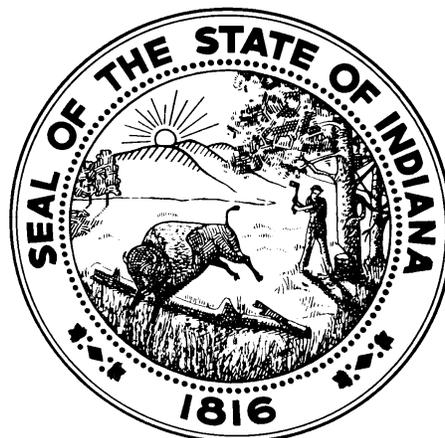


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

SOUTHEASTERN INDIANA REGIONAL  
PLANNING COMMISSION  
RIPLEY COUNTY, INDIANA

January 1, 2007 to December 31, 2008



**FILED**  
09/28/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Susan A. Craig	01-01-07 to 12-31-09
Treasurer	Scott A. Fortner	01-01-07 to 12-31-09
President of the Board	Mark S. Vice	01-01-07 to 12-31-09



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE SOUTHEASTERN INDIANA  
REGIONAL PLANNING COMMISSION, RIPLEY COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Indiana Regional Planning Commission (Commission), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Commission's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions 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 obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the Commission prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting 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 respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the Commission as of December 31, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated August 11, 2009, 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, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The Commission has not presented Management's Discussion and Analysis that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Combining Schedule and the Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

August 11, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE SOUTHEASTERN INDIANA  
REGIONAL PLANNING COMMISSION, RIPLEY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Southeastern Indiana Regional Planning Commission (Commission), as of and for the years ended December 31, 2007 and 2008, which collectively comprise the Commission's basic financial statements and have issued our report thereon dated August 11, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Commission's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS  
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the Commission's management, the Commission's Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 11, 2009

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>
				<u>Governmental Activities</u>
Primary government:				
Governmental activities:				
General government	\$ 638,265	\$ 405,062	\$ -	\$ (233,203)
Health and welfare	869,669	-	869,669	-
Economic development	30,000	-	56,628	26,628
Urban redevelopment and housing	22,847	-	22,847	-
Debt service	12,573	-	-	(12,573)
	<u>1,573,354</u>	<u>405,062</u>	<u>949,144</u>	<u>(219,148)</u>
Total governmental activities				
General receipts:				
Other local sources				153,920
Grants and contributions not restricted to specific programs				77,135
Investment earnings				<u>14,950</u>
				<u>246,005</u>
				26,857
				<u>255,175</u>
				<u>\$ 282,032</u>
<u>Assets</u>				
Cash and investments				<u>\$ 282,032</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 282,032</u>

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

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2007

	General	Public Transportation Section 5311	Other Governmental Funds	Totals
Receipts:				
Intergovernmental	\$ 46,628	\$ 869,669	\$ 52,847	\$ 969,144
Charges for services	405,062	-	-	405,062
Other	<u>224,740</u>	<u>-</u>	<u>-</u>	<u>224,740</u>
Total receipts	<u>676,430</u>	<u>869,669</u>	<u>52,847</u>	<u>1,598,946</u>
Disbursements:				
General government	638,030	-	235	638,265
Health and welfare	-	869,669	-	869,669
Economic development	-	-	30,000	30,000
Urban redevelopment and housing	-	-	22,847	22,847
Debt service:				
Principal	9,318	-	-	9,318
Interest	<u>3,255</u>	<u>-</u>	<u>-</u>	<u>3,255</u>
Total disbursements	<u>650,603</u>	<u>869,669</u>	<u>53,082</u>	<u>1,573,354</u>
Excess (deficiency) of receipts over disbursements	<u>25,827</u>	<u>-</u>	<u>(235)</u>	<u>25,592</u>
Other financing sources:				
Other receipts	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>1,265</u>
Total other financing sources (uses)	<u>1,265</u>	<u>-</u>	<u>-</u>	<u>1,265</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,092	-	(235)	26,857
Cash and investment fund balance - beginning	<u>229,524</u>	<u>-</u>	<u>25,651</u>	<u>255,175</u>
Cash and investment fund balance - ending	<u>\$ 256,616</u>	<u>\$ -</u>	<u>\$ 25,416</u>	<u>\$ 282,032</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 256,616</u>	<u>\$ -</u>	<u>\$ 25,416</u>	<u>\$ 282,032</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 256,616</u>	<u>\$ -</u>	<u>\$ 25,416</u>	<u>\$ 282,032</u>

