

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTHEASTERN INDIANA REGIONAL  
PLANNING COMMISSION  
RIPLEY COUNTY, INDIANA

January 1, 2013 to December 31, 2014



**FILED**  
05/24/2016



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Susan A. Craig	01-01-13 to 12-31-16
Treasurer	Scott Fortner Dan Wright	01-01-13 to 09-30-14 10-01-14 to 12-31-16
Chairman of the Commission	Mark S. Vice	01-01-13 to 12-31-16



**STATE OF INDIANA**  
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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Southeastern Indiana Regional Planning Commission (Commission), which comprises the financial position and results of operations for the period of January 1, 2013 to December 31, 2014, and the related notes to the financial statement as listed in the Table of Contents.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Commission's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the Commission prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Commission for the period of January 1, 2013 to December 31, 2014.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the Commission for the period of January 1, 2013 to December 31, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the Commission's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Commission's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated March 29, 2016, 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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

March 29, 2016



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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, 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, the financial statement of the Southeastern Indiana Regional Planning Commission (Commission), which comprises the financial position and results of operations for the period of January 1, 2013 to December 31, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 29, 2016, wherein we noted the Commission followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Commission's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



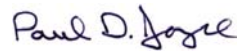
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*  
(Continued)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's financial statement is 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*.

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Commission's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 29, 2016

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the Commission.  
The financial statement and notes are presented as intended by the Commission.

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SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended December 31, 2013 and 2014

Fund	Cash and Investments 01-01-13	Receipts	Disbursements	Cash and Investments 12-31-13	Receipts	Disbursements	Cash and Investments 12-31-14
General Fund	\$ 483,026	\$ 698,569	\$ 559,986	\$ 621,609	\$ 669,698	\$ 519,471	\$ 771,836
Area 12/INDOT	-	1,314,917	1,314,917	-	1,079,643	1,079,643	-
Aurora RSRF	205	23,000	205	23,000	-	16,055	6,945
Aurora HPG	-	5,204	5,204	-	10,208	10,208	-
Decatur HPG	-	28,067	28,067	-	-	-	-
Decatur OOR	-	-	2,907	(2,907)	2,907	-	-
Jefferson County HPG	-	-	-	-	22,248	22,248	-
Jefferson County OOR	-	-	-	-	7,084	7,084	-
Se Indiana Growth Alliance (Seiga)	45,835	3,000	440	48,395	-	360	48,035
Totals	<u>\$ 529,066</u>	<u>\$ 2,072,757</u>	<u>\$ 1,911,726</u>	<u>\$ 690,097</u>	<u>\$ 1,791,788</u>	<u>\$ 1,655,069</u>	<u>\$ 826,816</u>

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

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

**A. Reporting Entity**

The Commission was established under the laws of the State of Indiana. The Commission operates under an appointed governing board.

The accompanying financial statement presents the financial information for the Commission.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

**C. Cash and Investments**

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

**D. Receipts**

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Charges for services which can include, but are not limited to the following: membership fees, and administrative fees for services rendered.

Other receipts which include amounts received from various sources which can include, but are not limited to the following: interest, contributions, refunds and reimbursements.

**E. Disbursements**

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Personal services include outflows for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies which include articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include office supplies, operating supplies, and repair and maintenance supplies.

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

Other services and charges which include, but are not limited to: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay which include all outflows for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements which include, but are not limited to the following: payments to subrecipients of federal and state grants, refunds, and reimbursements.

*F. Interfund Transfers*

The Commission may, from time to time, transfer money from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the Commission. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the Commission. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the Commission in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

**Note 2. Budgets**

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Commission submits a proposed operating budget to the governing board for the following calendar year.

**Note 3. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Commission to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

**Note 4. Risk Management**

The Commission may be 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; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the Commission to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 5. Pension Plan**

*Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

*Funding Policy and Annual Pension Cost*

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

**Note 6. Cash Balance Deficits**

The financial statement contains a fund with deficits in cash. This is a result of funds being set up as reimbursable grants.



