Lima-Allen County Regional Planning Commission

Audited Financial Statements

June 30, 2007

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

Mary Taylor, CPA
Auditor of State

Commission Members
Lima-Allen County Regional Planning Commission
130 West North Street
Lima, Ohio 45801-4311

We have reviewed the *Independent Auditor's Report* of the Lima-Allen County Regional Planning Commission, Allen County, prepared by Rea & 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 Lima-Allen County Regional Planning Commission is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 4, 2008

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LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION

FINANCIAL STATEMENTS

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Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

We're Ready For Your Future

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December 24, 2007

Commission Members
Lima-Allen County Regional Planning Commission
Lima, Ohio

Independent Auditor's Report

We have audited the accompanying financial statements of the business-type activities of the Lima-Allen County Regional Planning Commission (the Commission) as of and for the 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 opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lima-Allen County Regional Planning Commission, as of June 30, 2007, and the changes in financial position and cash flows for the 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 December 24, 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. 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 Audit Standards and should be considered in assessing the results of our audit.

The management's discussion and analysis and the schedules of direct expenses, indirect expense allocation rate and expense by element on pages 3 through 6 and 20 through 22 are not a required part of the basic financial statements but are 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.

Rea & Associates, Inc.

Lima, Ohio

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2007

The discussion and analysis of Lima-Allen County Regional Planning Commission's (the Commission) financial statements provides an overview of the Commission's activities for the year ending June 30, 2007. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis and supplemental schedules. The discussion and analysis contains financial activities of the Commission.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2007 is as follows:

At the end of fiscal year 2007, the Commission's total net assets increased by $135,209 over fiscal year 2006 representing a 45% increase. This increase was due to the Commission receiving additional intergovernmental revenue and reducing expenses from fiscal year 2006.

In fiscal year 2007, total assets increased by $88,234 from fiscal year 2006. This increase was due more cash on hand due to the increase in intergovernmental revenues and the decrease in expenses from fiscal year 2006.

In fiscal year 2007, liabilities decreased $46,975 from fiscal year 2006. This change was due to an approximate decrease of $20,000 in current liabilities from additional cash on hand and an approximate $26,000 decrease in long term liabilities from the payment of our mortgage and capital lease payables.

Using the Basic Financial Statements

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Commission as a financial whole operating entity.

Statement of Net Assets

The Statements of Net Assets examines how well the Commission has performed financially from inception through June 30, 2007. This statement includes all assets, liabilities and net asset balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This form of accounting takes into account all revenues earned and expenses incurred during the 12-month period, 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, 2007, 2006, 2005, 2004, and 2003.

Table 1
Net Assets

	2007	2006	2005	2004	2003
Assets:					
Current Assets	$269,301	$159,548	$197,802	$176,054	$200,541
Capital Assets	387,319	408,838	391,337	363,408	398,713
Total Assets	656,620	568,386	589,139	539,462	599,254
Liabilities:					
Current Liabilities	73,307	93,380	108,537	103,619	109,201
Long-Term Liabilities	145,639	172,541	168,393	181,215	203,937
Total Liabilities	218,946	265,921	276,930	284,834	313,138
Net-Assets:					
Invested in Capital Assets	213,253	208,774	192,410	159,171	173,239
Unrestricted	224,421	93,691	119,799	95,457	112,877
Total Net Assets	$437,674	$302,465	$312,209	$254,628	$286,116

Net assets increased by $135,209 based on a decrease in current and long term liabilities, and an approximate 69% increase in current 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 years 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, 2007, 2006, 2005, 2004 and 2003.

Table 2
Revenues, Expenses and Changes in Net Assets

	2007	2006	2005	2004	2003
Revenues:					
Federal	$467,611	$380,345	$426,183	$430,796	$338,830
State	28,161	16,076	109,638	109,324	209,741
Local Governments	120,409	118,867	124,225	118,867	146,210
Other	149,821	153,207	148,724	79,377	93,478
Total Revenues	766,002	668,495	808,770	738,364	788,259
Expenses:					
Direct Labor	265,391	235,023	276,281	258,389	260,571
Other Direct Expenses	90,421	112,741	94,516	148,867	126,786
Indirect Expenses	274,981	330,475	380,392	362,595	340,057
Total Expenses	630,793	678,239	751,189	769,851	727,414
Change in Net Assets	135,209	(9,744)	57,581	(31,487)	60,845
Net Assets at Beginning of Year	302,465	312,209	254,628	286,115	225,271
Net Assets at End of Year	$437,674	$302,465	$312,209	$254,628	$286,116

The Commission was able to increase federal grant reimbursement by directing more staff time to federal funded projects. The Commission was also able to reduce indirect expenses substantially during fiscal year 2007. One full time and one part-time employee retired and were not replaced. Two part-time interns were also not retained for a second internship.

