LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY

REGULAR AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Dave Yost • Auditor of State

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Commission Members

Report on the Financial Statements

We have audited the accompanying financial statements of the Lima-Allen County Regional Planning Commission, Allen County, Ohio (the Commission), as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Lima-Allen County Regional Planning Commission, Allen County, Ohio, as of June 30, 2016, and the changes in its financial position and its cash flows for the fiscal year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

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

The schedule of expenses by element on page 34 and the schedule of direct labor, fringe benefits, and general overhead on page 35 present additional analysis and are not a required part of the basic financial statements.

We did not subject schedule of expenses by element and the schedule of direct labor, fringe benefits, and general overhead to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 13, 2017 on our consideration of the Commission's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

Dave Yost
Auditor of State
Columbus, Ohio

June 13, 2017

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The management's discussion and analysis of the Lima-Allen County Regional Planning Commission's (the "Commission") financial performance provides an overall review of the Commission's financial activities for the fiscal year ended June 30, 2016. The intent of this discussion and analysis is to look at the Commission's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the Commission's financial performance.

Financial Highlights

Key financial highlights for fiscal year ended June 30, 2016 are as follows:

- The Commission's total net position decreased by $46,868 from a deficit $5,995 at June 30, 2015 to a deficit $52,863 at June 30, 2016.

- Total assets decreased $35,378 from June 30, 2015, along with a decrease of $86,890 in cash on hand. Capital assets decreased $16,563 from June 30, 2015.

- Total deferred outflows of resources increased $177,268 as a result of the deferred outflows reported related to the net pension liability.

- Total liabilities increased $186,830 from June 30, 2015 due to an increase in the net pension liability.

- Deferred inflows of resources increased by $1,928 from June 30, 2015.

- Operating revenues increased $3,504, operating expenses decreased $2,532, and non-operating revenues decreased $27,083. The total change in net position for the 2016 fiscal year was a decrease of $46,868 (of which $33,159 was to accommodate GASB 68), compared to a decrease of $25,821, (of which $11,296 was to accommodate GASB 68) for fiscal year 2015.

Using this Annual Financial Report

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

Statement of Net Position

The Statement of Net Position examines how well the Commission has performed financially from inception through June 30, 2016. This statement includes all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position balances using the accrual basis of accounting, which is the accounting method used by most private-sector companies. This form of accounting takes in to account all revenues earned and expenses incurred during the 12-month period, regardless as to when the cash is received or expended.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the basic financial statements can be found on pages 15-29 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Commission's net pension liability. The required supplementary information can be found on pages 31-33 of this report.

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

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

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

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

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

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

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

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

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

Net position decreased by $46,868 for the current fiscal year. The Commission disposed of equipment that had no useful life left during fiscal year 2016. The Commission no longer carries any long-term debt.

Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position reports operating and nonoperating activities for the fiscal year ended June 30, 2016.

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

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

The Commission had a decrease of $26,640 in federal funds and a decrease of $443 in State funds for fiscal year 2016. Other fees which is made up of local fees for subdivisions, lots splits, and other work that is paid remained the same in fiscal year 2016. Local revenues increased by $3,504. Total revenue overall was down $23,579, from fiscal year 2015.

Expenses for fiscal year 2016 decreased by $2,532 from fiscal year 2015. Direct labor costs and other direct costs decreased by $50,494, in fiscal year 2016 while indirect cost increased by $47,962 of which $33,159 resulted from GASB 68.

Capital Assets

At fiscal year-end, the Commission had $236,211 (net of accumulated depreciation) invested in land, buildings, building improvements, office equipment, furniture, computer software and vehicles. The following table shows capital asset balances, net of accumulated depreciation, at June 30, 2016, 2015 and 2014:

Capital Assets at June 30
(Net of Depreciation)

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

See Note 4 to the basic financial statements for further detail on the Commission's capital assets.

Long-Term Obligations

The Commission had the following long-term obligations outstanding at June 30, 2014, 2015 and 2016:

Long-Term Obligations at June 30

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

At June 30, 2016, $26,854 of the Commission's long-term obligations for compensated absences payable are due within one year and therefore considered a current liability. The remainder of the compensated absences payable and the entire amount of the net pension liability is considered due in more than one year.

