



**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED DECEMBER 31, 2005



**Auditor of State
Betty Montgomery**

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Sandusky Regional Planning Commission
Sandusky County
606 West State Street
Fremont, Ohio 43420-2534

To the Board of Commissioners:

We have audited the accompanying financial statements of the business-type activities, of the Sandusky Regional Planning Commission, Sandusky County, Ohio (the SCRPC), as of and for the year ended December 31, 2005, which collectively comprise the SCRPC's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the SCRPC's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the business-type activities, of the Sandusky Regional Planning Commission, Sandusky County, Ohio, as of December 31, 2005, and the respective changes in modified cash financial position thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 18, 2006, on our consideration of the SCRPC's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Betty Montgomery
Auditor of State

April 18, 2006

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

The discussion and analysis of the Sandusky County Regional Planning Commission's (the "SCRPC") financial performance provides an overall review of the SCRPC's financial activities for the year ended December 31, 2005. The intent of this discussion and analysis is to look at the SCRPC's financial performance as a whole. Readers should also review the Notes to the Financial Statements and the basic financial statements to enhance their understanding of the SCRPC's financial performance.

Using this Annual Financial Report

The annual report consists of three parts, the Management's Discussion and Analysis, the Financial Statements and the Notes to the Financial Statements. The Financial Statements include a Statement of Net Assets, a Statement of Receipts, Expenses and Changes in Net Assets and a Statement of Cash Flow.

The following schedule provides a summary of the SCRPC's Statement of Net Assets for the years ended December 31, 2005 and December 31, 2004:

Net Assets		
Assets	2005	2004
Current Assets	\$ 47,668	\$ 49,375
Total Assets	\$ 47,668	\$ 49,375
Net Assets		
Unrestricted	\$ 47,668	\$ 49,375
Total Net Assets	\$ 47,668	\$ 49,375

Net assets decreased by \$1,707.

Statement of Receipts, Disbursements and Changes In Net Assets

The Statement of Receipts, Disbursements and Change in Net Assets report operating activities for the calendar year ended December 31, 2005.

The following schedule provides a summary of the SCRPC's Statement of Receipts, Disbursements, and Change in Net Assets for the calendar year December 31, 2005 and December 31, 2004:

Change in Net Assets		
	2005	2004
Receipts		
Charges for Services	\$51,171	\$52,122
Other		3,000
Total Receipts	51,171	55,122
Disbursements		
Personal Services	41,154	39,918
Fringe Benefits	10,533	9,355
Contractual Services		2,361
Material and Supplies	85	109
Other	1,106	1,376
Total Disbursements	52,878	53,119
Change in Net Assets	\$(1,707)	\$2,003

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Contacting the SCRPC's Financial Management

This financial report is designed to provide our citizen's, taxpayers, and investors and creditors with a general overview of the SCRPC's cash basis finances and to show the SCRPC's accountability for the money it receives. If you have questions about this report or need additional financial information contact William L. Farrell, County Auditor at Sandusky County, 100 N. Park Avenue, Fremont 43420.

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

*Statement of Net Assets - Modified Cash Basis
December 31, 2005*

	<u>Enterprise Fund</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$47,668</u>
<i>Total Assets</i>	<u><u>\$47,668</u></u>
Net Assets	
Unrestricted	<u>\$47,668</u>
<i>Total Net Assets</i>	<u><u>\$47,668</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

*Statement of Cash Receipts,
Disbursements and Changes in Fund Net Assets - Modified Cash Basis
Proprietary Fund
For the Year Ended December 31, 2005*

	<u>Enterprise Fund</u>
Operating Receipts	
Charges for Services	<u>\$51,171</u>
<i>Total Operating Receipts</i>	<u>51,171</u>
Operating Disbursements	
Personal Services	41,154
Fringe Benefits	10,533
Materials and Supplies	85
Other	<u>1,106</u>
<i>Total Operating Disbursements</i>	<u>52,878</u>
<i>Change in Net Assets</i>	(1,707)
<i>Net Assets Beginning of Year</i>	<u>49,375</u>
<i>Net Assets End of Year</i>	<u><u>\$47,668</u></u>

See accompanying notes to the basic financial statements

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2005

	<u>Enterprise Fund</u>
Decrease in Cash and Cash Equivalents:	
Cash Flows from Operating Activities	
Cash Received from Customers	\$51,171
Cash Payments to Employees for Services	(41,154)
Cash Payments for Employee Benefits	(10,533)
Cash Payments for Goods and Services	<u>(1,191)</u>
<i>Net Decrease in Cash and Cash Equivalents</i>	(1,707)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>49,375</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$47,668</u></u>

See accompanying notes to the basic financial statements

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**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

NOTE 1 - REPORTING ENTITY

The Sandusky Regional Planning Commission, Sandusky County, (the SCRPC) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The SCRPC consists of representatives from participating political subdivisions, the county commissioners, and appointed citizens. The SCRPC formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. The participating subdivisions are:

Sandusky County	Riley Township	Village of Burgoon
Ballville Township	Scott Township	Village of Green Springs
Green Creek Township	Washington Township	Village of Helena
Jackson Township	Woodville Township	Village of Lindsey
Madison Township	City of Clyde	Village of Woodville
Rice Township	City of Fremont	

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.B, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The SCRPC does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the SCRPC's accounting policies.