Capital Assets

As of June 30, 2007, the Commission had capital assets of $347,623 and capitalized lease equipment of $39,696. These are decreases of $9,503 and $12,016, respectively. For more information on capital assets and capitalized lease equipment, please see Notes 3 and 4 to the Basic Financial Statements.

Current Financial Issues

The Lima-Allen County Regional Planning Commission is extremely dependent upon intergovernmental revenues (Federal and State grants) provided by the Federal and State government through the State of Ohio; approximately 65% of the Commission's total revenue in fiscal year 2007 was received form intergovernmental sources. The Commission has been able to maintain it's financial position through careful management of expenses and continued efforts to increase other funding sources. However, the Commission is vulnerable to changes in Federal and State grant programs.

Contacting the Commission's Financial Management

This financial summary is designed to provide our funding sources and member governments as well as the local citizenry with an overview of the Commission's finances and to document the Commission's accountability for the monies it receives. Questions about this report or for additional financial information, please contact the Grants Administrator at the Lima-Allen County Regional Planning Commission, 130 West Main St., Lima, Ohio 45801 or call 419-228-1836, or by e-mail to mschumaker@lacrpc.com.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
STATEMENT OF NET ASSETS
AS OF JUNE 30, 2007

ASSETS

		2007
CURRENT ASSETS:		
Cash	$	169,658
Intergovernmental receivables:		
Ohio Department of Transportation		45,466
Ohio Department of Public Safety		8,488
Surface Transportation Program		19,558
Regional Transit Authority		658
Local Assessments		9,004
Other		2,504
Prepaid expenses		13,965
Total Current Assets		269,301
NON-CURRENT ASSETS:		
Capital assets (Net of Accumulated Depreciation)		347,623
Capitalized lease equipment (Net of Accumulated Depreciation)		39,696
Total Non-Current Assets		387,319
TOTAL ASSETS	**$**	**656,620**

LIABILITIES

	2007
CURRENT LIABILITIES:	
Current Portion of capitalized lease	$ 13,448
Mortgage payable current	14,979
Accounts Payable	2,365
Accrued Wages and Benefits	16,546
Compensated Absences Payable	23,189
Deferred Revenues	2,780
Total Current Liabilities	73,307
LONG-TERM LIABILITIES:	
Mortgage payable (net of current portion)	120,381
Capitalized leases (net of current portion)	25,258
Total Long Term Liabilities	145,639
TOTAL LIABILITIES	218,946
NET ASSETS:	
Invested in Capital Assets - net of related debt	213,253
Unrestricted	224,421
TOTAL NET ASSETS	437,674
TOTAL LIABILITIES AND NET ASSETS	**$ 656,620**

See accompanying notes to the basic financial statements.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2007

	2007
OPERATING REVENUES:	
Fees Charged to Subdivisions	$ 120,409
Local Revenues	149,821
Total Operating Revenues	270,230
OPERATING EXPENSES:	
Salaries & Wages	305,646
Employee Benefits	143,779
Occupancy & Other	128,242
Depreciation	40,926
Total Operating Expenses	618,593
Operating Loss	(348,363)
NON-OPERATING REVENUES (EXPENSES):	
Intergovernmental Revenue	495,772
Interest Expense	(12,200)
Total Non-Operating Expenses	483,572
Change in Net Assets	135,209
Net Assets, Beginning of Year	302,465
Net Assets, End of Year	**$ 437,674**

See accompanying notes to the basic financial statements.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