#### OTHER INFORMATION - UNAUDITED

The Commission's Annual Financial Report information can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Annual Financial Reports of the Commission which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Commission. It is presented as intended by the Commission.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2013

	General Fund	Area 12/INDOT	Aurora RSRF	Aurora HPG	Decatur HPG	Decatur OOR	Jefferson County HPG	Jefferson County OOR	Se Indiana Growth Alliance (Seiga)	Totals
Cash and investments - beginning	\$ 483,026	\$ -	\$ 205	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,835	\$ 529,066
Receipts:										
Charges for services	499,166	-	-	-	-	-	-	-	-	499,166
Other receipts	199,403	1,314,917	23,000	5,204	28,067	-	-	-	3,000	1,573,591
Total receipts	698,569	1,314,917	23,000	5,204	28,067	-	-	-	3,000	2,072,757
Disbursements:										
Personal services	435,029	-	-	-	-	-	-	-	-	435,029
Supplies	3,605	-	-	-	-	-	-	-	-	3,605
Other services and charges	78,052	-	205	5,204	28,067	2,907	-	-	440	114,875
Capital outlay	28,300	-	-	-	-	-	-	-	-	28,300
Other disbursements	15,000	1,314,917	-	-	-	-	-	-	-	1,329,917
Total disbursements	559,986	1,314,917	205	5,204	28,067	2,907	-	-	440	1,911,726
Excess (deficiency) of receipts over disbursements	138,583	-	22,795	-	-	(2,907)	-	-	2,560	161,031
Cash and investments - ending	\$ 621,609	\$ -	\$ 23,000	\$ -	\$ -	\$ (2,907)	\$ -	\$ -	\$ 48,395	\$ 690,097

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Year Ended December 31, 2014

	General Fund	Area 12/INDOT	Aurora RSRF	Aurora HPG	Decatur HPG	Decatur OOR	Jefferson County HPG	Jefferson County OOR	Se Indiana Growth Alliance (Seiga)	Totals
Cash and investments - beginning	\$ 621,609	\$ -	\$ 23,000	\$ -	\$ -	\$ (2,907)	\$ -	\$ -	\$ 48,395	\$ 690,097
Receipts:										
Charges for services	452,848	-	-	-	-	-	-	-	-	452,848
Other receipts	216,850	1,079,643	-	10,208	-	2,907	22,248	7,084	-	1,338,940
Total receipts	669,698	1,079,643	-	10,208	-	2,907	22,248	7,084	-	1,791,788
Disbursements:										
Personal services	445,991	-	-	-	-	-	-	-	-	445,991
Supplies	3,030	-	-	-	-	-	-	-	-	3,030
Other services and charges	58,361	-	16,055	10,208	-	-	22,248	7,084	360	114,316
Capital outlay	12,089	-	-	-	-	-	-	-	-	12,089
Other disbursements	-	1,079,643	-	-	-	-	-	-	-	1,079,643
Total disbursements	519,471	1,079,643	16,055	10,208	-	-	22,248	7,084	360	1,655,069
Excess (deficiency) of receipts over disbursements	150,227	-	(16,055)	-	-	2,907	-	-	(360)	136,719
Cash and investments - ending	\$ 771,836	\$ -	\$ 6,945	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,035	\$ 826,816

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,463</u>	<u>\$ 500,851</u>

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2014

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

	Ending Balance
Governmental activities:	
Buildings	\$ 207,000
Improvements other than buildings	28,501
Machinery, equipment, and vehicles	<u>196,620</u>
Total governmental activities	<u>432,121</u>
Total capital assets	<u><u>\$ 432,121</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

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

**Report on Compliance for the Major Federal Program**

We have audited the Southeastern Indiana Regional Planning Commission's (Commission) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of January 1, 2013 to December 31, 2014. The Commission's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for the Commission's major federal program based on our audit of the types of compliance requirements referred to above. 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 noncompliance 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 on compliance for the major federal program. However, our audit does not provide a legal determination of the Commission's compliance.

***Basis for Qualified Opinion on Formula Grants for Rural Areas***

As described in item 2014-001 in the accompanying Schedule of Findings and Questioned Costs, the Commission did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Formula Grants for Rural Areas program. Compliance with such requirements is necessary, in our opinion, for the Commission to comply with requirements applicable to that program.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(Continued)

***Qualified Opinion on Formula Grants for Rural Areas***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Formula Grants for Rural Areas* paragraph, the Commission complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Formula Grants for Rural Areas program for the period of January 1, 2013 to December 31, 2014.

***Other Matters***

The Commission's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**


Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

The Commission's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The Commission's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 29, 2016

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the Commission. The schedule and notes are presented as intended by the Commission.

