



Dave Yost • Auditor of State

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of the Regional Planning Commission:

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Portage Regional Planning Commission, Portage County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2016, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



Dave Yost
Auditor of State
Columbus, Ohio

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS , AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts			
Membership Dues	\$223,454		\$223,454
Contractual Services	34,476		34,476
PCC Contractual Services	71,786		71,786
Rental Income	18,950		18,950
Other Receipts	17,605		17,605
County Contribution	40,000		40,000
Total Cash Receipts	406,271	0	406,271
Cash Disbursements			
Salaries	237,612	5,245	242,857
Fringe and Health Benefits	93,852		93,852
Contract Service	1,599	19,967	21,566
Travel/Training	601		601
Dues	864		864
Publication/Advertising	312		312
Utilities	8,052		8,052
Postage	1,580		1,580
Repairs	2,072		2,072
Custodial Contract	3,120		3,120
Equipment Rental	3,750		3,750
Telephone	2,139		2,139
Professional/Technical Services	3,356		3,356
Legal Services	10,000		10,000
Computer Services	1,160		1,160
Supplies	3,014		3,014
Photocopying/Printing	1,500		1,500
Equipment	3,014		3,014
Building Improvements	7,926		7,926
Debt Service:			
Principal Retirement	20,148		20,148
Interest and Fiscal Charges	11,641		11,641
Total Cash Disbursements	417,312	25,212	442,524
Excess of Receipts Over (Under) Disbursements	(11,041)	(25,212)	(36,253)
Fund Cash Balances, January 1,	80,175	25,212	105,387
Fund Cash Balances, December 31			
Assigned	240		240
Unassigned	68,894		68,894
Fund Cash Balances, December 31	\$69,134	\$0	\$69,134

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS , AND
CHANGES IN FUND BALANCES (CASH BASIS) - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Membership Dues	\$216,443		\$216,443
Contractual Services	75,231		75,231
PCC Contractual Services	87,311		87,311
Rental Income	9,399		9,399
Other Receipts	10,673		10,673
Total Cash Receipts	<u>399,057</u>	<u>0</u>	<u>399,057</u>
 Cash Disbursements			
Salaries	205,715	15,848	221,563
Fringe and Health Benefits	81,289		81,289
Contract Service	1,267	3,605	4,872
Travel/Training	420		420
Dues	425		425
Publication/Advertising	566		566
Utilities	9,297		9,297
Postage	1,228		1,228
Repairs	1,356		1,356
Custodial Contract	3,180		3,180
Equipment Rental	3,703		3,703
Telephone	2,098		2,098
Professional/Technical Services	5,679		5,679
Audit Services	4,510		4,510
Legal Services	10,000		10,000
Computer Services	754		754
Supplies	2,905		2,905
Photocopying/Printing	1,573		1,573
Equipment	3,007		3,007
Furniture	413		413
Building Improvements	350		350
Debt Service:			
Principal Retirement	19,234		19,234
Interest and Fiscal Charges	12,555		12,555
Reimbursement/Refund	227		227
Total Cash Disbursements	<u>371,751</u>	<u>19,453</u>	<u>391,204</u>
 Excess of Receipts Over (Under) Disbursements	<u>27,306</u>	<u>(19,453)</u>	<u>7,853</u>
 Fund Cash Balances, January 1,	<u>52,869</u>	<u>44,665</u>	<u>97,534</u>
 Fund Cash Balances, December 31			
Restricted		25,212	25,212
Assigned	490		490
Unassigned	79,685		79,685
Fund Cash Balances, December 31	<u>\$80,175</u>	<u>\$25,212</u>	<u>\$105,387</u>

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

Atwater Township	Brimfield Township	Franklin Township
Freedom Township	Garrettsville Village	Hiram Township
Hiram Village	Mantua Township	Mantua Village
Nelson Township	Palmyra Township	Paris Township
PARTA	Portage County Commissioners	Randolph Township
Ravenna City	Ravenna Township	Rootstown Township
Shalersville Township	Streetsboro City Park District	Suffield Township
Sugar Bush Knolls Village	Windham Township	

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

B. Accounting Basis

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Commission recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

C. Deposits and Investments

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting

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

1. General Fund

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

2. Special Revenue Fund

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

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

E. Fund Balance

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

1. Nonspendable

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

2. Restricted

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

3. Committed

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

4. Assigned

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Unassigned

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

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

F. Property, Plant, and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets. All newly purchased equipment is assigned an inventory number and recorded on to the inventory log.

G. Accumulated Leave

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

2. RETIREMENT SYSTEMS

<i>Retirement Rates</i>	<i>Year</i>	<i>Member Rate</i>	<i>Employer Rate</i>
<i>PERS – Local</i>	<i>2008 - 2015</i>	<i>10%</i>	<i>14%</i>

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10%, respectively, of their gross salaries and the Commission contributed an amount equaling 14%, respectively, of participants' gross salaries. The Commission has paid all contributions required through December 31, 2015.

3. RISK MANAGEMENT

Risk Pool Membership

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. RISK MANAGEMENT (Continued)

CORSA was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA. These coverages include comprehensive general liability, automobile liability, certain property insurance, public official's liability and police professional insurance.

CORSA has issued certificates of participation in order to provide adequate cash reserves. The certificates are secured by the member counties' obligations to make coverage payments to CORSA. The participating counties have no responsibility for the payment of the certificates. The Commission does not have an equity interest in CORSA.

4. CONTINGENT LIABILITIES

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

5. Debt

Debt outstanding at December 31, 2015 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes – Loan 1	147,385.55	4.75%
General Obligation Notes – Loan 2	<u>77,540.52</u>	4.75%
Total	<u>224,926.07</u>	

General Obligation Notes Loan

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

5. DEBT (Continued)

Future Loan payments are as follows:

Year	Loan 1	Loan 2
2016	\$ 22,574	\$ 9,205
2017	22,574	9,215
2018	22,574	9,215
2019	22,574	9,215
2020	22,574	9,208
2021 - 2023	67,722	46,071
2024 - 2026	9,215	9,215
Total Principal and Interest	\$ 180,592	\$ 101,344
Less amount representing interest	33,206	23,803
Total Principal	<u>\$ 147,386</u>	<u>\$ 77,541</u>

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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*

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

To the Board of the Regional Planning Commission:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Portage County Regional Planning Commission, Portage County, (the Commission), as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated October 25, 2016 wherein we noted the Commission followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our 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
Auditor of State
Columbus, Ohio

October 25, 2016



Dave Yost • Auditor of State

PORTAGE REGIONAL PLANNING COMMISSION

PORTAGE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
NOVEMBER 10, 2016**