

RICHLAND COUNTY REGIONAL PLANNING COMMISSION

INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2007



Mary Taylor, CPA
Auditor of State

Planning Commission
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, Richland County, prepared by Varney, Fink & Associates, Inc., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

November 21, 2007

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**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Mansfield, Ohio 44902

We have audited the accompanying financial statements of the business-type activities of Richland County Regional Planning Commission (the Commission), Mansfield, Ohio, as of and for the fiscal year ended June 30, 2007, which collectively comprise the Commission's basic financial statements 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 the 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 respective financial position of the business-type activities of Richland County Regional Planning Commission, as of June 30, 2007, and the respective changes in financial position, and cash flow for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2007, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing 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 accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted 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 on it.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

September 27, 2007

Richland County Regional Planning Commission
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
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 fiscal year ended June 30, 2007. The intent of this Management's Discussion and Analysis is to look at the Commission's financial performance as a whole. Readers should also review the Notes to the Basic Financial Statements and the Basic Financial Statements to enhance their understanding of the Commission's financial performance.

Financial Highlights

Key financial highlights for 2007 are as follows:

- In total, the Commission's net assets decreased \$15,783 which represents a 10.1% decrease from 2006. This decrease is due to decreased revenue changes to the Cost Allocation Plan methodology.
- Total assets decreased \$65,468, which represents a 23% decrease from 2006. This decrease is due to a decrease in the fiscal year end accounts receivable, reduced federal revenues and due to a change to the provisional methodology for the Cost Allocation Plan.
- Liabilities decreased by \$49,685, which represents a 38.9% decrease from 2006. The decrease was mainly due to over recovered indirect costs and fringe benefits that were due back to the Ohio Department of Transportation.
- Operating revenues decreased by \$8,652, which represents a 1.3% decrease due mainly to reductions in Federal funding.
- Operating expenses increased by \$30,982 or 4.9%, due mainly to salary and benefit costs. (The comparison to 2006 is adjusted to eliminate prior year fringe and indirect costs)

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 Basic 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, 2007. 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 fiscal 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, 2006 and June 30, 2007:

	<u>2007</u>	<u>2006</u>
Assets		
Current Assets	\$178,555	\$239,882
Non-Current Assets	<u>40,137</u>	<u>44,278</u>
 Total Assets	 <u>218,692</u>	 <u>284,160</u>
 Liabilities		
Current Liabilities	<u>77,962</u>	<u>127,647</u>
 Net Assets		
Invested in Capital Assets, Net	40,137	44,278
Unrestricted	<u>100,593</u>	<u>112,235</u>
 Total Net Assets	 <u>\$140,730</u>	 <u>\$156,513</u>

Net assets decreased \$15,783 Unrestricted Net Assets decreased \$11,642 while Invested in Capital Assets decreased by \$4,141 due to disposal of assets.

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, 2007.

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, 2006 and June 30, 2007:

	<u>2007</u>	<u>2006</u>
Revenues		
Federal	\$282,530	\$297,801
State	39,177	37,225
Local Governments	314,699	310,959
Other	<u>2,672</u>	<u>1,745</u>
 Total Revenues	 <u>\$639,078</u>	 <u>\$647,730</u>

	2007	2006
Expenses		
Salaries and Wages	\$435,718	\$413,414
Employee Benefits	129,769	120,647
Staff Expenses	12,039	12,112
Materials and Supplies	21,695	28,655
Contractual Services	19,322	13,030
Occupancy and Other	31,962	33,715
Depreciation	9,099	7,049
Previous Fringe Expense	0	19,900
Previous Indirect Expense	0	15,542
	<hr/>	<hr/>
Total Expenses	659,604	664,064
	<hr/>	<hr/>
Operating Loss	(20,526)	(16,334)
Net Non-Operating Revenues (Expenses)	4,743	6,559
Net Loss	(15,783)	(9,775)
Net Assets at Beginning of Year (Restated)	156,513	166,288
	<hr/>	<hr/>
Net Assets at End of Year	<u>\$140,730</u>	<u>\$156,513</u>

Revenues decreased by \$8,652. There was a \$1,952 increase in State funds in 2007, and a decrease in, Federal funding of \$15,271. Expenses increased by \$30,982 due mainly to increased salaries and benefits (Expense comparison is made without the prior year fringe expenses and prior year indirect expenses).

