bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

LIMA-ALLEN REGIONAL PLANNING COMMISSION
ALLEN COUNTY

REGULAR AUDIT

For the Year Ended June 30, 2017
Fiscal Year Audited Under GAGAS: 2017

One East Campus View Blvd. Suite 300 • Columbus, OH 43235 • (614) 389-5775 • FAX (614) 467-3920
PO Box 875 • 129 Pinckney Street • Circleville, OH 43113 • (740) 474-5210 • FAX (740) 474-7319
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www.bhmcpagroup.com

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Lima-Allen Regional Planning Commission, Allen County, prepared by BHM CPA Group, Inc., for the audit period July 1, 2016 through June 30, 2017. 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 Regional Planning Commission is responsible for compliance with these laws and regulations.

Dave Yost
Auditor of State

February 27, 2018

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LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditor's Report

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

To the Commission Members:

Report on the Financial Statements

We have audited the accompanying financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio (the Commission), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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, 2017, and the changes in its financial position and its cash flow thereof for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions 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 applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Other Information

Our audit was conducted to opine on the Commission's basic financial statements taken as a whole.

The schedule of expenses by element on page 31 and the schedule of direct labor, fringe benefits, and general overhead on page 32-33 present additional analysis and are not a required part of the basic financial statements.

We did not subject the schedule of expenses by element and the schedule 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2017, on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 26, 2017

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
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, 2017. 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, 2017 are as follows:

- The Commission's total net position decreased by $51,786 from a deficit $52,863 at June 30, 2016 to a deficit $104,649 at June 30, 2017.
- Total assets increased $47,610 from June 30, 2016, along with an increase of $84,073 in cash on hand. Capital assets decreased $2,268 from June 30, 2016.
- Total deferred outflows of resources increased $21,597 as a result of the deferred outflows reported related to the net pension liability.
- Total liabilities increased $97,086 from June 30, 2016 due to an increase in the net pension liability.
- Deferred inflows of resources increased by $23,907 from June 30, 2016.
- Operating revenues increased $24,697, operating expenses increased $134,570, and non-operating revenues increased $104,955. The total change in net position for the 2017 fiscal year was a decrease of $51,786 (of which $87,843 was to accommodate GASB 68), compared to a decrease of $46,868, (of which $33,159 was to accommodate GASB 68) for fiscal year 2016.

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 Position

The Statement of Net Position examines how well the Commission has performed financially from inception through June 30, 2017. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This form of accounting takes in to account all revenues earned and expenses incurred during the 12-month period, regardless as to when the cash is received or expended.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 12-27 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's net pension liability. The required supplementary information can be found on pages 28-30 of this report.

The statement of net position serves as a useful indicator of a government's financial position. The table below provides a summary of the Commission's net position for fiscal years 2017, 2016, 2015 and 2014.

	Net Position			
	2017	2016	2015	2014
Assets				
Current assets	$ 252,713	$ 202,835	$ 221,650	$ 222,998
Noncurrent assets	233,943	236,211	252,774	270,942
Total assets	486,656	439,046	474,424	493,940
Deferred outlfows of resources	247,974	226,377	49,109	28,449
Liabilities				
Current liabilities	52,631	42,437	66,803	63,200
Noncurrent liabilities	735,521	648,629	437,433	427,490
Total liabilities	788,152	691,066	504,236	490,690
Deferred inflows	51,127	27,220	25,292	11,873
Net Position				
Net investment in capital assets	233,943	236,211	252,774	270,942
Unrestricted (deficit)	(338,592)	(289,074)	(258,769)	(251,116)
Total net position (deficit)	$ (104,649)	$ (52,863)	$ (5,995)	$ 19,826

During fiscal year 2015, the Commission adopted Governmental Accounting Standards Board (GASB) Statement 68, "Accounting and Financial Reporting for Pensions - an Amendment of GASB Statement 27" and GASB Statement 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68" which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the Commission's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the Commission's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2 Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" - that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the Commission is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the Commission's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

Net position decreased by $51,786 for the current fiscal year. The Commission disposed of equipment that had no useful life left during fiscal year 2017. The Commission no longer carries any long-term debt.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2017
UNAUDITED

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position reports operating and nonoperating activities for the fiscal year ended June 30, 2017.

