



**Auditor of State
Betty Montgomery**

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Regional Planning Commission
Shelby County
129 East Court Street
Sidney, Ohio 45365

To the Commission:

We have audited the basic financial statements of the Regional Planning Commission, Shelby County, (the Commission), as of and for the years ended December 31, 2005 and 2004, as listed in the table of contents. 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 audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash financial position of the Regional Planning Commission, Auglaize County, as of December 31, 2005 and 2004, and the changes in cash financial position and the budgetary comparison of the General Fund for the years then ended in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Commission revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 13, 2006, 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 testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Betty Montgomery
Auditor of State

September 13, 2006

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

This discussion and analysis of the Regional Planning Commission, Shelby County, (the Commission) financial performance provides an overall review of the Commission's financial activities for the year ended December 31, 2005, within the limitations of the Commission's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Commission's financial performance.

Highlights

Key highlights for 2005 are as follows:

- Applied for and received the Community Development Block Grant (CDBG) - Formula-05 in the amount of \$96,000 for Washington Township, Perry Township, and the Village of Kettlersville.
- Reviewed 50 Minor Subdivision Plats creating 71 new parcels (53 lots, 17 add-ons, and 1 remaining large parcel). This totaled approximately 188 acres.
- Processed 1 Major Subdivision consisting of 12 lots and 40.831 acres.
- Processed 16 Flood Plain Building Permits. None of these permits was issued after a violation occurred.
- Initiated and approved the five-year update of the Comprehensive Plan for Shelby County.
- Applied for and received Community Housing Improvement Program (CHIP)-05 Grant.

Using The Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Commission's cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Commission as a whole.

Fund financial statements are meant to provide a greater level of detail. The Regional Planning Commission operates through one fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Commission has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Commission's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets and the statement of activities, all Commission activities are reported as governmental. Member assessments finance most of these activities.

Reporting The Commission's Most Significant Funds

Fund financial statements provide detailed information about the Commission's fund.

The Commission's activities are reported in a governmental fund. The governmental fund financial statements provide a detailed view of the Commission's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Commission's programs.

Reporting The Commission As A Whole

The statement of net assets and the statement of activities reflect how the Commission did financially during 2005, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Commission at year-end. The statement of activities compares cash disbursements with receipts for the Commission. Commission receipts include charges paid by the recipients of the Commission's services and grants and contributions restricted to meeting the operational requirements of the Commission.

These statements report the Commission's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Commission's financial health. Over time, increases or decreases in the Commission's cash position is one indicator of whether the Commission's financial health is improving or deteriorating. When evaluating the Commission's financial condition, you should also consider other non-financial factors as well such as the condition of the Commission's reliance on local financial resources for operations.

The Commission as a Whole

Table 1 provides a summary of the Commissions net assets for 2005 compared to 2004 on a cash basis:

	Table 1 - Net Assets	
	Governmental Activities	
	<u>2005</u>	<u>2004</u>
Assets		
Cash and Cash Equivalents	<u>\$7,403</u>	<u>\$1,193</u>
Net Assets		
Unrestricted	<u>\$7,403</u>	<u>\$1,193</u>

Net assets of governmental activities increased \$6,210 or 521 percent during 2005. The primary reason for the increase in cash balance was that more money was received that was committed to the 2006 budget.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

Table 2 reflects the changes in net assets in 2005 and 2004 for a comparative analysis.

**Table 2
Change in Net Assets**

	2005	2004
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$30,419	\$27,097
Operating Grants and Contributions	<u>74,023</u>	<u>51,880</u>
Total Program Receipts	<u>104,442</u>	<u>78,977</u>
Total Receipts	104,442	78,977
Disbursements:		
Economic Development	<u>98,232</u>	<u>92,976</u>
Total Disbursements	<u>98,232</u>	<u>92,976</u>
Increase (Decrease) in Net Assets	6,210	(13,999)
Net Assets, January 1, 2005	<u>1,193</u>	<u>15,192</u>
Net Assets, December 31, 2005	<u>\$ 7,403</u>	<u>\$ 1,193</u>

Receipts of the Commission are receipts from numerous sources. They are primarily comprised of administration and implementation fees from grants, dues, enterprise zone administration and other fees for services rendered.

