

***Regional Planning  
Commission***

***Hamilton County, Ohio***

*Financial Statements as of and for the Years  
Ended December 31, 2004 and 2003 and  
Independent Auditors' Report*





**Auditor of State  
Betty Montgomery**

Board of Commissioners  
Regional Planning Commission of Hamilton County  
138 East Court Street  
Room 807, County Admin. Bldg  
Cincinnati, Ohio 45202

We have reviewed the *Independent Auditors' Report* of the Regional Planning Commission of Hamilton County prepared by Deloitte & Touche LLP, for the audit period January 1, 2003 through December 31, 2004. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditors' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditors' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Regional Planning Commission of Hamilton County is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

December 12, 2005

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**REGIONAL PLANNING COMMISSION  
HAMILTON COUNTY, OHIO**

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## INDEPENDENT AUDITORS' REPORT

Members of the Regional Planning Commission  
Hamilton County, Ohio:

We have audited the accompanying statements of cash receipts, cash disbursements and changes in fund cash balances—general fund of the Regional Planning Commission, Hamilton County, Ohio, as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Regional Planning Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the respective financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the respective financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described more fully in Note 1, the Regional Planning Commission has prepared these financial statements using the cash basis of accounting, which practice differs from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between this cash basis of accounting and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Regional Planning Commission as of December 31, 2004 and 2003, the changes in its financial position for the years then ended. Further, the Regional Planning Commission has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the general fund cash balances and reserves for encumbrances of the Regional Planning Commission, Hamilton County, Ohio, as of December 31, 2004 and 2003, and the general fund cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 3, 2005, on our consideration of the Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is to describe the scope of our testing on internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

*Deloitte & Touche LLP*

June 3, 2005

**REGIONAL PLANNING COMMISSION  
HAMILTON COUNTY, OHIO**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND CHANGES IN FUND  
CASH BALANCES—GENERAL FUND  
YEARS ENDED DECEMBER 31, 2004 AND 2003**

	<b>2004</b>	<b>2003</b>
<b>CASH RECEIPTS:</b>		
Transfer from Hamilton County's General Fund	\$ 1,245,375	\$ 1,166,521
Federal funds	117,332	140,375
Contractual services	5,819	19,048
Charges for services	51,708	35,285
Municipality fees	<u>60,994</u>	<u>66,801</u>
 Total cash receipts	 <u>1,481,228</u>	 <u>1,428,030</u>
<b>CASH DISBURSEMENTS:</b>		
Salaries and benefits	983,846	902,449
Workers compensation	8,845	6,870
Supplies and postage	25,026	18,600
Advertising and publishing	3,561	2,839
Equipment	52,141	117,080
Repairs and maintenance	29,225	21,875
Contracts—services	83,522	69,662
Contracts—computer center	31,572	37,877
Travel and expenses	10,760	12,625
Public employees retirement	118,951	110,568
Mandatory Medicare—employer	9,257	8,831
Subscriptions and training	10,739	13,498
Accounting services	0	7,329
Refunds	<u>261</u>	<u>325</u>
 Total cash disbursements	 <u>1,367,706</u>	 <u>1,330,428</u>
 TOTAL RECEIPTS OVER DISBURSEMENTS	 113,522	 97,602
 FUND CASH BALANCE—Beginning of year	 <u>502,961</u>	 <u>405,359</u>
 FUND CASH BALANCE—End of year	 <u>\$ 616,483</u>	 <u>\$ 502,961</u>
 RESERVE FOR ENCUMBRANCES	 <u>\$ 283,095</u>	 <u>\$ 245,009</u>

See accompanying notes to financial statements.

# REGIONAL PLANNING COMMISSION HAMILTON COUNTY, OHIO

## NOTES TO FINANCIAL STATEMENTS YEARS ENDED DECEMBER 31, 2004 AND 2003

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Description of the Entity**—The Regional Planning Commission (the “Commission”) was created pursuant to Sections 713.21 and 713.23 of the Ohio Revised Code. Its purpose is to exercise such powers and to perform duties as shall be consistent with the laws of Ohio. The financial records, excluding over-the-counter receipts, are maintained by the Hamilton County Auditor’s Office.