		2007
Cash Flows from Operating Activities:		
Cash Received from Subdivision Fees	$	120,409
Cash Received from Local Sources		151,499
Cash Payments to Employees for Services		(457,391)
Cash Payments to Suppliers for Services		(138,625)
Net Cash Used for Operating Activities		(324,108)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Intergovernmental Sources		523,509
Interest Paid		(12,200)
Net Cash Provided by Noncapital Financing Activities		511,309
Cash Flow from Capital and Related Financing Activities:		
Purchase of Software, Furniture and Equipment		(9,333)
Payments on Capitalized Lease		(11,023)
Payments on Mortgage Obligations		(14,975)
Net Cash Used for Capital and Related Financing Activities		(35,331)
Net Decrease in Cash		151,870
Cash at Beginning of Year		17,788
Cash at End of Year	$	169,658
Reconciliation of Operating Income to Net Cash Used by Operating Activities		
Operating Loss	$	(348,363)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:		
Depreciation		40,927
Changes in Assets and Liabilities:		
Accounts Receivable		7,402
Prepaid Expenses		(3,097)
Accounts Payable		(7,286)
Accrued Wages and Benefits		(1,642)
Compensated Absences Payable		(6,324)
Deferred Local Revenues		(5,725)
Total Adjustments		24,255
Net Cash Used for Operating Activities	$	(324,108)

See accompanying notes to the basic financial statements.

NOTE 1: DESCRIPTION OF THE ENTITY

The-Lima Allen County Regional Planning Commission, Allen County, (the Commission) was organized in 1964 under Section 713.21 of the Ohio Revised Code. The Commission is governed by a thirty-three member board. The Board consists of representatives from participating political subdivisions, the County Commissioners, and appointed citizens. The Commission serves the County by performing studies and making maps, preparing recommendations and reports relating to the physical, environmental, social, economic and governmental characteristics, functions and services of the County. The participating subdivisions are:

Allen County	City of Lima	City of Delphos
Village of Beaverdam	Village of Bluffton	Amanda Township
Village of Elida	Village of Spencerville	Bath Township
American Township	Auglaize Township	Monroe Township
Jackson Township	Marion Township	Shawnee Township
Perry Township	Richland Township	Spencer Township
	Sugar Creek Township	

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", the Commission is not considered part of the Allen 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. The Allen County Auditor acts as the fiscal agent. These financial statements were prepared from the accounts and financial record of the Commission and, accordingly, these financial statements do not present the financial position or results of the operations of Allen 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 before November 30, 1989, to its business-type activities 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.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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 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.

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 Statements of Net Assets. 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. Revenue resulting from exchange transactions, in which the 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 and Investments

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

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

The following risk categories most typically used are:

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

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

As of June 30, 2007, the Allen County Treasury had the following investments types: Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds, STAR Ohio and U.S. Treasury Security Money Market Fund.

The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds and U.S. Treasury Security Money Market Fund carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's.

D. Intergovernmental Receivable

Local assessment receivables consist of amounts due from subdivisions based on a per capita assessment. Other accounts receivable consist of billings from the Commission for lot split fees, subdivision review fees, and federal and state grants.

E. Prepaid Items

Recording a current asset for the prepaid amount and reflecting the expenditures/expenses in the year in which services are consumed record payments made to vendors for services that will benefit periods beyond June 30, 2007, as prepaid items using the consumption method.

F. Building and Improvements, Office Equipment, Vehicles and Computer Software

The Commission has opted to capitalize their externally acquired computer software and any capital purchase greater than $100. Buildings and improvements, office equipment, vehicles and computer software are stated at cost. Depreciation of the office equipment, computer software, and vehicles are computed on the straight-line method over the useful lives (five years) of the assets. Depreciation of the building and improvements is computed on the straight-line method over the useful lives (31.5 to 32.5 years) of the assets.

G. 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 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 employees at a rate of .0575 hours for every hour worked. The accrued sick leave at June 30, 2007 was estimated because payments of this compensation was probable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Deferred Revenue

The Commission reports deferred revenues on its statement of net assets. Deferred revenues arise when unearned revenue has been received by the Commission. Membership assessment amounts paid in advance by calendar year is deferred revenue for the six-month period beyond the financial statement date.

I. Local Revenue

Local revenues consist of contract services, lot splits, subdivision reviews, and sundry revenues.

