

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

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

***FOR THE FISCAL YEAR ENDED
JUNE 30, 2010***

MARLENE SCHUMAKER, GRANTS ADMINISTRATOR



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Lima-Allen County Regional Planning Commission, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Lima-Allen County Regional Planning Commission is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 25, 2011

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

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Julian & Grube, Inc.

Serving Ohio Local Governments

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

Independent Auditor's Report

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

To the Commission Members:

We have audited the accompanying financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Lima-Allen County Regional Planning Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Lima-Allen County Regional Planning Commission's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of June 30, 2010, and the respective changes in financial position and cash flows thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2010, on our consideration of the Lima-Allen County Regional Planning Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Commission Members
Lima-Allen County Regional Planning Commission
Page Two

The management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information accounting principles generally accepted in the United States of America 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.

We conducted our audit to opine on the financial statements that collectively comprise the Lima-Allen County Regional Planning Commission's basic financial statements. The accompanying schedule of expenses by element on page 22, statement of direct labor, fringe benefits and general overhead on pages 23 - 24 and the schedule of expenditures of federal awards - cash basis on page 25 provides additional information and are not a required part of the basic financial statements. We did not subject the schedules of expense by element, statement of direct labor, fringe benefits and general overhead and the schedule of expenditures of federal awards - cash basis to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.
December 20, 2010

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

The discussion and analysis of Lima-Allen County Regional Planning Commission's (LACRPC) financial statements provides an overview of the Commission's activities for the year ending June 30, 2010. Management has prepared the financial statements and the related footnote disclosures along with the discussion and analysis. The discussion and analysis contains financial activities of the Lima-Allen County Regional Planning Commission.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2010 are as follows:

At the end of fiscal year 2010, the Commission's total net assets decreased by \$37,551. Cash on hand decreased by \$61,788. Accounts receivable increased by \$23,425 and deferred revenues decreased by \$14,771.

Using the Basic Financial Statements

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

Statement of Net Assets

The Statement of Net Assets examines how well the Commission has performed financially from inception through June 30, 2010. This statement includes all assets, liabilities and net asset balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This form of accounting takes into account all revenues earned and expenses incurred during the 12-month period, regardless as to when the cash is received or expended.

The following schedule provides a summary of the Commission's Statement of Net Assets for fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010.

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

**Table 1
Net Assets**

	2010	2009	2008	2007	2006
Assets:					
Current Assets	\$201,794	\$241,349	\$295,249	\$269,301	\$159,548
Capital Assets	<u>302,598</u>	<u>336,635</u>	<u>367,687</u>	<u>396,513</u>	<u>416,939</u>
Total Assets	504,392	577,984	662,936	665,814	576,487
Liabilities:					
Current Liabilities	94,004	100,392	96,808	73,307	93,380
Long-Term Liabilities	<u>60,891</u>	<u>90,544</u>	<u>118,541</u>	<u>145,639</u>	<u>172,541</u>
Total Liabilities	154,895	190,936	215,349	218,946	265,921
Net-Assets :					
Invested in					
Capital Assets	212,054	218,094	223,364	222,447	216,875
Unrestricted	<u>137,443</u>	<u>168,954</u>	<u>222,223</u>	<u>224,421</u>	<u>93,691</u>
Total Net Assets	<u>\$349,497</u>	<u>\$387,048</u>	<u>\$447,587</u>	<u>\$446,868</u>	<u>\$310,566</u>

Net assets decreased by \$37,551 for the year much of that under current assets. In FY 2010 The Commission changed the fixed asset policy and raised the amount of a fixed asset to \$2,000. The Commission also removed from the books a large amount of equipment that had no useful life left. The Commission has also been diligently trying to pay off long-term liabilities.

Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets report operating and non-operating activities for the fiscal year ended June 30, 2010.

The following schedule provides a summary of the Commission's Statement of Revenues, Expenses and Changes in Net Assets for fiscal years ended June 30, 2006, 2007, 2008, 2009, and 2010.

