

AUDITED

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

**Financial Statements and Supplementary Information**

June 30, 2009 and 2008

**SCHULTZ, DURHAM & RAPP, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS  
3126 SOUTH PICKWICK PLACE • SPRINGFIELD, MISSOURI 65804  
1004 WEST BROADWAY • WEST PLAINS, MISSOURI 65775

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

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**OZARK Foothills Regional Planning Commission**

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**SCHULTZ, DURHAM & RAPP, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS  
MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

February 8, 2010

To the Board of Commissioners  
Ozark Foothills Regional Planning Commission, Inc.  
Poplar Bluff, Missouri

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information for the Ozark Foothills Regional Planning Commission as of and for the years ended June 30, 2009 and 2008, which collectively comprise the Commission's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Ozark Foothills Regional Planning Commission, as of June 30, 2009 and 2008, and the respective changes in financial position and cash flows, where applicable, thereof, for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Governmental Auditing Standards*, we have also issued our report dated February 8, 2010, on our consideration of the Commission's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that test 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 *Governmental Auditing Standards* and should be considered in conjunction with this report in considering the results of our audits.

The Management Discussion and Analysis and Budgetary Comparison information are not required parts of the basis financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted of 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.

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Ozark Foothills Regional Planning Commission's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Schultz, Wilkerson & Rapp, P.C.*

## OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

### Management's Discussion and Analysis (MD&A)

June 30, 2009 and 2008

The discussion and analysis of Ozark Foothills Regional Planning Commission (RPC) financial performance provides an overall review of the RPC's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion is to look at the RPC's financial performance as a whole. The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Government Accounting Standards Board (GASB) in their Statement No. 34 *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments* issued in June 1999.

As management of the Ozark Foothills Regional Planning Commission (RPC), we offer the readers of the RPC's financial statements a narrative overview and analysis of the financial activities of the RPC for the fiscal year ended June 30, 2009. We encourage readers to consider the information here in conjunction with the RPC's financial statements as presented. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the RPC's Executive Director or its Fiscal Officer.

Ozark Foothills RPC is a not-for-profit, governmental agency that promotes the health, safety, general welfare, and economic prosperity of residents of and visitors to Butler, Carter, Reynolds, Ripley and Wayne Counties in southeastern Missouri. This is accomplished by providing social services and administering public works projects that improve the quality of life in the Ozark Foothills Region.

### **FINANCIAL HIGHLIGHTS**

On June 30, 2009 total assets of the Ozark Foothills RPC were \$1,277,056 which includes cash of \$549,985 and net capital assets of \$148,541. Total assets increased \$100,182 or 8.5% from the prior year ending June 30, 2008.

Total liabilities on June 30, 2009 were \$283,529. Liabilities included current payables and accruals. Total liabilities decreased \$38,237 or 11.9% from the prior year ending June 30, 2008.

Net assets on June 30, 2009 were \$983,027 which included net investment in capital assets of \$148,541 and unreserved fund equity of \$834,486. Net assets increased \$127,919 or 15.0% from the prior year ending June 30, 2008.

Total revenues for the fiscal year ending June 30, 2009 were \$1,144,798 compared to \$1,176,249 for the prior fiscal year, resulting in a decrease of \$31,451 or 2.7%. Revenues are expected to fluctuate from year to year due to changes in programs and funding availability. The most significant decrease between 2009 and 2008 was funding for Recycling.

Expenditures for the fiscal year ending June 30, 2009 were \$1,016,879 compared to \$1,097,314 for the prior fiscal year. This was a decrease of \$80,435 or 7.3%. The largest increase in expenditures occurred in General Administration with an increase of \$154,646.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This section of the report consists of three (3) parts:

- \* Managements' discussion and analysis
- \* Basic financial statements, including notes to the financial statements, and
- \* Other supplementary information.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
Management's Discussion and Analysis (MD&A) (continued)  
June 30, 2009 and 2008

**FINANCIAL STATEMENTS**

The RPC's financial statements include the following:

**Balance Sheet:** Provides information about the overall financial status of Ozark Foothills RPC governmental funds based upon a presentation of Total Assets and Total Liabilities and Fund Equity.

**Notes to Financial Statements:** The notes to the financial statements are an integral part of the balance sheet and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Required Supplementary Information:** This MD&A, budgetary comparisons of major governmental funds, and the Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*, represent information required by GASB and governmental auditing standards. Such information provides users of this report with additional data that supplements the activity and fund financial statements and notes.

