



**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2003-2004



**Auditor of State
Betty Montgomery**

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

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**Auditor of State
Betty Montgomery**

Erie Regional Planning Commission
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

To the Board of Commissioners:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

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Betty Montgomery
Auditor of State

September 28, 2005

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Erie Regional Planning Commission
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

To the Board of Commissioners:

We have audited the accompanying financial statements of the Erie Regional Planning Commission, Erie County, (the Commission) as of and for the years ended December 31, 2004 and 2003. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

As described more fully in Note 1, the Commission has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Commission to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. While the Commission does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Commission has

elected not to reformat its statements. Since this Commission does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Commission as of December 31, 2004, or its changes in financial position for the year then ended.

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

The aforementioned revision to generally accepted accounting principles also requires the Commission to include Management's Discussion and Analysis for the year ended December 31, 2004. The Commission has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2005, 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. 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 audits.



Betty Montgomery
Auditor of State

September 28, 2005

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

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

	2004	2003
Cash Receipts:		
Fees Charged to Subdivisions	\$37,549	\$36,807
Grants	217,097	
Total Cash Receipts	254,646	36,807
Cash Disbursements:		
Salaries	74,082	
Supplies	12,428	2,605
Contracts - Services	52,270	35,287
Travel	695	579
Indirect Expenses	39,705	
Fringe Benefits	60,984	
Other	2,627	4,400
Total Disbursements	242,791	42,871
Total Receipts Over/(Under) Disbursements	11,855	(6,064)
Fund Cash Balances, January 1	1,449	7,513
Fund Cash Balances, December 31	\$13,304	\$1,449
Reserve for Encumbrances, December 31	\$121,722	\$10,153

The notes to the financial statements are an integral part of this statement.

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**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges for the Erie Regional Planning Commission, Erie County, (the Commission) as a body corporate and politic. A 20 member Board governs the Commission. The Board consists of representatives from participating political subdivisions, the county commissioners, and appointed citizens. The Commission formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. The participating subdivisions are:

Village of Bay View	Huron Township	Perkins Township
Berlin Township	Village of Kelleys Island	City of Sandusky
Village of Berlin Heights	Margaretta Township	Vermilion Township
Village of Castalia	Milan Township	City of Vermilion
Florence Township	Village of Milan	
Groton Township	Oxford Township	

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

B. Basis of Accounting

These financial statements follow the basis of accounting the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. This basis recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Cash and Investments

As the Ohio Revised Code requires, the Erie County Treasurer is the custodian of the Commission's monies. The County holds the Commission's assets in its cash and investment pool, valued at the County Treasurer's reported carrying amount.

D. Fund Accounting

The Commission uses fund accounting to segregate cash and investments that are restricted as to use. The Commission has one fund and classifies it as follows:

General Fund

The General Fund is the general operating fund. It is used to account for all financial resources of the Commission.

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

E. Budgetary Process

The Commission budgets each fund annually.

1. Appropriations

The Board annually approves appropriations and subsequent amendments. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2004 and 2003 budgetary activity appears in Note 2.

F. Property, Plant, and Equipment

The Commission records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$904,000	\$254,646	(\$649,354)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$917,553	\$364,513	\$553,040

**ERIE REGIONAL PLANNING COMMISSION
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2004 AND 2003
(Continued)**

2003 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$50,000	\$36,807	(\$13,193)

2003 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$47,510	\$53,024	(\$5,514)

3. RETIREMENT SYSTEMS

The Commission's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salaries. The Commission contributed an amount equal to 13.55 percent of participants' gross salaries. The Commission has paid all contributions required through December 31, 2004.

4. RISK MANAGEMENT

Risk Pool Membership

The Erie County Commissioners maintain comprehensive insurance coverage as a member of a pooled insurance agreement with the County Risk Sharing Authority (CORSA). The pool purchases excess insurance to supplement the pooled funds. The District's real property is fully insured after a \$2,500 deductible per occurrence is paid by the County.

Self Insurance

The Commission is self insured for health and dental coverage through the health and dental plan of Erie County.

5. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Management cannot presently determine amounts which may be disallowed. However, based on prior experience, management believes any refunds would be immaterial.

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**Auditor of State
Betty Montgomery**

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

Erie Regional Planning Commission
Erie County
2900 Columbus Avenue
Sandusky, Ohio 44870-5554

To the Board of Commissioners:

We have audited the financial statements of the Erie Regional Planning Commission, Erie County, (the Commission) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated September 28, 2005, wherein we noted the Commission followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Commission's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Commission's management dated September 28, 2005, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

Compliance and Other Matters

As part of reasonably assuring whether the 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

Erie Regional Planning Commission
Erie County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
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objective of our audits 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*. In a separate letter to the Commission's management dated September 28, 2005, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and the Board of Commissioners. It is not intended for anyone other than these specified parties.

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

Betty Montgomery
Auditor of State

September 28, 2005



**Auditor of State
Betty Montgomery**

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ERIE REGIONAL PLANNING COMMISSION

ERIE 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
NOVEMBER 10, 2005**