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

	2010	2009	2008	2007	2006
Revenues					
Federal	\$489,441	\$454,028	\$433,031	\$467,611	\$380,345
State	12,437	21,668	26,139	28,161	16,076
Local	120,071	120,736	120,409	120,409	118,867
Other	<u>42,329</u>	<u>64,182</u>	<u>54,765</u>	<u>149,820</u>	<u>153,207</u>
Total Rev.	<u>664,278</u>	<u>660,614</u>	<u>634,343</u>	<u>766,002</u>	<u>668,495</u>
Expenses:					
Direct Labor	244,767	261,412	265,391	235,023	276,280
Other Direct	92,601	78,036	90,421	112,741	94,516
Indirect	<u>364,507</u>	<u>295,269</u>	<u>274,981</u>	<u>330,476</u>	<u>380,392</u>
Total	<u>701,874</u>	<u>634,716</u>	<u>630,793</u>	<u>678,240</u>	<u>751,189</u>
Net Assets	387,048	447,587	446,868	310,567	319,219
Beginning of year					
Net Assets	\$349,497	\$387,048	\$447,587	\$446,868	\$310,567
End of Year					

The Commission had a \$ 35,413 increase in federal funds for FY 2010. Other fees which are made up of local fees for subdivisions, lots splits etc. were down considerable in FY 2010. Total revenue overall was up by \$3,664 from FY 09. Expenses for FY 2010 were up by \$67,158, over FY 2009 but still considerably lower than expenses in FY 2006. That expense increase can partially be accounted for by the change in the policy of recording fixed assets. In FY 2010 there was \$33,564 of equipment and software purchased that would have been recorded as a fixed asset under the FY 09 policy. The direct labor cost also decreased in FY 2010 from prior years with the difference showing up in indirect as of sick pay.

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

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

Capital Assets

For more information on capital assets and capitalized lease equipment, please see Notes to the Basic Financial Statements.

Current Financial Issues

The Lima-Allen County Regional Planning Commission is extremely dependent upon intergovernmental revenues (Federal and State grants) provided by the Federal and State government through the State of Ohio; approximately 76 percent of the Commission's total revenue in fiscal year 2010 was received from intergovernmental sources. The Commission financial position has been maintained by careful control of expenses in past years. LACRPC is vulnerable to changes in Federal and State grant program incomes, and increases in fixed cost which are becoming much harder to control.

Contacting the Commission's Financial Management

This financial summary is designed to provide our funding sources and member governments as well as the local citizenry with an overview of the LACRPC's finances and to document the LACRPC's accountability for the monies it receives. Questions about this report or for additional financial information contact the Grants Administrator at the Lima-Allen County Regional Planning Commission, 130 West Main St., Lima, Ohio 45801 or call 419-228-1836, or by e-mail to mschumaker@lacrpc.com.

Lima-Allen County Regional Planning Commission
Allen County
Statement of Net Assets
As of June 30, 2010

Assets

	2010
Current Assets:	
Cash	\$ 42,551
Receivables:	
Intergovernmental receivables	
Ohio Department of Transportation	75,729
Ohio Department of Public Safety	9,302
Surface Transportation Program	35,177
Office of Transit	1,304
Local assessments	8,316
Other	11,439
Prepaid expenses	17,976
Total current assets	201,794
 Non-Current Assets:	
Capital assets (net of accumulated depreciation)	298,360
Capitalized lease equipment (net of accumulated depreciation)	4,238
Total non - current assets	302,598
Total assets	\$ 504,392
	-continued

See Accompanying Notes to the Basic Financial Statements

**Lima-Allen County Regional Planning Commission
Allen County
Statement of Net Assets
As of June 30, 2010**

Liabilities

	2010
Current Liabilities:	
Current portion of capitalized lease	\$ 8,645
Mortgage payable current	21,008
Accounts payable	9,968
Accrued wages & benefits	24,668
Compensated absences payable	26,432
Deferred revenues	3,283
Total current liabilities	94,004
Long-Term Liabilities:	
Mortgage payable (net of current portion)	60,891
Total liabilities	154,895
Net Assets:	
Invested in capital assets - net of related debt	212,054
Unrestricted	137,443
Total net assets	349,497
Total liabilities and net assets	\$ 504,392

See Accompanying Notes to the Basic Financial Statements

Lima-Allen County Regional Planning Commission
Allen County
Statement of Revenues, Expenses, and Changes in Net Assets - Proprietary Fund
For the Fiscal Year Ended June 30, 2010

