# LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
# ALLEN COUNTY, OHIO

***BASIC FINANCIAL STATEMENTS***
**(*AUDITED*)**

*FOR THE FISCAL YEAR ENDED*
*JUNE 30, 2011*

**MARLENE SCHUMAKER, GRANTS ADMINISTRATOR**

# Dave Yost • Auditor of State

Commission Members
Lima-Allen County Regional Planning Commission
130 West 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, 2010 through June 30, 2011. 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

Dave Yost
Auditor of State

February 24, 2012

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**LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION**
**ALLEN COUNTY, OHIO**

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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 financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Lima-Allen County Regional Planning Commission's basic financial statements 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 that 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 respective financial position of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of June 30, 2011, and the respective changes in financial position and cash flows thereof 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, 2011, 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. The accompanying schedule of expenses by element on page 21 and the statement of direct labor, fringe benefits and general overhead on pages 22 - 23 provides additional information and are not a required part of the basic financial statements. We did not subject the schedules 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 on them.

Julian & Grube, Inc.

Julian & Grube, Inc.
December 27, 2011

**Lima-Allen County Regional Planning Commission**
**Management Discussion and Analysis**
**For the Year Ended June 30, 2011**

The management's discussion and analysis of Lima-Allen County Regional Planning Commission's (LACRPC) financial statements provides an overview of the Commission's activities for the year ending June 30, 2011. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. The discussion and analysis contains financial activities of the Lima-Allen County Regional Planning Commission.

## Financial Highlights

Key financial highlights for fiscal year ended June 30, 2011 are as follows:

At the end of fiscal year 2011, the Commission's total net assets decreased by $26,111. Cash on hand decreased by $1,373. Intergovernmental receivable decreased by $18,021 and deferred revenues decreased by $655.

## 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 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, 2011. 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, 2008, 2009, 2010 and 2011.

**Table 1**
**Net Assets**

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Assets: | | | | | |
| Current Assets | $185,278 | $201,794 | $241,349 | $295,249 | $269,301 |
| Capital Assets | 292,481 | 302,598 | 336,635 | 367,687 | 396,513 |
| Total | $477,759 | $504,392 | $577,984 | $662,936 | $665,814 |
| Liabilities : | | | | | |
| Current Liabilities | $116,346 | $94,004 | $100,392 | $96,808 | $73,307 |
| Long-Term Liabilities | 38,027 | 60,891 | 90,544 | 118,541 | 145,639 |
| Total Liabilities | $154,373 | $154,895 | $190,936 | $215,349 | $218,946 |
| Net Assets : | | | | | |
| Invested in Capital Assets | $231,590 | $212,054 | $218,094 | $223,364 | $222,447 |
| Unrestricted | 91,796 | 137,443 | 168,954 | 224,223 | 224,421 |
| Total Net-Assets | $323,386 | $349,497 | $387,048 | $447,587 | $446,868 |

Net assets decreased by $26,111 for the fiscal year. The Commission removed from the books equipment that had no useful life left. The Commission also removed some assets because of water damage in FY 2011. The Commission has also been diligently trying to pay off long-term liabilities.

**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 year ended June 30, 2011.

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, 2008, 2009, 2010 and 2011.

**Table 2**
**Revenues, Expenses and Changes in Net Assets**

| | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Federal | $475,618 | $489,441 | $454,028 | $433,031 | $467,611 |
| State | 32,664 | 12,437 | 21,668 | 26,139 | 28,161 |
| Fees | 120,608 | 120,071 | 120,736 | 120,409 | 120,409 |
| Local | 106,289 | 42,330 | 64,182 | 54,765 | 149,821 |
| Total Rev. | $735,179 | $664,279 | $660,614 | $634,344 | $766,002 |
| Expenses: | | | | | |
| Direct Labor | $286,060 | $244,767 | $267,660 | $261,412 | $265,391 |
| Other Direct | 76,069 | 92,556 | 78,192 | 78,036 | 90,421 |
| Indirect | 399,161 | 364,507 | 375,301 | 294,177 | 273,889 |
| Total | $761,290 | $701,830 | $721,153 | $633,625 | $629,701 |
| Net Assets Beginning of year | $349,497 | $387,048 | $447,587 | $446,868 | $310,567 |
| Net Assets End of Year | $323,386 | $349,497 | $387,048 | $447,587 | $446,868 |

The Commission had a $6,404 increase in federal/state funds for FY 2011. Fees and local revenues, which are made up of local fees for subdivisions, lots splits etc. were up considerably in FY 2011. Also in FY 2011 the Commission formed a sustainability committee of community members who put up local funds of $29,600 to match federal funds. Total revenue overall was up by $70,900 from FY 10. Expenses for FY 2011 were up by $59,460, over FY 2010. The direct labor cost increased in FY 2011 from prior years as the Commission had two additional staff members.

