LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

BASIC FINANCIAL STATEMENTS
(*AUDITED)*

FOR THE FISCAL YEAR ENDED
JUNE 30, 2012

MARLENE SCHUMAKER, GRANTS ADMINISTRATOR

Dave Yost • Auditor of State

Commission Members
Lima-Allen County Regional Planning Commission
130 W. North Street
Lima, Ohio 45801

We have reviewed the *Independent Accountants' Report* of the Lima-Allen County Regional Planning Commission, Allen County, prepared by Julian & Grube, Inc., for the audit period July 1, 2011 to June 30, 2012. 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.

Dave Yost
Auditor of State

March 1, 2013

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov

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LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

TABLE OF CONTENTS

Independent Accountants' Report .... 1 - 2

Management's Discussion and Analysis .... 3 - 6

Basic Financial Statements:

Statement of Net Assets 7
Statement of Revenues, Expenses and Changes in Net Assets 8
Statement of Cash Flows 9

Notes to the Basic Financial Statements .... 10 - 18

Supplementary Information:

Schedule of Expenses by Element 19
Statement of Direct Labor, Fringe Benefits and General Overhead .... 20 - 21

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards* .... 22 - 23

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Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report

Lima-Allen County Regional Planning Commission
130 W. North Street
Lima, Ohio 45801

To the Commission Members:

We have audited the accompanying basic financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of and for the fiscal year ended June 30, 2012, as listed in the table of contents. These financial statements are the responsibility of the Lima-Allen County Regional Planning 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of June 30, 2012, and the changes in its financial position and its cash flows for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012, on our consideration of the Lima-Allen County Regional Planning 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.

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, as listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the Lima-Allen County Regional Planning Commission's basic financial statements taken as a whole. The schedule of expenses by element on page 19 and the statement of direct labor, fringe benefits and general overhead on pages 20 - 21 provide additional analysis and are not a required part of the basic financial statements. We did not subject the schedule of expense by element and statement of direct labor, fringe benefits and general overhead to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2012

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISION
ALLEN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

The management's discussion and analysis of the Lima-Allen County Regional Planning Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2012. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Commission's financial performance.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2012 are as follows:

- The Commission's total net assets increased by $30,971 from $323,386 at June 30, 2011 to $354,357 at June 30, 2012.

- Total assets increased $10,002 from June 30, 2011 including an increase of $32,598 in cash on hand.

- Total liabilities decreased $20,969 from June 30, 2011 primarily due to the principal payment on the Commission's mortgage obligation payable.

- Operating revenues increased $10,405, operating expenses decreased $38,147, nonoperating revenues increased $6,079 and nonoperating expenses decreased $2,451. The total change in net assets for the 2012 fiscal year was an increase of $30,971 compared to a decrease of $26,111 for fiscal year 2011.

Using this Annual Financial Report

This report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Lima-Allen County Regional Planning Commission as a financial whole, an entire operating entity.

Statement of Net Assets

The Statement of Net Assets examines how well the Commission has performed financially from inception through June 30, 2012. 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.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISION
ALLEN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

The following schedule provides a summary of the Commission's Statement of Net Assets for the last five fiscal years:

	Net Assets				
	2012	2011	2010	2009	2008
Assets					
Current assets	$ 210,803	$ 185,278	$ 201,794	$ 241,349	$ 295,249
Noncurrent assets	276,958	292,481	302,598	336,635	367,687
Total assets	487,761	477,759	504,392	577,984	662,936
Liabilities					
Current liabilities	93,119	116,346	94,004	100,392	96,808
Noncurrent liabilities	40,285	38,027	60,981	90,544	118,541
Total liabilities	133,404	154,373	154,985	190,936	215,349
Net Assets					
Invested in capital assets, net of related debt	238,931	231,590	212,054	218,094	223,364
Unrestricted	115,426	91,796	137,443	168,954	224,223
Total net assets	$ 354,357	$ 323,386	$ 349,497	$ 387,048	$ 447,587