**BASIS OF ACCOUNTING**

The RPC's government-wide financial statements are presented using the accrual basis of accounting. These reports reflect changes in Ozark Foothills RPC assets, liabilities, and net assets. Net assets, the difference between Ozark Foothills RPC's assets and liabilities, are one way to measure the overall financial position.

Fund accounting is used to track revenues and expenditures of the various programs administered by Ozark Foothills RPC. The RPC's governmental funds are presented using the modified accrual basis of accounting as described in Note 1 to the financial statements. The various funds of Ozark Foothills RPC are based on sources of revenue received and/or requirements under some grants or contracts to segregate revenues and expenditures relating to the grant or contract program. Revenues are generated from a variety of sources including Federal and State grants, membership dues, program and grant administration fees, and operating revenues. Operating revenues differ from other sources of revenue due to the fact their source comes from providing services to the general public or private enterprises. Examples of operating revenues include recycling fees and recycling income. Programs in the current fiscal year producing materially significant operating revenues include the recycle center.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements are designed to provide the reader with a broad overview of the RPC's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the RPC's financial status as a whole.

The government-wide statements report the RPC's net assets and how they have changed. Net assets are the difference between total assets and total liabilities. Measuring net assets is one way to gauge Ozark Foothills RPC's financial condition.

The government-wide statements are divided into four self-balancing funds. Those funds are the General Fund, DNR District Grant Fund, EDA Fund and Other Governmental Funds.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
Management's Discussion and Analysis (MD&A) (continued)  
June 30, 2009 and 2008

**FUND FINANCIAL STATEMENTS**

The fund financial statements provide a more detailed look at the Ozark Foothills RPC's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The fund financial statements focus on the RPC's most significant funds, not on overall financial condition. Funds are a self-balancing set of accounts the Ozark Foothills RPC uses to keep track of specific sources of funding and spending on particular programs.

Ozark Foothills RPC's funds are divided into four self-balancing funds. Those funds are the General Fund, DNR District Grant Fund, EDA Fund and Other Governmental Funds.

**FINANCIAL ANALYSIS OF THE OZARK FOOTHILLS REGIONAL PLANNING COMMISSION AS A WHOLE**

For the current fiscal year total revenues exceeded expenditures by \$127,919, compared to the prior fiscal year where revenues exceeded expenditures by \$78,935. The result of increased revenues and decreased expenditures in the current fiscal year is discussed in greater detail under *Financial Highlights* above. Total assets increased by \$100,182 (8.5%) and net assets increased by \$127,919 (15.0%). The decreases in total assets and net assets are primarily attributable to current fiscal year revenues exceeding current fiscal year expenditures.

**GOVERNMENTAL ACTIVITIES**

Federal and State funds provide a significant portion of the revenues for Ozark Foothills RPC. These revenues are received as a result of direct grants and contractual agreements to administer various programs. The government grants received and programs administered vary in scope. Ozark Foothills RPC's responsibilities, duties and performance requirements are governed by the specific contract for each grant or program.

**FINANCIAL ANALYSIS OF THE COMMISSION'S FUND**

Net equity funds (or Net Assets) as of June 30, 2009 were \$983,027, which includes Net Invested in Capital Assets of \$148,541 and Unreserved Fund Equity of \$834,486. Net Assets increased \$127,919 or 15.0% from the prior year ending June 30, 2008. This increase is primarily attributable to current fiscal year revenues exceeding current fiscal year expenditures.

**BUDGETARY HIGHLIGHTS**

Ozark Foothills RPC prepares annual fiscal budgets. The budgets are prepared by the management and staff of the RPC and approved by the Board of Directors. These budgets are only guidelines of measuring the financial performance of the RPC.

The budget for the fiscal year ending June 30, 2009 assumes a zero-sum of revenues minus expenditures. Actual fiscal year revenues minus expenditures left a positive of \$53,484 when compared to the budget. This positive is a consequence of increased revenues in the current fiscal year. A discussion of reasons for increased revenues and decreased expenses can be found in the Financial Highlights section above. Certain items discussed in the Financial Highlights section were not fully anticipated in preparation of the 2009 Fiscal Year Budget which resulted in a positive balance between actual and budget amounts.

No budget amendments were requested or made for Fiscal Year End June 30, 2009.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
Management's Discussion and Analysis (MD&A) (continued)  
June 30, 2009 and 2008

***CAPITAL ASSETS***

Ozark Foothills RPC uses the accrual basis of accounting for its government-wide financial statements. Capital assets are carried at cost less accumulated depreciation. On June 30, 2009, Ozark Foothills RPC's capital assets consisted of net equipment and vehicles of \$148,1541 compared to \$74,106 on June 30, 2008.

***DEBT ADMINISTRATION***

Ozark Foothills RPC had no long-term liabilities as of June 30, 2009 and 2008.