J. Non-Operating Revenues (Expenses)

Non-operating revenues (expenses) consist of expenses incurred by the Commission which are consequently reimbursed to the Commission and interest expense incurred during the fiscal year ending June 30, 2007.

NOTE 3: PROPERTY, PLANT AND EQUIPMENT

Building and improvements, office equipment, computer software, and vehicle valuation consist of the following:

	Balance 07/01/06	Additions	Disposals	Balance 6/30/07
Cost:				
Building and improvements	$395,579	$ 0	$ 0	$395,579
Office equipment	186,354	1,303	18,834	168,823
Computer software	60,136	8,030	0	68,166
Vehicles	34,156	0	0	34,156
	676,225	9,333	18,834	666,724
Accumulated Depreciation:				
Building and improvements	77,040	13,319	0	90,359
Office equipment	143,317	9,748	18,834	134,231
Computer software	57,662	2,693	0	60,355
Vehicle	31,005	3,151	0	34,156
	309,024	28,911	18,834	319,101
Net book value	$367,201			$347,623

NOTE 4: CAPITAL LEASES

Commission leases consist of the following:

	Balance 07/01/06	Additions	Disposals	Balance 6/30/07
Cost:				
Copiers	$ 43,372	$ 0	$ 0	$ 42,372
Vehicles	17,710	0	0	17,710
	60,082	0	0	60,082
Accumulated Depreciation:				
Copiers	4,238	8,474	0	12,712
Vehicle	4,132	3,542	0	7,674
	8,370	12,016	0	20,386
Net book value	$ 51,712			$ 39,696

Lease payment including interest, for capital leases as of June 30, 2007, are as follows:

Year ending June 30,	Copiers	Vehicle	Total
2008	$ 9,960	$ 6,455	$ 16,415
2009	9,960	0	9,960
2010	9,960	0	9,960
2011	9,057	0	9,057
Total	$38,937	$ 6,455	45,392
Interest			(6,686)
Present value of lease payments			38,706
Less current portion			(13,448)
Long Term Capital Lease Obligations			$ 25,258

NOTE 5: MORTGAGE PAYABLE

The Commission's long term obligations at June 30, 2007 are as follows:

	2007
Land Contract	$135,360
Interest Rate	8.5%

	Balance 07/01/06	Proceeds	Payments	Balance 6/30/07
Mortgage payable	$ 150,335	$ 0	$ 14,975	$ 135,360

The debt is for the purchase of a building and building improvements.

Debt payments, including interest, as of June 30, 2007, are as follows:

Year ending June 30	Building
2008	$ 27,174
2009	27,174
2010	27,174
2011	27,174
2012	27,174
2013 thru 2014	40,512
Total	176,382
Less interest	(41,022)
Total Principal	135,360
Less Current Portion	(14,979)
Long Term Obligations	$120,381

NOTE 6: RETIREMENT SYSTEM

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.

NOTE 6: RETIREMENT SYSTEM (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 includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the OPERS, 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, member and employer contribution rates were consistent across all three plans (TP, MD and CO). Separate divisions for law enforcement and public safety exist only within the Traditional Pension Plan.

The 2006 member contribution rates were 9.0% for members in state, local, and public safety classifications. Members in the law enforcement classification, which consists generally of sheriffs, deputy sheriffs and township police, contribute at a rate of 10.1%.

The 2006 employer contribution rate for state employers was 13.54% of covered payroll. For local government units, the rate was 13.70% of covered payroll. For both law enforcement and public safety divisions, the employer contribution rate for 2006 was 16.93%.

The Commission's contributions for pension obligations to the OPERS for the years ending June 30, 2007, 2006, 2005, 2004 and 2003 were $46,467, $46,445, $51,683, $51,009 and $52,395, respectively, equal to the required contributions for each year. The full amount has been contributed for each year.

NOTE 7: 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 post-retirement health care benefits to qualifying members of both the Traditional and the Combined Plans; however, health care benefits are not statutorily guaranteed. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post employment health care coverage.

NOTE 7: POSTEMPLOYMENT BENEFITS (continued)

OPERS provides post-retirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Post-Employment Benefit (OPEB) as described in GASB Statement No. 12, "Disclosure of Information on Post-Employment Benefits Other Than Pension Benefits by State and Local Governmental Employers".