Net assets increased by $30,971 for the fiscal year. The Commission has also been diligently trying to pay off long-term liabilities. The Commission made a $22,864 principal payment on the mortgage obligation payable in fiscal year 2012. The remaining liability for this obligation is $38,027 at June 30, 2012. Of this total, $24,885 is due in fiscal year 2013 and $13,142 is due in fiscal year 2014.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets reports operating and nonoperating activities for the fiscal year ended June 30, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012
(UNAUDITED)

The following schedule provides a summary of the Commission's Statement of Revenues, Expenses and Changes in Net Assets for the last five fiscal years:

	Change in Net Assets				
	2012	2011	2010	2009	2008
Revenues					
Federal	$ 447,050	$ 475,618	$ 489,441	$ 454,028	$ 433,031
State	67,311	32,664	12,437	21,668	26,139
Fees	116,808	120,608	120,071	120,736	120,409
Local	120,494	106,289	42,330	64,182	54,765
Total revenues	751,663	735,179	664,279	660,614	634,344
Expenses					
Direct labor	288,054	286,060	244,767	267,660	261,412
Other direct	70,827	76,069	92,556	78,192	78,036
Indirect	361,811	399,161	364,507	375,301	294,177
Total expenses	720,692	761,290	701,830	721,153	633,625
Change in net assets	30,971	(26,111)	(37,551)	(60,539)	719
Net assets at beginning of year	323,386	349,497	387,048	447,587	446,868
Net assets at end of year	$ 354,357	$ 323,386	$ 349,497	$ 387,048	$ 447,587

The Commission had a slight increase of $6,079 in federal/state funds for fiscal year 2012. Local revenue which is made up of local fees for subdivisions, lots splits, etc. had an increase of $14,205 in fiscal year 2012. Also, in fiscal year 2011, the Commission formed a sustainability committee of community members who put up local funds of $27,296 in fiscal year 2012 to match federal funds. In total, revenues increased by $16,484 from fiscal year 2011. Expenses for fiscal year 2012 decreased by $40,598 from fiscal year 2011. Direct labor costs increased by $1,994 in fiscal year 2012 from prior year as the Commission had several interns and paid out additional overtime hours. Indirect expenses decreased $37,350 from fiscal year 2011.

Capital Assets

At the year-end, the Commission had $276,958 (net of accumulated depreciation) invested in land, buildings, building improvements, office equipment, furniture, computer software and vehicles. The following table shows capital asset balances, net of accumulated depreciation, at June 30, 2012 compared to June 30, 2011:

Capital Assets at June 30
(Net of Depreciation)

	2012	2011
Land	$ 35,500	$ 35,500
Buildings and improvements	223,852	235,053
Office equipment and furniture	12,436	20,149
Computer software	5,170	1,779
Totals	$ 276,958	$ 292,481

See Note 4 to the basic financial statements for further detail on the Commission's capital assets.

Long-Term Obligations

The Commission had the following long-term obligations outstanding at June 30, 2012 and 2011:

Long-Term Obligations at June 30

	2012	2011
Mortgage obligation payable	$ 38,027	$ 60,891
Compensated absences payable	57,921	30,524
Total	$ 95,948	$ 91,415

At June 30, 2012, $24,885 and $30,778 of the Commissions long-term obligations for the mortgage obligation payable and compensated absences payable, respectively, are due within one year and therefore considered a current liability. The remainder of these obligations is reported as noncurrent.

See Note 5 to the basic financial statements for further detail on the Commission's long-term obligations.

Current Financial Issues

The Commission is extremely dependent upon intergovernmental revenues (Federal and State grants) provided by the Federal and State government through the State of Ohio; approximately 68 percent of the Commission's total revenue in fiscal year 2012 was received from Federal and State sources. The Commission financial position has been maintained by careful control of expenses in past years. The Commission is vulnerable to changes in Federal and State grant program incomes, and increases in fixed costs which are becoming much harder to control.

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 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.