***CONTACT CONCERNING FINANCIAL MANAGEMENT***

This financial report is designed to provide a general overview of the Ozark Foothills Regional Planning Commission finances for those with an interest in the Commission's funds and accounts. Questions concerning the information presented herein or request for clarification should be addressed to the Executive Director, Ozark Foothills Regional Planning Commission, 3019 Fair Street, Poplar Bluff, Missouri 63901.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Government-wide Financial Statements

Statements of Net Assets

June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
<b><u>ASSETS</u></b>		
Current assets:		
Cash	\$ 549,985	571,055
Accounts receivable	85,827	44,600
Prepaid expenses	16,174	29,619
Due from OFDA	283,412	267,662
Due from other funds	193,117	189,832
Total current assets	<u>1,128,515</u>	<u>1,102,768</u>
Capital assets:		
Equipment	225,158	139,265
Vehicles	15,989	-
	<u>241,147</u>	<u>139,265</u>
Less: Accumulated depreciation	92,606	65,159
Net capital assets	<u>148,541</u>	<u>74,106</u>
Total assets	<u>1,277,056</u>	<u>1,176,874</u>
<b><u>LIABILITIES</u></b>		
Current liabilities:		
Accounts payable	8,864	14,939
Accrued vacation	23,364	27,395
Due to other funds	193,117	189,832
Accrued payroll taxes	1,666	1,963
Deferred revenue	21,229	13,564.0
Due to RCPHA	45,789	74,073
Total current liabilities	<u>294,029</u>	<u>321,766</u>
Total liabilities	<u>294,029</u>	<u>321,766</u>
<b><u>NET ASSETS</u></b>		
Invested in capital assets, net of related debt	148,541	74,106
Unrestricted	834,486	781,002
Total net assets	<u>\$ 983,027</u>	<u>855,108</u>

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Government-wide Financial Statements

Statements of Activities

Years Ended June 30, 2009 and 2008

<u>FUNCTIONS/PROGRAMS</u>	<u>Expenses</u>	<u>Program Cash Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
		<u>Charges for Services</u>	<u>Operating Grants &amp; Contributions</u>	<u>2009</u>	<u>2008</u>
				<u>Total</u>	<u>Total</u>
Governmental Activities:					
General administration	\$ 320,499	10,633	134,939	(174,927)	146,819
Naylor Medical Clinic	-	-	-	-	(27,364)
Recycling	242,319	71,363	199,640	28,684	(121,033)
U.S. HUD	251,812	-	328,916	77,104	58,170
Public Works and transportation	5,068	-	57,310	52,242	(13,551)
Social and Economic Develop.	45,432	-	67,812	22,380	(7,097)
OFDA - self-help housing	151,749	151,749	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 1,016,879</b>	<b>233,745</b>	<b>788,617</b>	<b>5,483</b>	<b>35,944</b>
General Revenues:					
Other income				110,565	20,331
Interest income				11,871	22,660
<b>Total general revenues</b>				<b>122,436</b>	<b>42,991</b>
Change in Net Assets				127,919	78,935
Beginning Net Assets				855,108	776,173
Ending Net Assets				<b>\$ 983,027</b>	<b>855,108</b>

The accompanying notes are an integral part of these financial statements.

**OZARK Foothills Regional Planning Commission**  
Fund Financial Statements - Balance Sheets  
Governmental Funds  
June 30, 2009 and 2008

	General Fund	DNR District Grant Fund	EDA Fund	Other Govern. Funds	Total 2009	Total 2008
<b><u>ASSETS</u></b>						
Cash	\$ 383,214	96,020	66,798	3,953	549,985	571,055
Accounts receivable	85,827	-	-	-	85,827	44,600
Prepaid expenses	16,174	-	-	-	16,174	29,619
Due from Develop. Assn.	283,412	-	-	-	283,412	267,662
Due from other funds	-	-	132,608	60,509	193,117	189,832
<b>Total Assets</b>	<b><u>\$ 768,627</u></b>	<b><u>96,020</u></b>	<b><u>199,406</u></b>	<b><u>64,462</u></b>	<b><u>1,128,515</u></b>	<b><u>1,102,768</u></b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
Liabilities:						
Accounts payable	\$ 8,864	-	-	-	8,864	14,939
Accrued vacation	23,364	-	-	-	23,364	27,395
Due to other funds	193,117	-	-	-	193,117	132,126
Due to general fund	-	-	-	-	-	57,706
Accrued payroll taxes	1,666	-	-	-	1,666	1,963
Deferred revenue	21,229	-	-	-	21,229	13,564
Due to RCPHA	45,789	-	-	-	45,789	74,073
<b>Total liabilities</b>	<b><u>294,029</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>294,029</u></b>	<b><u>321,766</u></b>
Fund equity:						
Unreserved	474,598	96,020	199,406	64,462	834,486	781,002
<b>Total liabilities and fund equity</b>	<b><u>\$ 768,627</u></b>	<b><u>96,020</u></b>	<b><u>199,406</u></b>	<b><u>64,462</u></b>	<b><u>1,128,515</u></b>	<b><u>1,102,768</u></b>

The accompanying notes are an integral part of these financial statements.