See Note 5 to the basic financial statements for further detail on the Commission's long-term obligations.

Current Financial Issues

The Commission is extremely dependent upon intergovernmental revenues (Federal and State grants) provided by the Federal and State government through the State of Ohio; approximately 70.71 percent of the commission total revenue in fiscal year 2016 was from Federal and State funds, compared to 72.13 percent in fiscal year 2015 and 66.28 in fiscal year 2014. The Commission's financial position has been maintained by careful control of expenses in past years. The Commission is vulnerable to changes in Federal and State grant program incomes, and increases in fixed costs which are becoming much harder to control.

Contacting the Commission's Financial Management

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

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

STATEMENT OF NET POSITION
JUNE 30, 2016

Assets:	
Current assets:	
Cash	$22,975
Receivables:	
Intergovernmental receivables:	
Ohio department of transportation	83,376
Ohio department of public safety	9,282
Surface transportation program	52,263
Office of transit	7,282
Local assessment	7,754
Other	7,000
Prepayments	12,903
Total current assets	202,835
Noncurrent assets:	
Capital assets:	
Land	35,500
Depreciable capital assets, net	200,711
Total noncurrent assets	236,211
Total assets	439,046
Deferred outflows of resources:	
Pension - OPERS	226,377
Liabilities:	
Current liabilities:	
Accounts payable	2,149
Accrued wages and benefits	13,434
Compensated absences payable - current	26,854
Total current liabilities	42,437
Noncurrent liabilities:	
Compensated absences payable	23,898
Net Pension Liability	624,731
Total noncurrent liabilities	648,629
Total liabilities	691,066
Deferred inflows of resources:	
Local revenue not available	2,999
Pension - OPERS	24,221
Total deferred inflows of resources	27,220
Net position:	
Investment in capital assets	236,211
Unrestricted	(289,074)
Total net position	($52,863)

See accompanying notes to the basic financial statements

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Operating revenues:	
Fees charged to subdivisions	$118,299
Local revenues	89,211
Total operating revenues	207,510
Operating expenses:	
Salaries and wages	341,738
Employee benefits	186,610
Occupancy and other.	206,428
Depreciation	20,483
Total operating expenses	755,259
Operating loss.	(547,749)
Non-operating revenues:	
Intergovernmental	500,881
Total nonoperating revenues	500,881
Change in net position	(46,868)
Net position at beginning of year	(5,995)
Net position (deficit) at end of year.	($52,863)

See accompanying notes to the basic financial statements

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

STATEMENT OF CASH FLOWS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Cash flows from operating activities:	
Cash received from subdivisions.	$118,566
Cash received from local sources	102,683
Cash payments to employees for services	(512,364)
Cash payments to suppliers for services	(206,872)
Net cash provided by (used in)	
Net cash used in operating activities	(497,987)
Cash flows from noncapital financing activities:	
Cash received from intergovernmental sources	415,017
Net cash provided by noncapital financing activities. .	415,017
Cash flows from capital and related financing activities:	
Acquisition of capital assets.	(3,920)
Net cash used in capital and related financing activities	(3,920)
Net decrease in cash.	(86,890)
cash equivalents	
Cash and cash equivalents at beginning of year	109,865
Cash and cash equivalents at end of year	$22,975
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss.	($547,749)
Adjustments:	
Depreciation	20,483
Changes in assets and liabilities:	
(Increase) in accounts receivable	(2,021)
(Increase) in intergovernmental receivable	15,493
(Increase) in prepayments	4,317
(Increase) in deferred outflows	(177,268)
Increase in accounts payable.	(166)
Increase in accrued wages and benefits	(27,756)
Increase in compensated absences payable	5,986
Increase in pension liability	208,766
Increase in deferred inflows.	1,928
Net cash used in operating activities	($497,987)

See accompanying notes to the basic financial statements

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NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

