Indirect costs are computed in accordance with OMB Circular A-87 under a cost allocation plan approved by the Ohio Department of Transportation.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

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

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

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

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

H. Cash Equivalents

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

I. Deferred Revenue

Local government funds are allocated to the Commission on a calendar year basis. The Commission applies one-half of these funds to its fiscal year ending June 30 and sets up the other one-half of the funds as deferred revenue at June 30. The latter amount is then applied to revenue during the first six months of the subsequent fiscal year.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

Employees of the Commission earn vacation in accordance with the policies adopted by the Commission detailed in the personnel policies. Upon termination of employment the employee can collect payment for the entire amount of unused vacation. Employees earn sick leave at the rate of .0575 hours for every hour worked. However, pursuant to Section 124.39 of the Ohio Revised Code, upon retirement employees may receive payment for one fourth of their unused sick leave not to exceed thirty days.

K. Non-Operating Revenues (Expenses)

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

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

L. Use of Estimates

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

NOTE 3 – CAPITAL ASSETS

A summary of the Commission's Capital Assts at June 30, 2004 is as follows:

	June 30, 2004
Furniture and Equipment	$139,396
Less: Accumulated Depreciation	(113,127)
Book Value	$26,269

NOTE 4 – PENSION PLAN

A. Public Employees Retirement System

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

1. The Traditional Pension Plan (TP) – a cost-sharing multiple-employer defined benefit pension plan.

NOTE 4 – PENSION PLAN (continued)

2. The Member-Directed Plan (MD) – a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon.

3. The Combined Plan (CO) – a cost-sharing multiple-employer defined benefit pension plan. Under the Combined Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

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

Authority to establish and amend benefits is provided by state statute per Chapter 145 of the Ohio Revised Code. The OPERS issues a publicly available stand-alone financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-6705 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2003, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Plan.

Plan members are required to contribute 8.50% of their annual covered salary to fund pension benefit obligations. The Commission is required to contribute 13.55%. Contributions are authorized by state statute. The contribution rates are determined actuarially. The Commission's contributions for pension obligations to the OPERS for the years ending December 31, 2004, 2003 and 2002 were $44,866, $27,848 and $33,849, respectively, equal to the required contributions for each year. The full amount has been contributed.

NOTE 5 – POSTEMPLOYMENT BENEFITS

A. Public Employees Retirement System

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

NOTE 5 – POSTEMPLOYMENT BENEFITS (continued)

OPERS provides retirement, disability, survivor and post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

OPERS provides post-retirement health care coverage to age and service retirants with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers". A portion of each employer's contribution to the OPERS is set aside for the funding of post-retirement health care. The Ohio Revised Code provides statutory authority for employer contributions. The 2004 employer contribution rate was 13.55% of covered payroll; 5.0% was the portion that was used to fund health care for the fiscal year 2004. The Commission's actual contributions for fiscal year 2004 which were used to fund post-employment benefits were $2,243.

The assumptions and calculations below were based on OPERS's latest actuarial review performed as of December 31, 2002, include a rate of return on investments of 8.0%, an annual increase in active employee total payroll of 4.0% compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll over and above the 4.0% base increase of between .50% and 6.3% based on additional annual pay increases. Health care premiums were assumed in increase 4.0% annually.

An entry-age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of the unfunded actuarial accrued liability.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

OPEB's are advance-funded on an actuarially determined basis.

At year end 2003, the number of active contributing participants was 364,881. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2002, (the latest information available) were $10.0 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $18.7 billion and $8.7 billion, respectively.

NOTE 5 – POSTEMPLOYMENT BENEFITS (continued)

In December, 2001, the Board adopted the Health Care "Choices" Plan in its continuing effort to respond to the rise in the cost of health care. The Choices Plan will be offered to all persons newly hired in an OPERS covered-position after January 1, 2003, with no prior service credit accumulated toward health care coverage. Choices, as the name suggests, will incorporate a cafeteria approach, offering a more broad range of health care options. The plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in contrast to the ten-year "cliff" eligibility standard for the present plan.