**Capital Assets**
For more information on capital assets and capitalized lease equipment, please see Notes 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 69 percent of the Commission's total revenue in fiscal year 2011 was received from intergovernmental sources. The Commission's financial position has been maintained by careful control of expenses in past years. LACRPC is vulnerable to changes in Federal and State grant program incomes, and increases in fixed cost 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 LACRPC's finances and to document the LACRPC'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 e-mail mschumaker@lacrpc.com.

**Lima-Allen County Regional Planning Commission**
**Allen County**
**Statement of Net Assets**
**As of June 30, 2011**

**Assets**

| | | 2011 |
|---|---|---|
| **Current Assets:** | | |
| Cash | $ | 41,178 |
| | | |
| Receivables: | | |
| Intergovernmental receivables | | |
| Ohio Department of Transportation | | 58,962 |
| Ohio Department of Public Safety | | 8,756 |
| Surface Transporation Program | | 26,943 |
| Office of Transit | | 8,830 |
| Local assessments | | 8,316 |
| Other | | 12,120 |
| | | |
| Prepaid expenses | | 20,173 |
| | | |
| Total current assets | | 185,278 |
| | | |
| **Non-Current Assets:** | | |
| Capital assets (net of accumulated depreciation) | | 292,481 |
| | | |
| Total non - current assets | | 292,481 |
| | | |
| Total assets | $ | 477,759 |

-continued

See Accompanying Notes to the Basic Financial Statements

**Lima-Allen County Regional Planning Commission**
**Allen County**
**Statement of Net Assets**
**As of June 30, 2011**

## Liabilities

| | | 2011 |
|---|---|---|
| **Current Liabilities:** | | |
| Mortgage payable current | | 22,864 |
| Accounts payable | | 2,747 |
| Accrued wages & benefits | | 57,583 |
| Compensated absences payable | | 30,524 |
| Deferred revenues | | 2,628 |
| Total current liabilities | | 116,346 |
| **Long-Term Liabilities:** | | |
| Mortgage payable (net of current portion) | | 38,027 |
| Total liabilities | | 154,373 |
| **Net Assets:** | | |
| Invested in capital assets - net of related debt | | 231,590 |
| Unrestricted | | 91,796 |
| Total net assets | | 323,386 |
| Total liabilities and net assets | $ | 477,759 |

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 - Proprietary Fund**
**For the Fiscal Year Ended June 30, 2011**

| | 2011 |
|---|---|
| **Operating Revenues:** | |
| Fees charged to subdivisions | $ 120,608 |
| Local revenues | 106,289 |
| Total operating revenues | 226,897 |
| **Operating Expenses:** | |
| Salaries & wages | 356,668 |
| Employee benefits | 185,865 |
| Occupancy & other | 183,579 |
| Depreciation | 28,417 |
| Total operating expenses | 754,529 |
| Operating loss | (527,632) |
| **Non -Operating Revenues (Expenses):** | |
| Loss on sale of capital asset | (183) |
| Intergovernmental revenue | 508,282 |
| Interest expense | (6,578) |
| Total non-operating expenses | 501,521 |
| Change in net assets | (26,111) |
| Net assets, beginning of year | 349,497 |
| Net assets, end of year | $ 323,386 |