In accordance with the Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*", as amended by GASB Statement No. 39, "*Determining Whether Certain Organizations are Component Units*" and GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*", the Commission is not considered part of the Allen County financial reporting entity. There are no agencies or organizations for which the Commission is considered the primary government. Accordingly, the Commission is the sole organization of the reporting entity. The Commission maintains its own set of accounting records. The Allen County Auditor acts as the fiscal agent. These financial statements were prepared from the accounts and financial record of the Commission and, accordingly, these financial statements do not present the financial position or results of the operations of Allen County.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental organizations. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Commission's accounting policies are described below.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

C. Cash and Investments

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

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

The following risk categories most typically used are:

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

The Commission's deposits with Allen County are classified in Category 3. Allen County's deposits of the Commission's funds are held by third party trustees pursuant to Section 135.181, Ohio Revised Code in collateral pools securing all public monies on deposit with specific depository institutions. At year-end, the carrying amount of the Commission's deposits was $22,975.

The Ohio Revised Code does not provide the Commission the power to make or hold investments other than the deposits in the Allen County Treasury explained above. The Commission's deposits maintained by the Allen County Treasurer are either insured by the Federal Deposit Insurance Corporation or were considered collateralized by securities held by the pledging institutions' trust departments in Allen County's name and all State statutory requirements for the deposit of money had been followed.

C. Cash and Investments

As of June 30, 2016, the Allen County Treasury had the following investments types: Federal Home Loan Mortgage Corporation (FHLMC), Federal Home Loan Bank (FHLB), Federal Farm Credit Bank (FFCB), Federal National Mortgage Association (FNMA), StarOhio, STARPlus Ohio, FDIC-insured Certificates of Deposit, CDARS, and a U.S. Government Money Market Fund.

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

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

D. Indirect Costs

To facilitate the equitable distribution of common purpose costs benefiting more than one direct cost objective, the Commission has negotiated an agency-wide indirect cost allocation plan with its cognizant federal agency, the Federal Highway Administration (FHWA) through the Ohio Department of Transportation (ODOT).

The Commission has adopted the Provisional Rate Method of calculating the fringe benefit and indirect cost rate. The rates are calculated based on the most recently audited fiscal year with adjustments for projected changes. Once approved by ODOT, the provisional rates are billed for the fiscal year. At the end of the fiscal year, the actual rates are calculated and the difference between the estimated and actual costs for the period covered by the rate is identified to the specific contracts. Any variance is either billed as an additional cost or refunded to the granting agency. No carry forward provision is permitted to adjust future rates for the variance. The fringe benefit rate is based upon a percentage of direct wages to include sick time, holiday pay, vacation pay, personal days and the employer portion of retirement, workers compensation insurance, hospitalization and unemployment insurance. For the calculation of the fringe benefit rate the base is total labor, both direct and indirect.

The indirect cost rate is based upon a percentage of direct wages to include indirect wages and their allocated fringe benefit costs as well as other indirect costs incurred for equipment, supplies, utilities, and office space. For the calculation of the indirect cost rate, the base is total direct labor (excluding direct labor fringe benefits).

E. Receivables

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

F. Prepayments

Recording a current asset for the prepaid amount and reflecting the expenditures/expenses in the year in which services are consumed record payments made to vendors for services that will benefit periods beyond June 30, 2016, as prepayments using the consumption method.

G. Capital Assets

All capital assets are capitalized at cost and updated for additions and deletions during the year. All capital assets are depreciated except for land. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not. The Commission has opted to capitalize their externally acquired computer software and any capital purchases greater than $2,000. Depreciation of the office equipment, furniture, computer software, and vehicles are computed on the straight-line method over the useful lives (five years) of the assets. Depreciation of the building and improvements is computed on the straight-line method over the useful lives (31.5 to 32.5 years) of the assets.

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

H. Compensated Absences

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

The Commission records a liability for accumulated unused vacation time when earned for employees. The Commission records a liability for accumulated unused sick leave using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the Commission has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the Commission's policy. Upon retirement, a full-time employee is entitled to receive payment for 1/3 of their accumulated but unused sick leave to a maximum of 240 hours. Part-time employees will receive 1/3 of the average time worked in 30 days.

I. Net Position

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

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

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

J. Operating and Non-Operating Revenues (Expenses)

Operating revenues are those revenues that are generated directly from the primary activities. For the Commission, these revenues are primarily membership fees from participating subdivisions along with local revenue defined in Note 2.K. Non-operating revenues consist of federal and state grants. Operating expenses are costs incurred to provide the good or service that is the primary activity of the Commission.

