



Dave Yost • Auditor of State



**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

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# Dave Yost • Auditor of State

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

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 an 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 adverse 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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**Dave Yost**  
Auditor of State

May 23, 2012

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Commissioners:

We have audited the accompanying financial statements of the Erie Regional Planning Commission, Erie County, Ohio (the Commission), as of and for the years ended December 31, 2010 and 2009. 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.

Instead of the funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Commission's larger (i.e. major) funds separately. 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 GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Commission has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2010 and 2009 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, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances as of December 31, 2010 and 2009 of the Erie Regional Planning Commission, Erie County, Ohio, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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Erie Regional Planning Commission  
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Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
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In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2012, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

May 23, 2012

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2010**

	<u>Governmental Fund Types</u>		<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Fees Charged to Subdivisions	\$36,513		\$36,513
Grants		\$275,775	275,775
County Contribution		31,046	31,046
Other Receipts	460		460
	<u>36,973</u>	<u>306,821</u>	<u>343,794</u>
<b>Total Cash Receipts</b>	<b>36,973</b>	<b>306,821</b>	<b>343,794</b>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Economic Development			
Contracts - Services	36,513		36,513
Project Fund Disbursements		305,386	305,386
	<u>36,513</u>	<u>305,386</u>	<u>341,899</u>
<b>Total Disbursements</b>	<b>36,513</b>	<b>305,386</b>	<b>341,899</b>
Total Receipts Over Disbursements	460	1,435	1,895
Fund Cash Balances, January 1	<u>3,599</u>	<u>(17,136)</u>	<u>(13,537)</u>
<b>Fund Cash Balances, December 31</b>	<b><u>\$4,059</u></b>	<b><u>(\$15,701)</u></b>	<b><u>(\$11,642)</u></b>

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

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Fees Charged to Subdivisions	\$36,512		\$36,512
Grants		\$273,636	273,636
County Contribution		35,947	35,947
Other Receipts	391		391
	<u>36,903</u>	<u>309,583</u>	<u>346,486</u>
<b>Total Cash Receipts</b>	<u>36,903</u>	<u>309,583</u>	<u>346,486</u>
<b>Cash Disbursements:</b>			
Current Disbursements:			
Economic Development			
Contracts - Services	36,137		36,137
Project Fund Disbursements		356,654	356,654
	<u>36,137</u>	<u>356,654</u>	<u>392,791</u>
<b>Total Disbursements</b>	<u>36,137</u>	<u>356,654</u>	<u>392,791</u>
Total Receipts Over/(Under) Disbursements	766	(47,071)	(46,305)
Fund Cash Balances, January 1 (Restated)	<u>2,833</u>	<u>29,935</u>	<u>32,768</u>
<b>Fund Cash Balances, December 31</b>	<u><b>\$3,599</b></u>	<u><b>(\$17,136)</b></u>	<u><b>(\$13,537)</b></u>

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

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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, Ohio (the Commission), as a body corporate and politic. A 20 member Board governs the Commission. The Board consists of representatives from participating political subdivisions and the county commissioners. 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	City of Huron	Oxford Township
Berlin Township	Huron Township	Perkins Township
Village of Berlin Heights	Village of Kelleys Island	City of Sandusky
Village of Castalia	Margaretta Township	City of Vermilion
Florence Township	Milan Township	Vermilion Township
Groton Township	Village of Milan	

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

**B. Accounting Basis**

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Commission recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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

**C. Deposits and Investments**

As the Ohio Revised Code permits, the Erie County Treasurer holds the Commission's deposits as the Commission's custodian. The County holds the Commission's assets in its investment pool, valued at the 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 classifies its funds into the following types:

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. General Fund**

The General Fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Fund**

This fund accounts for proceeds from specific sources that are restricted to expenditure for specific purposes. The Commission had the following significant Special Revenue Fund:

*MPO Grant Fund* – This fund receives federal transportation funds as well as required matching funds from the State of Ohio in order to provide the information, tools, and public input needed for improving transportation system performance.

