



Dave Yost • Auditor of State



**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Commissioners:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements and related notes of Erie Regional Planning Commission, Erie County, Ohio (the Commission) as of and for the years ended December 31, 2012 and 2011.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

As described in Note 1 of the financial statements, the Commission prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section

117.38 and Ohio Administrative Code Section 117-2-03, which is an accounting basis other than accounting principles generally accepted in the United States of America, to satisfy requirements.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2012 and 2011, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of Erie Regional Planning Commission, Erie County, Ohio as of December 31, 2012 and 2011, and its cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, described in Note 1.

***Emphasis of Matter***

As discussed in Note 2 to the financial statements, during 2011 the Commission adopted new accounting guidance in Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Our opinion is not modified with respect to this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2013, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State

Columbus, Ohio

November 27, 2013

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2012**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Fees Charged to Subdivisions	\$34,942		\$34,942
Grants		\$276,332	276,332
County Contribution		28,924	28,924
Other Receipts	576	50	626
<i>Total Cash Receipts</i>	35,518	305,306	340,824
 <b>Cash Disbursements</b>			
Current:			
Economic Development:			
Contracts - Services	39,828		39,828
Project Fund Disbursements		326,337	326,337
<i>Total Cash Disbursements</i>	39,828	326,337	366,165
 <i>Net Change in Fund Cash Balances</i>	(4,310)	(21,031)	(25,341)
 <i>Fund Cash Balances, January 1</i>	2,782	(27,505)	(24,723)
 <b>Fund Cash Balances, December 31</b>			
Unassigned (Deficit)	(\$1,528)	(\$48,536)	(\$50,064)

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

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2011**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Fees Charged to Subdivisions	\$36,513		\$36,513
Grants		\$215,074	215,074
County Contribution		23,342	23,342
Other Receipts	443		443
<i>Total Cash Receipts</i>	<u>36,956</u>	<u>238,416</u>	<u>275,372</u>
<b>Cash Disbursements</b>			
Current:			
Economic Development:			
Contracts - Services	38,233		38,233
Project Fund Disbursements		250,220	250,220
<i>Total Cash Disbursements</i>	<u>38,233</u>	<u>250,220</u>	<u>288,453</u>
<i>Net Change in Fund Cash Balances</i>	(1,277)	(11,804)	(13,081)
<i>Fund Cash Balances, January 1</i>	<u>4,059</u>	<u>(15,701)</u>	<u>(11,642)</u>
<b>Fund Cash Balances, December 31</b>			
Unassigned (Deficit)	<u><u>\$2,782</u></u>	<u><u>(\$27,505)</u></u>	<u><u>(\$24,723)</u></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, 2012 AND 2011**

**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 Erie Regional Planning Commission, Erie County, Ohio (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	City of Huron	Oxford Township
Berlin Township	Huron Township	Perkins Township
Village of Berlin Heights	Village of Kelleys Island	City of Sandusky
Village of Castalia	Margaretta Township	City of Vermilion
Florence Township	Milan Township	Vermilion Township
Groton Township	Village of Milan	

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

**B. Accounting Basis**

These financial statements follow the accounting basis 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.

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

**C. Deposits and Investments**

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

**D. Fund Accounting**

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

**1. General Fund**

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

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

**2. Special Revenue Fund**

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

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

**E. Fund Balance**

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

**1. Nonspendable**

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

**2. Restricted**

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

**3. Committed**

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

**4. Assigned**

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

**5. Unassigned**

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

The Commission applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2012 AND 2011  
(Continued)**

available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Property, Plant, and Equipment**

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Deficit Fund Balance**

Fund balance for the MPO Grant Fund reported a deficit fund balance at December 31, 2012 and 2011. Fund balance for the General Fund reported a deficit fund balance at December 31, 2012. The deficit fund balances resulted from restatements performed during the prior audit period as well as timing differences associated with the disbursement of funds prior to the receipt of reimbursements from grantor agencies. The General Fund is liable for any deficits in the MPO grant fund and provides transfers when cash is required. The Commission intends to restrict General Fund expenditures during 2013 and 2014 to eliminate the deficit balance in the General Fund.

**2. CHANGE IN ACCOUNTING PRINCIPLE**

For 2011, the Commission implemented Governmental Accounting Standard Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. Implementing GASB Statement No. 54 had no effect on fund balances previously reported.

**3. 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.

**4. CONTINGENT LIABILITIES**

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

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S 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

To the Board of Commissioners:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Erie Regional Planning Commission, Erie County, Ohio (the Commission) as of and for the years ended December 31, 2012 and 2011, and the related notes to the financial statements, and have issued our report thereon dated November 27, 2013, wherein we noted the Commission followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 permit, and the Commission adopted Governmental Accounting Standards Board Statement No. 54 in 2011.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the Commission's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Commission's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

### ***Compliance and Other Matters***

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our

audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

Columbus, Ohio

November 27, 2013

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2012 AND 2011**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2010-001	Significant deficiency for agreement with Erie County not identifying scope of services and responsibility for providing services.	Yes	

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# Dave Yost • 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  
DECEMBER 19, 2013**