Capital Assets

As of June 30, 2007, the Commission had capital assets of \$40,137 invested in furniture and equipment. This is a \$4,141 decrease over June 30, 2006. For more information on capital assets, please see Note 3 to the Basic Financial Statements.

Current Financial Issues

The Federal Transportation Bill expired in October, 2003. The Bill provides transportation planning funds that comprise the majority of the Commission Budget. The Bill was finally approved in August 2006. Funding allocations for planning have been varied due to uncertainties associated with this act and its implementation. As a result, budgeting and financial planning has been more difficult. Financial management of the Transportation Planning Program has also been subject to greater oversight from the Federal Highway Administration (FHWA) and the Ohio Department of Transportation (ODOT). New policies have been implemented that change

aspects of the organizations presentation of financial information as well as the approach to dealing with the Cost Allocation plan.

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, 2007

Assets	
Current Assets	
Cash in Richland County Treasury	\$88,632
Accounts Receivable:	
Federal	50,254
State	10,404
Local Government	29,235
Other	30
Total Accounts Receivable	<u>89,923</u>
Total Current Assets	<u>178,555</u>
Non-Current Assets	
Capital Assets (Net of Accumulated Depreciation)	<u>40,137</u>
Total Assets	<u>218,692</u>
Liabilities	
Accounts Payable	31,017
Intergovernmental Payable	10,634
Accrued Wages and Benefits	18,980
Compensated Absences	<u>17,331</u>
Total Liabilities	<u>77,962</u>
Net Assets	
Invested in Capital Assets	40,137
Unrestricted	<u>100,593</u>
Total Net Assets	<u><u>\$140,730</u></u>

See accompanying notes to the basic 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, 2007

Operating Revenues	
Federal	\$282,530
State	39,177
Local Government	314,699
Other	<u>2,672</u>
 Total Operating Revenues	 <u>639,078</u>
 Operating Expenses	
Salaries and Wages	435,718
Employee Benefits	129,769
Staff Expenses	12,039
Materials and Supplies	21,695
Contractual Services	19,322
Occupancy and Other	31,962
Depreciation	<u>9,099</u>
 Total Operating Expenses	 <u>659,604</u>
 Operating Loss	 <u>(20,526)</u>
 Non-Operating Revenues (Expenses)	
Special Vision Project Receipts	14,700
GIS Consortium Receipts	28,619
Special Vision Project Expenses	(14,765)
GIS Consortium Expenses	<u>(23,811)</u>
 Total Non-Operating Revenues (Expenses)	 <u>4,743</u>
 Net Loss	 (15,783)
 Net Assets at Beginning of Year	 <u>156,513</u>
 Net Assets at End of Year	 <u><u>\$140,730</u></u>

See accompanying notes to the basic financial statements

Richland County Regional Planning Commission
Richland County
Statement of Cash Flows
For the Fiscal Year Ended June 30, 2007

Cash Flows from Operating Activities	
Cash Received from Federal Sources	\$272,281
Cash Received from State Sources	33,725
Cash Received from Local Sources	372,817
Cash Payments to Suppliers for Goods and Services	(78,437)
Cash Payments to Employees for Services	(559,250)
Other Operating Revenues	<u>3,325</u>
Net Cash Provided by Operating Activities	<u>44,461</u>
Cash Flows from Noncapital Financing Activities	
Cash Received from Local Sources	38,395
Non-Operating Payments	<u>(38,636)</u>
Net Cash (Used) by Noncapital Financing Activities	<u>(241)</u>
Cash Flows from Capital and Related Financing Activities	
Payments for Capital Acquisitions	<u>(5,157)</u>
Net Cash (Used) by Related Financing Activities	<u>(5,157)</u>
Net Increase in Cash	39,063
Cash at Beginning of Year	<u>49,569</u>
Cash at End of Year	<u><u>\$88,632</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities	
Operating Loss	(\$20,526)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities	
Depreciation	9,099
(Increase) Decrease in Operating Assets:	
Accounts Receivable	104,969
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	12,259
Accrued Wages and Benefits	1,250
Compensated Absences	(5,757)
Intergovernmental Payable	5,612
Due Other Governments - Indirect Costs/Fringes	(62,445)
Total Adjustments	<u>64,987</u>
Net Cash Provided by Operating Activities	<u><u>\$44,461</u></u>

See accompanying notes to the basic financial statements

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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 prior to November 30, 1989, provided they do not conflict with or contradict GASB pronouncements. The Commission has elected not to follow FASB statements and interpretations issued after November 30, 1989. 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.

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

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.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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 and Fringe Benefits

Indirect costs are computed in accordance with OMB Circular A-87 under a cost allocation plan approved by the Ohio Department of Transportation. Any over/(underpayments) of indirect costs or fringe benefits by the Ohio Department of Transportation to the Commission are set up as an asset (due from other Governments-Indirect Costs/Fringes) or a liability (due to other Governments-Indirect Costs/Fringes) on the Statement of Net Assets.

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.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

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. 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 for 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.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
 RICHLAND COUNTY
 NOTES TO THE BASIC FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. 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.

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 3 – CAPITAL ASSETS

A summary of the Commission’s Capital Assts at June 30, 2006 is as follows:

	June 30, 2006	Addition	Deletions	June 30, 2007
	<u>Balance</u>			<u>Balance</u>
Furniture and Equipment	\$158,122	\$5,157	(\$5,200)	\$158,079
Accumulated Depreciation	(113,844)	(9,098)	5,000	(117,942)
Book Value	<u>\$44,278</u>	<u>(\$3,941)</u>	<u>\$200</u>	<u>\$40,137</u>

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.
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.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 4 – PENSION PLAN (continued)

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 report may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614)222-5601 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2006, (the latest information available) member and employer contribution rates were consistent across all three plans (TP, MD and CO).

Plan members are required to contribute 9.0% of their annual covered salary to fund pension benefit obligations. The Commission is required to contribute 13.70%. 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, 2007, 2006 and 2005 were \$40,103, \$32,783 and \$29,712, 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.

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

RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

NOTE 5 – POSTEMPLOYMENT BENEFITS (continued)

In order to qualify for post-retirement health care coverage, age and service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor benefit 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 2006 (the latest information available) employer contribution rate was 13.70% of covered payroll; 4.5% was the portion that was used to fund health care for the fiscal year 2007. The Commission’s actual contributions for fiscal year 2007 which were used to fund post-employment benefits were \$19,615.

The assumptions and calculations below were based on OPERS’s latest actuarial review performed as of December 31, 2005, (the latest information available) include a rate of return on investments of 6.50%, 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 costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from .50% to 6% for the next 9 years. In subsequent years (10 and beyond) health care costs were assumed to increase at 4% (the projected wage inflation rate).

The Traditional Pension Combined Plans had 369,214 active contributing participants as of December 31, 2006 (the latest information available). The number of active contributing participants for both plans used in the December 31, 2005 (the latest information available) actuarial valuation was 358,804. OPERS’s net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

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.

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 6 – RISK MANAGEMENT (continued)

Through Richland County, the Commission maintained coverage with the County Risk Sharing Authority (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 and Securities \$1,000,000 Depositor’s Forgery \$1,000,000 Money Orders and Counterfeit Paper \$1,000,000
Equipment:	Combined Physical Damage \$100,000,000
Excess Liability:	Richland County \$5,000,000
Errors & Omissions Liability:	\$1,000,000 per Occurrence - Annual Aggregate

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 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 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

**RICHLAND COUNTY REGIONAL PLANNING COMMISSION
RICHLAND COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

NOTE 7 – RISK SHARING POOL (continued)

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.

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

Board of Commissioners
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 fiscal year ended June 30, 2007, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated September 27, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Commission's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Commission's financial statements that is more than inconsequential will not be prevented or detected by the Commission's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Commission's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and Other Matters

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 grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*.

We noted a certain matter that we reported to management of the Commission in a separate letter dated September 27, 2007.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

September 27, 2007



Mary Taylor, CPA
Auditor of State

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
DECEMBER 6, 2007**