The Commission is charged with numerous responsibilities for Shelby County. A primary responsibility is the administration and implementation of the County's CHIP, Formula, and Economic Development grants. We also process subdivisions, enforce the County Flood Plain Regulations and issue Flood Plain permits according to the County Regulations.

The Commission is a key component in economic development for Shelby County. We administer the Enterprise Zone program for the Shelby County Commissioners. The Commission also works closely with the West Ohio Development Council, local townships, local villages, and the City of Sidney in promoting economic development.

The Commission provides assistance to our townships and villages in zoning and subdivision matters. The Commission provides a central location for information concerning Shelby County.

Governmental Activities

If you look at the Statement of Activities below, you will see that the first column lists the major services provided by the Commission. The next column identifies the costs of providing these services. The program disbursements for governmental activities are for Economic Development services. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the Commission that must be used to provide a specific service.

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by previous assessments.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2005	Program Receipts 2005	Net Cost of Services 2005
Economic Development	<u>\$98,232</u>	<u>\$104,442</u>	<u>(\$6,210)</u>
Total Expenses	<u>\$98,232</u>	<u>\$104,442</u>	<u>(\$6,210)</u>

CURRENT ISSUES

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The Shelby County Regional Planning Commission does not receive any taxes so the level of service provided is largely relational to the amount of other funding it received. The Commission's management works hard to find funding sources and manage those sources to provide the best services it can to the residents of Shelby County.

Contacting The Agency's Financial Management

This financial report is designed to provide our citizens with a general overview of the Commission's finances and to reflect the Commission's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to:

Gary Bensman, Executive Director
Shelby County Regional Planning Commission
129 E. Court St., 2nd Floor
Sidney, OH 45365-3066
PH: 937/498-7273
FX: 937/498-1293 (shared w/Commissioners)
EM: staff@shelbycountyrpc.com

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
DECEMBER 31, 2005**

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$7,403</u>
Total Assets	<u><u>7,403</u></u>
Net Assets	
Unrestricted	<u>7,403</u>
Total Net Assets	<u><u>\$7,403</u></u>

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants & Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Economic Development	<u>\$98,232</u>	<u>\$30,419</u>	<u>\$74,023</u>	\$6,210
		Change in Net Assets		6,210
		Net Assets Beginning of Year		<u>1,193</u>
		Net Assets End of Year		<u><u>\$7,403</u></u>

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
DECEMBER 31, 2005**

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,403
Total Assets	<u>7,403</u>
Fund Balance	
Undesignated, Reported in:	
General Fund	7,403
Total Fund Balance	<u>\$7,403</u>

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS AND
CHANGE IN FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General
Receipts	
Charges for Services	\$30,419
Intergovernmental	74,023
	104,442
Disbursements	
Current:	
Economic Development	98,232
	98,232
Total Disbursements	98,232
Excess of Receipts Over (Under) Disbursements	6,210
Fund Balance Beginning of Year	1,193
	1,193
Fund Balance End of Year	\$7,403

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
GENERAL FUND
BUDGET AND ACTUAL - BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$29,520	\$29,520	\$30,419	\$899
Intergovernmental	71,689	71,689	74,023	2,334
Total Receipts	<u>101,209</u>	<u>101,209</u>	<u>104,442</u>	<u>3,233</u>
Disbursements				
Current:				
Economic Development	102,402	102,402	98,232	4,170
Total Disbursements	<u>102,402</u>	<u>102,402</u>	<u>98,232</u>	<u>4,170</u>
Net Change in Fund Balance	(1,193)	(1,193)	6,210	7,403
Fund Balance Beginning of Year	<u>1,193</u>	<u>1,193</u>	<u>1,193</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$7,403</u></u>	<u><u>\$7,403</u></u>

See accompanying notes to the basic financial statements.

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**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005**

1. DESCRIPTION OF THE REGIONAL PLANNING COMMISSION AND REPORTING ENTITY

The Regional Planning Commission, Shelby County, (the Commission) was organized under Ohio Revised Code Section 713.21 through 713.27 to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, services and other aspects of the region or county respectively which affect the development and welfare of the region or county. The Commission has twenty-eight members representing participating townships, villages, city and county. The Commission appoints an executive director that is responsible for organizing, administering, and operating in accordance with the Commission's established duties.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds that are not legally separate from the Commission. For acceptable Other Comprehensive Basis of Accounting (OCBOA), this includes general operations.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Commission's accounting policies.