	2010
Operating Revenues:	
Fees charged to subdivisions	\$ 120,071
Local revenues	42,330
Total operating revenues	162,401
Operating Expenses:	
Salaries & wages	307,354
Employee benefits	184,866
Occupancy & other	166,436
Depreciation	33,732
Total operating expenses	692,388
Operating loss	(529,987)
Non -Operating Revenues (Expenses):	
Loss on sale of capital asset	(305)
Intergovernmental revenue	501,878
Interest expense	(9,137)
Total non-operating expenses	492,436
Change in net assets	(37,551)
Net assets, beginning of year	387,048
Net assets, end of year	\$ 349,497

See Accompanying Notes to the Basic Financial Statements

**Lima-Allen County Regional Planning Commission
Allen County
Statement of Cash Flows - Proprietary Fund
For the Fiscal Year Ended June 30, 2010**

	2010
Cash Flows from Operating Activities:	
Cash received from subdivision fees	\$ 95,926
Cash received from local sources	42,330
Cash payments to employees for services	(494,739)
Cash payments to suppliers for services	(155,993)
Net cash used for operating activities	(512,476)
Cash Flows from Noncapital Financing Activities:	
Cash received from intergovernmental sources	487,822
Interest paid	(9,137)
Net cash provided by noncapital financing activities	478,685
Cash Flows from Capital and Related Financing Activities:	
Payments on capital lease	(8,696)
Payments on mortgage obligations	(19,301)
Net cash used for capital and related financing activities	(27,997)
Net decreases in cash	(61,788)
Cash at the beginning of year	104,339
Cash at end of year	\$ 42,551
Reconciliation of operating income to net cash used by	
Operating activities	
Operating loss	\$ (529,987)
Adjustments to Reconcile Operating Loss to Net Cash used for operating activities:	
Depreciation	33,732
Changes in assets and liabilities:	
Accounts receivables	(9,374)
Prepaid expenses	1,197
Accounts payables	9,246
Accrued wages & benefits	(3,551)
Compensated absences payable	1,032
Deferred local revenues	(14,771)
Total adjustments	17,511
Net cash used for operating activities	\$ (512,476)

See Accompanying Notes to the Basic Financial Statements

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "The Reporting Entity", as amended by GASB Statement 39, “Determining Whether Certain Organizations are Component Units”, the Commission is not considered part of the Allen County financial reporting entity. There are no agencies or organizations for which the Commission is considered the primary government. Accordingly, the Commission is the sole organization of the reporting entity.

The Commission maintains its own set of accounting records. The Allen County Auditor acts as the fiscal agent. These financial statements were prepared from the accounts and financial record of the Commission and, accordingly, these financial statements do not present the financial position or results of the operations of Allen County.

The accompanying financial statements have been designed to facilitate an understanding of the financial position and results of operations of the Commission. The activity of the Commission is determined by an overall work program which is approved by the Commission's Board and the Ohio Department of Transportation. All revenue and related costs are accounted for on a project basis. The financial information contained in these statements is the responsibility of the Commission.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The Commission also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its business-type activities provided they do not conflict with or contradict GASB pronouncements. The entity has elected not to apply FASB pronouncements and interpretations issued after November 20, 1989. The more significant of the Commission's accounting policies are described below.

A. Basis of Presentation

Enterprise accounting is used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by its measurement focus. Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the Statements of Net Assets. Operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenses are recognized in the financial records and reported in the financial statements. The Commission's financial statements are prepared using the accrual basis of accounting. Revenue resulting from exchange transactions, in which the party gives and receives essentially equal value, is recorded when the exchange takes place. Revenues resulting from nonexchange transactions, in which the Commission receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the fiscal year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the Commission must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Commission on a reimbursement basis. Expenses are recognized at the time they are incurred.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

C. Cash and Investments

As required by Section 713.21, Ohio Revised Code, the Commission must deposit all receipts in the Allen County Treasury. The County Treasurer maintains a cash and investment pool used for all County and Commission funds. The Commission has no other cash deposits or investments and does not receive interest income on its cash balances held in the County Treasury.