**OZARK Foothills Regional Planning Commission**  
 Reconciliations of the Balance Sheet of  
 Governmental Funds to the Statement of Net Assets  
 June 30, 2009 and 2008

	<u>2009</u>	<u>2008</u>
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Fund Balance of Governmental Funds	\$ 834,486	781,002
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>148,541</u>	<u>74,106</u>
Net assets of governmental activities	<u>\$ 983,027</u>	<u>855,108</u>

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
Fund Financial Statements  
Statements of Revenues, Expenditures  
and Changes in Fund Balance - Governmental Funds  
Years Ended June 30, 2009 and 2008

	General Fund	EDA Fund	Other Govern. Funds	Total Governmental Funds	
				2009 Total	2008 Total
<b><u>REVENUES</u></b>					
Grants	\$ 334,579	67,812	57,310	459,701	460,729
Charges for services	81,996	-	-	81,996	192,505
Sale proceeds - NMC and OFDC	-	-	-	-	21,250
OFDA - self-help housing	151,749	-	-	151,749	156,236
U.S. HUD - Shelter and Care	328,916	-	-	328,916	323,788
Other income	110,565	-	-	110,565	20,331
Interest income	11,414	440	17	11,871	22,660
Total revenues	<u>\$ 1,019,219</u>	<u>68,252</u>	<u>57,327</u>	<u>1,144,798</u>	<u>1,197,499</u>
<b><u>EXPENDITURES</u></b>					
General administration	317,740	45,432	-	363,172	156,693
Naylor Medical Clinic	-	-	-	-	27,446
Recycling	217,631	-	-	217,631	260,068
U.S. HUD	251,812	-	-	251,812	265,618
Public works and transportation	-	-	5,068	5,068	69,924
Social and economic development	-	-	-	-	141,886
OFDA - self-help housing	151,749	-	-	151,749	156,236
Capital outlay	101,882	-	-	101,882	3,780
Total expenditures	<u>\$ 1,040,814</u>	<u>45,432</u>	<u>5,068</u>	<u>1,091,314</u>	<u>1,081,651</u>
Excess (deficiency) of revenues over expenditures	<u>\$ (21,595)</u>	<u>22,820</u>	<u>52,259</u>	<u>53,484</u>	<u>115,848</u>
Fund balance, June 30, 2008	<u>592,213</u>	<u>176,586</u>	<u>12,203</u>	<u>781,002</u>	<u>665,154</u>
Fund balance, June 30, 2009	<u>\$ 570,618</u>	<u>199,406</u>	<u>64,462</u>	<u>834,486</u>	<u>781,002</u>

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
 Reconciliation of the Net Change in Fund Balances  
 Governmental funds to the Change in  
 Net Assets - Statements of Activities  
 June 30, 2009 and 2008

	2009	2008
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Net change in fund balances - Governmental Funds	\$ 53,484	115,848
Government funds report capital outlays as expenditures, while in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation.	74,435	(15,663)
Governmental funds report installment sale proceeds when payments are received, but statement of activities records the entire sale when incurred.	-	(21,250)
Change in net assets of governmental activities	\$ 127,919	78,935

The accompanying notes are an integral part of these financial statements.

## OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2009 and 2008

### Note 1: Summary of Significant Accounting Policies

Ozark Foothills Regional Planning Commission (OFRPC) was formed in accordance with the Missouri State and Regional Planning and Community Development Act of 1966. The purpose of the Regional Planning Commission is to work in cooperation with municipalities and counties to solve problems and to plan the future development of human, natural and economic resources of the region.

Membership in OFRPC is voluntary. Any County, City or special purpose district within the five county region served by the Commission may become a member by passing a resolution and paying annual due. Each member entity is entitled to have one voting representative on the Commission's regular board, which is OFRPC's governing body. Every two years the general board elects a six member executive board which is the oversight body for the Commission.

#### A. Reporting Entity:

In evaluating how to define the Commission for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying criteria set forth by the Governmental Accounting Standards Board (GASB). The basic criterion for including a potential unit in the reporting entity is the Commission's ability to exercise oversight responsibility.