The following table shows the changes in net position for fiscal years 2017, 2016, 2015 and 2014.

	Change in Net Position			
	2017	2016	2015	2014
Revenues				
Federal	$ 527,887	$ 435,793	$ 462,433	$ 450,077
State	77,949	65,088	65,531	69,186
Fees	118,299	118,299	118,299	118,298
Local	113,908	89,211	85,707	145,857
Total revenues	838,043	708,391	731,970	783,418
Expenses				
Direct labor	316,953	250,447	296,290	299,924
Other direct	51,632	50,464	55,115	51,334
Indirect	521,244	454,348	406,386	421,780
Total expenses	889,829	755,259	757,791	773,038
Change in net position	(51,786)	(46,868)	(25,821)	10,380
Net position (deficit) at beginning of year	(52,863)	(5,995)	19,826	N/A
Net position (deficit) at end of year	$ (104,649)	$ (52,863)	$ (5,995)	$ 19,826

The Commission had an increase of $92,094 in federal funds and a decrease of $12,861 in State funds for fiscal year 2017. Other fees which is made up of local fees for subdivisions, lots splits, and other work that is paid, remained the same in fiscal year 2017. Local revenues increased by $24,697. Total revenue overall was up $129,652, from fiscal year 2016.

Expenses for fiscal year 2017 increased by $134,570 from fiscal year 2016. Direct labor costs and other direct costs increased by $67,674, in fiscal year 2017 while indirect costs increased by $66,896, of which $87,843 in indirect costs were from GASB 68.

Capital Assets

At fiscal year-end, the Commission had $233,943 (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, 2017, 2016, 2015 and 2014:

Capital Assets at June 30
(Net of Depreciation)

	2017	2016	2015	2014
Land	$ 35,500	$ 35,500	$ 35,500	$ 35,500
Buildings and improvements	167,841	179,043	190,245	201,447
Office equipment and furniture	30,602	20,918	25,280	31,247
Computer software	-	750	1,749	2,748
Totals	$ 233,943	$ 236,211	$ 252,774	$ 270,942

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, 2017, 2016, 2015 and 2014:

Long-Term Obligations at June 30

	2017	2016	2015	2014
Compensated absences payable	$ 55,757	$ 50,752	$ 44,766	$ 42,906
Net pension liability	710,925	624,731	415,965	406,569
Total	$ 766,682	$ 675,483	$ 460,731	$ 449,475

At June 30, 2017, $31,161 of the Commission's long-term obligations for compensated absences payable are due within one year and therefore considered a current liability. The remainder of the compensated absences payable and the entire amount of the net pension liability is considered due in more than one year.

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 72.29 percent of the Commission total revenue in fiscal year 2017 was from Federal and State funds, compared to 70.71, 72.13 and 66.28 percent in fiscal years 2016, 2015 and 2014. The Commission's 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.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2017