See Accompanying Notes to the Basic Financial Statements

**Lima-Allen County Regional Planning Commission**
**Allen County**
**Statement of Cash Flows - Proprietary Fund**
**For the Fiscal Year Ended June 30, 2011**

| | 2011 |
|---|---|
| **Cash Flows from Operating Activities:** | |
| Cash received from subdivision fees | $ 119,272 |
| Cash received from local sources | 106,289 |
| Cash payments to employees for services | (505,526) |
| Cash payments to suppliers for services | (192,997) |
| Net cash used for operating activities | (472,962) |
| **Cash Flows from Noncapital Financing Activities:** | |
| Cash received from intergovernmental sources | 526,303 |
| Interest paid | (6,578) |
| Payments for the Acquisition of Capital Assets | (18,483) |
| Net cash provided by noncapital financing activities | 501,242 |
| **Cash Flows from Capital and Related Financing Activities:** | |
| Payments on capital lease | (8,645) |
| Payments on mortgage obligations | (21,008) |
| Net cash used for capital and related financing activities | (29,653) |
| Net decreases in cash | (1,373) |
| Cash at the beginning of year | 42,551 |
| Cash at end of year | $ 41,178 |
| Reconciliation of operating income to net cash used by Operating activities | |
| Operating loss | $ (527,632) |
| **Adjustments to Reconcile Operating Loss to Net Cash used for operating activities:** | |
| Depreciation | 28,417 |
| Changes in assets and liabilities: | |
| Accounts receivables | (681) |
| Prepaid expenses | (2,197) |
| Accounts payables | (7,221) |
| Accrued wages & benefits | 32,915 |
| Compensated absences payable | 4,092 |
| Deferred local revenues | (655) |
| Total adjustments | 54,670 |
| Net cash used for operating activities | $ (472,962) |

See Accompanying Notes to the Basic Financial Statements

**Lima-Allen County Regional Planning Commission**
**Notes to the Basic Financial Statements**
**For the Year Ended June 30, 2011**

## 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 Ft. Shawnee | Village of Cairo | Sugar Creek Township |

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 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 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.

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.

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

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", as amended by GASB Statement No. 40, "Deposit and Investment Risk Disclosures", 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.

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 $41,178.

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, 2011, 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.

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

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. 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. 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. Intergovernmental receivables consist of 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, 2011, 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 $2,000. 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

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 for eligible employees who are expected to terminate employment in the upcoming year due to retirement or may receive a payout of sick time per Commission policy.

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.

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

I. 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. Non-operating revenues consist of federal and state grants and any gain on the disposal of capital assets. Operating expenses are cost incurred to provide the good or service that is the primary activity of the Commission. Non-operating expenses consist of interest expense and any loss on the disposal of capital assets.

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

K. 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

### Change in Accounting Principles

For fiscal year 2011, the Commission has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types. The implementation of GASB Statement No. 54 did not have an effect on the financial statements of the Commission.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the Commission.

**NOTE 4: PROPERTY, PLANT AND EQUIPMENT**

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

| | Balance 07/01/10 | Additions/ Transfers | Disposals | Balance 6/30/11 |
|---|---|---|---|---|
| Cost: | | | | |
| Building and improvements | $360,079 | $ 0 | $ 0 | $360,079 |
| Office equipment | 154,494 | 65,094 | 21,383 | 198,205 |
| Computer software | 22,552 | 0 | 0 | 22,552 |
| Land | 35,500 | 0 | 0 | 35,500 |
| Vehicles | 51,866 | 0 | 0 | 51,866 |
| | 624,491 | 65,094 | 21,383 | 668,202 |
| Accumulated Depreciation: | | | | |
| Building and improvements | 113,824 | 11,202 | 0 | 125,026 |
| Office equipment | 142,293 | 56,962 | 21,199 | 178,056 |
| Computer software | 18,148 | 2,625 | 0 | 20,773 |
| Vehicle | 51,866 | 0 | 0 | 51,866 |
| | 326,131 | 70,789 | 21,199 | 375,721 |
| Net book value | $298,360 | $(5,695) | $184 | $292,481 |

The Commission transferred copiers with a cost and accumulated depreciation of $42,372 from capital leases to property, plant and equipment due to the lease purchase of the copiers maturing.

**NOTE 5: CAPITAL LEASES**

The Commission's capital lease obligations at June 30, 2011 are as follows:

| | |
|---|---|
| Capital Lease | $ 8,645 |
| Interest Rate | 12.73% |

| | Balance 07/01/10 | Proceeds | Payments | Balance 06/30/11 |
|---|---|---|---|---|
| Capital Lease Payments | $ 8,645 | $ - | $ (8,645) | $ - |

The Commission made the last payment on the copier lease during fiscal year 2011 and did not replace the equipment with other lease equipment.