The criteria include, but are not limited to, whether the Commission exercises oversight responsibility on the following:

- Financial Interdependency
- Election of Governing Authority
- Designation of Management
- Ability to Significantly Influence Operations
- Accountability for Fiscal Matters
- Scope of Public Service

Based on the foregoing criteria, no other entity's financial statements are included in the accompanying financial statements of the commission.

#### B. Government-Wide and Fund Financial Statements:

The financial transactions of the Commission are recorded in individual funds. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification with the financial statements. An emphasis is placed on major funds within the governmental categories. A fund is considered major if it is the primary operating fund of the City or meets the following criteria:

- a. Total assets, liabilities, revenues or expenditures/expenses of that individual governmental fund is at least 10 percent of the corresponding total for all funds of that category or type, and
- b. Total assets, liabilities, revenues or expenditures/expenses of the individual governmental fund is at least 5 percent of the corresponding total for all governmental funds combined.

The nonmajor funds are combined in a single column in the fund financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Notes to Financial Statements (continued)

June 30, 2009 and 2008

**Note 1: Summary of Significant Accounting Policies (continued)**

Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The various funds are grouped, in the financial statements in this report, into funds categories as follows:

Governmental Funds

General Fund - This is the general operating fund of the Commission. It is used to account for all financial sources and uses of OFRPC that are not required to be accounted for in any other fund.

Other Governmental Funds - Other governmental Funds consist of Special Revenue Funds that are used to account for the proceeds of specific revenue sources (other than private-purpose trusts or major capital projects) that are legally restricted to expenditures for specified purposes. The following special revenue funds are reported as major funds.

DNR District Fund - The DNR District Fund accounts for funds received from the Missouri Department of Natural Resources for the Solid Waste Management Program.

EDA Fund - The EDA fund accounts for funds received from the Economic Development Administration.

Non-Current Governmental Assets/Liabilities

GASB No. 34 eliminates the presentation of Account Groups, but provides for these records to be maintained and incorporates the information into the Governmental column in the government-wide Statement of Net Assets.

Fixed Assets

Adequate records are not available for fixed assets acquired prior to July 1, 2002; therefore these assets are not part of the fixed asset account group.

**C. Basis of Accounting:**

The Commission uses the modified accrual basis of accounting for its governmental fund financial statements. Under this method, the Commission records capital assets as expenditures in the year of acquisition and depreciation is not recorded.

The Commission uses U.S. generally accepted accounting principles, i.e., the accrual basis of accounting, for its government-wide financial statements.

The major sources of revenue are:

1. Intergovernmental

Grant revenue is recognized when program expenditures are incurred within program guidelines. Such revenue is subject to review by funding agencies and may result in disallowance in subsequent periods.

2. Charges for services

Professional fees are received by the Commission from local governments for administration of grants. These fees are recognized as revenues when billed. All member entities are required to pay dues. Dues are determined annually and are recognized when assessed.

## OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements (continued)

June 30, 2009 and 2008

### Note 1: Summary of Significant Accounting Policies (continued)

#### 3. Interest Income

Interest income includes interest earned by investments of the Commission. Interest revenue is recorded when earned.

#### 4. Other Income

Other revenue sources include primarily charges for miscellaneous services. Charges for miscellaneous services are recorded when received.

#### D. Budgets and Budgetary Accounting:

The annual budget for the Commission as adopted by the board is primarily a management tool to assist its users in analyzing activities for its fiscal year ending June 30.

The primary funding sources for OFRPC are federal and state grants. Periods for which grants are issued may or may not coincide with the fiscal year of the Commission. Although grants are typically issued for twelve month periods, they may also be awarded for periods shorter or longer than twelve months. Also, grant money awarded may be increased or decreased or grants may be extended or prematurely closed, at the discretion of the grantors.

OFRPC follows these procedures in establishing the general fund budget:

1. In early June, the executive director submits a proposed operating budget for the fiscal year beginning July 1 to the board. This budget includes proposed expenditures and the means to finance them.
2. Prior to July 1, following a public hearing, the board formally approves the budget document.
3. The approved budget is used as a control for the general fund. The individual grant budgets are used as the control with the special revenue fund.

The annual budget utilized by the Commission differs from budgets of most local governments in two respects. First, the uncertain nature of grant awards from other entities. Second, the conversion of grant periods to the Commission's fiscal year. Unanticipated grant awards or extensions, the failure of expected grant awards to materialize, or the increase/decrease in actual grant awards results in continuous changes during the fiscal year.