A. Basis of Presentation

The Commission's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Commission as a whole. The statement of net assets presents the cash balance of the governmental activities of the Commission at year end. The statement of activities compares disbursements with program receipts for each of the Commission's governmental activities.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Commission's general receipts.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statement

Fund financial statements are designed to present financial information of the Commission at a more detailed level.

B. Fund Accounting

The Commission uses a fund to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self balancing set of accounts. The Commission classifies its fund as governmental.

1. Governmental Fund

The Commission classifies the fund financed primarily from member dues as a governmental fund. The following is the Commission's governmental fund:

General Fund - The general fund accounts for all financial resources and is available for any purpose provided it is disbursed according to Ohio law.

C. Basis of Accounting

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

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

D. Budgetary Process

The General Fund is legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The budget demonstrates a need for existing or additional funding. The certificate of estimated resources establishes a limit on the amount the Commission may appropriate. The appropriations resolution is the Commission's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Commission members. The legal level of control has been established by the Commission at the fund, function, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Commission. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Commission.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commission during the year.

E. Cash and Investments

The County Treasurer is the custodian for the Regional Planning Commission's cash and investments. The County's cash and investment pool holds the Board's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County.

F. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies are reported as disbursements when purchased.

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these items as assets.

H. Unpaid Vacation and Sick Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Commission recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 5 and 6, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Fund Balance Reserves

The Commission reserves those portions of fund equity which are not available for appropriation or expenditure.

K. Net Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. The Commission had no restricted net assets.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

3. EQUITY IN POOLED CASH

The Shelby County Auditor acts as the fiscal agent for the Regional Planning Commission and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Commission cannot be determined.

The Shelby County Auditor's records indicated the Commission's cash balance as of December 31, 2005, was \$7,403.

4. RISK MANAGEMENT

A. Commercial Insurance

The Commission is included in Shelby County's commercial insurance for the following risks:

- Comprehensive property and general liability
- Public Officials Liability; and
- Errors and omissions.

B. Employee Medical Benefits

The Commission provides health insurance, and dental and vision coverage which are available to full-time employees through the Shelby County's policy with the Midwest Benefit Consortium, a risk sharing pool.

5. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

The Commission participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

5. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

For the year ended December 31, 2005, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Commission's contribution rate for pension benefits for 2005 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Commission's required contributions to OPERS for pension benefits for the years ended December 31, 2005, 2004, and 2003 were \$9,620, \$8,848, and \$10,364 respectively.

6. POST-EMPLOYMENT BENEFITS

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for post-retirement health care coverage.

The health care coverage provided by the retirement system is considered an Other Post-employment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .5 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1 percent to 6 percent for the next 8 years. In the 9th year and beyond, health care costs were assumed to increase at 4 percent annually (the projected wage inflation rate).

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

The number of active contributing participants in the traditional and combined plans was 376,109. Actual employer contributions for 2005 which were used to fund postemployment benefits were \$2,859. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$29.5 billion and \$18.7 billion, respectively.

On September 9, 2005, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
DECEMBER 31, 2005
(Continued)**

7. CONTINGENT LIABILITIES

The Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Board believes such disallowances, if any, will be immaterial.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED**

This discussion and analysis of the Regional Planning Commission, Shelby County, (the Commission) financial performance provides an overall review of the Commission's financial activities for the year ended December 31, 2004, within the limitations of the Commission's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Commission's financial performance.

Highlights

Key highlights for 2004 are as follows:

- Applied for and received the Community Development Block Grant (CDBG) - Formula-04 in the amount of \$102,000 for the Villages of Port Jefferson, Anna, and Fair Haven.
- Reviewed 54 Minor Subdivision Plats creating 81 new parcels (66 lots, 12 add-ons, and 3 large remaining parcels). This totaled approximately 286 acres.
- Processed 9 Flood Plain Building Permits. Only one of these permits was issued after a violation occurred.
- There were no new Enterprise Zone Agreements in 2004; however, processed 4 amendments to existing agreements.
- Applied for and received a three month extension for our Community Housing Improvement Program (CHIP)-03 Grant.