A. Basis of Presentation

The SCRPC's basic financial statements consist of a statement of net assets, a statement of revenue, expenses and changes in net assets, and a statement of cash flows. Enterprise fund reporting focuses on the determination of the change in net assets, financial position, and cash flows.

B. Basis of Accounting

The SCRPC's financial statements are prepared using the modified cash basis of accounting. Receipts are recorded in the SCRPC's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Cash and Investments

The SCRPC's cash is held and invested by the Sandusky County Treasurer, who acts as custodian for SCRPC monies. The SCRPC's assets are held in the County Treasurer's cash and investment pool, and are valued at the Treasurer's reported carrying amount.

D. Budgetary Process

The SCRPC is not required to follow budgetary provisions set forth in Ohio Revised Code 5705; however, the SCRPC voluntarily follows the requirements.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function level of control, and appropriations may not exceed estimated resources. The Board must annually approve appropriation measures and subsequent amendments. The County Budget Commission approves the annual appropriation measure and amendments thereto. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1.

3. Encumbrances

The SCRPC reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

E. Inventory and Prepaid Items

The SCRPC reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

F. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the SCRPC's modified cash basis of accounting.

H. Employer Contributions to Cost-Sharing Pension Plans

The SCRPC recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 4 and 5, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

I. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The SCRPC had no restricted net assets.

NOTE 3 - DEPOSITS AND INVESTMENTS

The Sandusky County Treasurer maintains a cash pool used by all funds, including those of the SCRPC. The Ohio Revised Code prescribes allowable deposits and investments. The SCRPC's carrying amount of cash on deposit with the County at December 31, 2005, was \$47,668. The Sandusky County Treasurer, as fiscal agent for the SCRPC, is responsible for maintaining adequate depository collateral for all funds in the County's pooled and deposit accounts.

NOTE 4 - DEFINED BENEFIT PENSION PLANS

Ohio Public Employees Retirement System

The SCRPC participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by OPERS to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, 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 and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The SCRPC's contribution rate for pension benefits for 2005 was 13.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The SCRPC's required contribution for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003, were \$5,576, \$5,409, and \$6,736, respectively. The full amount has been contributed for 2005, 2004, and 2003.

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 5 - POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2004 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 1.00 and 6.00 percent annually for the next eight years and 4.00 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$1,646. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. In addition to the HCPP, OPERS has taken additional action to improve the solvency of the Health Care Fund in 2005 by creating a separate investment pool for health care assets. As an additional component of the HCPP, member and employer contribution rates increased as of January 1, 2006, which will allow additional funds to be allocated to the health care plan.

NOTE 6 – PUBLIC ENTITY RISK POOLS

A. County Risk Sharing Authority, Inc.

The County Risk Sharing Authority, Inc. (CORSA) is a jointly governed organization among thirty-nine counties in Ohio. CORSA was formed as an Ohio not-for-profit corporation for the purpose of establishing the CORSA Insurance/Self-Insurance Program, a group primary and excess insurance/self-insurance and risk management program. Member counties agree to jointly participate in coverage of losses and pay all contributions necessary for the specified insurance coverages provided by CORSA.

**SANDUSKY REGIONAL PLANNING COMMISSION
SANDUSKY COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

NOTE 6 – PUBLIC ENTITY RISK POOLS – (CONTINUED)

Each member county has one vote on all matters requiring a vote, to be cast by a designated representative. The affairs of CORSA are managed by an elected board of not more than nine trustees. Only county commissioners of member counties are eligible to serve on the Board of Trustees. No county may have more than one representative on the Board of Trustees at any time. Each member county's control over the budgeting and financing of CORSA is limited to its voting authority and any representation it may have on the Board of Trustees. The Pool covers the following risks:

- Comprehensive general liability;
- Excess Liability
- Public officials' errors and omissions liability insurance.

B. County Commissioners Association of Ohio Service Corporation

The SCRPC participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The County Commissioners Association of Ohio Service Corporation (CCAOSC) was established through the County Commissioners Association of Ohio (CCAO) as an insurance purchasing pool.

A group executive committee is responsible for calculating annual rate contributions and rebates, approving the selection of a third party administrator, reviewing and approving proposed third party fees, fees for risk management services and general management fees, determining ongoing eligibility of each participant, and performing any other acts and functions which may be delegated to it by the participants. The group executive committee consists of nine members. Two members are the president and treasurer of CCAOSC; the remaining seven members are representatives of the participants. These seven members are elected for the ensuing year by the participants at a meeting held in December of each year. No participant can have more than one member on the group executive committee in any year, and each elected member shall be a county commissioner.

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**Auditor of State
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Sandusky Regional Planning Commission
Sandusky County
606 West State Street
Fremont, Ohio 43420-2534

To the Board of Commissioners:

We have audited the financial statements of the business-type activities, of the Sandusky Regional Planning Commission, Sandusky County (the SCRPC) as of and for the year ended December 31, 2005, which collectively comprise the SCRPC's basic financial statements and have issued our report thereon dated April 18, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the SCRPC's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting 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 material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the SCRPC's management dated April 18, 2006, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

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

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Sandusky Regional Planning Commission
Sandusky County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

We intend this report solely for the information and use of the management and the Sandusky Regional Planning Commission. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

April 18, 2006



**Auditor of State
Betty Montgomery**

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SANDUSKY COUNTY REGIONAL PLANNING COMMISSION

SANDUSKY 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
MAY 11, 2006**