



**REGIONAL PLANNING COMMISSION
KNOX COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005-2004



**Auditor of State
Betty Montgomery**

**REGIONAL PLANNING COMMISSION
KNOX COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Cover Letter	1
Independent Accountants' Report.....	3
Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balance – For the Years Ended December 31, 2005 and December 31, 2004	5
Notes to the Financial Statements	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

Regional Planning Commission
Knox County
117 East High Street, Suite 221
Mount Vernon, Ohio 43050

To the Members of the Commission:

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 Commission 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.

A handwritten signature in cursive script that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

August 9, 2006

This page intentionally left blank.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT

Regional Planning Commission
Knox County
117 East High Street, Suite 221
Mount Vernon, Ohio 43050

To the Members of the Commission:

We have audited the accompanying financial statements of the Regional Planning Commission, Knox County, Ohio, (the Commission) as of and for the years ended December 31, 2005 and 2004. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides 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 years ended December 31, 2005 and 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 years ended December 31, 2005 and 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, 2005 and 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 balance and reserves for encumbrances of the Regional Planning Commission, Knox County, Ohio, as of December 31, 2005 and 2004 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 years ended December 31, 2005 and 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 August 9, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Betty Montgomery
Auditor of State

August 9, 2006

**REGIONAL PLANNING COMMISSION
KNOX COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2005 AND DECEMBER 31, 2004**

	2005	2004
Cash Receipts:		
Fees Charged to Subdivisions	\$14,390	\$0
Grant from Knox County	59,530	68,237
Dues from Local Governments	14,656	13,183
Permit Fees	1,000	1,445
Other Receipts	1,201	4,870
Total Cash Receipts	90,777	87,735
Cash Disbursements:		
Salaries and Fringe Benefits	52,395	46,048
Public Employee's Retirement	5,583	4,874
Worker's Compensation	878	834
Contracts - Services	24,303	34,435
Travel	59	50
Equipment	2,538	2,498
Supplies	936	1,155
Other	653	1,000
Total Disbursements	87,345	90,894
Total Receipts Over/(Under) Disbursements	3,432	(3,159)
Fund Cash Balance, January 1	37,428	40,587
Fund Cash Balance, December 31	\$40,860	\$37,428
Reserve for Encumbrances, December 31	\$5,468	\$0

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

This page intentionally left blank.

**REGIONAL PLANNING COMMISSION
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004**

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 Regional Planning Commission, Knox County, Ohio, (the Commission) as a body corporate and politic. 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, which are required to pay annual fees, are:

Berlin Township	Jackson Township	Pleasant Township
Brown Township	Jefferson Township	Union Township
Butler Township	Middlebury Township	Wayne Township
Clay Township	Milford Township	Centerburg Village
Clinton Township	Miller Township	Darville Village
College Township	Monroe Township	Fredericktown
Harrison Township	Morgan Township	Gambier Village
Hilliar Township	Morris Township	Martinsburg Village
Howard Township	Pike Township	Mount Vernon City

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 Knox 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.

**REGIONAL PLANNING COMMISSION
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

The Commission budgets each fund annually.

1. Budget

The Board annually approves a budget of the Commission's Activity in which the appropriations are passed at the function level. The Commission reserves (encumbers) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

2. Estimated Resources

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

E. 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, 2005 and December 21, 2004 follows:

2005 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$69,326	\$90,777	\$21,451

2005 Budgeted vs. Actual Budgetary Basis Expenditures		
Appropriation	Budgetary	
Authority	Expenditures	Variance
\$104,900	\$92,813	\$12,087

2004 Budgeted vs. Actual Receipts		
Budgeted	Actual	
Receipts	Receipts	Variance
\$70,045	\$87,735	\$17,690

**REGIONAL PLANNING COMMISSION
KNOX COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 AND 2004
(Continued)**

2. BUDGETARY ACTIVITY (Continued)

<u>2004 Budgeted vs. Actual Budgetary Basis Expenditures</u>		
<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
<u>\$102,482</u>	<u>\$90,894</u>	<u>\$11,588</u>

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 2005 and 2004, 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, 2005.

4. RISK MANAGEMENT

Knox County provides insurance coverage for the Commission through the County's participation in the County Risk Sharing Authority Inc. The Commission is insured for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

This page intentionally left blank.



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
Knox County
117 East High Street, Suite 221
Mount Vernon, Ohio 43050

To the Members of the Commission:

We have audited the financial statements of the Regional Planning Commission, Knox County, Ohio, (the Commission) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated August 9, 2006, 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 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 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*. In a separate letter to the Commission's management dated August 9, 2006, we reported an other matter related to noncompliance we deemed immaterial.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

We intend this report solely for the information and use of 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

August 9, 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

KNOX COUNTY REGIONAL PLANNING COMMISSION

KNOX 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
SEPTEMBER 19, 2006**