K. Local Revenue

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

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

L. Estimates

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

M. Pensions

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For fiscal year 2016, the Commission has implemented GASB Statement No. 72, *"Fair Value Measurement and Application"*, GASB Statement No. 73 *"Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68",* GASB Statement No. 76, *"The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments"*, and GASB Statement No. 79, *"Certain External Investment Pools and Pool Participants"*.

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the Commission.

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the Commission.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the Commission.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 79 establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the Commission.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 06/30/15	Additions/ Transfers	Deductions	Balance 06/30/16
Cost:				
Capital assets, not being depreciated:				
Land	$ 35,500	$ -	$ -	$ 35,500
Total capital assets, not being depreciated	35,500	-	-	35,500
Capital assets, being depreciated:				
Buildings and improvements	360,079	-	-	360,079
Office equipment and furniture	135,364	3,920	(4,238)	135,046
Computer software	21,273	-	(7,100)	14,173
Vehicles	51,866	-	-	51,866
Total capital assets, being depreciated:	568,582	3,920	(11,338)	561,164
Less: accumulated depreciation				
Buildings and improvements	(169,834)	(11,202)	-	(181,036)
Office equipment and furniture	(110,084)	(8,282)	4,238	(114,128)
Computer software	(19,524)	(999)	7,100	(13,423)
Vehicles	(51,866)	-	-	(51,866)
Total accumulated depreciation	(351,308)	(20,483)	11,338	(360,453)
Capital assets, net	$ 252,774	$ (16,563)	$ -	$ 236,211

NOTE 5 - LONG-TERM OBLIGATIONS

The Commission’s long-term obligations at June 30, 2016 are as follows:

	Balance Outstanding 06/30/15	Additions	Reductions	Balance Outstanding 06/30/16	Amounts Due in One Year
Compensated absences payable	$ 44,766	$ 39,340	$ (33,354)	$ 50,752	$ 26,854
Net pension liability	415,965	208,766	-	624,731	-
Total	$ 460,731	$ 248,106	$ (33,354)	$ 675,483	$ 26,854

NOTE 5 - LONG-TERM OBLIGATIONS (Continued)

Compensated absences payable

Compensated absences represent future obligations for sick leave (to the extent it is estimated to be paid as severance), vacation leave and personal time. Of the total liability for compensated absences, $26,854 is expected to be paid within the next fiscal year.

Net pension liability

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN

Net Pension Liability

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

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

Plan Description - Ohio Public Employees Retirement System (OPERS)

Plan Description - Commission employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Commission employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS' Traditional Pension Plan.

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

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

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

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

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

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

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

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

	State and Local
2016 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2016 Actual Contribution Rates	
Employer:	
Pension	12.0 %
Post-employment Health Care Benefits	2.0 %
Total Employer	14.0 %
Employee	10.0 %

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

The Commission's contractually required contribution for both the Traditional Pension Plan was $46,246 for fiscal year 2016. Of this amount, $1,235 is reported as accrued wages and benefits payable.

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

The net pension liability for the OPERS Traditional Pension Plan was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Commission's proportion of the net pension liability was based on the Commission's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS
Proportion of the Net Pension Liability:	
Current Measurement Date	0.360607%
Prior Measurement Date	0.344881%
Change in Proportionate Share	0.0157263%
Proportionate Share of the Net Pension Liability	$624,731
Pension Expense	$51,906

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

At June 30, 2016, the Commission reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS
Deferred outflows of resources	
Net difference between projected and actual earnings on pension plan investments	$ 200,278
Difference between employer contributions and proportionate share of contributions	7,352
Commission contributions subsequent to the measurement date	18,747
Total deferred outflows of resources	$ 226,377
Deferred inflows of resources	
Differences between expected and actual experience	16,007
Difference between employer contributions and proportionate share of contributions	8,214
Total deferred inflows of resources	$ 24,221

$18,747 reported as deferred outflows of resources related to pension resulting from Commission contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017.