**E. 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.

**F. Deficit Fund Balance**

Fund balance for the MPO Grant Fund reported a deficit fund balance at December 31, 2010 and 2009. The general fund is liable for any deficits in this fund and provides transfers when cash is required. The deficit fund balance resulted from timing differences associated with the disbursement of funds prior to the receipt of reimbursements from grantor agencies.

**2. RESTATEMENT OF FUND BALANCE**

The Erie County Auditor, whom serves as the Commission's fiscal officer, accounts for the Commission's financial activity in an agency fund. The activity of the Erie County Regional Planning Department, previously accounted for in the County's general fund, was combined with the Commission's financial activity in the agency fund. Removal of the Erie County Regional Department financial activity had the following effect on fund balance previously reported for the year ended December 31, 2008:

	General Fund
Fund balance December 31, 2008	<u>\$27,085</u>
Removal of Erie County Regional Planning Department activity	(24,252)
Restated fund balance December 31, 2008	<u><u>\$2,833</u></u>

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009  
(Continued)**

**3. 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 Commission's real property is fully insured after a \$2,500 deductible per occurrence is paid by the County.

**4. CONTINGENT LIABILITIES**

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

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# Dave Yost • Auditor of State

## 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

To the Board of Commissioners:

We have audited the financial statements of the Erie Regional Planning Commission, Erie County, Ohio (the Commission), as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated May 23, 2012 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 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 Commission's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the 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, or detect and timely correct misstatements. A *material weakness* is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that material financial statement misstatements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings that we consider a significant deficiency in internal control over financial reporting. We consider finding 2010-001 to be a significant deficiency. 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.

### **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 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*.

The Commission's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Commission's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of management, the audit committee, the Board of Commissioners, and others within the Commission. We intend it for no one other than these specified parties.

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**Dave Yost**  
Auditor of State

May 23, 2012

**ERIE REGIONAL PLANNING COMMISSION  
ERIE COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2010 AND 2009**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2010-001**

**Significant Deficiency**

**Agreement with the County Commissioners**

The Commission contracts with the Erie County Planning and Development Department to provide professional planning, economic and community development services. This agreement has been in place, and remained unchanged for a number of years.

In 2007 the Commission was the recipient of a Metropolitan Planning Organization (MPO) Grant. The County Planning Department has served in a vendor capacity since the award of the grant to the Commission. The Planning Department reports service provided under the grant to the Commission, the cost of these services are then submitted to the grantor for reimbursement. In order to properly track cost information that serves as the basis for these billings to the grantor agency, the County created a fund within their accounting system to capture these costs for the Planning Department. In creating this fund the activity of the Commission and the Planning Department were co-mingled and erroneously reported in the Commissions financial statements for 2008 and 2007. Additionally the Commission and Planning Department were referenced interchangeably within grant agreements resulting in questions posed by the grantor regarding which agency maintained responsibility for reporting of federal awards, compliance with grant requirements, and the applicability of certain grant requirements (e.g. compliance with provisions regarding indirect cost pools).

Since the scope of services being provided to the Commission by the County Planning and Development Department expanded upon award of the MPO Grant to the Commission, the original agreement should be reviewed to determine if additional modifications should be made to reflect the increased services provided.

These modifications may include, but not be limited to:

- Grant administration services to be provided;
- Reports on grant activity to be provided and the timing of these reports;
- Responsibility for grant compliance; and
- Accounting records to be maintained.

The failure to clearly identify the scope of services and responsibility for providing those services and adhering to applicable compliance requirements could result in services not meeting the expectations of the Commission or lead to questions regarding responsibility for compliance with grant awards.

**Officials' Response:**

Relative to the ERPC Draft Audit Report, the Commission worked closely with the Ohio Department of Transportation (ODOT) and County Officials to derive a system that complies with ODOT's guidelines and the necessary adjustments to the accounting records are in the process of being completed. This will ensure reported activity is limited to that of the Commission for future engagements.

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# Dave Yost • Auditor of State

**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  
JUNE 7, 2012**