The Commission operates under the direction of a seven member commission. Members of the Commission serve five-year terms and become members through appointment or election. Five members are appointed by the Board of County Commissioners from nominations, of which four nominations are from township trustees and the other from a municipality. One representative is elected by the Municipal Planning Commission and another is elected by the Cincinnati Planning Commission.

Services provided by the Commission include coordinating plans and improvements, and studying and making recommendations regarding needs, priorities and policies for community growth and conservation throughout Hamilton County.

The Commission’s management believes these financial statements present all activities for which the Commission is financially accountable. These financial statements contain certain amounts that were allocated by Hamilton County.

**Basis of Accounting**—These financial statements were prepared on the cash basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when a payment is made rather than when a liability is incurred.

**Fund Accounting**—The Commission uses fund accounting to segregate cash that is restricted as to use. The Commission has one fund, the General Fund, which is the general operating fund of the Commission used to account for all financial resources.

**Federal Funds**—The cash receipts included in Federal Funds in these financial statements represent amounts received from the Hamilton County Department of Community Development. These amounts are reported as federal expenditures by Community Development.

**Budgetary Process**—The Commission is not subject to Ohio budgetary law as it is not a taxing subdivision. However, for management purposes, the Commission prepares annual appropriations, and the County Budget Commission determines the estimated resources. The Commission reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year-end are carried over and need not be reappropriated.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

**Property, Plant and Equipment**—Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial



statements. As a department of Hamilton County, office space is provided to the Commission within a building owned by Hamilton County.

*Unpaid Vacation and Sick Leave*—Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Commission.

**2. RELATED PARTY TRANSACTIONS—CASH**

Fiscal control of the Commission is maintained by the County Auditor’s Office and the County Treasurer’s Office. The Commission does not maintain a depository account of investments. The County Treasurer’s Office is responsible for deposits, investments and maintaining sufficient collateral for all funds of the Commission. All orders for expenditures of the Commission are drawn upon warrants of the County Auditor’s Office.

**3. BUDGETARY ACTIVITY**

Budgetary activity for 2004 and 2003 was as follows:

<b>2004 Budgeted vs. Actual Receipts</b>			
	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance Favorable (Unfavorable)</b>
General Fund	<u>\$ 1,461,595</u>	<u>\$ 1,481,228</u>	<u>\$ 19,633</u>
<b>2004 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance Favorable (Unfavorable)</b>
General Fund	<u>\$ 1,710,669</u>	<u>\$ 1,648,878</u>	<u>\$ 61,791</u>
<b>2003 Budgeted vs. Actual Receipts</b>			
	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance Favorable (Unfavorable)</b>
General Fund	<u>\$ 1,409,521</u>	<u>\$ 1,428,030</u>	<u>\$ 18,509</u>
<b>2003 Budgeted vs. Actual Budgetary Basis Expenditures</b>			
	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance Favorable (Unfavorable)</b>
General Fund	<u>\$ 1,672,505</u>	<u>\$ 1,594,522</u>	<u>\$ 77,983</u>

#### **4. BENEFIT PLANS**

Commission employees are employees of the County and, therefore, are covered by the following benefit plans:

##### **A. Deferred Compensation Plan**

Employees of the County may elect to participate in a deferred compensation plan administered by one of the following: (1) The Ohio Public Employees Deferred Compensation Plan; (2) The Aetna Life Insurance Company, Inc.; or (3) The County Commissioners Association of Ohio. Under these plans, employees can defer up to 25% of their annual salary, not to exceed \$8,500 per year, until a future time, usually after retirement. The deferred amounts, as well as any income related to the deferral, are not subject to federal or state income tax until actually received by the employee. Assets of the aforementioned plans were placed in a trust for the exclusive benefit of the participants and beneficiaries during 1999.