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SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended December 31, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 12-31-13	Total Federal Awards Expended 12-31-14
<u>Department of Agriculture</u>					
Rural Housing Preservation Grants	Direct Grant				
Jefferson HPG		10.433	FY 2012	\$ -	\$ 22,248
Aurora HPG		10.433	FY 2013	-	10,208
Decatur HPG		10.433	FY2011	28,067	-
Aurora HPG		10.433	FY2012	5,204	-
Total - Rural Housing Preservation Grants				33,271	32,456
Rural Community Development Initiative	Direct Grant				
RCDI		10.446	FY 2013	-	55,143
Total - Department of Agriculture				33,271	87,599
<u>Department of Commerce</u>					
Economic Development - Support for Planning Organizations	Direct Grant				
EDA Planning Grant		11.302	06-83-05551	30,814	-
EDA Planning Grant		11.302	06-83-05813	41,599	55,465
Total - Department of Commerce				72,413	55,465
<u>Department of Housing and Urban Development</u>					
CDBG - State-Administered CDBG Cluster					
Community Development Block Grants/State's Program and Non-Entitlement Grants in Hawaii	Indiana Housing & Community Development Authority				
Decatur OOR		14.228	HD-011-031	-	2,907
Total - Department of Housing and Urban Development				-	2,907
<u>Department of Transportation</u>					
Transit Services Programs Cluster					
New Freedom Program	Indiana Department of Transportation				
Lifetime Resources/INDOT		20.521	570059	15,886	-
New Freedom Program	Indiana Department of Transportation				
Lifetime Resources/INDOT		20.521	57CA63	36,690	-
New Freedom Program	Indiana Department of Transportation				
Lifetime Resources/INDOT		20.521	57OP64	167,682	26,473
Total - Transit Services Programs Cluster				220,258	26,473
Formula Grants for Rural Areas	Indiana Department of Transportation				
Lifetime Resources/INDOT		20.509	180029	194,145	-
Lifetime Resources/INDOT		20.509	180030	520,690	195,187
Lifetime Resources/INDOT		20.509	180032	-	537,324
Total - Formula Grants for Rural Areas				714,835	732,511
ARRA - Formula Grants for Rural Areas	Indiana Department of Transportation				
Lifetime Resources/INDOT		20.509	86X001	32,845	-
Total - Department of Transportation				967,938	758,984
Total federal awards expended				\$ 1,073,622	\$ 904,955

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Commission and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 Indiana Code (IC 5-11-1-25), audits of commissions shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the Commission provided federal awards to subrecipients as follows for the years ended December 31, 2013 and 2014:

Program Title	Federal CFDA Number	2013	2014
Formula Grants for Rural Areas	20.509	\$ 747,680	\$ 732,511
New Freedom Program	20.521	220,258	26,473

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Qualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Program:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
20.509	Formula Grants for Rural Areas

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

No matters are reportable.

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***Section III - Federal Award Findings and Questioned Costs***

***FINDING 2014-001 - SUSPENSION AND DEBARMENT***

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Number): 2013 - 180029, 180030, 86X001  
2014 - 180030, 180032

Pass-Through Entity: Indiana Department of Transportation

Management of the Commission has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Suspension and Debarment compliance requirement.

The Commission did not have a system in place to ensure compliance with regulations related to Suspension and Debarment. The Commission failed to verify that the subrecipient of the grant was not suspended or debarred.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

2 CFR 180.300 states in part:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified. You do this by:

- (a) Checking the EPLS; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."



SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

49 CFR 18.35 states:

"Grantees and subgrantees must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, 'Debarment and Suspension.'"

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Commission.

We recommended that the Commission's management establish controls, including segregation of duties, and ensure compliance with the grant agreement and compliance requirements listed above.

***FINDING 2014-002 - CASH MANAGEMENT***

Federal Agency: Department of Transportation

Federal Program: Formula Grants for Rural Areas

CFDA Number: 20.509

Federal Award Numbers and Years (or Other Identifying Number): 2013 - 180029, 180030, 86X001  
2014 - 180030, 180032

Pass-Through Entity: Indiana Department of Transportation

Management of the Commission has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management compliance requirement.

The Commission did not have any procedures in place to ensure that payment methods minimized the time elapsing between the transfer of funds and the disbursement by the subrecipient.

The failure to establish an effective internal control system places the Commission at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the Commission.