Pursuant to Section 135.181, Ohio Revised Code, the County's deposits are covered by collateral held by third party trustees in collateral pools securing all public funds on deposit with specific depository institutions. In accordance with GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements", as amended by GASB Statement 40, "Deposit and Investment Risk Disclosures", all deposits are classified as to risk.

The following risk categories most typically used are:

1. Insured or collateralized with securities held by the entity or by its agent in the entity's name.
2. Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name.
3. Uncollateralized, including any bank balance that is collateralized with securities held by the pledging financial institution or by its trust department or agent but not in the entity's name.

The Commission's deposits with Allen County are classified in Category 3. Allen County's deposits of the Commission's funds are held by third party trustees pursuant to Section 135.181, Ohio Revised Code in collateral pools securing all public monies on deposit with specific depository institutions. At year-end, the carrying amount of the Commission's deposits were \$42,551.

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 as 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, 2010, the Allen County Treasury had the following investments types: Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds, STAR Ohio and U.S. Treasury Security Money Market Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, Federal Farm Credit Bank Bonds and U.S. Treasury Security Money Market Fund carry a rating of Aaa by Moodys. STAR Ohio carries a rating of AAA by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating by at least one nationally recognized standard service rating. Ohio law requires the market values of securities subject to a repurchase agreement by 2%.

D. Receivables

Local assessment receivables consist of amounts due from subdivisions based on a per capita assessment. Other accounts receivable consist of billings from the Commission for lot split fees, subdivision review fees. Intergovernmental receivables consist of federal and state grants.

E. Prepaid Items

Recording a current asset for the prepaid amount and reflecting the expenditures/expenses in the year in which services are consumed record payments made to vendors for services that will benefit periods beyond June 30, 2010, as prepaid items using the consumption method.

F. Building and Improvements, Office Equipment, Vehicles and Computer Software

The Commission has opted to capitalize their externally acquired computer software and any capital purchase greater than \$2,000. Buildings and improvements, office equipment, vehicles and computer software are stated at cost. Depreciation of the office equipment, computer software, and vehicles are computed on the straight-line method over the useful lives (five years) of the assets. Depreciation of the building and improvements is computed on the straight-line method over the useful lives (31.5 to 32.5 years) of the assets.

G. Compensated Absences

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

The Commission records a liability for accumulated unused vacation time when earned for employees. The Commission records a liability for accumulated unused sick leave for eligible employees who are expected to terminate employment in the upcoming year due to retirement or may receive a payout of sick time per Commission policy.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

H. Deferred Revenue

The Commission reports deferred revenues on its statement of net assets. Deferred revenues arise when unearned revenue has been received by the Commission. Membership assessment amounts paid in advance by calendar year is deferred revenue for the six-month period beyond the financial statement date.

I. Operating and Non-Operating Revenues (Expenses)

Operating revenues are those revenues that are generated directly from the primary activities. For the Commission, these revenues are primarily membership fees from participating subdivisions. Non-operating revenues consist of expenses incurred by the Commission which are consequently reimbursed to the Commission and any gain on the disposal of capital assets. Operating expenses are cost incurred to provide the good or service that is the primary activity of the Commission. Non-operating expenses consist of interest expense and any gain or loss on the disposal of capital assets.

J. Local Revenue

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

K. Estimates

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

For fiscal year 2010, the Commission has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the Commission.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the Commission.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the Commission.

NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

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

	<u>Balance</u> <u>07/01/09</u>	<u>Additions/</u> <u>Transfers</u>	<u>Disposals</u>	<u>Balance</u> <u>6/30/10</u>
<u>Cost:</u>				
Building and improvements	\$360,079	\$ 0	\$ 0	\$360,079
Office equipment	174,822	0	20,328	154,494
Computer software	22,552	0	0	22,552
Land	35,500			35,500
Vehicles	<u>34,156</u>	<u>17,710</u>	<u>0</u>	<u>51,866</u>
	<u>627,109</u>	<u>17,710</u>	<u>20,238</u>	<u>624,491</u>
 <u>Accumulated Depreciation:</u>				
Building and improvements	102,622	11,202	0	113,824
Office equipment	153,837	8,479	20,023	142,293
Computer software	15,523	2,625	0	18,148
Vehicle	<u>34,156</u>	<u>17,710</u>	<u>0</u>	<u>51,866</u>
	<u>306,138</u>	<u>40,016</u>	<u>20,238</u>	<u>326,131</u>
 Net book value	 <u>\$320,971</u>	 <u>\$(22,306)</u>	 <u>\$305</u>	 <u>\$298,360</u>