Although the executive board formally approves the annual budget for management purposes, a greater emphasis is placed on compliance with the terms, conditions, and budget of each grant. The terms and conditions of each grant usually specify budget restrictions and allowances, and when costs and expenditures may be incurred.

#### E. Compensated Absences

During the first three years of employment, a full-time employee accrues twelve days of vacation leave per year. After three years of employment, a full-time employee accrues fifteen days of vacation leave per year. An employee may accumulate unused vacation leave up to, but not exceeding, thirty days. The liability for accumulated vacations has been recorded in the general long-term debt account group.

An employee may accumulate twelve sick days per year up to, but not exceeding, sixty days. Upon termination of employment, employees do not receive pay for unused sick days. Since sick pay is charged to expenditures when taken, and there is no liability for unused sick pay upon termination of employment, no provision has been made in the financial statements for unused sick pay.

## OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements (continued)

June 30, 2009 and 2008

### **Note 1: Summary of Significant Accounting Policies (continued)**

#### **F. Cash and Cash Equivalents:**

Cash and cash equivalents includes checking accounts, savings accounts, certificates of deposit and money market.

#### **G. Internal and Interfund Balance and Activities:**

In the process of aggregating the financial information for the government-wide Statement of Net Assets and Statement of Activities, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

#### **H. Subsequent Events:**

Subsequent events have been evaluated through February 8, 2010, which is the audit report date.

### **Fund Financial Statements**

Interfund activity, if any, within and among the government and proprietary fund categories is reported as follows in the fund financial statements.

1. Interfund loans- Amounts provided with a requirement for repayment as reported as interfund receivables and payables.
2. Interfund reimbursements- Repayments from funds responsible for certain expenditures/ expenses to the funds that initially paid for them are not reported as reimbursements but as adjustments to expenditures/expenses in the respective funds.
3. Interfund transfers- Flow of assets from one fund to another where repayment is not expected and reported as transfers in and out.

### **Government-Wide Financial Statements**

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal balances - Amounts reported in the fund financial statements as inter-fund receivables and payables are eliminated in the Governmental and business-type activities columns of the statement of net assets, except for the net residual amounts due between governmental and business-type activities, which are reported as internal balances.
2. Internal activities - Amounts reported as inter-fund transfers in the fund financial statements are eliminated in the government-wide statement of activities except for the net amount of transfers between government and business-type activities, which are reported as transfers-internal activities. The effects of inter-fund services between funds, if any, are not eliminated in the statement of activities.

### **Note 2: Pension Plan**

#### **General Description of the Pension Plan**

The Commission contributes to the OFRPC Money Purchase Plan (Plan) which is a money purchase pension plan. The Plan is administered by the Ozark Foothills Regional Planning Commission for full-time employees of Ozark Foothills Regional Planning Commission. The Plan provides retirement, disability and death benefits to plan members and their beneficiaries. Full-time employees are eligible to participate after 90 days of employment and are fully vested after five years of service. The required contributions and benefit provisions are established and amended by the Ozark Foothills Regional Planning Commission. Cost-of-living adjustments are provided to members at the discretion of the Ozark Foothills Regional Planning Commission.

## OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements (continued)

June 30, 2009 and 2008

### **Note 2: Pension Plan (continued)**

#### **Funding Policy and Contributions**

The Plan required contribution is determined by the Ozark Foothills Regional Planning Commission. The Commission contributes \$200 per month for each active participant. It is the policy of the Commission to fund this cost as incurred. The pension plan expense for the year ended June 30, 2009 was \$34,600.

### **Note 3: Cash and Investments**

#### **A. Deposits**

At June 30, 2009, the bank balance of the Commission's deposits was \$503,559.

#### **B. Deposits in Excess of FDIC Insurance**

The Federal Deposit Insurance Corporation (F.D.I.C.) currently insures up to \$250,000 of deposited funds by an entity for each bank. For governmental entities, and others as allowed by law, the amount on deposit that exceeds \$250,000 may be secured by the pledging of securities as collateral by the financial institution.

F.D.I.C. Regulation Section 1823(e) states the following with regard to pledged securities:

- 1) It must be in writing.
- 2) It must be executed contemporaneously with the acquisition of the asset by the depository institution.
- 3) It must be approved by the institution's board of directors or loan committee, and that approval must be reflected in the minutes of the board or loan committee.
- 4) It must be official record of the depository institution since it was executed.

Cash on deposit did not exceed F.D.I.C. insured and pledged security amounts at June 30, 2009.