Assets:	
Current assets:	
Cash	$ 107,048
Receivables:	
Intergovernmental receivables:	
Ohio department of transportation	102,496
Ohio department of public safety	8,078
Office of transit	13,339
Local assessment	7,754
Other	986
Prepayments	13,012
Total current assets	252,713
Noncurrent assets:	
Capital assets:	
Land	35,500
Depreciable capital assets, net	198,443
Total noncurrent assets	233,943
Total assets	486,656
Deferred outflows of resources:	
Pension - OPERS	247,974
Liabilities:	
Current liabilities:	
Accounts payable	6,800
Accrued wages and benefits	14,670
Compensated absences payable - current	31,161
Total current liabilities	52,631
Noncurrent liabilities:	
Compensated absences payable	24,596
Net pension liability	710,925
Total noncurrent liabilities	735,521
Total liabilities	788,152
Deferred inflows of resources:	
Local revenue not available	3,660
Pension - OPERS	47,467
Total deferred inflows of resources	51,127
Net position:	
Investment in capital assets	233,943
Unrestricted (deficit)	(338,592)
Total net position (deficit)	$ (104,649)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Operating revenues:	
Fees charged to subdivisions	$ 118,299
Local revenues	113,908
Total operating revenues	232,207
Operating expenses:	
Salaries and wages	402,838
Employee benefits	318,831
Occupancy and other.	144,425
Depreciation	23,735
Total operating expenses	889,829
Operating loss.	(657,622)
Non-operating revenues:	
Intergovernmental	605,836
Total nonoperating revenues	605,836
Change in net position	(51,786)
Net position (deficit) at beginning of year . .	(52,863)
Net position (deficit) at end of year.	$ (104,649)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Cash flows from operating activities:		
Cash received from subdivisions.	$	118,960
Cash received from local sources		119,922
Cash payments to employees for services		(627,585)
Cash payments to suppliers for services		(139,883)
Net cash used in operating activities		(528,586)
Cash flows from noncapital financing activities:		
Cash received from intergovernmental sources		634,126
Net cash provided by noncapital financing activities. .		634,126
Cash flows from capital and related financing activities:		
Acquisition of capital assets.		(21,467)
Net cash used in capital and related financing activities		(21,467)
Net increase in cash.		84,073
Cash and cash equivalents at beginning of year		22,975
Cash and cash equivalents at end of year	$	107,048
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss.	$	(657,622)
Adjustments:		
Depreciation		23,735
Changes in assets and liabilities:		
Decrease in accounts receivable		6,014
(Increase) in prepayments		(109)
(Increase) in deferred outflows		(21,597)
Increase in accounts payable.		4,651
Increase in accrued wages and benefits		1,236
Increase in compensated absences payable.		5,005
Increase in net pension liability		86,194
Increase in deferred inflows		23,907
Net cash used in operating activities	$	(528,586)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*", as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*", 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 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, deferred outflows of resources, liabilities, and deferred inflows of resources are included on the Statement of Net Position. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position.

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.

A deferred inflow of resources is an acquisition of net position by the Commission that is applicable to a future reporting period. The Commission reports deferred inflow of resources for the following items related to the Commission’s net pension liability: (1) differences between expected and actual experience and (2) differences between employer’s contributions and the employer’s proportional share of contributions.

A deferred outflow of resources is a consumption of net position by the Commission that is applicable to a future reporting period. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense) until then. For the Commission, deferred outflows of resources have been reported for the following items related to the Commission’s net pension liability: (1) differences between expected and actual experience, (2) the net difference between projected and actual investment earnings on pension plan assets, (3) changes of assumptions, and (4) the Commission’s contributions to the pension systems subsequent to the measurement date.

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", 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 $107,048.

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, 2017, the Allen County Treasury had the following investments types: Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), StarOhio, STARPlus Ohio, FDIC-insured Certificates of Deposit, CDARS, and a U.S. Government Money Market Fund.

The FHLMC, FHLB, FFCB, and FNMA carry a rating of Aaa by Moodys. The U.S. Government Money Market Fund carries a rating of Aaa-mf by Moodys and StarOhio carries a rating of AAAm by Standard and Poor's. The FDIC-insured Certificates of Deposit, CDARS, and STARPlus Ohio are fully insured by the FDIC for principal and interest.

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

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).

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. Prepayments

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, 2017, as prepayments 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.

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

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 240 hours. Part-time employees will receive 1/3 of the average time worked in 30 days.

I. Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "investment in capital assets," consists of capital assets, net of accumulated depreciation. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position.

Net position is reported as restricted when there are limitations imposed on its use either through enabling legislation adopted by the Commission or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The Commission applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

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.

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

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.

M. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2017, the Commission has implemented GASB Statement No. 77, "*Tax Abatement Disclosures*", GASB Statement No. 78, "*Pensions Provided Through Certain Multiple-Employer Defined Benefit Pension Plans*", GASB Statement No. 80, "*Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14*" and GASB Statement No. 82, "*Pension Issues - An Amendment of GASB Statements No. 67, No. 68 and No. 73*".