FINANCIAL STATEMENTS

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY

STATEMENT OF NET ASSETS
JUNE 30, 2012

Assets:		
Current assets:		
Cash	$	73,776
Receivables:		
Intergovernmental receivables:		
Ohio department of transportation		60,277
Ohio department of public safety.		9,179
Surface transportation program.		36,232
Office of transit.		5,979
Local assessment.		7,754
Other.		2,891
Prepayments		14,715
Total current assets		210,803
Noncurrent assets:		
Capital assets:		
Land		35,500
Depreciable capital assets, net.		241,458
Total noncurrent assets		276,958
Total assets		487,761
Liabilities:		
Current liabilities:		
Accounts payable.		2,432
Accrued wages and benefits.		32,194
Compensated absences payable - current		30,778
Mortgage obligation payable - current		24,885
Unearned revenue.		2,830
Total current liabilities		93,119
Noncurrent liabilities:		
Compensated absences payable		27,143
Mortgage obligation payable		13,142
Total noncurrent liabilities		40,285
Total liabilities		133,404
Net assets:		
Invested in capital assets, net of related debt		238,931
Unrestricted		115,426
Total net assets.	$	354,357

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 FISCAL YEAR ENDED JUNE 30, 2012

Operating revenues:	
Fees charged to subdivisions	$ 116,808
Local revenues	120,494
Total operating revenues	237,302
Operating expenses:	
Salaries and wages	354,483
Employee benefits	184,581
Occupancy and other.	156,800
Depreciation	20,518
Total operating expenses	716,382
Operating loss.	(479,080)
Non-operating revenues (expenses):	
Intergovernmental	514,361
Interest	(4,310)
Total nonoperating revenues (expenses) . . .	510,051
Change in net assets.	30,971
Net assets at beginning of year	323,386
Net assets at end of year.	$ 354,357

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, 2012

Cash flows from operating activities:		
Cash received from subdivisions	$	117,370
Cash received from local sources		129,925
Cash payments to employees for services		(537,056)
Cash payments to suppliers for services		(151,657)
Net cash used in operating activities		(441,418)
Cash flows from noncapital financing activities:		
Cash received from intergovernmental sources		506,185
Net cash provided by noncapital financing activities		506,185
Cash flows from capital and related financing activities:		
Acquisition of capital assets		(4,995)
Principal payments on mortgage obligation		(22,864)
Interest paid on mortgage obligation		(4,310)
Net cash used in capital and related financing activities		(32,169)
Net increase in cash		32,598
Cash and cash equivalents at beginning of year		41,178
Cash and cash equivalents at end of year	$	73,776
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(479,080)
Adjustments:		
Depreciation		20,518
Changes in assets and liabilities:		
Decrease in accounts receivable		9,791
Decrease in prepayments		5,458
(Decrease) in accounts payable		(315)
(Decrease) in accrued wages and benefits		(25,389)
Increase in compensated absences payable		27,397
Increase in unrearned revenue		202
Net cash used in operating activities	$	(441,418)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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LIMA-ALLEN COUNTY REGINAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2012

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
Village of Cairo	Sugar Creek Township	Village of Harrod

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units", 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 accounting principles generally accepted in the United States of America (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 on or before November 30, 1989, to its business-type activities provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 20, 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. At year-end, the carrying amount of the Commission's deposits was $73,776.

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. The Commission's deposits maintained by the Allen County Treasurer are either insured by the Federal Deposit Insurance Corporation or were considered collateralized by securities held by the pledging institutions' trust departments in Allen County's name and all State statutory requirements for the deposit of money had been followed.

As of June 30, 2012, the Allen County Treasury had the following investments types: Federal Home Loan Mortgage Corporation (FHLMC) Notes, Federal Home Loan Bank (FHLB) Bonds, Federal Farm Credit Bank (FFCB) Bonds, STAR Ohio and a U.S. Treasury Security Money Market Fund.

The FHLMC Notes, FHLB Bonds, FFCB Bonds and the 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. Ohio law requires that STAR Ohio maintain the highest rating by at least one nationally recognized standard service rating. Ohio law requires the market value of securities subject to repurchase agreement by 2%.

D. Indirect Costs

To facilitate the equitable distribution of common purpose costs benefiting more than one direct cost objective, the Commission has negotiated an agency-wide indirect cost allocation plan with its cognizant federal agency, the Federal Highway Administration (FHWA) through the Ohio Department of Transportation (ODOT).

