

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

FINANCIAL STATEMENTS AUDIT REPORT  
OF

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

January 1, 2016 to December 31, 2018



**FILED**  
12/19/2019



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#### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Executive Director	Jessica L. Grossman Matt Brinkman	01-01-16 to 12-31-16 01-01-17 to 12-31-19
Office Manager	Sandra Tamez	01-01-16 to 12-31-19
President of the Regional Planning Commission Board	Tom Wall	01-01-16 to 12-31-19



## INDEPENDENT AUDITOR'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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Region III-A Economic Development District and Regional Planning Commission (Regional Planning Commission), which comprise the financial position and results of operations for the period of January 1, 2016 to December 31, 2018, and the related notes to the financial statements as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Regional Planning Commission's preparation and fair presentation of the financial statements 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 Regional Planning 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 statements.

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 to the financial statements, the Regional Planning Commission prepares its financial statements 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 statements 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 statements referred to above do 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 Regional Planning Commission for the period of January 1, 2016 to December 31, 2018.


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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Regional Planning Commission for the period of January 1, 2016 to December 31, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Other Information*

Our audit was conducted for the purpose of forming an opinion on the Regional Planning Commission's financial statements. 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 statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.

  
Paul D. Joyce, CPA  
State Examiner

October 30, 2019

## FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

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

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Years Ended December 31, 2016 and 2017

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Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
General	<u>\$ 144,828</u>	<u>\$ 306,145</u>	<u>\$ 413,383</u>	<u>\$ 37,590</u>	<u>\$ 406,623</u>	<u>\$ 418,679</u>	<u>\$ 25,534</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 RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

Fund	Cash and Investments 01-01-18	Receipts	Disbursements	Cash and Investments 12-31-18
General	\$ 25,534	\$ 370,987	\$ 332,231	\$ 64,290

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

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

**A. Reporting Entity**

The Region III-A Economic Development District and Regional Planning Commission (Regional Planning Commission) was established under the laws of the State of Indiana. The Regional Planning Commission operates under an appointed governing board.

The accompanying financial statements present the financial information for the Regional Planning Commission.

**B. Basis of Accounting**

The financial statements are 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 statements. The aggregate receipts include the following sources:

*Intergovernmental receipts.* Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

**E. Disbursements**

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

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

*Personal services.* Amounts disbursed 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.

*Other services and charges.* Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

**F. *Interfund Transfers***

The Regional Planning Commission may, from time to time, make transfers 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 Regional Planning Commission. Each fund is used to account for amounts 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 Regional Planning Commission. The amounts 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 Regional Planning 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 Regional Planning 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 Regional Planning Commission to invest in securities including, but not limited to, the following: 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)

**Note 4. Risk Management**

The Regional Planning 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 Regional Planning Commission to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. 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 Defined Benefit Plan (PERF DB) is a cost-sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Regional Planning Commission authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

The Retirement Savings Plan for Public Employees (My Choice) is a multiple-employer defined contribution plan. It is administered through the INPRS Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the Regional Planning Commission authority to contribute to the plan.

New employees hired have a one-time election to join either the PERF Hybrid or the My Choice.

*Financial Report*

INPRS 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. (844) 464-6777

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

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for both the defined contribution component of PERF Hybrid and My Choice. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid and My Choice members may receive additional employer contribution in lieu of the PERF DB. Contributions to the PERF DB are determined by INPRS Board based on actuarial valuation.

**Note 6. Subsequent Events**

The Regional Planning Commission received an insurance settlement of \$46,000 on June 4, 2019, for litigation completed by a client where the unit was due to receive 20 percent of funds received by client if litigation or insurance claims were made.

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#### OTHER INFORMATION - UNAUDITED

The Regional Planning Commission's Annual Financial Reports information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Regional Planning Commission's Annual Financial Reports 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 Regional Planning Commission. It is presented as intended by the Regional Planning Commission.

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2016

	<u>General</u>
Cash and investments - beginning	\$ <u>144,828</u>
Receipts:	
Intergovernmental receipts	<u>306,145</u>
Disbursements:	
Personal services	398,511
Other services and charges	<u>14,872</u>
Total disbursements	<u>413,383</u>
Excess (deficiency) of receipts over disbursements	<u>(107,238)</u>
Cash and investments - ending	<u>\$ <u>37,590</u></u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2017

	<u>General</u>
Cash and investments - beginning	\$ 37,590
Receipts:	
Intergovernmental	<u>406,623</u>
Disbursements:	
Personal services	400,917
Other services and charges	<u>17,762</u>
Total disbursements	<u>418,679</u>
Excess (deficiency) of receipts over disbursements	<u>(12,056)</u>
Cash and investments - ending	<u>\$ 25,534</u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND  
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended December 31, 2018

	<u>General</u>
Cash and investments - beginning	\$ 25,534
Receipts:	
Intergovernmental receipts	<u>370,987</u>
Disbursements:	
Personal services	317,623
Other services and charges	<u>14,608</u>
Total disbursements	<u>332,231</u>
Excess (deficiency) of receipts over disbursements	<u>38,756</u>
Cash and investments - ending	<u>\$ 64,290</u>

REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
December 31, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ -</u>	<u>\$ 12,445</u>

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REGION III-A ECONOMIC DEVELOPMENT DISTRICT AND REGIONAL PLANNING COMMISSION  
SCHEDULE OF CAPITAL ASSETS  
December 31, 2018

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.

	<u>Ending Balance</u>
Governmental activities:	
Infrastructure	\$ 37,987
Buildings	<u>168,658</u>
Total capital assets	<u>\$ 206,645</u>

#### OTHER REPORTS

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