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

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For The Year Ended December 31, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government:				
Governmental activities:				
General government	\$ 453,079	\$ 275,733	\$ -	\$ (177,346)
Health and welfare	1,077,215	-	1,077,215	-
Economic development	25,814	-	25,814	-
Debt service	12,573	-	-	(12,573)
	<u>\$ 1,568,681</u>	<u>\$ 275,733</u>	<u>\$ 1,103,029</u>	<u>(189,919)</u>
Total governmental activities				
General receipts:				
Other local sources				1,386
Grants and contributions not restricted to specific programs				77,135
Investment earnings				8,702
				<u>87,223</u>
Total general receipts				87,223
				(102,696)
Change in net assets				(102,696)
Net assets - beginning				282,032
Net assets - ending				\$ 179,336
 <u>Assets</u>				
Cash and investments				\$ 179,336
 <u>Net Assets</u>				
Unrestricted				\$ 179,336

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

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For The Year Ended December 31, 2008

	<u>General</u>	<u>Public Transportation Section 5311</u>	<u>Other Governmental Fund</u>	<u>Totals</u>
Receipts:				
Intergovernmental	\$ 25,814	\$ 1,077,215	-	\$ 1,103,029
Charges for services	275,733	-	-	275,733
Other	87,223	-	-	87,223
	<u>388,770</u>	<u>1,077,215</u>	<u>-</u>	<u>1,465,985</u>
Total receipts				
Disbursements:				
General government	452,983	-	96	453,079
Health and welfare	-	1,077,215	-	1,077,215
Economic development	25,814	-	-	25,814
Debt service:				
Principal	9,760	-	-	9,760
Interest	2,813	-	-	2,813
	<u>491,370</u>	<u>1,077,215</u>	<u>96</u>	<u>1,568,681</u>
Total disbursements				
Deficiency of receipts over disbursements	(102,600)	-	(96)	(102,696)
Cash and investment fund balance - beginning	<u>256,616</u>	<u>-</u>	<u>25,416</u>	<u>282,032</u>
Cash and investment fund balance - ending	<u>\$ 154,016</u>	<u>\$ -</u>	<u>\$ 25,320</u>	<u>\$ 179,336</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 154,016</u>	<u>\$ -</u>	<u>\$ 25,320</u>	<u>\$ 179,336</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 154,016</u>	<u>\$ -</u>	<u>\$ 25,320</u>	<u>\$ 179,336</u>

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

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

The Commission was established under the laws of the State of Indiana. The Commission operates as a joint venture under an appointed governing board consisting of representatives within a region composed of Dearborn, Decatur, Franklin, Jefferson, Jennings, Ohio, Ripley, and Switzerland counties. The Commission provides technical assistance to units within the region served as provided by statute. Technical assistance may include providing services for planning, developing, administering, improving, and securing public and private grants, cooperative agreements between governments, and the performance of governmental powers and duties.

The Commission's financial reporting entity is composed of a Primary Government.

In determining the financial reporting entity, the Commission complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Commission has no business-type activities.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The Commission has no proprietary or fiduciary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the Commission has not established any enterprise funds.

The Commission reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The public transportation section 5311 fund receives and disburses Federal and state funds for the Formula Grants in Other Than Urbanized Areas program. All receipts are from the Indiana Department of Transportation. All disbursements are to subrecipient, Lifetime Resources.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, and governmental fund statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

If the Commission utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The Commission does not have any enterprise or internal service funds.

D. Assets and Cash and Investment Balances

1. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as interest receipts in the year of the sale of the investment.

2. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

3. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

4. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the Commission's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

The operating budget is prepared and approved at the local level and does not require final approval by the Indiana Department of Local Government Finance.

The Commission's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board.

B. Member Assessments

Member counties are assessed annual fees based on population from the most recent census.

For the years ended December 31, 2007 and 2008, assessments requested and amounts received from member counties are shown below:

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

County	2007		2008	
	Requested	Received	Requested	Received
Dearborn	\$ 18,444	\$ 18,444	\$ 18,444	\$ 18,444
Decatur	9,822	9,822	9,822	9,822
Franklin	8,861	8,861	8,861	8,861
Jefferson	12,682	12,500	12,682	12,500
Jennings	11,022	11,022	11,022	11,022
Ohio	2,250	2,250	2,250	2,250
Ripley	10,610	10,610	10,610	10,610
Switzerland	3,626	3,626	3,626	3,626
	<u>\$ 77,317</u>	<u>\$ 77,135</u>	<u>\$ 77,317</u>	<u>\$ 77,135</u>

III. Detailed Notes on All Funds

Deposits

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The Commission does not have a deposit policy for custodial credit risk. At December 31, 2008, the Commission had deposit balances in the amount of \$179,336.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the Commission to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the Commission to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940,

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the Commission and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the Commission may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the Commission's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

IV. Other Information

A. Risk Management

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

On July 1, 2006, the Commission began contributing to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Commission authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The Commission's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 48,803
Interest on net pension obligation	-
Adjustment to annual required contribution	-
Annual pension cost	48,803
Contributions made	47,143
Increase in net pension obligation	1,660
Net pension obligation beginning of year	-
Net pension obligation, end of year	\$ 1,660