The Commission transferred a vehicle with a cost and accumulated depreciation of \$17,710 from capital leases to property, plant and equipment due to the lease purchase of the vehicle maturing.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 5 - CAPITAL LEASES

Commission leases consist of the following:

	<u>Balance</u> <u>07/01/09</u>	<u>Additions</u>	<u>Disposals/ Transfers</u>	<u>Balance</u> <u>6/30/10</u>
<u>Cost:</u>				
Copiers	\$ 42,372	\$0	\$0	\$ 42,372
Vehicles	<u>17,710</u>	<u>0</u>	<u>17,710</u>	<u>0</u>
Total cost	<u>60,082</u>	<u>0</u>	<u>17,710</u>	<u>42,372</u>
 <u>Accumulated Depreciation:</u>				
Copiers	29,660	8,474	0	38,134
Vehicles	<u>14,758</u>	<u>2,952</u>	<u>17,710</u>	<u>0</u>
Total accumulated depreciation	<u>44,418</u>	<u>11,426</u>	<u>17,710</u>	<u>38,134</u>
 Net book value	 <u>\$ 15,664</u>	 <u>\$ 11,426</u>	 <u>\$ 0</u>	 <u>\$ 4,238</u>

The Commission's capital lease obligations at June 30, 2010 are as follows:

Capital Lease			\$ 8,645		
Interest Rate			12.73%		
	<u>Balance</u>				<u>Balance</u>
	<u>07/01/09</u>	<u>Proceeds</u>	<u>Payments</u>		<u>06/30/10</u>
Capital Lease Payments	<u>\$ 17,341</u>	<u>\$ -</u>	<u>\$ (8,696)</u>		<u>\$ 8,645</u>

Lease payments for capital leases as of June 30, 2010, are as follows:

<u>Year Ending June 30,</u>	<u>Capital Lease - Copiers</u>	
	<u>Principal</u>	<u>Interest</u>
2011	<u>\$ 8,645</u>	<u>\$ 412</u>
Total	<u>\$ 8,645</u>	<u>\$ 412</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - MORTGAGE PAYABLE

The Commission's long term obligations at June 30, 2010 are as follows:

Interest Rate	8.5%			
Land Contract	\$81,899			
	Balance		Balance	Due Within
	<u>7/1/09</u>	<u>Proceeds</u>	<u>Payments</u>	<u>6/30/10</u>
Mortgage payable	<u>\$ 101,200</u>	<u>\$ -</u>	<u>\$ (19,301)</u>	<u>\$ 81,899</u>
				<u>\$ 21,008</u>

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

Debt payments, including interest, as of June 30, 2010, are as follows:

	Land Contract	
	<u>Principal</u>	<u>Interest</u>
2011	\$21,008	\$6,166
2012	22,864	4,310
2013	24,885	2,289
2014	<u>13,142</u>	<u>196</u>
	<u>\$81,899</u>	<u>\$7,411</u>

NOTE 7 - RETIREMENT SYSTEM

A. Plan Description

The Commission participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the Combined Plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the Traditional Pension Plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan. While members in the State and local divisions may participate in all three plans, law enforcement (generally sheriffs, deputy sheriffs and township police) and public safety divisions exist only within the traditional pension plan.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 7 - RETIREMENT SYSTEM - (Continued)

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

B. Funding Policy

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and contribution rates were consistent across all three plans. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. Plan members are required to contribute 10.00% of their annual covered salary to fund pension benefit obligations. The Commissions contribution rate for 2010 was 14.00%.

The Commission's contributions for pension obligations to OPERS for the years ending June 30, 2010, 2009 and 2008 were \$48,538, \$52,270 and 449,274, respectively, equal to the required contributions for each year. The full amount has been contributed for each year.

NOTE 8 - POSTEMPLOYMENT BENEFITS

A. Plan Description

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2010, 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 2010 was 5.50%.