A portion of each employer's contribution to the OPERS is set aside for the funding of post-retirement health care. The Ohio revised Code provides statutory authority for employer contributions. In 2006, state employers contributed at a rate of 13.54% of covered payroll, local government employer units contributed at 13.70% of covered payroll and public safety and law enforcement employer units contributed at 16.93%. The portion of employer contributions, for all employers, allocated to health care was 4.50%.

The Ohio Revised Code provides statutory authority for employer contributions.

Summary of Assumptions:

Actuarial Review – The assumptions and calculations below were based on the OPERS' latest actuarial review performed as of December 31, 2005.

Funding Method – The individual age actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability.

Assets Valuation Method – All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted to reflect 25% of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12% corridor.

Investment Return – The investment assumption rate for 2005 was 6.50%.

Active Employee Total Payroll – An annual increase of 4.00%, compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. In addition, annual pay increases over and above the 4.00% base increase, were assumed to range from 0.50% to 6.30%.

Health Care – 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).

OPEB is advance-funded on an actuarially determined basis. The Traditional Pension and Combined Plans had 369,214 active contributing participants as of December 31, 2006. The number of active contributing participants for both plans used in the December 31, 2005 actuarial valuation was 358,804.

NOTE 7: POSTEMPLOYMENT BENEFITS (continued)

The portion of the Commission's contributions that were used to fund post-employment benefits for the years ending June 30, 2007, 2006, 2005, 2004 and 2003 were estimated to be $15,264, $15,257, $16,978, $16,756 and $17,212, respectively.

OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were $11.1 billion. Based on the actuarial cost method used, the Actuarial Valuation as of December 31, 2005, reported the actuarial accrued liability and the unfunded actuarial accrued liability for OPEB at $31.3 billion and $20.2 billion, respectively.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. OPERS took additional actions to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. Member and employer contribution rates increased as January 1, 2006 and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

NOTE 8: RISK MANAGEMENT

The Commission has obtained commercial insurance through the Webb Insurance Company for comprehensive property, data processing equipment, general liability and errors and omissions coverage.

The Commission also provides a high deductible health, dental, and vision through Anthem Blue Cross as well as a life insurance plan. The Commission also offers a Health Savings Plan to full time employees.

Claims have not exceeded coverage in any of the past three years and the Commission did not significantly reduce their limits of liability during the year..

NOTE 10: 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 disallowances, if any, would be immaterial.

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

NOTE 11: STATE INFRASTRUCTURE BANK LOAN

On May 24, 2004, the Commission, as the area's Metropolitan Planning Organization, entered into a loan with the State Infrastructure Bank sponsored by the Ohio Department of Transportation (ODOT) to provided additional funding to Allen County for their project to expand Eastown Road. The amount of the loan was $1,918,464 to be paid back over 5 years at 3% interest. The loan is collateralized and will be paid back by applying future annual allocations towards the unpaid balance and interest in an amount of $418,905 over the next five years.

On January 11, 2006, the Commission, as the area's Metropolitan Planning Organization, entered into another loan with the State Infrastructure Bank sponsored by the Ohio Department of Transportation (ODOT) to provided additional funding to Allen County for their project to expand Eastown Road. The amount of the loan was $675,258 to be paid back over 3 and 1/2 years at 0% interest for the first 12 months and then accruing at 3% for months 13 through 24. The loan is collateralized and will be paid back by applying future annual allocations towards the unpaid balance and interest in amounts estimated at $637,000 and $49,113 on July 1, 2008 and 2009, respectively.

In the event that the annual allocations fail to meet the minimum repayment amount, the Commission is liable for the difference. Based upon prior experience with annual allocations received from ODOT, management believes it is unlikely that the Commission will be liable for any unpaid balance of the loan.