The Commission has adopted the Provisional Rate Method of calculating the fringe benefit and indirect cost rate. The rates are calculated based on the most recently audited fiscal year with adjustments for projected changes. Once approved by ODOT, the provisional rates are billed for the fiscal year. At the end of the fiscal year, the actual rates are calculated and the difference between the estimated and actual costs for the period covered by the rate is identified to the specific contracts. Any variance is either billed as an additional cost or refunded to the granting agency. No carry forward provision is permitted to adjust future rates for the variance.

The fringe benefit rate is based upon a percentage of direct wages to include sick time, holiday pay, vacation pay, personal days and the employer portion of retirement, workers compensation insurance, hospitalization and unemployment insurance. For the calculation of the fringe benefit rate the base is total labor, both direct and indirect.

The indirect cost rate is based upon a percentage of direct wages to include indirect wages and their allocated fringe benefit costs as well as other indirect costs incurred for equipment, supplies, utilities, and office space. For the calculation of the indirect cost rate, the base is total direct labor (excluding direct labor fringe benefits).

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

E. Receivables

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.

F. 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, 2012, as prepaid items using the consumption method.

G. Capital Assets

All capital assets are capitalized at cost and updated for additions and deletions during the year. All capital assets are depreciated except for land. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The Commission has opted to capitalize their externally acquired computer software and any capital purchases greater than $2,000. Depreciation of the office equipment, furniture, 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.

H. Compensated Absences

Governmental Accounting and Financial Reporting Standards specifies that leave benefits of the employer's obligation relating to employee's rights to receive compensation for future absences is attributable to employee's services already rendered; the obligation relates to rights that accumulate; payment of the compensation is probable; and the amount can be reasonably estimated.

The Commission records a liability for accumulated unused vacation time when earned for employees. The Commission records a liability for accumulated unused sick leave using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Commission has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Commission's policy. Upon retirement, a full-time employee is entitled to receive payment for 1/3 of their accumulated but unused sick leave to a maximum of 520 hours. Part-time employees will receive 1/3 of the average time worked in 30 days.

I. Unearned Revenue

The Commission reports unearned revenue on its statement of net assets. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. At June 30, 2012, membership assessments received in advance of the period they are intended to finance are considered unearned revenue.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

J. Operating and Non-Operating Revenues (Expenses)

Operating revenues are those revenues that are generated directly from the primary activities. For the Commission, these revenues are primarily membership fees from participating subdivisions along with local revenue defined in Note 2.K. Non-operating revenues consist of federal and state grants. Operating expenses are costs incurred to provide the good or service that is the primary activity of the Commission. Non-operating expenses consist of interest expense on the Commission's mortgage obligation payable.

K. Local Revenue

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

L. Estimates

The preparation of the basic financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

For fiscal year 2012, the Commission has implemented GASB Statement No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans", and GASB Statement No. 64, "Derivative Instruments: Application of Hedge Accounting Termination Provisions - an Amendment of GASB Statement No. 53".

GASB Statement No. 57 addresses issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans. The implementation of GASB Statement No. 57 did not have an effect on the financial statements of the Commission.

GASB Statement No. 64 clarifies the circumstances in which a hedge accounting should continue when a swap counterparty, or a swap counterparty's credit support provider, is replaced. The implementation of GASB Statement No. 64 did not have an effect on the financial statements of the Commission.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2012, was as follows:

	Balance 06/30/11	Additions/ Transferss	Deductions	Balance 06/30/12
Cost:				
Capital assets, not being depreciated:				
Land	$ 35,500	$ -	$ -	$ 35,500
Total capital assets, not being depreciated	35,500	-	-	35,500
Capital assets, being depreciated:				
Buildings and improvements	360,079	-	-	360,079
Office equipment and furniture	198,205	-	(15,043)	183,162
Computer software	22,552	4,995	-	27,547
Vehicles	51,866	-	-	51,866
Total capital assets, being depreciated:	632,702	4,995	(15,043)	622,654
Less: accumulated depreciation				
Buildings and improvements	(125,026)	(11,202)	-	(136,228)
Office equipment and furniture	(178,056)	(7,713)	15,043	(170,726)
Computer software	(20,773)	(1,603)	-	(22,376)
Vehicles	(51,866)	-	-	(51,866)
Total accumulated depreciation	(375,721)	(20,518)	15,043	(381,196)
Governmental activities capital assets, net	$ 292,481	$ (15,523)	$ -	$ 276,958

