



**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 & 2006



Mary Taylor, CPA
Auditor of State

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

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Mary Taylor, CPA
Auditor of State

Erie Regional Planning Commission
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

To the Board of Commissioners:

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 a February 2, 2005, 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 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

October 1, 2007

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Erie Regional Planning Commission
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

To the Board of Commissioners:

We have audited the accompanying financial statements of the Erie Regional Planning Commission, Erie County, (the Commission) as of and for the years ended December 31, 2006 and 2005. 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 audits.

We conducted our audits 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 audits 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 audits provide 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 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, 2006 and 2005, 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, 2006 and 2005, 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 and reserves for encumbrances of the Erie Regional Planning Commission, Erie County, as of December 31, 2006 and 2005, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 1, 2007, 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 audits.



Mary Taylor, CPA
Auditor of State

October 1, 2007

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

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

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Fees Charged to Subdivisions	\$34,125		\$34,125
Grants		\$298,793	298,793
Other Receipts	2,265		2,265
 Total Cash Receipts	 36,390	 298,793	 335,183
Cash Disbursements:			
Contracts - Services	33,287		33,287
Project Fund Disbursements		280,228	280,228
 Total Disbursements	 33,287	 280,228	 313,515
 Total Receipts Over Disbursements	 3,103	 18,565	 21,668
 Fund Cash Balances, January 1	 2,445	 4,740	 7,185
 Fund Cash Balances, December 31	 <u>5,548</u>	 <u>23,305</u>	 <u>28,853</u>

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

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Fees Charged to Subdivisions	\$34,125		\$34,125
Grants		\$253,631	253,631
Other Receipts	3,392		3,392
Total Cash Receipts	<u>37,517</u>	<u>253,631</u>	<u>291,148</u>
Cash Disbursements:			
Contracts - Services	35,111		35,111
Project Fund Disbursements		262,157	262,157
Total Disbursements	<u>35,111</u>	<u>262,157</u>	<u>297,268</u>
Total Receipts Over/(Under) Disbursements	<u>2,406</u>	<u>(8,526)</u>	<u>(6,120)</u>
Fund Cash Balances, January 1	<u>39</u>	<u>13,266</u>	<u>13,305</u>
Fund Cash Balances, December 31	<u>\$2,445</u>	<u>\$4,740</u>	<u>\$7,185</u>
Reserve for Encumbrances, December 31	<u>\$2,667</u>	<u>\$58,000</u>	<u>\$60,667</u>

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

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005**

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 Erie Regional Planning Commission, Erie County, (the Commission) as a body corporate and politic. A 20 member Board governs the Commission. The Board consists of representatives from participating political subdivisions and the county commissioners. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. The participating subdivisions are:

Village of Bay View	Huron Township	Perkins Township
Berlin Township	Village of Kelleys Island	City of Sandusky
Village of Berlin Heights	Margaretta Township	Vermilion Township
Village of Castalia	Milan Township	City of Vermilion
Florence Township	Village of Milan	
Groton Township	Oxford Township	

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis 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 requires, the Erie County Treasurer is the custodian of the Commission's monies. The County holds the Commission's assets in its cash and investment pool, valued at the County 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 classifies its funds into the following types:

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

1. General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

2. Special Revenue Fund

This fund accounts for proceeds from specific sources that are restricted to expenditure for specific purposes. The Commission had the following significant Special Revenue Fund:

MPO Grant – This fund receives federal transportation funds as well as required matching funds from the State in order to provide the information, tools, and public input needed for improving transportation system performance.

E. Budgetary Process

The Commission budgets each 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 or function level of control. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Commission reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2006 and 2005 budgetary activity appears in Note 2.

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.

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$32,444	\$36,390	\$3,946
Special Revenue	871,556	298,793	(572,763)
Total	\$904,000	\$335,183	(\$568,817)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,667	\$33,287	\$1,380
Special Revenue	953,296	280,228	673,068
Total	\$987,963	\$313,515	\$674,448

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$34,654	\$37,517	\$2,863
Special Revenue	869,346	253,631	(615,715)
Total	\$904,000	\$291,148	(\$612,852)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,667	\$37,778	(\$3,111)
Special Revenue	1,299,055	320,157	978,898
Total	\$1,333,722	\$357,935	\$975,787

3. RETIREMENT SYSTEM

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 retirement benefits, including postretirement healthcare, and survivor and disability benefits.

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, OPERS members contributed 9% and 8.5%, respectively, of their gross salaries. The Commission contributed an amount equal to 13.7% and 13.55%, respectively, of participants' gross salaries. The Commission has paid all contributions required through December 31, 2006.

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 AND 2005
(Continued)**

4. RISK MANAGEMENT

Risk Pool Membership

The Erie County Commissioners maintain comprehensive insurance coverage as a member of a pooled insurance agreement with the County Risk Sharing Authority (CORSA). The pool purchases excess insurance to supplement the pooled funds. The Commission's real property is fully insured after a \$2,500 deductible per occurrence is paid by the County.

Medical Benefits

The Commission's employees are insured for health and dental coverage through the self insured health and dental plan of Erie County.

5. CONTINGENT LIABILITIES

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



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*

Erie Regional Planning Commission
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

To the Board of Commissioners:

We have audited the financial statements of the Erie Regional Planning Commission, Erie County, (the Commission) as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated October 1, 2007, wherein we noted 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 audits 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 audits, 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.

We noted a certain matter that we reported to the Commission's management in a separate letter dated October 1, 2007.

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 audits 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 did note a certain instance of noncompliance that we reported to the Commission's management in a separate letter dated October 1, 2007.

We intend this report solely for the information and use of management and the Board of Commissioners. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

October 1, 2007



Mary Taylor, CPA
Auditor of State

ERIE REGIONAL PLANNING COMMISSION

ERIE 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 8, 2007**