GASB Statement No. 77 requires governments that enter into tax abatement agreements to disclose certain information about the agreement. GASB Statement No. 77 also requires disclosures related to tax abatement agreements that have been entered into by other governments that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the Commission.

GASB Statement No. 78 establishes accounting and financial reporting standards for defined benefit pensions provided to the employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost-sharing pension plan) that meets the criteria in paragraph 4 of Statement 68 and that (a) is not a state or local governmental pension plan, (b) is used to provide defined benefit pensions both to employees of state or local governmental employers and to employees of employers that are not state or local governmental employers, and (c) has no predominant state or local governmental employer (either individually or collectively with other state or local governmental employers that provide pensions through the pension plan). The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the Commission.

GASB Statement No. 80 improves the financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement applies to component units that are organized as not-for-profit corporations in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the Commission.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 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, 2017, was as follows:

	Balance 06/30/16	Additions/ Transfers	Deductions	Balance 06/30/17
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	135,046	21,467	(12,451)	144,062
Computer software	14,173	-	-	14,173
Vehicles	51,866	-	-	51,866
Total capital assets, being depreciated:	561,164	21,467	(12,451)	570,180
Less: accumulated depreciation				
Buildings and improvements	(181,036)	(11,202)	-	(192,238)
Office equipment and furniture	(114,128)	(11,783)	12,451	(113,460)
Computer software	(13,423)	(750)	-	(14,173)
Vehicles	(51,866)	-	-	(51,866)
Total accumulated depreciation	(360,453)	(23,735)	12,451	(371,737)
Governmental activities capital assets, net	$ 236,211	$ (2,268)	$ -	$ 233,943

NOTE 5 - LONG-TERM OBLIGATIONS

The Commission's long-term obligations at June 30, 2017 are as follows:

	Balance Outstanding 06/30/16	Additions	Reductions	Balance Outstanding 06/30/17	Amounts Due in One Year
Compensated absences payable	$ 50,752	$ 46,156	$ (41,151)	$ 55,757	$ 31,161
Net pension liability	624,731	86,194	-	710,925	-
Total	$ 675,483	$ 132,350	$ (41,151)	$ 766,682	$ 31,161

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, $31,161 is expected to be paid within the next fiscal year.

Net pension liability
See Note 6 to the note to the basic financial statements for detail on the net pension liability.

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions - between an employer and its employees - of salaries and benefits for employee services. Pensions are provided to an employee - on a deferred-payment basis - as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the Commission's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

The Ohio Revised Code limits the Commission's obligation for this liability to annually required payments. The Commission cannot control benefit terms or the manner in which pensions are financed; however, the Commission does receive the benefit of employees' services in exchange for compensation including pension.

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits or overfunded benefits is presented as a long-term *net pension liability*. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in accrued wages and benefits payable on the statement of net position.

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Commission employees participate 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 and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Commission employees) may elect the Member-Directed Plan and the Combined Plan, all employee members are in OPERS' Traditional Pension Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension Plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting https://www.opers.org/financial/reports.shtml, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the Traditional Pension Plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information):

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	**Group B** 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	**Group C** Members not in other Groups and members hired on or after January 7, 2013
State and Local	**State and Local**	**State and Local**
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	**Age and Service Requirements:** Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	**Formula:** 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Funding Policy - The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State & Local: Calendar Year 2016	State & Local: Calendar Year 2017
Statutory Maximum Contribution Rates		
Employer	14.0 %	14.0
Employee	10.0 %	10.0
Actual Contribution Rates		
Employer:		
Pension	12.0 %	13.0
Post-employment Health Care Benefits	2.0 %	1.0
Total Employer	14.0 %	14.0
Employee	10.0 %	10.0

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Commission’s contractually required contribution for the Traditional Pension Plan was $58,469 for fiscal year 2017. Of this amount, $1,575 is reported as accrued wages and benefits payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the OPERS Traditional Pension Plan was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the net pension liability prior measurement date	0.00360673%
Proportion of the net pension liability current measurement date	0.00313068%
Change in proportionate share	-0.00047605%
Proportionate share of the net pension liability	$ 710,925
Pension expense	116,220