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

	OPERS
Year Ending June 30:	
2017	$ 38,869
2018	47,539
2019	51,093
2020	45,908
Total	$ 183,409

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

Wage inflation	3.75 percent
Future salary increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or ad hoc COLA	3 percent simple, through 2018, then 2.80% simple
Investment rate of return	8 percent
Actuarial cost method	Individual entry age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five-year period ended December 31, 2010.

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

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust.

Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.4 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

NOTE 6 - DEFINED BENEFIT PENSION PLAN - (Continued)

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed income	23.00 %	2.31 %
Domestic equities	20.70	5.84
Real estate	10.00	4.25
Private equity	10.00	9.25
International equities	18.30	7.40
Other investments	18.00	4.59
Total	100.00 %	5.27 %

Discount Rate - The discount rate used to measure the total pension liability was 8 percent for the Traditional Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Commission's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the Commission's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the Commission's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Commission's proportionate share of the net pension liability:			
Traditional Pension Plan	$ 995,349	$ 624,731	$ 312,126

Changes between Measurement Date and Report Date

In October 2016, the OPERS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of December 31, 2016. The most significant change is a reduction in the discount rate from 8.0 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Commission's net pension liability is expected to be significant.

NOTE 7 - POSTRETIREMENT BENEFIT PLAN

Ohio Public Employees Retirement System

Plan Description - OPERS maintains two 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 twenty years or more of qualifying Ohio service credit. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-5601 or (800) 222-7377.

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

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In fiscal year 2016, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional and Combined Plans for fiscal year 2016 was 2.00%.

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

The Commission's contributions allocated to fund post-employment health care benefits for the fiscal years 2016, 2015 and 2014 were $7,708, $8,457, and $6,443, respectively; 97.33% has been contributed for fiscal years 2016 and 100% has been contributed for 2015 and 2014; $206 is reported as accrued wages and benefits payable.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2015. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

NOTE 8 - RISK MANAGEMENT

The Commission has obtained commercial insurance through the Webb Insurance Company for comprehensive property, data processing equipment, general liability and errors and omissions coverage. There was no significant reduction in insurance coverage from prior year and claims have not exceeded insurance coverage over the past three years.

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

NOTE 9 - CONTINGENCIES

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

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

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LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST THREE FISCAL YEARS

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

Note: Information prior to 2013 was unavailable.

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

See accompanying notes to the required supplementary information

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

	2016	2015	2014	2013
Traditional Plan:				
Contractually required contribution	$46,246	$50,739	$53,696	$45,759
Contributions in relation to the contractually required contribution	(46,246)	(50,739)	(53,696)	(45,759)
Contribution deficiency (excess)	$0	$0	$0	$0
Commission's covered-employee payroll	$385,383	$422,825	$429,568	$397,904
Contributions as a percentage of covered-employee payroll	12.00%	12.00%	12.50%	11.50%

Note: Information prior to 2013 was unavailable.

See accompanying notes to the required supplementary information

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE FISCAL YEAR ENDED JUNE 30 2016

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014 - 2016.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014 - 2016. See the notes to the basic financial statements for the methods and assumptions in this calculation.

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY, OHIO

SCHEDULE OF EXPENSES BY ELEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Project Number	Direct Labor	Other Direct	Indirect Cost	Total
Local				
101	$44,351	$5,575	$118,867	$168,793
ODOT				
601	42,293	5,959	68,844	117,096
602	9,180	192	14,942	24,314
605	46,891	6,012	76,329	129,232
610	7,018	259	11,423	18,700
674	8,531	371	13,887	22,789
697	1,256	228	2,044	3,528
Total ODOT	115,169	13,021	187,469	315,659
STP				
6057	3,756	1,051	6,114	10,921
6058	24,403	26,043	39,724	90,170
6104	23,958	662	38,999	63,619
Total STP	52,117	27,756	84,837	164,710
FTA				
675	11,131	1,973	18,119	31,223
ODPS				
205	27,679	2,139	45,056	74,874
Grand Total	$250,447	$50,464	$454,348	$755,259