The benefit recipient will be free to select the option that best meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The plan will also offer a spending account feature, enabling the benefit recipient to apply his or her allowance toward specific medical expenses, much like a Medical Spending Account.

In response to the adverse investment returns experienced by OPERS from 2000 through 2002 and the continued staggering rate of health care inflation, the OPERS Board, during 2003, considered extending "Choices" type cost cutting measures to all active members and benefit recipients. As of this date, the Board has not determined the exact changes that will be made to the health care plan. However, changes to the plan are expected to be approved by the summer of 2004.

NOTE 6 – RISK MANAGEMENT

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

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

General Liability:	Limit: $5,000,000 per Occurrence – No Annual Aggregate
Auto Liability:	Limit: $1,000,000 per Occurrence – No Annual Aggregate Auto Medical Payments $5,000 Each Person, $50,000 Each Accident
Public Officials Liability:	$1,000,000 per Occurrence - $1,000,000 Annual Aggregate
Crime Coverage:	Employee Dishonesty $1,000,000 Money and Securities $1,000,000 Depositor's Forgery $1,000,000 Money Orders and Counterfeit Paper $1,000,000
Boiler and Machinery:	Combined Physical Damage $100,000,000
Excess Liability:	Richland County $1,000 - $10,000,000

NOTE 6 – RISK MANAGEMENT (continued)

Settled daims 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 7 – RISK SHARING POOL

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

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of the Corporation are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the board. No county may have more than one representative on the board at any one time. Each member county's control over the budgeting and financial of CORSA is limited to its voting authority an 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 8 – CONTINGENCIES

A. Federal and State contracts are subject to review and audit by the grantor agencies or their designees. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. There are no such claims pending and no known situations which would lead to such a claim. In addition, based upon prior experience and audit results, management believes that such disallowance's, if any, would be immaterial.

B. In the normal course of its business activities, the Commission may become subject to claims and litigation relating to contracts, employment or other matters. In the opinion of management, the resolution of any such claims pending would not likely have a material impact on the Commission's financial position.

NOTE 9 – RESTATEMENT OF PRIOR YEAR NET ASSETS

The prior year financial statements did not include expenditures of $7,752 that should have been reported in fiscal year 2003. The recording of these expenditures in fiscal year 2003 had the following effect on Net Income:

NOTE 9 – RESTATEMENT OF PRIOR YEAR NET ASSETS (continued)

Net Income as Previously Reported	$16,337
Correction of Prior Year Expenses	(7,752)
Net Income Restated, June 30, 2004	$8,585

The restatement of prior year expenses and an adjustment to Capital Assets had the following effect on Net Assets:

Net Assets as Stated at June 30, 2003	$153,912
Correction of Prior Year Expenses	($7,752)
Adjustment to Capital Assets	1,160
Net Assets as Restated at July 1, 2003	$147,320

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 2004, the Commission has implemented Governmental Accounting Standards Board (GASB) Statement No. 34, "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments"; GASB Statement No. 37, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus"; GASB Statement No. 38, "Certain Financial Statement Note Disclosures".

GASB Statement No. 34 creates new basic financial statements for reporting on the Commission's financial activities. The basic financial statements now include a Statement of Net Assets; Statement of Revenues, Expenses and Changes in Net Assets; and a Statement of Cash Flows; all prepared on an accrual basis of accounting.

GARY B. FINK & ASSOCIATES, INC.

CERTIFIED PUBLIC ACCOUNTANTS
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Wadsworth, Ohio 44281
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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the business-type activities of the Richland County Regional Planning Commission (the Commission), as of and for the year ended June 30, 2004, which comprise the Commission's financial statements, and have issued our report thereon dated February 11, 2005, wherein we noted the Commission adopted Governmental Accounting Standard's Board (GASB) Statements No. 34, 37 and 38.. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by the employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting to management of the Commission in a separate letter dated February 11, 2005.

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

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

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

February 11, 2005

Auditor of State
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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
MAY 5, 2005