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

At June 30, 2017, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		OPERS
Deferred outflows of resources		
Differences between expected and actual experience	$	964
Net difference between projected and actual earnings on pension plan investments		105,872
Changes of assumptions		112,761
Commission contributions subsequent to the measurement date		28,377
Total deferred outflows of resources	$	247,974
Deferred inflows of resources		
Differences between expected and actual experience		4,230
Changes in employer's proportionate percentage/ difference between employer contributions		43,237
Total deferred inflows of resources	$	47,467

$28,377 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2018.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

			OPERS
Year Ending December 31:			
	2017	$	67,045
	2018		72,212
	2019		35,976
	2020		(3,103)
Total		$	172,130

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

Actuarial Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2016, using the following actuarial assumptions applied to all periods included in the measurement in accordance with the requirements of GASB Statement No. 67. In 2016, the Board's actuarial consultants conducted an experience study for the period 2015 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projects to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.0% down to 7.5%, for the defined benefit investments. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, for the Traditional Pension Plan are presented below.

Valuation date	December 31, 2016
Experience study	5 year period ended December 31, 2015
Actuarial cost method	Individual entry age
Actuarial assumptions:	
Investment rate of return	7.50 percent
Wage inflation	3.25 percent
Projected salary increases	3.25 to 10.75 percent (including wage inflation of 3.25%)
Cost-of-living adjustments	Pre 1/7/2013 retirees: 3.00 percent, simple Post 1/7/2013 retirees: 3.00 percent, simple through 2018, then 2.15% simple

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio is 8.3% for 2016.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2016 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability was 7.5%, post-experience study results, for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 6 - DEFINED BENEFIT PENSION PLANS - (Continued)

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50 percent) or one-percentage-point higher (8.50 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Commission's proportionate share of the net pension liability:			
Traditional Pension Plan	$ 1,086,096	$ 710,925	$ 398,285

NOTE 7 - POSTRETIREMENT BENEFIT PLANS

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 Plan and the Combined Plan. 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/financial/reports.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered 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 2017, 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 calendar years 2017 and 2016 was 1.00% and 2.00%, respectively.

NOTE 7 - POSTRETIREMENT BENEFIT PLANS - (Continued)

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 fiscal years 2017, 2016, and 2015 were $7,016, $7,708, and $8,457, respectively; 97.31% has been contributed for 2017 and 100% has been contributed for 2016 and 2015. The remaining fiscal year 2017 post-employment health care benefits liability of $206 has been reported as accrued wages and benefits payable on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2016. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

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 insurance through Anthem Blue Cross and dental, vision, and life insurance 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.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE COMMISSION'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FOUR FISCAL YEARS

	2016	2015	2014	2013
Traditional Plan:				
Commission's proportion of the net pension liability	0.00313068%	0.00360673%	0.00344881%	0.00344881%
Commission's proportionate share of the net pension liability	$ 710,925	$ 624,731	$ 415,965	$ 406,569
Commission's covered-employee payroll	$ 385,383	$ 422,825	$ 429,568	$ 397,904
Commission's proportionate share of the net pension liability as a percentage of its covered-employee payroll	184.47%	147.75%	96.83%	102.18%
Plan fiduciary net position as a percentage of the total pension liability	77.25%	81.08%	86.45%	86.36%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented as of the Commission's measurement date which is December 31

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF COMMISSION CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

LAST FIVE FISCAL YEARS

	2017	2016	2015	2014	2013
Traditional Plan:					
Contractually required contribution	$ 58,469	$ 46,246	$ 50,739	$ 53,696	$ 45,759
Contributions in relation to the contractually required contribution	(58,469)	(46,246)	(50,739)	(53,696)	(45,759)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Commission's covered-employee payroll	$ 467,752	$ 385,383	$ 422,825	$ 429,568	$ 397,904
Contributions as a percentage of covered-employee payroll	12.50%	12.00%	12.00%	12.50%	11.50%