### **Note 4: Budgetary Financial Statements**

Accounting principles generally accepted in the United States for states, local governments and not-for-profit organizations generally require the presentation of a statement of revenues, expenditures and changes in fund balance - budget and actual. However, as discussed in Note 1, D., Ozark Foothills Regional Planning Commission is funded primarily by federal and state grants and programs. Since such funding sources are subject to constant changes in both amounts and duration, the budget would also require frequent revisions, which would result in the final analysis, in a budget that would be the same as actual. Therefore, the budget for Ozark Foothills Regional Planning Commission is a planning tool, not a control for revenues and expenditures, as they are the direct result of actions taken by funding sources. Control is provided by the terms and conditions of the grants, contracts and agreements.

### **Note 5: Contingencies**

Grantor agencies reserve the right to perform certain audit and review work in addition to that performed by the Commission's independent auditors. Any disallowed costs resulting from such additional work would have to be absorbed by the commission. Management does not believe that any significant costs will be incurred by the Commission should such additional work occur.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Notes to Financial Statements (continued)

June 30, 2009 and 2008

**Note 6: Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Note 7: Related Party Transactions**

The Commission provides grant administration services to the Ripley County Public Housing Agency (RCPHA). During 2009 and 2008, the Commission received from RCPHA administrative fees of \$219,956 and \$212,685, respectively. As of June 30, 2009 and 2008, the Commission owed RCPHA \$45,789 and \$74,073, respectively.

The Commission received \$136,000 and \$105,250 in grant proceeds from the Ozark Foothills Development Association, (OFDA), during 2009 and 2008, respectively. The Commission incurred expenditures of \$151,749 and \$156,236 during 2009 and 2008, respectively. As of June 30, 2009 and 2008, OFDA owed the Commission \$283,412 and \$267,662, respectively.

**Note 8: Risk Management**

The Commission is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the commission purchases commercial insurance.

During the year ended June 30, 2009 the commission left insurance coverage at the same coverage levels in place as of June 30, 2008.

**Note 9: Capital Assets**

Capital assets activity for the years ended June 30, 2009 and 2008 were as follows:

	<u>2009</u>	<u>2008</u>
A. Capital assets purchases	\$ 101,882	3,780
B. Depreciation expense:		
General Administration	\$ 2,759	1,160
Recycling	24,688	18,283
	<u>\$ 27,447</u>	<u>19,443</u>

**OZARK Foothills Regional Planning Commission**

Notes to Financial Statements (continued)

June 30, 2009 and 2008

**Note 11: Chapter 67 RSMO (Budget Statute)**

Chapter 67.010 RSMO requires that each political subdivision of the state adopt an annual budget, itemized by fund. It further prohibits the expenditure of public monies unless those expenditures have been authorized as provided in Chapter 67. During the year ended June 30, 2009, the Commission expended funds in excess of budgeted amounts in the following funds:

General Fund- Actual expenditures of \$853,388 exceeded budgeted expenditures by \$88,139.

DNR District Grant- Actual expenditures of \$35,677 exceeded budgeted expenditures by 35,677.

EDA Fund- Actual expenditures of \$45,432 were less than budgeted expenditures by \$22,421.

DNR Administrative Grant- There were no expenditures during the fiscal year.

Self Help Housing Fund- Actual expenditures of \$151,749 were less than budgeted expenditures by \$28,614.

MODOT Planning Grant- Actual expenditures of \$5,068 were less than budgeted expenditures by \$17,671.

**OZARK Foothills Development Association, Inc.**

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Intergovernmental	\$ 459,551	459,551	334,579	(124,972)
Charges for service	277,398	277,398	81,996	(195,402)
Other income	28,300	28,300	439,481	411,181
Interest income	-	-	11,414	11,414
Total revenues	<u>765,249</u>	<u>765,249</u>	<u>867,470</u>	<u>102,221</u>
Expenditures:				
General administration	275,235	275,235	298,052	(22,817)
Recycling	277,398	277,398	303,524	(26,126)
U.S. HUD	<u>212,616</u>	<u>212,616</u>	<u>251,812</u>	<u>(39,196)</u>
Total expenditures	<u>765,249</u>	<u>765,249</u>	<u>853,388</u>	<u>(88,139)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>14,082</u>	<u>14,082</u>
Fund balance, June 30, 2008			<u>460,516</u>	
Fund balance, June 30, 2009			<u>\$ 474,598</u>	

The accompanying notes are an integral part of these financial statements.