NOTE 5 - LONG-TERM OBLIGATIONS

The Commission’s long-term obligations at June 30, 2012 are as follows:

	Balance Outstanding 06/30/11	Additions	Reductions	Balance Outstanding 06/30/12	Amounts Due in One Year
Mortgage obligation payable	$ 60,891	$ -	$ (22,864)	$ 38,027	$ 24,885
Compensated absences payable	30,524	68,336	(40,939)	57,921	30,778
Total	$ 91,415	$ 68,336	$ (63,803)	$ 95,948	$ 55,663

NOTE 5 - LONG-TERM OBLIGATIONS - (Continued)

Mortgage obligation payable

The mortgage obligation was incurred for the purchase of a building and building improvements. The future debt service requirements for the mortgage obligation outstanding at June 30, 2012 are as follows:

	Land Contract		
Fiscal Year	Principal	Interest	Total
2013	$ 24,885	$ 2,289	$ 27,174
2014	13,142	196	13,338
Total	$ 38,027	$ 2,485	$ 40,512

Compensated absences payable

Compensated absences represent future obligations for sick leave (to the extent it is estimated to be paid as severance), vacation leave and personal time. Of the total liability for compensated absences, $30,778 is expected to be paid within the next fiscal year.

NOTE 6 - RETIREMENT SYSTEM

A. Ohio Public Employees Retirement System

Plan Description - The Commission participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is 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 the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. Members in the local division may participate in all three plans.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

NOTE 6 - RETIREMENT SYSTEM - (Continued)

B. Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. For fiscal year 2012, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The fiscal year 2012 member contribution rates were 10.00% for members in local classifications. The Commission's contribution rate for fiscal year 2012 was 14.00%.

The Commission's contribution rate for pension benefits for members in the Traditional Plan for fiscal year 2012 was 10.00%. The Commission's contribution rate for pension benefits for members in the Combined Plan for fiscal year 2012 was 7.95%. The Commission's required contributions for pension obligations for the fiscal years 2012, 2011 and 2010 were $39,210, $49,691, and $48,538, respectively; 100% has been contributed for fiscal years 2012, 2011 and 2010.

NOTE 7 - POSTRETIREMENT BENEFIT PLANS

A. Ohio Public Employees Retirement System

Plan Description - OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

To qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, Attention: Finance Director, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

B. Funding Policy

The post-employment healthcare plan was established under, and is administrated in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

NOTE 7 - POSTRETIREMENT BENEFIT PLANS - (Continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In fiscal year 2012, local government employers contributed 14.00% of covered payroll. Each year the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan for fiscal year 2012 was 4.00%. The portion of employer contributions allocated to fund post-employment healthcare for members in the Combined Plan for fiscal year 2012 was 6.05%.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The Commission's contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2012, 2011, and 2010 were $15,684, $19,521, and $19,069, respectively; 100% has been contributed for fiscal years 2012, 2011 and 2010.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. These rate increases allowed 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. There was no significant reduction in insurance coverage from prior year and claims have not exceeded insurance coverage over the past three years.

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

NOTE 9 - CONTINGENCIES

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 experience and audit results, management believes that such disallowances, if any, would be immaterial.

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.

SUPPLEMENTARY INFORMATION

Lima-Allen Regional Planning Commission
Allen County

Schedule of Expenses by Element
For the Year Ended June 30, 2012

Project Number	Direct Labor	Other Direct	Indirect Cost	Total
Local				
101	$ 40,394	$ 12,718	$ 48,958	$ 102,070
ODOT				
601	31,445	4,507	38,065	74,017
602	7,468	352	9,041	16,861
605	68,277	12,560	82,649	163,486
610	21,138	1,278	25,587	48,003
674	3,581	300	4,335	8,216
697	2,499	717	3,025	6,241
Total ODOT	134,409	19,714	162,702	316,824
STP				
6057	6,192	206	7,495	13,893
6058	31,250	31,734	37,828	100,812
6103	13,762	442	16,658	30,863
6104	27,117	531	32,826	60,474
Total STP	78,321	32,912	94,808	206,041
FTA				
675	12,437	2,346	15,055	29,838
ODPS				
205	22,493	5,060	27,228	54,781
Grand Total	$ 288,054	$ 72,751	$ 348,750	$ 709,555