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

The Commission's contributions allocated to fund post-employment health care benefits for the fiscal years ended June 30, 2010, 2009 and 2008 were \$19,069, \$26,135 and \$24,637, respectively; 100% has been contributed for fiscal years 2010, 2009 and 2008.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2007, January 1, 2008 and January 1, 2009, which allowed additional funds to be allocated to the health care plan.

NOTE 9 - RISK MANAGEMENT

The Commission has obtained commercial insurance through the Webb Insurance Company for comprehensive property, data processing equipment, general liability and errors and omissions coverage.

Claims have not exceeded coverage in any of the past three years and the Commission did not significantly reduce their limits of liability during the year.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - CONTINGENCIES

- A. Federal and State contracts are subject to review and audit by the grantor agencies or their designees. Such audits could lead to requests for reimbursement to the grantor agency for expenses disallowed under terms of the grant. There are no such claims pending and no known situations which would lead to such a claim. In addition, based upon prior experience and audit results, management believes that such disallowances, if any, would be immaterial.

- B. In the normal course of its business activities, the Commission may become subject to claims and litigation relating to contracts, employment or other matters. In the opinion of management, the resolution of any such claims pending would not likely have a material impact on the Commission's financial position.

NOTE 11 - ELEMENT NUMBERS

The Element of Project numbers used on the Schedule of Expenses by Element for identification purposes are:

<u>Element</u>	<u>Funding Source</u>	<u>Project</u>
101	RPC	Local Expenses
205	ODPS	Community Traffic Safety Program
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
601.4	ODOT/STP	Public Participation Plan
601.5	ODOT/STP	Neighborhood Transportation Management Program
605.7	ODOT/STP	Operations Management System-Program Operation
610.4	ODOT/STP	Long Range Transportation Planning
674.1	ODOT/STP	Transportation Planning

SUPPLEMENTAL INFORMATION

Lima-Allen County
Regional Planning Commission
Allen County

Schedule of Expenses by Element
For the Year Ended June 30, 2010

Project Number	<u>Direct Labor</u>	<u>Other Direct</u>	<u>Indirect Cost</u>	<u>Total</u>
Local				
101	\$ 32,895	\$ 21,325	\$ 48,984	\$ 103,204
ODOT				
601	32,067	10,966	47,754	90,787
602	6,707	241	9,988	16,936
605	61,067	46,203	90,941	198,211
610	6,449	893	9,604	16,946
674	7,697	412	11,462	19,571
697	<u>2,716</u>	<u>852</u>	<u>4,045</u>	<u>7,613</u>
Total ODOT	116,703	59,567	173,794	350,064
STP				
601.4	11,668	1,207	17,377	30,252
601.5	10,924	121	16,268	27,313
605.7	3,082	69	4,590	7,741
610.4	23,553	2,219	35,075	60,847
674.1	<u>19,938</u>	<u>2,141</u>	<u>29,692</u>	<u>51,771</u>
Total STP	69,165	5,757	103,002	177,924
FTA				
675	3,179	1,150	4,735	9,064
ODPS				
205	<u>22,825</u>	<u>4,802</u>	<u>33,991</u>	<u>61,618</u>
Grand Total	<u>\$ 244,767</u>	<u>\$ 92,601</u>	<u>\$ 364,506</u>	<u>\$ 701,874</u>

LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS AND GENERAL OVERHEAD
(July 1, 2009 - June 30, 2010)

