

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

EXAMINATION REPORT
OF

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
HUNTINGTON, LAGRANGE, NOBLE, STEUBEN,
AND WHITLEY COUNTIES, INDIANA

January 1, 2009 to December 31, 2010



FILED
10/13/2011

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OFFICIALS

Office

Official

Term

Executive Director

David Koenig

01-01-09 to 12-31-11

Chairperson of the
Commission Board

John Price

01-01-09 to 12-31-11



STATE OF INDIANA
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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE REGION III-A ECONOMIC DEVELOPMENT
DISTRICT AND REGIONAL PLANNING COMMISSION, HUNTINGTON,
LAGRANGE, NOBLE, STEUBEN, AND WHITLEY COUNTIES, INDIANA

We have examined the accompanying financial statements of the governmental activities of the Region III-A Economic Development District and Regional Planning Commission (District), as of and for the years ended December 31, 2009, and 2010. The District's management is responsible for the financial statements presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of the District as of December 31, 2009, and 2010, and the respective changes in financial position, where applicable, thereof and for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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 part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. 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 District 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.

STATE BOARD OF ACCOUNTS

September 8, 2011

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
STATEMENT OF NET ASSETS
December 31, 2009

<u>Assets</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Cash and cash equivalents	\$ 77,472
Receivables (net of allowances for uncollectibles):	
Accounts	218,068
Loans	72,030
Net pension asset	13,047
Restricted assets:	
NIHP accounts receivable	952
Notes receivable	239,884
Interest receivable	96,540
Capital assets, net of depreciation	<u>148,758</u>
 Total assets	 <u>866,751</u>
 <u>Liabilities</u>	
Accounts payable	10,873
Accrued payroll and withholdings payable	1,087
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	14,381
Notes payable	239,884
Accrued interest payable	96,540
Employee medical benefits	<u>2,918</u>
 Total liabilities	 <u>365,683</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	148,758
Unrestricted	<u>352,310</u>
 Total net assets	 <u>\$ 501,068</u>

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
STATEMENT OF NET ASSETS
December 31, 2010

<u>Assets</u>	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
Cash and cash equivalents	\$ 171,831
Receivables (net of allowances for uncollectibles):	
Accounts	181,959
Loans	8,208
Net pension asset	13,047
Restricted assets:	
NIPH accounts receivable	952
Notes receivable	239,884
Interest receivable	116,725
Capital assets, net of depreciation	<u>143,197</u>
 Total assets	 <u>875,803</u>
 <u>Liabilities</u>	
Accounts payable	7,354
Accrued payroll and withholdings payable	1,800
Noncurrent liabilities:	
Due in more than one year:	
Compensated absences	15,389
Notes payable	239,884
Accrued interest payable	116,725
Employee medical benefits	<u>5,711</u>
 Total liabilities	 <u>386,863</u>
 <u>Net Assets</u>	
Invested in capital assets, net of related debt	143,197
Unrestricted	<u>345,743</u>
 Total net assets	 <u>\$ 488,940</u>

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
Economic development and planning	\$ 551,475	\$ 434,917	\$ 116,530	\$ (28)
Interest on long-term debt	19,043	-	-	(19,043)
Total governmental activities	\$ 570,518	\$ 434,917	\$ 116,530	(19,071)
General revenues:				
County contributions not restricted to specific purpose				62,225
Unrestricted investment earnings				3,802
Restricted investment earnings				19,043
Other				1,271
Total general revenues				86,341
Change in net assets				67,270
Net assets - beginning				433,798
Net assets - ending				\$ 501,068

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2010

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Total Governmental Activities</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Primary government:				
Governmental activities:				
Economic development and planning	\$ 614,894	\$ 381,152	\$ 135,319	\$ (98,423)
Interest on long-term debt	<u>20,185</u>	<u>-</u>	<u>-</u>	<u>(20,185)</u>
 Total governmental activities	 <u>\$ 635,079</u>	 <u>\$ 381,152</u>	 <u>\$ 135,319</u>	 <u>(118,608)</u>
 General revenues:				
County contributions not restricted to specific purposes				74,670
Unrestricted investment earnings				2,188
Restricted investment earnings				20,185
Other				<u>9,437</u>
 Total general revenues				 <u>106,480</u>
 Change in net assets				 (12,128)
Net assets - beginning				<u>501,068</u>
 Net assets - ending				 <u>\$ 488,940</u>