Using The Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Commissions cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Commission as a whole.

Fund financial statements are meant to provide a greater level of detail. Regional Planning operates through one fund.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Commission has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Commissions cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

In the statement of net assets and the statement of activities, all Commission activities are reported as governmental. Member assessments finance most of these activities.

Reporting The Commission's Most Significant Funds

Fund financial statements provide detailed information about the Commission's fund.

The Commission's activities are reported in a governmental fund. The governmental fund financial statements provide a detailed view of the Commission's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Commission's programs.

Reporting The Commission As A Whole

The statement of net assets and the statement of activities reflect how the Commission did financially during 2004, within the limitations of cash basis accounting. The statement of net assets presents the cash balances of the Commission at year-end. The statement of activities compares cash disbursements with receipts for the Commission. Commission receipts include charges paid by the recipients of the Commission's services and grants and contributions restricted to meeting the operational requirements of the Commission.

These statements report the Commission's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Commission's financial health. Over time, increases or decreases in the Commission's cash position is one indicator of whether the Commission's financial health is improving or deteriorating. When evaluating the Commission's financial condition, you should also consider other non-financial factors as well such as the condition of the Commission's reliance on local financial resources for operations.

The Commission as a Whole

Table 1 provides a summary of the Commissions net assets for 2004 compared to 2003 on a cash basis:

	Table 1 - Net Assets	
	Governmental Activities	
	2004	2003
Assets		
Cash and Cash Equivalents	<u>\$1,193</u>	<u>\$15,192</u>
Net Assets		
Unrestricted	<u>\$1,193</u>	<u>\$15,192</u>

Net assets of governmental activities decreased \$13,999 or 92 percent during 2004. The primary reason for the decrease in cash balances was that more was spent on activities than grant monies received.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

Table 2 reflects the changes in net assets in 2004. Since the Commission did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**Table 2
Change in Net Assets**

	2004
Receipts:	
Program Receipts:	
Charges for Services and Sales	\$27,097
Operating Grants and Contributions	51,880
Total Program Receipts	78,977
Total Receipts	78,977
 Disbursements:	
Economic Development	92,976
Total Disbursements	92,976
Increase (Decrease) in Net Assets	(13,999)
Net Assets, January 1, 2004	15,192
Net Assets, December 31, 2004	\$ 1,193

Receipts of the Commission are receipts from numerous sources. They are primarily comprised of administration and implementation fees from grants, dues, enterprise zone administration and other fees for services rendered.

The Commission is charged with numerous responsibilities for Shelby County. A primary responsibility is the administration and implementation of the County's CHIP, Formula, and Economic Development grants. We also process subdivisions, enforce the County Flood Plain Regulations and issue Flood Plain permits according to the County Regulations.

The Commission is a key component in economic development for Shelby County. The Commission administers the Enterprise Zone program for the Shelby County Commissioners. The Commission also works closely with the West Ohio Development Council, local townships, local villages, and the City of Sidney in promoting economic development.

The Commission provides assistance to our townships and villages in zoning and subdivision matters. The Commission provides a central location for information concerning Shelby County.

Governmental Activities

If you look at the Statement of Activities below, you will see that the first column lists the major services provided by the Commission. The next column identifies the costs of providing these services. The program disbursements for governmental activities are for Economic Development services. The next two columns of the Statement entitled Program Receipts identifies amounts paid by people who are directly charged for the service as well as grants received by the Commission that must be used to provide a specific service.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2004
UNAUDITED
(Continued)**

The Net Cost (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service that ends up being paid from money provided by previous assessments. A comparison between the total cost of services and the net cost is presented in Table 3.

**(Table 3)
Governmental Activities**

	Total Cost Of Services 2004	Program Receipts 2004	Net Cost of Services 2004
Economic Development	\$92,976	\$78,977	\$13,999
Total Expenses	\$92,976	\$78,977	\$13,999

Current Issues

The challenge for all governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. The Shelby County Regional Planning Commission does not receive any taxes so the level of service provided is largely relational to the amount of other funding it received. The Commissions management works hard to find funding sources and manage those sources to provide the best services it can to the residents of Shelby County.