	<u>Estimated</u> FY 2010	<u>Actual</u> FY 2010	<u>Difference</u> <u>(Over Bdgt.)</u> <u>Under Bdgt.</u>	<u>ODOT</u> <u>Adjustments</u>	<u>Estimated</u> FY 2011
Wages paid for time worked:					
Direct Labor	\$ 275,250	\$ 244,767	\$ 30,483	\$ -	\$ 332,250
Indirect Labor	\$ 49,000	\$ 62,587	\$ (13,587)	\$ -	\$ 66,450
Total Labor - base for fringe allocation	\$ 324,250	\$ 307,354	\$ 16,896	\$ -	\$ 398,700
Fringe Benefits					
Holidays	\$ 12,400	\$ 14,008	\$ (1,608)	\$ -	\$ 18,902
Sick Leave	\$ 14,600	\$ 23,154	\$ (8,554)	\$ -	\$ 15,500
Vacation	\$ 18,200	\$ 23,026	\$ (4,826)	\$ -	\$ 27,500
Misc Leave Pay	\$ 1,000	\$ 983	\$ 17	\$ -	\$ 1,000
Subtotal Fringe Benefit Wages	\$ 46,200	\$ 61,171	\$ (14,971)	\$ -	\$ 62,902
Other Fringe Benefits					
PERS	\$ 53,711	\$ 48,539	\$ 5,172	\$ -	\$ 64,624
Hospitalization	\$ 45,800	\$ 52,891	\$ (7,091)	\$ -	\$ 46,900
Medicare	\$ 5,565	\$ 5,523	\$ 42	\$ -	\$ 6,693
Workers Comp	\$ 6,500	\$ 2,636	\$ 3,864	\$ -	\$ 6,500
Flexible Benefits plan	\$ 13,200	\$ 14,106	\$ (906)	\$ -	\$ 15,960
Prior Year Rate Adjustment (use only with fixed rate)					\$ -
Subtotal Other Fringe Benefits	\$ 124,776	\$ 123,695	\$ 1,081	\$ -	\$ 140,677
TOTAL FRINGE BENEFITS	\$ 170,976	\$ 184,866	\$ (13,890)	\$ -	\$ 203,579
Indirect Costs					
Salaries - Indirect Only	\$ 49,000	\$ 62,587	\$ (13,587)	\$ -	\$ 66,450
Fringe Benefits for Indirect Salaries	\$ 25,838	\$ 37,645	\$ (11,807)	\$ -	\$ 33,930
Copies	\$ 5,000	\$ 3,082	\$ 1,918	\$ -	\$ 8,000
Depreciation	\$ 33,300	\$ 28,156	\$ 5,144	\$ -	\$ 18,000
Dues	\$ 250	\$ 1,400	\$ (1,150)	\$ -	\$ 500
Electric	\$ 8,000	\$ 8,647	\$ (647)	\$ -	\$ 12,500
Gain or Loss on Equipment	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	\$ 18,500	\$ 9,137	\$ 9,363	\$ -	\$ 8,250
Office Supplies	\$ 9,000	\$ 5,997	\$ 3,003	\$ -	\$ 9,000
Postage	\$ 600	\$ 881	\$ (281)	\$ -	\$ 900
Repairs	\$ 6,000	\$ 6,774	\$ (774)	\$ -	\$ 8,000
Software Amortization	\$ 2,500	\$ 2,625	\$ (125)	\$ -	\$ 1,500
Software / Technical Support	\$ 2,500	\$ 2,415	\$ 85	\$ -	\$ 8,000
Sundry Expense	\$ 5,000	\$ 294	\$ 4,706	\$ -	\$ 8,000
Sundry Services	\$ 15,000	\$ 23,706	\$ (8,706)	\$ -	\$ 30,500
Sundry Supplies	\$ -	\$ 2,848	\$ (2,848)	\$ -	\$ 2,250
Telephone	\$ 6,000	\$ 5,986	\$ 14	\$ -	\$ 4,000
Travel	\$ 3,500	\$ 540	\$ 2,960	\$ -	\$ 500
Training	\$ 2,500	\$ 438	\$ 2,062	\$ -	\$ 15,000
Equipment	\$ -	\$ 14,116	\$ (14,116)	\$ -	\$ -
Prior Year Rate Adjustment (use only with fixed rate)					\$ -
TOTAL INDIRECT COSTS	\$ 192,488	\$ 217,274	\$ (24,787)	\$ -	\$ 235,280

LIMA ALLEN COUNTY REGIONAL PLANNING COMMISSION
STATEMENT OF DIRECT LABOR, FRINGE BENEFITS AND GENERAL OVERHEAD
(July 1, 2009 - June 30, 2010)