Note: Information prior to 2013 was unavailable. The Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

SEE ACCOMPANYING NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 - 2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

SCHEDULE OF EXPENSES BY ELEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2017

Project Number	Direct Labor	Other Direct	Indirect Cost	Total
Local				
101	$ 34,783	$ 3,720	$ 141,897	$ 180,400
ODOT				
601	44,263	2,911	59,507	106,681
602	25,041	1,837	33,665	60,543
605	46,395	7,384	62,373	116,152
610	39,940	1,919	53,695	95,554
674	16,150	1,048	21,711	38,909
697	1,543	225	2,074	3,842
Total ODOT	173,332	15,324	233,025	421,681
STP				
6058	42,564	26,700	57,223	126,487
6104	23,605	2,429	31,734	57,768
Total STP	66,169	29,129	88,957	184,255
FTA				
675	16,139	479	21,698	38,316
ODPS				
205	26,530	2,980	35,667	65,177
Grand Total	$ 316,953	$ 51,632	$ 521,244	$ 889,829

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 Sources	Project
101	RPC	Local Expenses
205	ODPS	Community Traffic
601	ODOT/FHWA	Short Range Planning
602	ODOT/FHWA	Transportation Improvement Program
605	ODOT/FHWA	Surveillance
610	ODOT/FHWA	Long Range Planning
674	ODOT/FHWA	Specialized Transportation Program
697	ODOT/FHWA	Annual Report
675	ODOT/FTA	Mass Transportation
6058	ODOT/STP	Sustainability
6104	ODOT/STP	Long Range Transportation Planning

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LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
SCHEDULE OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
July 1, 2016 - June 30, 2017

		ESTIMATED FY 2017	ACTUAL FY 2017	VARIANCE (OVER BUDGET) UNDER BUDGET
EMPLOYEE WAGES				
Indirect Labor				
Acct. #	Acct. Name			
4110	Administrative Wages	$85,528.00	$19,646.17	$65,881.83
4130	Clarical Wages		$28,357.18	($28,357.18)
4120	Accounting Wages		$37,882.92	($37,882.92)
Subtotal - Indirect Labor		$85,528.00	$85,886.27	($358.27)
Direct Labor				
Acct. #	Acct. Name			
4100	Direct Wages	$337,418.00	$316,952.09	$20,465.91
Subtotal - Direct Labor		$337,418.00	$316,952.09	$20,465.91
TOTAL EMPLOYEE WAGES		$422,946.00	$402,838.36	$20,107.64
FRINGE BENEFITS COST CENTER				
Paid Leave				
Acct. #	Acct. Name			
4160	Holiday	$13,404.00	$15,625.20	($2,221.20)
4150	Vacation	$24,676.00	$25,227.06	($551.06)
4140	Sick Leave	$16,486.00	$15,923.78	$562.22
4170	Other Sal	$1,603.00	$481.20	$1,121.80
Subtotal - Paid Leave		$56,169.00	$57,257.24	($1,088.24)
Other Fringe Benefits				
Acct. #	Acct. Name			
4180	OtherBenefit	$7,657.00	$7,657.20	($0.20)
4220	PERS	$79,050.00	$65,485.39	$13,564.61
4230	Workers Comp	$3,354.00	$4,895.11	($1,541.11)
4200	Health Insurance	$75,000.00	$88,917.93	($13,917.93)
4210	Medicare	$6,947.00	$6,774.94	$172.06
4240	Unemployment	$1,000.00		$1,000.00
Subtotal - Other Fringe		$173,008.00	$173,730.57	($722.57)
TOTAL FRINGE BENEFITS		$229,177.00	$230,987.81	($1,810.81)
INDIRECT COST CENTER - NON-LABOR				
Acct. #	Acct. Name			
4401	Office Supplies	$15,000.00	$8,902.53	$6,097.47
4480	Indirect Postage	$1,200.00	$663.35	$536.65
4475	Indirect copies	$10,500.00	$3,646.16	$6,853.84
4400	Indirect Sundry Supplies	$1,500.00	$548.62	$951.38
4411	Electric	$18,000.00	$12,075.37	$5,924.63
4412	Indirect Telephone	$4,000.00	$1.69	$3,998.31
4470	Indirect Vehicle	$200.00	$403.24	($203.24)
4410	Indirec Cont Serv.	$31,000.00	$49,248.04	($18,248.04)
4413	Water Sewer	$1,000.00	$1,056.29	($56.29)
4460	Indirect Repairs	$5,000.00	$3,753.57	$1,246.43
4450	Indirect Travel & Meetings	$500.00	$0.00	$500.00
4495	Depreciation	$18,600.00	$22,985.56	($4,385.56)
4491	Interest Expense			$0.00
4496	Software Amortization	$1,000.00	$749.26	$250.74
4402	Indirect Equipment	$6,000.00		$6,000.00
4403	Indirect Software	$3,500.00	$319.87	$3,180.13
4486	Indirect Training	$500.00		$500.00
4485	Indirect Sundry Expense	$500.00	$4,879.88	($4,379.88)
TOTAL INDIRECT COSTS - NON-LABOR		$118,000.00	$109,233.43	$8,766.57