Contacting The Agency's Financial Management

This financial report is designed to provide our citizens with a general overview of the Commissions finances and to reflect the Commissions accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to:

Gary Bensman, Executive Director
Shelby County Regional Planning Commission
129 East Court Street, 2nd Floor
Sidney, OH 45365-3066
PH: 937/498-7273
FX: 937/498-1293 (shared w/Commissioners)
EM: staff@shelbycountyrpc.com

REGIONAL PLANNING COMMISSION
SHELBY COUNTY

STATEMENT OF NET ASSET - CASH BASIS
DECEMBER 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,193</u>
Total Assets	<u><u>1,193</u></u>
Net Assets	
Unrestricted	<u>1,193</u>
Total Net Assets	<u><u>\$1,193</u></u>

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants & Contributions</u>	<u>Governmental Activities</u>
Governmental Activities				
Economic Development	<u>\$92,976</u>	<u>\$27,097</u>	<u>\$51,880</u>	<u>(\$13,999)</u>
		Change in Net Assets		(13,999)
		Net Assets Beginning of Year		<u>15,192</u>
		Net Assets End of Year		<u><u>\$1,193</u></u>

See accompanying notes to the basic financial statements.

REGIONAL PLANNING COMMISSION
SHELBY COUNTY

STATEMENT OF ASSETS AND FUND BALANCE - CASH BASIS
GOVERNMENTAL FUND
DECEMBER 31, 2004

	<u>General</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,193
Total Assets	<u>1,193</u>
Fund Balances	
Unreserved:	
Undesignated, Reported in:	
General Fund	1,193
Total Fund Balances	<u>\$1,193</u>

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF CASH RECEIPTS AND CASH DISBURSEMENTS AND
CHANGES IN FUND BALANCE - CASH BASIS
GOVERNEMENTAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>General</u>
Receipts	
Charges for Services	\$27,097
Intergovernmental	<u>51,880</u>
Total Receipts	<u>78,977</u>
Disbursements	
Current:	
Economic Development	<u>92,976</u>
Total Disbursements	<u>92,976</u>
Excess of Receipts Over (Under) Disbursements	(13,999)
Fund Balances Beginning of Year	<u>15,192</u>
Fund Balances End of Year	<u><u>\$1,193</u></u>

See accompanying notes to the basic financial statements.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL - BUDGET BASIS
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Charges for Services	\$31,500	\$31,500	\$27,097	(\$4,403)
Intergovernmental	56,711	56,711	51,880	(4,831)
Total Receipts	<u>88,211</u>	<u>88,211</u>	<u>78,977</u>	<u>(9,234)</u>
Disbursements				
Current:				
Economic Development	103,403	103,403	92,976	10,427
Total Disbursements	<u>103,403</u>	<u>103,403</u>	<u>92,976</u>	<u>10,427</u>
Net Change in Fund Balance	(15,192)	(15,192)	(13,999)	1,193
Fund Balance Beginning of Year	<u>15,192</u>	<u>15,192</u>	<u>15,192</u>	
Fund Balance End of Year	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$1,193</u></u>	<u><u>\$1,193</u></u>

See accompanying notes to the basic financial statements.

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**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

1. DESCRIPTION OF THE REGIONAL PLANNING COMMISSION AND REPORTING ENTITY

The Regional Planning Commission, Shelby County, (the Commission) was organized under Ohio Revised Code Section 713.21 through 713.27 to make studies, maps, plans, recommendations and reports concerning the physical, environmental, social, economic, and governmental characteristics, functions, services and other aspects of the region or county respectively which affect the development and welfare of the region or county. The Commission has twenty-eight members representing participating townships, villages, city and county. The commission appoints an executive director that is responsible for organizing, administering, and operating in accordance with the Commission's established duties.

A. Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations ensuring that the financial statements are not misleading. The primary government consists of all funds that are not legally separate from the Commission. For acceptable Other Comprehensive Basis of Accounting (OCBOA), this includes general operations.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Commission's accounting policies.

A. Basis of Presentation

The Commission's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the Commission as a whole. The statement of net assets presents the cash balance of the governmental activities of the Commission at year end. The statement of activities compares disbursements with program receipts for each of the Commission's governmental activities.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the Commission's general receipts.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statement

Fund financial statements are designed to present financial information of the Commission at a more detailed level.