##### **B. Employee Retirement Systems and Plans**

County employees are covered by the Ohio Public Employees Retirement System (OPERS). County employees hired after April 1, 1986, are also covered under the Federal Social Security Act for the Medicare portion only.

OPERS administers three separate pension plans: (1) The Traditional Pension Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. (2) 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 member and vested employer contributions plus any investment earnings thereon. (3) The Combined Plan is a cost-sharing, multiple-employer, defined-benefit pension plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan. OPERS provides retirement, disability, survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension Plan and the Combined Plan. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Benefits provided under the OPERS plans are established by the Ohio Revised Code.

OPERS issues separate financial reports to the public that include financial statements and required supplemental information. These reports may be obtained by contacting the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, telephone (800) 222-7377.

The Ohio Revised Code provides OPERS statutory authority for employee and employer contributions. The required, actuarially determined contribution rates for 2004 for County employees are as follows:

	<u>Retirement System</u>	<u>County Share</u>	<u>Employee Share</u>
Employees of the County	OPERS	13.55 %	8.50 %

The County's contributions, representing 100% of employer contributions, for the year ended December 31, 2004, and for each of the two preceding years, are as follows:

<u>Fiscal Year</u>	<u>OPERS</u>
2002	\$ 109,256
2003	110,568
2004	118,950

### **C. Other Post-Employment Benefits (OPEB)**

In addition to the pension benefits described above, OPERS provides post-retirement health-care coverage, commonly referred to as OPEB (other post-employment benefits), to qualifying members of both the Traditional Pension and the Combined Plans. The Ohio Revised Code provides the authority for public employers to fund post-retirement health care through their contributions. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health-care coverage.

OPERS provides post-retirement health-care coverage to age and service retirees with 10 or more years of qualifying State service credit and to primary survivor recipients of such retirees. Health-care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The 2004 employer contribution rate for the County was 13.55% of covered payroll, of which 4.00% was used to fund health care. The County's contribution for employees, for the year ended December 31, 2004, was \$35,114 to fund post-employment benefits.

The OPEB is advance-funded on an actuarially determined basis. The principal assumptions and calculations were based on the latest actuarial review as of December 31, 2003:

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

*Asset Valuation Method.* All investments are carried at marked value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach, assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets.

*Investment Return.* The most recent information available indicates that the investment assumption rate for 2003 was 8.00%.

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

*Health Care.* Health-care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.00% to 6.00% for the next 8 years. In subsequent years (9 and beyond) health-care costs were assumed to increase at 4.00% (the projected wage inflation rate).

At December 31, 2003 (latest available), the actuarial value of the Retirement System's net asset value available for OPEB was \$10.5 billion and the actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were \$26.9 billion and \$16.4 billion, respectively. At December 31, 2004, there were 369,885 active participants contributing to the Traditional Pension and Combined Plans.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCCP) with an effective date of January 1, 2007. The HCCP restructures OPERS' health-care coverage to improve the financial solvency of the fund in response to skyrocketing health-care costs.

Under the HCCP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health-care coverage customized to meet their individual needs. If the monthly allocation to purchase health-care coverage exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health-care expenses.

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Members of the Regional Planning Commission  
Hamilton County, Ohio

We have audited the financial statements of the Regional Planning Commission, Hamilton County, Ohio, as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated June 3, 2005, which includes an explanatory paragraph relating to the financial statements being prepared on the cash basis of accounting as described in Note 1 of the financial statements. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audits, we considered the Regional Planning Commission's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Regional Planning Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Regional Planning Commission's management, the Board of Commissioners, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than those specified parties.

*Deloitte & Touche LLP*

June 3, 2005





**Auditor of State  
Betty Montgomery**

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**REGIONAL PLANNING COMMISSION OF HAMILTON COUNTY**

**HAMILTON COUNTY**

**CLERK'S CERTIFICATION**

**This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.**

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 27, 2005**