NOTE 12: ELEMENT NUMBERS

The Element of Project numbers used on the Schedule of Expenses by Element for identification purposes are:

Element	Funding Source	Project
101	RPC	Local Expenses
205	ODPS	Community Traffic Safety Program
206	ODPS	Traffic Enforcement and Education
301	ODNR	Recycling Program
601	ODOT/FHWA	Short Range Planning
602	ODOT/FHWA	Transportation Improvement Program
605	ODOT/FHWA	Surveillance
610	ODOT/FHWA	Long Range Planning
674	ODOT/FHWA	Specialized Transportation Program
697	ODOT/FHWA	Rideshare
675	ODOT/FTA	Mass Transportation
601.5	ODOT/STP	Public Involvement Plan
601.6	ODOT/STP	Neighborhood Transportation Management Program
605.6	ODOT/STP	Operations Management System-Program Operation
610.3	ODOT/STP	Long Range Transportation Planning

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
SCHEDULE OF DIRECT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2007
(Unaudited)

		2007
DIRECT LABOR:		
Salaries	$	265,391
OTHER DIRECT EXPENSES:		
Services		31,051
Copies		22,477
Mileage		19,668
Office Supplies		8,880
Other		1,116
Travel and Meetings		2,024
Postage		3,351
Repairs		1,748
Telephone		106
Total Other Direct Expenses		90,421
Total Direct Expenses	**$**	**355,812**

See accompanying notes to the basic financial statements.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
SCHEDULE OF INDIRECT EXPENSE ALLOCATION RATE
FOR THE YEAR ENDED JUNE 30, 2007
(Unaudited)

		2007
INDIRECT WAGES AND FRINGE BENEFITS:		
Salaries and Wages:		
Administrative	$	4,301
Secretarial		13,837
Accounting		22,116
Pension		46,467
Group Insurance		36,913
Vacation Pay		18,186
Sick Pay		11,286
Holiday Pay		12,047
Flexible Benefits Plan		5,832
Medicare		5,224
Workers Compensation		6,618
Miscellaneous Leave Pay		1,207
Total Wages and Fringe Benefits		184,034
OTHER INDIRECT EXPENSES:		
Depreciation and Amortization		40,926
Services		12,901
Interest Expense		12,200
Repairs		7,957
Electric		7,800
Telephone		5,195
Office Supplies		1,913
Miscellaneous		1,781
Travel and meetings		275
Total Other Indirect Expenses		90,948
Total Indirect Expenses	**$**	**274,982**
Direct Labor	**$**	**265,391**
Indirect Expense Allocation Rate	**$**	**1.0361**

See accompanying notes to the basic financial statements.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY
SCHEDULE OF EXPENSES BY ELEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007
(Unaudited)

Project Number	Direct Labor	Other Direct	Indirect Cost	Total
Local				
101	$ 45,238	$ 27,863	$ 46,879	$ 119,980
ODOT				
601	42,401	8,754	43,932	95,087
602	12,093	3,110	12,529	27,732
605	37,087	32,176	38,426	107,689
610	28,236	3,070	29,255	60,561
674	5,427	1,131	5,623	12,181
697	1,658	779	1,718	4,155
Total ODOT	126,902	49,020	131,483	307,405
STP				
601.6	10,918	263	11,312	22,493
605.6	23,283	5,634	24,123	53,040
610.3	14,974	454	15,515	30,943
601.5	5,925	0	6,139	12,064
Total STP	55,100	6,351	57,089	118,540
FTA				
675	8,823	1,499	9,142	19,464
ODPS				
205	25,419	5,177	26,337	56,933
Coordination	3,909	511	4,051	8,471
Grand Total	**$ 265,391**	**$ 90,421**	**$ 274,981**	**$ 630,793**

See accompanying notes to the basic financial statements.

Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

We're Ready For Your Future

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www.reacpa.com

December 24, 2007

Commission Members
Lima-Allen County Regional Planning Commission
Lima, Ohio

Independent Auditor's 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*

We have audited the accompanying financial statements of Lima-Allen County Regional Planning Commission (the Commission), as of and for the year ended June 30, 2007, and have issued our report thereon dated December 24, 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 '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 entity'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 entity's financial statements that is more than inconsequential will not be prevented or detected by the entity'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 entity'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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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.

This report is intended solely for the information and use of management, the audit committee, others within the Commission and pass-through entities, and is not intended to be and should not be used by anyone other than those specified parties.

Rea & Associates, Inc.

Mary Taylor, CPA
Auditor of State

LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION

ALLEN 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
FEBRUARY 15, 2008