Notes to the Schedule of Expenses by Element

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
415	CDBG	Community Development Block Grant
505/510	Local	Local Expenses
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 Transporation Program
697	ODOT/FHWA	Annual Report
675	ODOT/FTA	Mass Transportation
601.5	ODOT/STP	Neighborhood Transportation Management Program
605.7	ODOT/STP	Long Range Transportation Planning
605.8	ODOT/STP	Sustainability
610.3	ODOT/STP	Long Range Transportation Planning
610.4	ODOT/STP	Long Range Transportation Planning

Lima-Allen County Regional Planning Commission
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS AND GENERAL OVERHEAD
(July 1, 2011 - June 30, 2012)

	Estimated FY 2012	Actual FY 2012	Difference (Over Bdgt.) Under Bdgt.
Wages paid for time worked:			
Direct Labor	$ 349,416	$ 288,054	$ 61,362
Indirect Labor	$ 73,000	$ 66,429	$ 6,571
Total Labor - base for fringe allocation	**$ 422,416**	**$ 354,483**	**$ 67,933**
Fringe Benefits			
01040 Flexable Benefits	$ -	$ 1,513	$ (1,513)
01050 Sick Leave	$ 16,981	$ 17,826	$ (845)
01060 Vacation Pay	$ 23,450	$ 25,679	$ (2,229)
01070 Holiday Pay	$ 15,364	$ 16,098	$ (734)
01080 Misc Leave pay	$ 1,000	$ 282	$ 718
Subtotal Fringe Benefit Wages	**$ 56,795**	**$ 61,398**	**$ (4,603)**
Other Fringe Benefits			
10001 PERS	$ 57,000	$ 54,894	$ 2,106
10002 Workers Comp	$ 5,000	$ 3,653	$ 1,347
10004 Health Insurance	$ 61,000	$ 56,239	$ 4,761
10006 Medicare	$ 5,800	$ 6,402	$ (602)
Subtotal Other Fringe Benefits	**$ 128,800**	**$ 121,188**	**$ 7,612**
TOTAL FRINGE BENEFITS	**$ 185,595**	**$ 182,586**	**$ 3,009**
Indirect Costs			
Salaries - Indirect Only	$ 73,000	$ 66,429	$ 6,571
Fringe Benefits for Indirect Salaries	$ 32,074	$ 34,216	$ (2,142)
20001 Office supplies	$ 8,000	$ 13,439	$ (5,439)
20003 Indirect Postage	$ 1,200	$ 941	$ 259
20004 Indirect Copies	$ 5,000	$ 1,388	$ 3,612
20099 Indirect Sundry supplies	$ 3,500	$ 467	$ 3,033
21001 Electirc	$ 11,500	$ 11,308	$ 192
21003 Indirect Telephone	$ 4,000	$ 3,641	$ 359
21022 Indirect Vehcile Expense	$ -	$ 66	$ (66)
21099 Indirect Sundry Services	$ 29,000	$ 32,745	$ (3,745)
22010 Indirect Repairs	$ 9,000	$ 6,607	$ 2,393
23001 Travel and Meetings	$ 3,500	$ -	$ 3,500
26001 Depreciation	$ 17,000	$ 20,518	$ (3,518)
26002 Interest Expense	$ 4,300	$ 4,310	$ (10)
26003 Software Amortization	$ 500	$ 1,603	$ (1,103)
28002 Indirect Equipments	$ 9,000	$ 1,218	$ 7,782
29001 Dues	$ -	$ 478	$ (478)
29002 Books - Subscriptions	$ -	$ 417	$ (417)
29003 Software	$ 21,000	$ -	$ 21,000
29004 Training	$ 4,000	$ -	$ 4,000
29999 Indirect Sundry Expenses	$ 3,500	$ 519	$ 2,981
TOTAL INDIRECT COSTS	**$ 239,074**	**$ 200,309**	**$ 38,764**
Direct Labor Costs by Department:			
Local	$ 96,283	$ 28,248	$ 68,035
ODOT Cosolidated	$ 150,104	$ 134,409	$ 15,695
Transportation	$ 74,401	$ 78,321	$ (3,920)
FTA	$ 10,620	$ 12,437	$ (1,817)
ODPS	$ 12,008	$ 22,493	$ (10,485)
CDBG	$ 6,000	$ 12,147	$ (6,147)
TOTAL DIRECT LABOR COSTS	**$ 349,416**	**$ 288,054**	**$ 61,362**