FRINGE BENEFIT COST RATE CALCULATION				
TOTAL FRINGE BENEFITS	A	$229,177	$230,988	
TOTAL EMPLOYEE WAGES	B	$422,946	$402,838	
FRINGE BENEFIT COST RATE		**54.19%**	**57.34%**	**A ÷ B**

FRINGE BENEFIT COST RECOVERY COMPARISON			
FY 2017			
Should have recovered in fiscal year	+	$181,741	Actual DL * Actual Fringe Rate
Amount actually recovered in fiscal year	-	$171,743	Actual DL * Estimated Fringe Rate
Prior Year Net (Over) / Under Recovery	+	$0	
Prior Year (Over) / Under Recovery Posted to Cost Center	-	$0	
(Over) / Under Recovery of Fringe Benefits	=	$9,998	

FRINGE BENEFITS COST DISTRIBUTION		
INDIRECT LABOR FRINGE BENEFITS	$46,344	$49,247
DIRECT LABOR FRINGE BENEFITS	$182,833	$181,741
TOTAL FRINGE BENEFITS	$229,177	$230,988

INDIRECT COST RATE CALCULATION				
INDIRECT LABOR		$85,528	$85,886	
INDIRECT FRINGE BENEFITS		$46,344	$49,247	
OTHER INDIRECT COSTS		$118,000	$109,233	
TOTAL INDIRECT COSTS	A	$249,872	$244,366	
TOTAL DIRECT LABOR COSTS	B	$337,418	$316,952	
INDIRECT COST RATE		**74.05%**	**77.10%**	**A ÷ B**

INDIRECT COST RECOVERY COMPARISON			
FY 2017			
Should have recovered in fiscal year	+	$244,367	Actual DL * Actual Indirect Rate
Amount actually recovered in fiscal year	-	$234,716	Actual DL * Estimated Indirect Rate
Prior Year Net (Over) / Under Recovery	+	$0	
Prior Year (Over) / Under Recovery Posted to Cost Center	-	$0	
(Over) / Under Recovery of Indirect Costs	=	$9,651	

SUMMARY	**ESTIMATED FY 2017**	**ACTUAL FY 2017**
FRINGE BENEFIT COST RATE	**54.19%**	**57.34%**
INDIRECT COST RATE	**74.05%**	**77.10%**
TOTAL OVERHEAD COST RATE	**128.24%**	**134.44%**

bhm cpa group, inc.
CERTIFIED PUBLIC ACCOUNTANTS

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

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

To the Commission Members:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of Lima-Allen Regional Planning Commission, Allen County, Ohio (the Commission), as of and for the fiscal year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated December 26, 2017.

Internal Control over Financial Reporting

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

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

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

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Compliance and Other Matters

As part of reasonably assuring whether the Commission's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards.*

Purpose of this Report

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

BHM CPA Group

BHM CPA Group Inc.
Piketon, Ohio
December 26, 2017

LIMA – ALLEN 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 13, 2018