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
Commission	12.75%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ N/A	N/A	\$ N/A
	06-30-07	N/A	N/A	N/A
	06-30-08	48,803	97%	1,660

N/A = Not available

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ *	\$ *	\$ *	*	\$ *	*
07-01-07	28,261	432,175	(403,914)	7%	319,280	(127%)
07-01-08	83,378	478,307	(394,929)	17%	325,520	(121%)

\*Not available

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended December 31, 2007

	INVision Southeast	Aurora HPG Grant	Switzerland County Economic Development Grant	Totals
Receipts:				
Intergovernmental	\$ -	\$ 22,847	\$ 30,000	\$ 52,847
Disbursements:				
General government	235	-	-	235
Economic development	-	-	30,000	30,000
Urban redevelopment and housing	-	22,847	-	22,847
Total disbursements	<u>235</u>	<u>22,847</u>	<u>30,000</u>	<u>53,082</u>
Deficiency of receipts over disbursements	(235)	-	-	(235)
Cash and investment fund balance - beginning	<u>25,651</u>	-	-	<u>25,651</u>
Cash and investment fund balance - ending	<u>\$ 25,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,416</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 25,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,416</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 25,416</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,416</u>

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND  
 RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUND  
 For The Year Ended December 31, 2008

	INVision Southeast	Totals
Receipts:		
Intergovernmental	\$ -	\$ -
Disbursements:		
General government	96	96
Economic development	-	-
Urban redevelopment and housing	-	-
Total disbursements	<u>96</u>	<u>96</u>
Deficiency of receipts over disbursements	(96)	(96)
Cash and investment fund balance - beginning	<u>24,416</u>	<u>24,416</u>
Cash and investment fund balance - ending	<u>\$ 24,320</u>	<u>\$ 24,320</u>
<u>Cash and Investment Assets - Ending</u>		
Cash and investments	<u>\$ 25,320</u>	<u>\$ 25,320</u>
<u>Cash and Investment Fund Balance - Ending</u>		
Unrestricted	<u>\$ 25,320</u>	<u>\$ 25,320</u>

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 December 31, 2008

The Commission has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Loan payable	\$ 54,883	\$ 12,573

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
ROOM E418  
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: www.in.gov/sboa

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE SOUTHEASTERN INDIANA  
REGIONAL PLANNING COMMISSION, RIPLEY COUNTY, INDIANA

Compliance

We have audited the compliance of the Southeastern Indiana Regional Planning Commission (Commission) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008. The Commission's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Commission's compliance with those requirements.

In our opinion, the Commission complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended December 31, 2007 and 2008.

Internal Control Over Compliance

The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A control deficiency in a Commission's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

This report is intended solely for the information and use of the Commission's management, the Commission's Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

August 11, 2009

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended December 31, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-07	Total Federal Awards Expended 12-31-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Direct Grant				
Rural Housing Preservation Grants	10.433			
Aurora Housing Grant		FY07	\$ 22,847	\$ -
<u>U.S. DEPARTMENT OF COMMERCE</u>				
Direct Grant				
Economic Development - Support for Planning Organizations	11.302			
EDA Planning		06-83-05200	25,814	25,814
		06-83-05106	30,814	-
			<u>56,628</u>	<u>25,814</u>
<u>U.S. DEPARTMENT OF TRANSPORTATION</u>				
Pass-Through Indiana Department of Transportation				
Formula Grants for Other Than Urbanized Areas				
(Nonurbanized Area Formula Program)	20.509			
Section 5311		18A24230	577,988	183,689
Section 5311		1802523C	7,296	-
Section 5311		18025230	-	505,267
Section 5311		18026230	-	76,800
			<u>585,284</u>	<u>765,756</u>
Total for program			<u>585,284</u>	<u>765,756</u>
Total federal awards expended			<u>\$ 664,759</u>	<u>\$ 791,570</u>

The accompanying notes are an integral part of the Schedule of Expenditures of Federal Awards.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Southeastern Indiana Regional Planning Commission (Commission) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of regional planning commissions shall be conducted biennially. Such audits shall include both years within the biennial period.

II. Subrecipients

Of the federal expenditures presented in the schedule, the Commission provided federal awards to subrecipients as follows for the years ended December 31, 2007 and 2008:

Program Title	Federal CFDA Number	2007	2008
Formula Grants for Other Than Urbanized Areas	20.509	<u>\$ 585,284</u>	<u>\$ 765,756</u>

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
20.509	Formula Grants for Other Than Urbanized Areas

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
EXIT CONFERENCE

The contents of this report were discussed on August 11, 2009, with Susan A. Craig, Executive Director, and Scott A. Fortner, Treasurer. Our audit disclosed no material items that warrant comment at this time.