Notes to the Schedule of Expenses by Element

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

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

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION

ALLEN COUNTY, OHIO

SCHEDULE OF DIRECT LABOR, FRINGE BENEFITS, AND GENERAL OVERHEAD
JULY 1, 2015 - JUNE 30, 2016

		ESTIMATED FY 2016	ACTUAL FY 2016	VARIANCE (OVER BUDGET) UNDER BUDGET
EMPLOYEE WAGES				
Indirect Labor				
Acct. #	Acct. Name			
4110	Administrative Wages	$18,000.00	$21,373.14	($3,373.14)
4130	Clarical Wages	$23,000.00	$28,693.54	($5,693.54)
4120	Accounting Wages	$35,000.00	$41,225.15	($6,225.15)
Subtotal - Indirect Labor		$76,000.00	$91,291.83	($15,291.83)
Direct Labor				
Acct. #	Acct. Name			
4100	Gov. Service	$3,100.00	$1,307.47	$1,792.53
4100	Safety Service	$851.00	$3,201.71	($2,350.71)
4100	Public Safety	$21,748.00	$27,678.98	($5,930.98)
4100	Env. Service	$2,000.00	$5,433.23	($3,433.23)
4100	Reg. Plan Service	$20,000.00	$6,830.45	$13,169.55
4100	CDBG	$9,620.00	$9,654.94	($34.94)
4100	Dev. Control	$28,000.00	$17,923.03	$10,076.97
4100	Short Term Plan	$25,000.00	$42,292.62	($17,292.62)
4100	TIP	$8,000.00	$9,179.76	($1,179.76)
4100	Surveliance	$65,216.00	$46,891.04	$18,324.96
4100	Long Term Plan	$16,198.00	$7,017.42	$9,180.58
4100	Trans Coordination	$14,000.00	$8,531.41	$5,468.59
4100	Annual Report	$5,000.00	$1,255.86	$3,744.14
4100	Transportation STP	$20,000.00	$3,756.20	$16,243.80
4100	Sustainability	$29,007.00	$24,403.44	$4,603.56
4100	Long Range	$20,000.00	$23,958.29	($3,958.29)
4100	RTA Transit	$12,547.00	$11,130.80	$1,416.20
Subtotal - Direct Labor		$300,287.00	$250,446.65	$49,840.35
TOTAL EMPLOYEE WAGES		$376,287.00	$341,738.48	$34,548.52
FRINGE BENEFITS COST CENTER				
Paid Leave				
Acct. #	Acct. Name			
4160	Holiday	$15,550.75	$14,489.58	$1,061.17
4150	Vacation	$26,561.00	$18,550.64	$8,010.36
4140	Sick Leave	$22,036.00	$14,803.52	$7,232.48
4170	Other Sal	$1,542.65	$8,282.10	($6,739.45)
Subtotal - Paid Leave		$65,690.40	$56,125.84	$9,564.56
Other Fringe Benefits				
Acct. #	Acct. Name			
4180	OtherBenefit	$9,157.00		$9,157.00
4220	PERS	$61,876.84	$53,954.13	$7,922.71
4230	Workers Comp	$2,651.86	$2,142.44	$509.42
4200	Health Insurance	$55,000.00	$66,894.46	($11,894.46)
4210	Medicare	$6,408.67	$5,682.20	$726.47
Subtotal - Other Fringe		$135,094.37	$128,673.23	$6,421.14
TOTAL FRINGE BENEFITS		$200,784.77	$184,799.07	$15,985.70

- (Continued)