B. Fund Accounting

The Commission uses a fund to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain functions or activities. A fund is a fiscal and accounting entity with a self balancing set of accounts. The Commission classifies its fund as governmental.

1. Governmental Fund

The Commission classifies the fund financed primarily from member dues as a governmental fund. The following is the Commission's governmental fund:

General Fund - The general fund accounts for all financial resources and is available for any purpose provided it is disbursed according to Ohio law.

C. Basis of Accounting

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

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

D. Budgetary Process

The General Fund is legally required to be budgeted and appropriated. The major documents prepared are the budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The budget demonstrates a need for existing or additional funding. The certificate of estimated resources establishes a limit on the amount the Commission may appropriate. The appropriations resolution is the Commission's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Commission members. The legal level of control has been established by the Commission at the fund, function, and object level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Commission. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Commission.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Commission during the year.

E. Cash and Investments

The County Treasurer is the custodian for the Regional Planning Commission's cash and investments. The County's cash and investment pool holds the Board's cash and investments, which are reported at the County Treasurer's carrying amount. Deposits and investments disclosures for the County as a whole may be obtained from the County.

F. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies are reported as disbursements when purchased.

G. Capital Assets

Acquisitions of property, plant, and equipment are recorded as disbursements when paid. The financial statements do not report these items as assets.

H. Unpaid Vacation and Sick Leave

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

I. Employer Contributions to Cost-Sharing Pension Plans

The Commission recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 6 and 7, the employer contributions include portions for pension benefits and for postretirement health care benefits.

J. Fund Balance Reserves

The Commission reserves those portions of fund equity which are not available for appropriation or expenditure.

K. Net Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

3. CHANGE IN PRESENTATION

Previously the Commission reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. For the year ended December 31, 2004, the Commission implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. Although the Commission is reporting on the cash basis they have implemented new reporting requirements for cash basis financial statements that changed the fund structure.

4. EQUITY IN POOLED CASH

The Shelby County Auditor acts as the fiscal agent for the Regional Planning Commission and the County Treasurer maintains a cash and investment pool used by all County funds. Because of the nature of the pool all County funds are commingled, the risk involved and the preferential claim of the Commission cannot be determined.

The Shelby County Auditor's records indicated the Commission's cash balance as of December 31, 2004, was \$1,193.

5. RISK MANAGEMENT

A. Commercial Insurance

The Commission is included in Shelby County's commercial insurance for the following risks:

- Comprehensive property and general liability
- Public Officials Liability; and
- Errors and omissions.

B. Employee Medical Benefits

The Commission provides health insurance, and dental and vision coverage are available to full-time employees through Shelby County's policy with the Midwest Benefit Consortium, a risk sharing pool.

6. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

The Commission participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

6. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS) (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222-6701 or (800) 222-7377.

For the year ended December 31, 2004, the members of all three plans were required to contribute 8.5 percent of their annual covered salaries. The Commission's contribution rate for pension benefits for 2004 was 9.55 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Commission's required contributions to OPERS for pension benefits for the years ended December 31, 2004, 2003, and 2002 were \$8,848, \$10,364, and \$8,801 respectively.

7. POSTEMPLOYMENT BENEFITS

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

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase at the projected wage inflation rate plus an additional factor ranging from 1.00 percent to 6 percent for the next 8 years. In the 9th year and beyond, health care costs were assumed to increase at 4.00 annually (the projected wage inflation rate).

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

The number of active contributing participants in the traditional and combined plans was 375,076. Actual employer contributions for 2004 which were used to fund post-employment benefits were \$2,714. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.9 billion and \$16.4 billion, respectively.

**REGIONAL PLANNING COMMISSION
SHELBY COUNTY**

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

8. CONTINGENT LIABILITIES

The Commission has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the Board believes such disallowances, if any, will be immaterial.



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*

Regional Planning Commission
Shelby County
129 East Court Street
Sidney, Ohio 45365

To the Commission:

We have audited the basic financial statements of the Regional Planning Commission, Shelby County, (the Commission), as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 13, 2006, wherein we noted the Commission revised its financial statement presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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 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*.

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

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

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

Betty Montgomery
Auditor of State

September 13, 2006



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

REGIONAL PLANNING COMMISSION

SHELBY 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 9, 2006**