	Estimated FY 2010	Actual FY 2010	Difference (Over Bdgt.) Under Bdgt.	ODOT Adjustments	Estimated FY 2011
Direct Labor Costs by Department:					
Local	\$ 52,250	\$ 32,893	\$ 19,357	\$ -	\$ 42,250
ODOT Consolidated	\$ 117,500	\$ 116,703	\$ 797	\$ -	\$ 155,500
Transportation Planning	\$ 81,500	\$ 69,166	\$ 12,334	\$ -	\$ 95,000
FTA	\$ 16,000	\$ 3,179	\$ 12,821	\$ -	\$ 10,000
ODPS	\$ 8,000	\$ 22,825	\$ (14,825)	\$ -	\$ 29,500
ODNR	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL DIRECT LABOR COSTS	\$ 275,250	\$ 244,767	\$ 30,483	\$ -	\$ 332,250
Fringe Benefit Cost Rate Computation					
TOTAL Fringe Benefit Costs /	\$ 170,976	\$ 184,866			\$ 203,579
TOTAL Labor Costs (Direct & Indirect)	\$ 324,250	\$ 307,354			\$ 398,700
= Fringe Benefit Cost Rate	52.73%	60.15%			51.06%
FY 2010 Fringe Benefit Cost Recovery Comparison (Direct Labor Portion Only)					
Should have recovered in fiscal year (Actual Direct Labor * Actual Fringe Benefit Cost Rate)	\$ 147,222		60.15%		of Direct Labor
Amount actually recovered in fiscal year (Actual Direct Labor x ESTIMATED Fringe Benefit Cost Rate)	\$ 129,065		52.73%		of Direct Labor
(Over)/Under Recovery of Fringe Benefits	\$ 18,157		A (over)/under		
Indirect Cost Rate Computation					
TOTAL Indirect Costs /	\$ 192,488	\$ 217,274			\$ 235,280
only DIRECT Labor Costs	\$ 275,250	\$ 244,767			\$ 332,250
= Indirect Cost Rate	69.93%	88.77%			70.81%
FY 2010 Indirect Cost Recovery Comparison (All Indirect Costs, Indirect Labor & Indirect Labor Fringe Benefits)					
Should have recovered in fiscal year (Actual Direct Labor * Actual Indirect Cost Rate)	\$ 217,279		88.77%		of Direct Labor
Amount actually recovered in fiscal year (Actual Direct Labor x ESTIMATED Indirect Cost Rate)	\$ 171,165		69.93%		of Direct Labor
(Over)/Under Recovery of Indirect Costs	\$ 46,114		B (over)/under		
FY 2010 Fringe Benefit Cost (Over)/Under Recovery					
Fringe Benefit Cost (Over)/Under Recovery	\$ 18,157		A (over)/under		
Indirect Cost (Over)/Under Recovery	\$ 46,114		B (over)/under		
Net (Over)/Under Recovery	\$ 64,271				
Summary					
Fringe Benefit Rate	52.73%	60.15%			51.06%
Indirect Cost Rate	69.93%	88.77%			70.81%
Total Overhead Cost Rate	122.66%	148.92%			121.87%

**Lima Allen County Regional Planning Commission
Schedule of Expenditures of Federal Awards - Cash Basis
For the Fiscal Year Ended June, 30 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA Number	Federal Disbursements
U.S. Department of Transportation		
Pass through Programs from Ohio Department of Transportation:		
Highway Planning and Construction	20.205	\$ 146,508
Surface Transportation Planning	20.205	<u>252,938</u>
Subtotal		<u>399,446</u>
Pass Through Programs from Ohio Department of Public Safety:		
Safety Fiscal Year 2010	20.600	<u>31,516</u>
Total Expenditures of Federal Awards		<u><u>\$ 430,962</u></u>

Note: This schedule is prepared on the cash basis



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**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***

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

To the Commission Members:

We have audited the financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Lima-Allen County Regional Planning Commission's basic financial statements and have issued our report thereon dated December 20, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Lima-Allen County Regional Planning Commission's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Lima-Allen County Regional Planning Commission's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Lima-Allen County Regional Planning Commission's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, detect and timely correct misstatements. A material weakness is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Lima-Allen County Regional Planning Commission's financial statements will not be prevented, or detected and timely corrected.

Commission Members
Lima-Allen County Regional Planning Commission

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the Lima-Allen County Regional Planning Commission's management in a separate letter dated December 20, 2010.

We intend this report solely for the information and use of the management, the Commission Members, and others within the Lima-Allen County Regional Planning Commission. We intend it for no one other than these specified parties.



Julian & Grube, Inc.
December 20, 2010

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Dave Yost • Auditor of State

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 10, 2011**