We recommended that the Commission's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

#### AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the Commission. The documents are presented as intended by the Commission.

**SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION**  
**PO BOX 765**  
**VERSAILLES IN 47042**  
**812-689-5505**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2012-2 – INTERNAL CONTROLS OVER SUBRECIPIENT MONITORING**

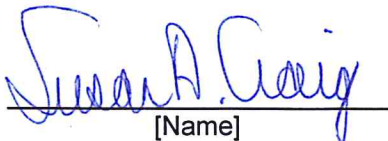
Original SBA Audit Report Number:	B42539
Fiscal Year	2012
Auditee Contact Person	Susan Craig
Title of Contact Person	Executive Director
Phone Number	(812) 689-5505

**Status of Finding:**

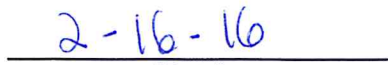
As a result of this finding, the Southeastern Indiana Regional Planning Commission Board of Directors and staff members met many times with representatives of LifeTime Resources to discuss internal controls in regard to the Catch-A-Ride program. SIRPC worked closely with our insurance agent and obtained legal guidance in order to minimize risk to our organization. Ultimately, the Southeastern Indiana Regional Planning Commission Board of Directors notified LifeTime Resources, Inc. that we could not continue to act as the pass-through agency for the INDOT grant that funds the regional Catch-A-Ride program. (2013-2014 was the last application submitted with SIRPC as the applicant) In 2015, LifeTime Resources was able to apply through another entity, relieving the Southeastern Indiana Regional Planning Commission of the task.

In the interim, the Southeastern Indiana Regional Planning Commission performed the following in regard to internal controls over subrecipient monitoring:

- Reviewed the independent audit reports of LifeTime Resources to assure no audit findings or areas of non-compliance. Also, verified that the Southeastern Indiana Regional Planning Commission was listed as a pass-through agency for the funds.
- Continued to require the submission of Certificate of Liability Insurance from LifeTime Resources.
- Executed subrecipient agreement which outlines reporting requirements.
- Continued to review the reports as submitted by LifeTime Resources. No errors were identified.
- Continue to rely on the A-133 audits conducted by the Indiana State Board of Accounts.

  
[Name]

  
[Title]

  
[Date]

SOUTHEASTERN INDIANA REGIONAL PLANNING COMMISSION  
PO BOX 765  
VERSAILLES IN 47042  
(812) 689-5505

CORRECTIVE ACTION PLAN

***FINDING 2014-001 – Procurement and Suspension and Debarment***

Contact Person Responsible for Corrective Action: Susan A. Craig, Executive Director  
Contact Phone Number: 812-689-5505

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. We will implement procedures to ensure compliance with Circular A-133 regulations pertaining to Suspension and Debarment for a subrecipient of a federal grant award. The internal controls measure will include segregation of duties, as related to the grant agreement and compliance requirements.
2. We will adhere to the regulations pertaining to Suspension and Debarment by:
  - a. Checking the SAM exclusions, or
  - b. Collecting a certification from that person; or
  - c. Adding a clause or condition to the covered transaction with that person.

Anticipated Completion Date: March 22, 2016

***FINDING 2014-002 – Cash Management***

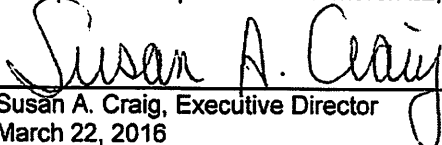
Contact Person Responsible for Corrective Action: Susan A. Craig, Executive Director  
Contact Phone Number: 812-689-5505

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

1. We will implement procedures to ensure compliance with Circular A-133 regulations pertaining to the grant agreement and the Cash Management compliance requirements. The internal controls measure will include segregation of duties, as related to the grant agreement and compliance requirements.
2. We will implement procedures to ensure that funds received from the Federal government are paid out to the subrecipient in a timely manner. To achieve this goal, we will designate an employee other than the Financial Director to receive notification of the funds being transferred to our account. That person will notify the Financial Director, who will verify the deposit of the funds and issue a receipt for the transaction. The Financial Director will then issue a check in a timely manner to the appropriate subrecipient.

Anticipated Completion Date: March 22, 2016

  
\_\_\_\_\_  
Susan A. Craig, Executive Director  
March 22, 2016

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the Commission. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.