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2009

<u>Assets</u>	General	Totals
Cash and cash equivalents	\$ 77,472	\$ 77,472
Receivables (net of allowances for uncollectibles):		
Accounts	218,068	218,068
NIHP accounts	952	952
Loans	3,426	3,426
 Total assets	 \$ 299,918	 \$ 299,918
 <u>Liabilities and Fund Balances</u>		
Liabilities:		
Accounts payable	\$ 10,873	\$ 10,873
Accrued payroll and withholdings payable	1,087	1,087
Other	2,918	2,918
Total liabilities	14,878	14,878
 Fund balance:		
Unreserved, reported in:		
General fund	285,040	285,040
 Total liabilities and fund balance	 \$ 299,918	
 Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		148,758
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.		68,604
Net pension asset is not accrued in the governmental funds, but rather is recognized as an expenditure when paid		13,047
Compensated absences, a form of liability, are not due and payable in the current period and, therefore, are not reported in the funds.		(14,381)
 Net assets of governmental activities		 \$ 501,068

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
BALANCE SHEET
GOVERNMENTAL FUND
December 31, 2010

<u>Assets</u>	<u>General</u>	<u>Totals</u>
Cash and cash equivalents	\$ 171,831	\$ 171,831
Receivables (net of allowances for uncollectibles):		
Accounts	181,959	181,959
NIHP accounts	952	952
Loans	<u>3,130</u>	<u>3,130</u>
 Total assets	 <u>\$ 357,872</u>	 <u>\$ 357,872</u>

Liabilities and Fund Balances

Liabilities:		
Accounts payable	\$ 7,354	\$ 7,354
Accrued payroll and withholdings payable	1,800	1,800
Other	<u>5,711</u>	<u>5,711</u>
 Total liabilities	 <u>14,865</u>	 <u>14,865</u>

Fund balance:

Unreserved, reported in:		
General fund	<u>343,007</u>	343,007
 Total liabilities and fund balance	 <u>\$ 357,872</u>	

Amounts reported for governmental activities in the Statement of Net Assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	143,197
Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	5,078
Net pension asset is not accrued in the governmental funds, but rather is recognized as an expenditure when paid	13,047
Compensated absences, a form of liability, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(15,389)</u>
 Net assets of governmental activities	 <u>\$ 488,940</u>

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
For The Year Ended December 31, 2009

		General
Revenues:		
Intergovernmental County contributions	\$	62,225
Intergovernmental grants		116,530
Intergovernmental contractual services		303,141
NIHP contractual services		117,315
Other		5,073
Total revenues		604,284
Expenditures:		
Current:		
Personnel services - salaries and wages		296,283
Personnel services - employees benefits		75,739
Other services and charges		77,354
Direct project expense		46,864
NIHP direct project expense		26,102
Total expenditures		522,342
Excess of revenues under expenditures		81,942
Fund balances - beginning		203,098
Fund balances - ending	\$	285,040

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
STATEMENT OF REVENUES, EXPENDITURES, AND OTHER CHANGES IN FUND BALANCES
GOVERNMENTAL FUND
For The Year Ended December 31, 2010

	General
Revenues:	
Intergovernmental county contributions	\$ 74,670
Intergovernmental grants	135,319
Intergovernmental contractual services	344,207
NIHP contractual services	55,927
Other	11,626
Total revenues	621,749
Expenditures:	
Current - planning and development	
Personnel services - salaries and wages	332,103
Personnel services - employee benefits	105,362
Other services and charges	77,583
Direct project expense	40,723
NIHP direct project expense	8,011
Total expenditures	563,782
Excess of revenues over expenditures	57,967
Fund balances - beginning	285,040
Fund balances - ending	\$ 343,007

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2009

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balances).	\$	81,942
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciat expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(5,562)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		9,420
Net pension asset is not accrued in the governmental funds, but rather is recognized as an expenditure when paid.		(14,990)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		<u>(3,540)</u>
Change in net assets of governmental activities (Statement of Activities)	\$	<u><u>67,270</u></u>

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUND
 TO THE STATEMENT OF ACTIVITIES
 For The Year Ended December 31, 2010

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balances - total governmental funds (Statement of Revenues, Expenditures, and Changes in Fund Balances).	\$ 57,967
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciated expense. This is the amount by which capital outlays exceeded depreciation in the current period.	(5,561)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	(63,526)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(1,008)</u>
Change in net assets of governmental activities (Statement of Activities)	<u>\$ (12,128)</u>