## NOTE 6: MORTGAGE PAYABLE

The Commission's long term obligations at June 30, 2011 are as follows:

| | |
|---|---|
| Interest Rate | 8.5% |
| Land Contract | $81,899 |

| | Balance 7/1/10 | Proceeds | Payments | Balance 6/30/11 | Due Within One Year |
|---|---|---|---|---|---|
| Mortgage payable | $ 81,899 | $ - | $ (21,008) | $ 60,891 | $ 22,864 |

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

Debt payments, including interest, as of June 30, 2011, are as follows:

**Land Contract**

| | Principle | Interest |
|---|---|---|
| 2012 | $22,864 | $4,310 |
| 2013 | 24,885 | 2,289 |
| 2014 | 13,142 | 196 |
| | $60,891 | $6,795 |

## NOTE 7: RETIREMENT SYSTEM

### A. 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. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

## NOTE 7: RETIREMENT SYSTEM – (Continued)

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 that may be obtained by 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 Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, 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. Plan members are required to contribute 10.00% of their annual covered salary to fund pension benefit obligations. The Commissions contribution rate for 2011 was 9.00%.

The Commission's contributions for pension obligations to OPERS for the years ending June 30, 2011, 2010 and 2009 were $49,691, $48,538 and $52,270, respectively, equal to the required contributions for each year. The full amount has been contributed for each year.

## NOTE 8: POSTEMPLOYMENT BENEFITS

### A. 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 not does 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 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 8: POSTEMPLOYMENT BENEFITS – (Continued)

### 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.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2011, 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 2011 was 5.00%.

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, 2011, 2010 and 2009 were $19,521, $19,069 and $26,135, respectively; 100% has been contributed for fiscal years 2011, 2010 and 2009.

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 increased as of January 1, 2007, January 1, 2008 and January 1, 2009, which allowed additional funds to be allocated to the health care plan.

## NOTE 9: 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, Through Anthem Blue Cross and dental, vision, and life through Reliance. The Commission also offers a Health Savings Plan to full time employees.

## 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 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.

# SUPPLEMENTAL INFORMATION

Lima/Allen Regional Planning Commission
Allen County

Schedule of Expenses by Element
For the Year Ended June 30, 2011

| Project Number | Direct Labor | Other Direct | Indirect Cost | Total |
|---|---|---|---|---|
| Local | | | | |
| 101 | $ 36,045 | $ 13,545 | $ 48,246 | $ 97,836 |
| ODOT | | | | |
| 601 | 51,844 | 7,480 | 69,394 | 128,718 |
| 602 | 22,658 | 1,562 | 30,328 | 54,548 |
| 605 | 84,536 | 26,986 | 113,152 | 224,674 |
| 610 | 15,776 | 391 | 21,116 | 37,284 |
| 674 | 8,668 | 342 | 11,602 | 20,611 |
| 697 | 1,637 | 375 | 2,192 | 4,204 |
| Total ODOT | 185,119 | 37,136 | 247,784 | 470,039 |
| STP | | | | |
| 6015 | 1,636 | 6 | 2,190 | 3,833 |
| 6058 | 7,938 | 20,833 | 10,625 | 39,397 |
| 6103 | 26,102 | 70 | 34,937 | 61,110 |
| 6104 | 4,120 | 142 | 5,515 | 9,776 |
| Total STP | 39,796 | 21,051 | 53,267 | 114,114 |
| FTA | | | | |
| 675 | 4,864 | 1,758 | 6,510 | 13,131 |
| ODPS | | | | |
| 205 | 20,235 | 2,505 | 27,085 | 49,826 |
| Grand Total | $ 286,059 | $ 75,995 | $ 382,892 | $ 744,946 |

**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 |
| 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 |
| 605.8 | 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, 2010 - June 30, 2011)