INDIRECT COST CENTER - NON-LABOR

Acct. #	Acct. Name			
4401	Office Supplies	$9,000.00	$24,267.94	($15,267.94)
4480	Indirect Postage	$1,000.00	$715.51	$284.49
4475	Indirect copies	$5,000.00	$11,796.30	($6,796.30)
4400	Indirect Sundry Supplies	$1,000.00	$3,811.89	($2,811.89)
4411	Electric	$14,000.00	$15,591.05	($1,591.05)
4412	Indirect Telephone	$3,700.00	$3,961.38	($261.38)
4470	Indirect Vehicle	$100.00	$185.23	($85.23)
4410	Indirec Cont Serv.	$40,000.00	$36,186.91	$3,813.09
4413	Water Sewer	$800.00	$1,147.14	($347.14)
4460	Indirect Repairs	$5,000.00	$5,499.07	($499.07)
4450	Indirect Travel & Meetings	$500.00	$24.00	$476.00
4495	Depreciation	$17,600.00	$19,484.31	($1,884.31)
4491	Interest Expense	$150.00	$0.00	$150.00
4496	Software Amortization	$1,000.00	$999.00	$1.00
4402	Indirect Equipment	$8,000.00	$0.00	$8,000.00
4403	Indirect Software	$2,500.00	$3,674.56	($1,174.56)
4486	Indirect Training	$1,000.00	$0.00	$1,000.00
4485	Indirect Sundry Expense	$500.00	$4,234.99	($3,734.99)
TOTAL INDIRECT COSTS - NON-LABOR		$110,850.00	$131,579.28	($20,729.28)

FRINGE BENEFIT COST RATE CALCULATION

TOTAL FRINGE BENEFITS	A	$200,785	$184,799	
TOTAL EMPLOYEE WAGES	B	$376,287	$341,738	
FRINGE BENEFIT COST RATE		**53.36%**	**54.08%**	**A ÷ B**

FRINGE BENEFIT COST RECOVERY COMPARISON
FY 2015

Should have recovered in fiscal year	+	$135,432	Actual DL * Actual Fringe Rate
Amount actually recovered in fiscal year	-	$133,637	Actual DL * Estimated Fringe Rate
Prior Year Net (Over) / Under Recovery	+	$0	
Prior Year (Over) / Under Recovery Posted to Cos	-	$0	
(Over) / Under Recovery of Fringe Benefits	=	$1,795	

FRINGE BENEFITS COST DISTRIBUTION

INDIRECT LABOR FRINGE BENEFITS	$40,553	$49,367
DIRECT LABOR FRINGE BENEFITS	$160,232	$135,432
TOTAL FRINGE BENEFITS	$200,785	$184,799

INDIRECT COST RATE CALCULATION

INDIRECT LABOR		$76,000	$91,292	
INDIRECT FRINGE BENEFITS		$40,553	$49,367	
OTHER INDIRECT COSTS		$110,850	$131,579	
TOTAL INDIRECT COSTS	A	$227,403	$272,238	
TOTAL DIRECT LABOR COSTS	B	$300,287	$250,447	
INDIRECT COST RATE		**75.73%**	**108.70%**	**A ÷ B**

- (Continued)

INDIRECT COST RECOVERY COMPARISON
FY 2015

Should have recovered in fiscal year	+	$272,238	Actual DL * Actual Indirect Rate
Amount actually recovered in fiscal year	-	$189,660	Actual DL * Estimated Indirect Rate
Prior Year Net (Over) / Under Recovery	+	$0	
Prior Year (Over) / Under Recovery Posted to Cos	-	$0	
(Over) / Under Recovery of Indirect Costs	=	$82,578	

SUMMARY

	ESTIMATED FY 2015	ACTUAL FY 2015
FRINGE BENEFIT COST RATE	**53.36%**	**54.08%**
INDIRECT COST RATE	**75.73%**	**108.70%**
TOTAL OVERHEAD COST RATE	**129.09%**	**162.78%**

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

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

To the Commission Members

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Lima-Allen County Regional Planning Commission, Allen County, (the Commission) as of and for the fiscal year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated June 13, 2017.

Internal Control Over Financial Reporting

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

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

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

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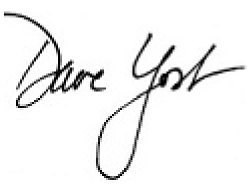
Compliance and Other Matters

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

Purpose of this Report

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



Dave Yost
Auditor of State
Columbus, Ohio

June 13, 2017

LIMA-ALLEN COUNTY REGIONAL PLANNING COMMISSION
ALLEN COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2016

Finding Number	Finding Summary	Status	Additional Information
2015-001	Material Weakness - Implementation of GASB 68	Corrective Action Taken and Finding is Fully Corrected	None

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LIMA-ALLEN REGIONAL PLANNING COMMISSION

ALLEN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JULY 6, 2017

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