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The financial statements of the Region III-A Economic Development District and Regional Planning Commission have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Commission's more significant accounting policies which have been consistently applied in the preparation of the accompanying financial statements is presented as follows:

A. Organization of the Reporting Entity

The Region III-A Economic Development District and Regional Planning Commission (the Commission) operates as a separate legal entity under provisions of the Indiana Code (Title 36, Article VII, Chapter 7). Its primary mission is planning and development coordination in northeastern Indiana, which includes Huntington, Lagrange, Noble, Steuben, and Whitley Counties in Indiana. The governing body of the Commission currently consists of thirty-four members. Members are appointed by the counties, cities and towns within northeastern Indiana, according to the provisions of the enabling legislation. Included in the thirty-member is one non-voting member appointed by the Office of the Governor.

According to state legislation, the five counties must make a mandatory appropriation to the commission in an amount equal to thirty cents per capita. Counties voluntarily may make contributions in excess of this amount. The Commission selects and employs its Executive Director, controls the hiring of its employees and is responsible for its overall fiscal management. No other entity is responsible for the legal obligations of the Commission.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information on all of the nonfiduciary activities of the Commission. For the most part, the effect of interfund activity has been removed from these statements. Under governmental accounting standards, governmental activities, which normally are supported by taxes and intergovernmental revenues are reported separately from business-type activities which rely to significant extent of fees and charges for support. The Commission does not have what are normally considered business-type activities.

The Statement of Activities demonstrates the degree to which direct expenses of a given function or segments are offset by program revenues. Direct expenses are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the primary government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, are recorded only when payment is due.

The primary government reports the following major governmental fund:

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The primary government has elected not to follow subsequent private-sector guidance.

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

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The primary government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statute (IC 5-13-9) authorizes the primary government 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.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Capital Assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. The Commission does not own infrastructure assets.

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.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the government-wide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings and improvements	\$ 250	Straight-line	50 Years
Furniture and fixtures	250	Straight-line	5 Years
Equipment	250	Straight-line	3 – 7 Years

For depreciated assets, the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

3. Loans Receivable

The Commission received grants from the State of Indiana and the Federal Government to establish a sustainable revolving loan fund for value-added agricultural projects and programs in Northeast Indiana.

4. Notes Receivable/Payable

On November 20, 2003, the Commission entered into an agreement with Town Village Apartments, L.P. to loan funds to construct a 25-unit apartment project located in the City of Ligonier, Indiana. The mortgage promissory notes bear interest at 6 percent per year. Principal and accrued interest is due and payable at maturity on December 31, 2033. The Commission received the principal from the following sources:

<u>Grant Funded By</u>	
Indiana Housing Finance Authority	\$ 118,812
Federal Home Loan Bank of Indianapolis	<u>121,072</u>
Total	<u><u>\$ 239,884</u></u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

5. Compensated Absences

- a. Sick Leave – primary government employees earn sick leave at the rate of 1/2 day per month. Unused sick leave may be accumulated to a maximum of 30 days. Accumulated sick leave is paid to employees through cash payments upon termination.
- b. Vacation Leave – primary government employees earn vacation leave at rates from 12 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.
- c. Personal Leave – primary government employees earn personal leave at the rate of two days per year. Unused personal leave is converted to sick leave on December 31st of each year.

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles. A proposed budget for the ensuing year is submitted to the Commission by the Executive Director. This usually occurs at the fourth quarterly meeting of the Commission. The Commission may vote to adopt the budget at this meeting, or may call a special meeting to take action on the budget. Amendments to the adopted budget may be made only by the Commission at any regular meeting of the Commission or at any special meeting of the Commission called to consider the budget.

III. Detailed Notes on All Funds

A. Deposits and Investments

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, 2010, the Commission had deposit balances in the amount of \$171,831. 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. Capital Assets

Capital asset activity for the years ended December 31, 2009 and December 31, 2010, was as follows:

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Primary Government	Beginning Balance 2009	Additions	Reductions	Ending Balance 2009
Governmental activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 168,658	\$ -	\$ -	\$ 168,658
Furniture and fixtures	37,987	-	-	37,987
Equipment	20,664	-	-	20,664
Totals	227,309	-	-	227,309
Less accumulated depreciation:				
Buildings and improvements	23,283	3,373	-	26,656
Furniture and fixtures	33,942	1,209	-	35,151
Equipment	15,764	980	-	16,744
Totals	72,989	5,562	-	78,551
Total governmental activities capital assets net	<u>\$ 154,320</u>	<u>\$ (5,562)</u>	<u>\$ -</u>	<u>\$ 148,758</u>
Primary Government	Beginning Balance 2010	Additions	Reductions	Ending Balance 2010
Capital assets, being depreciated:				
Buildings and improvements	\$ 168,658	\$ -	\$ -	\$ 168,658
Furniture and fixtures	37,987	-	-	37,987
Equipment	20,664	-	-	20,664
Totals	227,309	-	-	227,309
Less accumulated depreciation:				
Buildings and improvements	26,656	3,373	-	30,029
Furniture and fixtures	35,151	1,208	-	36,359
Equipment	16,744	980	-	17,724
Totals	78,551	5,561	-	84,112
Total governmental activities capital assets net	<u>\$ 148,758</u>	<u>\$ (5,561)</u>	<u>\$ -</u>	<u>\$ 143,197</u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

The primary government 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.

Health Care Expenses Reimbursement

The Commission deposits \$400 per employee per month for health care expenses. An accounting of each individual employee's accumulated amount is maintained. Employees submit monthly medical claims to be reimbursed by the 10th of each month. Eligible expenses include medical, dental and/or vision expense incurred for employees and immediate family members. Any amount that is not used is accumulated for future use. Any unused amount at retirement can be maintained with the unit and used for future reimbursements until depleted.

B. Pension Plan

Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The primary government contributes 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 primary government 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 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.

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The primary government's annual pension cost and related information, as provided by the actuary, is presented in this note. For 2009, the District's annual pension cost of \$10,120 for PERF was equal to the District's required annual contributions.

Actuarial Information for the Above Plan

	PERF
	\$ 9,837
Interest on net pension obligation	2,033
Adjustment to annual required contribution	2,316
Annual pension cost	10,120
Contributions made	(4,870)
Increase in net pension obligation	14,990
Net pension obligation, beginning of year	(28,037)
Net pension obligation, end of year	\$ (13,047)
	PERF
Contribution rates:	
District	6%
Plan Members	3%
Actuarial valuation date	07-01-09
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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Assumptions	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	06-30-07	\$ 7,844	117%	\$ (29,127)
	06-30-08	10,304	89%	(28,037)
	06-30-09	10,120	(48)%	(13,047)

Funded Status and Funding Progress for the Above Plan

The funded status of each plan as of July 1, 2009, the most recent actuarial valuation date is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Excess of Assets (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 144,957	\$ 71,573	\$ 73,384	203%	\$ 152,452	48%

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND 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)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 133,741	\$ 87,487	\$ 46,254	153%	\$ 205,218	23%
07-01-08	153,600	116,466	37,134	132%	196,730	19%
07-01-09	144,957	71,573	73,384	203%	152,452	48%

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
EXAMINATION RESULTS AND COMMENTS

OPTICAL IMAGES OF WARRANTS

The financial institution did not return the actual cancelled checks with the monthly bank statements, but instead returned only an optical image of the front side of the checks.

Indiana Code 5-15-6-3(a) concerning optical imaging of checks states in part:

". . . 'original records' includes the optical image of a check or deposit document when:

- (1) the check or deposit document is recorded, copied, or reproduced by an optical imaging process . . . ; and
- (2) the drawer of the check receives an optical image of the check after the check is processed for payment . . ."

Furthermore, Indiana Code 26-2-8-111 states in part:

"(a) If a law requires that certain records be retained, that requirement is met by retaining an electronic record of the information in the record that:

- (1) accurately reflects the information set forth in the record after it was first generated in its final form as an electronic record or otherwise; and
- (2) remains accessible for later reference."

"(e) If a law requires retention of a check, that requirement is satisfied by retention of an electronic record of the information on the front and back of the check in accordance with subsection (a)."

PERSONAL EXPENSES

Meals at board meetings were paid by the Commission.

Public funds may not be used to pay for personal items or for expenses which do not relate to the functions and purposes of the governmental unit. Any personal expenses paid by the governmental entity may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Special Districts, Page 10)

REGION III-A ECONOMIC DEVELOPMENT DISTRICT
AND REGIONAL PLANNING COMMISSION
EXIT CONFERENCE

The contents of this report were discussed on September 8, 2011, with John Price, Chairperson of the Commission Board, and Marjorie Keller, Office Manager. The officials concurred with our findings.