| | Estimated FY 2011 | Actual FY 2011 | Difference (Over Bdgt.) Under Bdgt. | ODOT Adjustments | Estimated FY 2012 |
|---|---|---|---|---|---|
| **Wages paid for time worked:** | | | | | |
| Direct Labor | $ 332,250 | $ 286,060 | $ 46,190 | $ - | $ 349,416 |
| Indirect Labor | $ 66,450 | $ 70,608 | $ (4,158) | $ - | $ 73,000 |
| ***Total Labor - base for fringe allocation*** | **$ 398,700** | **$ 356,668** | **$ 42,032** | **$ -** | **$ 422,416** |
| **Fringe Benefits** | | | | | |
| Holidays | $ 18,902 | $ 15,698 | $ 3,204 | $ - | $ 15,364 |
| Sick Leave | $ 15,500 | $ 20,628 | $ (5,128) | $ - | $ 16,981 |
| Vacation | $ 27,500 | $ 18,615 | $ 8,885 | $ - | $ 23,450 |
| Mis. Leave Pay | $ 1,000 | $ 302 | $ 698 | $ - | $ 1,000 |
| *Subtotal Fringe Benefit Wages* | **$ 62,902** | **$ 55,243** | **$ 7,659** | **$ -** | **$ 56,795** |
| **Other Fringe Benefits** | | | | | |
| PERS | $ 64,624 | $ 56,722 | $ 7,902 | $ - | $ 57,000 |
| Hospitalization | $ 46,900 | $ 52,969 | $ (6,069) | $ - | $ 61,000 |
| Medicare | $ 6,693 | $ 5,978 | $ 715 | $ - | $ 5,800 |
| Workers Comp | $ 6,500 | $ 4,103 | $ 2,397 | $ - | $ 5,000 |
| Flexible Benefits | $ 15,960 | $ 7,501 | $ 8,459 | $ - | $ - |
| *Subtotal Other Fringe Benefits* | **$ 140,677** | **$ 127,274** | **$ 13,403** | **$ -** | **$ 128,800** |
| ***TOTAL FRINGE BENEFITS*** | **$ 203,579** | **$ 182,516** | **$ 21,062** | **$ -** | **$ 185,595** |
| **Indirect Costs** | | | | | |
| Salaries - Indirect Only | $ 66,450 | $ 70,608 | $ (4,158) | $ - | $ 73,000 |
| Fringe Benefits for Indirect Salaries | $ 33,930 | $ 36,132 | $ (2,202) | $ - | $ 32,074 |
| Office Supplies | $ 9,000 | $ 12,624 | $ (3,624) | $ - | $ 8,000 |
| Postage | $ 900 | $ 1,169 | $ (269) | $ - | $ 1,200 |
| Copies | $ 8,000 | $ 2,102 | $ 5,898 | $ - | $ 5,000 |
| Sundry Supplies | $ 2,250 | $ 6,043 | $ (3,793) | $ - | $ 3,500 |
| Electric | $ 12,500 | $ 12,015 | $ 485 | $ - | $ 11,500 |
| Telephone | $ 4,000 | $ 3,811 | $ 189 | $ - | $ 4,000 |
| Vehicle | $ - | $ 127 | $ (127) | $ - | $ - |
| Sundry Services | $ 30,500 | $ 41,431 | $ (10,931) | $ - | $ 29,000 |
| Repairs | $ 8,000 | $ 4,871 | $ 3,129 | $ - | $ 9,000 |
| Travel & Meetings | $ 500 | $ - | $ 500 | $ - | $ 3,500 |
| Depreciation | $ 18,000 | $ 24,260 | $ (6,260) | $ - | $ 17,000 |
| Gain or Loss on Equipment | $ - | $ - | $ - | $ - | $ - |
| Interest Expense | $ 8,250 | $ 6,578 | $ 1,672 | $ - | $ 4,300 |
| Software Amoritization | $ 1,500 | $ 1,625 | $ (125) | $ - | $ 500 |
| Dues | $ 500 | $ - | $ 500 | $ - | $ - |
| Software | $ 8,000 | $ 1,212 | $ 6,788 | $ - | $ 21,000 |
| Training | $ 15,000 | $ 350 | $ 14,650 | $ - | $ 4,000 |
| Sundry Expenses | $ 8,000 | $ 6,119 | $ 1,881 | $ - | $ 3,500 |
| Equipment | $ - | $ 5,428 | $ (5,428) | $ - | $ 9,000 |
| ***TOTAL INDIRECT COSTS*** | **$ 235,280** | **$ 236,505** | **$ (1,225)** | **$ -** | **$ 239,074** |

Lima Allen County Regional Planning Commission
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS AND GENERAL OVERHEAD
(July 1, 2010 - June 30, 2011)

| | | | | | |
|---|---|---|---|---|---|
| **Direct Labor Costs by Department:** | | | | | |
| Local | $ 42,250 | $ 36,045 | $ 6,205 | $ - | $ 96,283 |
| ODOT Consolidated | $ 155,500 | $ 185,120 | $ (29,620) | $ - | $ 150,104 |
| Transportation Planning | $ 95,000 | $ 39,796 | $ 55,204 | $ - | $ 74,401 |
| FTA | $ 10,000 | $ 4,864 | $ 5,136 | $ - | $ 10,620 |
| ODPS | $ 29,500 | $ 20,235 | $ 9,265 | $ - | $ 12,008 |
| CDBG | $ - | $ - | $ - | $ - | $ 6,000 |
| ***TOTAL DIRECT LABOR COSTS*** | **$ 332,250** | **$ 286,060** | **$ 46,190** | **$ -** | **$ 349,416** |

| | | | |
|---|---|---|---|
| **Fringe Benefit Cost Rate Computation** | | | |
| TOTAL Fringe Benefit Costs / | $ 203,579 | $ 182,516 | $ 185,595 |
| TOTAL Labor Costs (Direct & Indirect) | $ 398,700 | $ 356,668 | $ 422,416 |
| **= Fringe Benefit Cost Rate** | **51.06%** | **51.17%** | **43.94%** |

**FY 2011**

**Fringe Benefit Cost Recovery Comparison *(Direct Labor Portion Only)***

| | | | |
|---|---|---|---|
| Should have recovered in fiscal year (Actual Direct Labor * Actual Fringe Benefit Cost Rate) | $ 146,384 | *51.17%* | *of Direct Labor* |
| Amount actually recovered in fiscal year (Actual Direct Labor x ESTIMATED Fringe Benefit Cost Rate) | $ 146,064 | *51.06%* | *of Direct Labor* |
| **(Over)/Under Recovery of Fringe Benefits** | **$ 320** | **A** (over)/under | |

| | | | |
|---|---|---|---|
| **Indirect Cost Rate Computation** | | | |
| TOTAL Indirect Costs / | $ 235,280 | $ 236,505 | $239,074 |
| DIRECT Labor | $ 332,250 | $ 286,060 | $ 349,416 |
| **= Indirect Cost Rate** | **70.81%** | **82.68%** | **68.42%** |

**FY 2011**

**Indirect Cost Recovery Comparison** ***(All Indirect Costs, Indirect Labor & Indirect Labor Fringe Benefits)***

| | | | |
|---|---|---|---|
| Should have recovered in fiscal year ((Actual Direct Labor + Actual Direct Labor Fringe Benefits) x Actual Indirect Cost Rate) | $ 357,530 | *82.68%* | *of Direct Labor + Direct Labor Fringe Benefits* |
| Amount actually recovered in fiscal year ((Actual Direct Labor + Direct Labor Fringe Benefits) x ESTIMATED Indirect Cost Rate) | $ 306,005 | *70.81%* | *of Direct Labor + Direct Labor Fringe Benefits* |
| **(Over)/Under Recovery of Indirect Costs** | **$ 51,525** | **B** (over)/under | |

| | | |
|---|---|---|
| **FY 2011** | | |
| **Fringe Benefit Cost (Over)/Under Recovery** | **$ 320** | **A (over)/under** |
| **Indirect Cost (Over)/Under Recovery** | **$ 51,525** | **B (over)/under** |
| **Net (Over)/Under Recovery** | **$ 51,845** | |

| | Estimated FY 2011 | Actual FY 2011 | Estimated FY 2012 |
|---|---|---|---|
| **Summary** | | | |
| **Fringe Benefit Rate** | **51.06%** | **51.17%** | **43.94%** |
| **Indirect Cost Rate** | **70.81%** | **82.68%** | **68.42%** |
| **Total Overhead Cost Rate** | **121.87%** | **133.85%** | **112.36%** |

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Serving Ohio Local Governments
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**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, 2011, which collectively comprise the Lima-Allen County Regional Planning Commission's basic financial statements and have issued our report thereon dated December 27, 2011. 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, 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.

Commission Members
Lima-Allen County Regional Planning Commission

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 to be material weaknesses, as defined above.

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 did note certain matters not requiring inclusion in this report that we reported to the Lima-Allen County Regional Planning Commission in a separate letter dated December 27, 2011.

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, 2011

# 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 8, 2012**

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