Lima-Allen County Regional Planning Commission
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS AND GENERAL OVERHEAD
(July 1, 2011 - June 30, 2012)

Fringe Benefit Cost Rate Computation					
TOTAL Fringe Benefit Costs /	$ 185,595	$ 182,586			
TOTAL Labor Costs (Direct & Indirect)	$ 422,416	$ 354,483			
= Fringe Benefit Cost Rate	**43.94%**	**51.51%**			
FY 2012					
Fringe Benefit Cost Recovery Comparison	***(Direct Labor Portion Only)***				
(Actual Direct Labor * Actual Fringe Benefit Cost Rate)		$ 148,370		*51.51%*	*of Direct Labor*
(Actual Direct Labor x ESTIMATED Fringe Benefit Cost Rate)		$ 126,561		*43.94%*	*of Direct Labor*
(Over)/Under Recovery of Fringe Benefits		**$ 21,809**	**A** (over)/under		
Indirect Cost Rate Computation					
TOTAL Indirect Costs /	$ 239,074	$ 200,309			
only DIRECT Labor Costs	$ 349,416	$ 288,054			
= Indirect Cost Rate	**68.42%**	**69.54%**			
FY 2012					
Indirect Cost Recovery Comparison	***(All Indirect Costs, Indirect Labor & Indirect Labor Fringe Benefits)***				
Should have recovered in fiscal year (Actual Direct Labor * Actual Indirect Cost Rate)		$ 200,309		*69.54%*	*of Direct Labor + Direct Labor Fringe Benefits*
Amount actually recovered in fiscal year (Actual Direct Labor x ESTIMATED Indirect Cost Rate)		$ 197,089		*68.42%*	*of Direct Labor + Direct Labor Fringe Benefits*
(Over)/Under Recovery of Indirect Costs		**$ 3,220**	**B** (over)/under		
FY 2012					
Fringe Benefit Cost (Over)/Under Recovery		**$ 21,809**	**A (over)/under**		
Indirect Cost (Over)/Under Recovery		**$ 3,220**	**B (over)/under**		
Net (Over)/Under Recovery		**$ 25,029**			

	Estimated FY 2012	Actual FY 2012
Summary		
Fringe Benefit Rate	**43.94%**	**51.51%**
Indirect Cost Rate	**68.42%**	**69.54%**
Total Overhead Cost Rate	**112.36%**	**121.05%**

Julian & Grube, Inc.
Serving Ohio Local Governments
333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Lima-Allen County Regional Planning Commission
130 W. North Street
Lima, Ohio 45801

To the Commission Members:

We have audited the financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of and for the fiscal year ended June 30, 2012, and have issued our report thereon dated December 27, 2012. 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 Lima-Allen County Regional Planning Commission's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Lima-Allen County Regional Planning Commission's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Lima-Allen County Regional Planning Commission's internal control over financial reporting.

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 more than a reasonable possibility that a material misstatement of the Lima-Allen County Regional Planning Commission's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

Commissioner Members
Lima-Allen Regional Planning Commission

Compliance and Other Matters

As part of reasonably assuring whether the Lima-Allen County Regional Planning 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 management, the Commission Members, and others within the Lima-Allen County Regional Planning Commission. We intend it for no one other than these specified parties.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2012

Dave Yost • 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
MARCH 14, 2013

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov