



Mary Taylor, CPA  
Auditor of State



**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

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Mary Taylor, CPA  
Auditor of State

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

To the Board of Regional Planning Commission:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 14, 2008

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Regional Planning Commission:

We have audited the accompanying financial statements of Portage County Regional Planning Commission, Portage County, (the Commission) as of and for the years ended December 31, 2007 and 2006. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Commission has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Commission's larger (i.e. major) funds separately. While the Commission does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Commissions to reformat their statements. The Commission has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Portage County Regional Planning Commission, Portage County, as of December 31, 2007 and 2006, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Commission has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

As discussed in Note 6 to the financial statements, the Planning Commission experienced certain financial difficulties. Note 6 describe management's plans regarding these issues.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2008, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 14, 2008



**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2007**

	<u>General Fund</u>
<b>Cash Receipts:</b>	
Membership Dues	\$168,431
Grants	55,477
Contractual Services	87,812
Subdivisions	17,145
Rental Income	14,672
County General Fund (Transfer)	60,000
Other Receipts	4,318
	<hr/>
Total Cash Receipts	407,855
	<hr/>
<b>Cash Disbursements:</b>	
Salaries	251,153
Fringe and Health Benefits	99,639
Contract Services	1,629
Travel/Training	2,122
Dues	1,396
Publication/Advertising	443
Utilities	11,113
Postage	2,096
Repairs	732
Custodial Contract	3,312
Copier Rental	3,166
Professional & Technical Services	3,566
Architect Service	8,000
Legal Services	15,000
Equipment	160
Insurance	354
Supplies	4,050
Photocopying/Printing	2,391
	<hr/>
Total Disbursements	410,322
	<hr/>
Total Receipts (Under) Disbursements	(2,467)
	<hr/>
Fund Cash Balances, January 1	20,819
	<hr/>
<b>Fund Cash Balances, December 31</b>	<b><u><u>\$18,352</u></u></b>

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2006**

	<b>General Fund</b>
<b>Cash Receipts:</b>	
Membership Dues	\$138,101
Grants	74,388
Contractual Services	27,585
Subdivisions	32,745
Rental Income	24,947
County General Fund (Transfer)	60,000
Other Receipts	8,942
 Total Cash Receipts	 366,708
<b>Cash Disbursements:</b>	
Salaries	241,919
Fringe and Health Benefits	96,355
Contract Services	1,538
Travel/Training	1,963
Dues	1,565
Publication/Advertising	201
Utilities	7,832
Postage	3,254
Repairs	1,671
Custodial Contract	3,273
Copier Rental	6,036
Professional & Technical Services	8,431
Audit Services	2,448
Legal Services	15,000
Equipment	3,230
Loan Payment	31,789
Supplies	6,608
Photocopying/Printing	5,359
 Total Disbursements	 438,472
 Total Receipts (Under) Disbursements	 (71,764)
 Fund Cash Balances, January 1	 92,583
 <b>Fund Cash Balances, December 31</b>	 <b>\$20,819</b>

*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, 2007 AND 2006**

**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. The Commission is comprised of 28 voting members and 5 ex-officio members who are charged with the responsibilities of comprehensive planning and implementation programs for Portage County and its communities. The Commission employs professional staff to provide them with assistance and advice in carrying out their responsibilities and also consults with other professionals such as the County Engineer, County Sanitary Engineer, Health Department and the Soil and Water Conservation District staff.

The Commission also serves in an advisory capacity to community decision makers who rely on the data, analysis and planning recommendation which are provided. This helps them make the best decisions possible on issues which can forever alter the character and quality of life within the community

The Planning Commission also serves as a forum for discussion and sharing of ideas and information among communities about individual community issues, countywide issues that affect many communities and regional issues which cross over political boundaries into other Counties. The Commission is the platting authority for unincorporated areas as per 711.10 of the Ohio Revised Code.

The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. The participating subdivisions are:

Atwater Township	Brimfield Township	Deerfield Township
Edinburg Township	Franklin Township	Freedom Township
Garrettsville Village	Hiram Township	Hiram Village
Mantua Township	Mantua Village	Palmyra Township
Paris Township	Randolph Township	Rootstown Township
Ravenna Township	Shalersville Township	Suffield Township
Park District	PARTA	Nelson Township
Windham Township	Portage County Commissioners	

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

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

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

**D. Fund Accounting**

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission uses the General Fund, which is the general operating fund. It is used to account for all financial resources.

**E. Budgetary Process**

The Commission budgets the General Fund annually.

**1. Appropriations**

The Board annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control. Appropriations lapse at year end.

**2. Estimated Resources**

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

**3. Encumbrances**

The Commission reserve (encumbers) appropriations when individual commitments are made.

A summary of 2007 and 2006 budgetary activity appears in Note 2.

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)**

**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.

**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. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$465,678	\$407,855	(\$57,823)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$465,678	\$410,322	\$55,356

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$462,595	\$366,708	(\$95,887)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$462,595	\$438,472	\$24,123

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**3. DEBT**

Debt outstanding at December 31, 2007 was as follows:

The Portage County Regional Planning Commission requested the Board of 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 U.S. Dept. of Agriculture, Rural Development in two different loans. Loan 1 was for the amount of \$326,000 and closed on Dec. 16, 2001 for a term of 25 years at 4.75%. Loan 2 was for \$133,000, which closed on Dec. 20, 2001 for a term of 25 years at 4.75%. Payments are due December 1 of each year for both loans. The 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 Regional Planning Commission. The debt shows on the County's debt schedule and the Planning Commission shows the expense for the reimbursement of the debt to the County in its annual budget and appropriations.

During fiscal year 2007 the Planning Commission did not make their debt payment to the Board of County Commissioners. The Planning Commission had the approval from the Board of County Commissioners to defer this payment until March of 2008, the payment was made on time.

The principal balance owed on these loans according to USDA issued Mortgage Statements was \$376,597 at December 31, 2007.

	Principal	Interest Rate
General Obligation Notes-Loan 1	\$259,319	4.75%
General Obligation Notes-Loan 2	117,278	4.75%
Total	\$376,597	

**4. RETIREMENT SYSTEMS**

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 2007 and 2006, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries and the Commission contributed an amount equaling 13.7% and 13.55%, respectively, of participants' gross salaries. The Commission has paid all contributions required through December 31, 2007

**PORTAGE COUNTY REGIONAL PLANNING COMMISSION  
PORTAGE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2007 AND 2006  
(Continued)**

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Commission is a member of The County Risk Sharing Authority (CORSAs) 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. (CORSAs) is a public entity risk sharing pool among sixty two counties in Ohio. CORSAs was formed as an Ohio nonprofit corporation for the purpose of establishing the CORSAs 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 CORSAs. These coverages include comprehensive general liability, automobile liability, certain property insurance, public officials **liability and police professional insurance.**

CORSAs 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 CORSAs. The participating counties have no responsibility for the payment of the certificates. The Commission does not have an equity interest in CORSAs.

**6. FINANCIAL DIFFICULTIES/MANAGEMENT'S PLAN**

The Planning Commission fund balance at the end of year 2006 was \$20,819 and 2007 year end fund balance was \$18,353. The Planning Commission fund balance continues to decline. A lack of sufficient revenue has affected the Planning Commission ability to make debt payments to The Board of County Commissioners on a timely basis. The Planning Commission as of to date is current on the debt payment for 2007, but will not be able to make December 2008 payment of \$31,788 until early 2009.

Having basic operating revenue has been an ongoing problem of the Regional Planning Commission for many years, but has been exacerbated by the down economy. Below is a listing of some steps that Management has taken to improve their financial condition.

- Continue to operate on a strict budget and cut expenses wherever possible.
- Increased membership dues in 2008 of 15 cent per capita effective for 2009.
- Updated their Indirect Cost Plan and fees schedule in early 2008.
- Requested the Board of County Commissioners to pay for the overage in the 2006 and 2007 CDBG Formula Grants, which they approved.
- Met with the Board of Commissioners to discuss the need for additional funds to administer the 2008 CDBG Formal Grant.
- Listed the rental units with one of the largest Realtors and property manager in the County

**7. SUBSEQUENT EVENTS**

On January 17, 2008 The Planning Commission entered into a loan agreement with Portage County Board of Commissioners to borrow \$50,000. The funds are to be used for cost associated with repairs to the roof of the Regional Planning office building. The repayment of the loan is deferred for 5 years.

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' 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 Regional Planning Commission Board:

We have audited the financial statements of the Portage County Regional Planning Commission, Portage County, (the Commission) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated November 14, 2008, wherein we noted the Planning Commission experienced financial difficulties. Also the Commission followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### 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 audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we have not opined 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 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 its applicable accounting basis, such that there is more than a remote likelihood that the Commission's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Commission's internal control will not prevent or detect a material financial statement misstatement.

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 internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

### **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, providing an opinion 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*.

We intend this report solely for the information and use of the audit committee, management and the Commission Board Members, and intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

November 14, 2008



**Mary Taylor, CPA**  
Auditor of State

**PORTAGE COUNTY 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  
DECEMBER 16, 2008**