**OZARK Foothills Regional Planning Commission**

Budgetary Comparison Schedule

DNR District Grant Fund

Year Ended June 30, 2009

	Budgeted Amounts		Actual	Variance Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Program income	\$ -	-	-	-
Interest income	-	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures:				
General administration	-	-	35,677	(35,677)
Public works and transportation	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>35,677</u>	<u>(35,677)</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>(35,677)</u>	<u>(35,677)</u>
Fund balance, June 30, 2008			<u>131,697</u>	
Fund balance, June 30, 2009			<u>\$ 96,020</u>	

The accompanying notes are an integral part of these financial statements.

**OZARK Foothills Regional Planning Commission**  
**Budgetary Comparison Schedule**  
**EDA Fund**  
**Year Ended June 30, 2009**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 51,000	51,000	67,812	(16,812)
Other income	16,853	16,853	-	(16,853)
Interest income	-	-	440	440
Total revenues	<u>67,853</u>	<u>67,853</u>	<u>68,252</u>	<u>(33,225)</u>
Expenditures:				
General administration	<u>67,853</u>	<u>67,853</u>	<u>45,432</u>	<u>22,421</u>
Total expenditures	<u>67,853</u>	<u>67,853</u>	<u>45,432</u>	<u>22,421</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 135,706</u>	<u>135,706</u>	<u>22,820</u>	<u>(10,804)</u>
Fund balance, June 30, 2008			<u>176,586</u>	
Fund balance, June 30, 2009			<u>\$ 199,406</u>	

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Budgetary Comparison Schedule

Self-Help Housing Fund

Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other income	<u>\$ 180,363</u>	<u>180,363</u>	<u>151,749</u>	<u>(28,614)</u>
Total revenues	<u>180,363</u>	<u>180,363</u>	<u>151,749</u>	<u>(28,614)</u>
Expenditures:				
Social and Economic Development	<u>180,363</u>	<u>180,363</u>	<u>151,749</u>	<u>28,614</u>
Total expenditures	<u>180,363</u>	<u>180,363</u>	<u>151,749</u>	<u>28,614</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, June 30, 2008			<u>-</u>	
Fund balance, June 30, 2009			<u>\$ -</u>	

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
 Budgetary Comparison Schedule  
 MODOT Planning Grant  
 Year Ended June 30, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Intergovernmental	\$ 22,739	22,739	57,310	34,571
Interest income	-	-	17	17
Total revenues	<u>22,739</u>	<u>22,739</u>	<u>57,327</u>	<u>34,588</u>
Expenditures:				
Public works and transportation	<u>22,739</u>	<u>22,739</u>	<u>5,068</u>	<u>17,671</u>
Total expenditures	<u>22,739</u>	<u>22,739</u>	<u>5,068</u>	<u>17,671</u>
Excess (deficiency) of revenues over expenditures	<u>\$ -</u>	<u>-</u>	<u>52,259</u>	<u>52,259</u>
Fund balance, June 30, 2008			<u>(37,797)</u>	
Fund balance, June 30, 2009			<u>\$ 14,462</u>	

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
 Combining Balance Sheet - Other Governmental Funds  
 June 30, 2009

	MODOT Fund	Children's Trust Fund	Total Other Governmental Funds
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ -	3,953	3,953
Due from other funds	3,962	46,047	50,009
Total Assets	\$ 3,962	50,000	53,962
 <b>LIABILITIES AND FUND EQUITY</b>			
<b>LIABILITIES</b>			
Due to general fund	\$ -	-	-
Total Liabilities	-	-	-
 <b>FUND EQUITY</b>			
Designated fund balance	3,962	50,000	53,962
Total Liabilities and Fund Equity	\$ 3,962	50,000	53,962

The accompanying notes are an integral part of these financial statements.

**OZARK Foothills Regional Planning Commission**

Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance - Other Governmental Funds  
For the Year Ended June 30, 2009

	<u>MODOT Fund</u>	<u>Children's Trust Fund</u>	<u>Total Other Governmental Funds</u>
<b><u>REVENUES</u></b>			
Intergovernmental	\$ 46,810	-	46,810
Interest income	17	-	17
Total revenues:	<u>46,827</u>	<u>-</u>	<u>46,827</u>
<b><u>EXPENDITURES</u></b>			
Public works and transportation	<u>5,068</u>	<u>-</u>	<u>5,068</u>
Total expenditures:	<u>5,068</u>	<u>-</u>	<u>5,068</u>
Excess of revenues over expenditures:	<u>41,759</u>	<u>-</u>	<u>41,759</u>
Fund balance, June 30, 2008	<u>(37,797)</u>	<u>50,000</u>	<u>12,203</u>
Fund balance, June 30, 2009	<u>\$ 3,962</u>	<u>50,000</u>	<u>53,962</u>

The accompanying notes are an integral part of these financial statements.

**OZARK FOOTHILLS SOLID WASTE MANAGEMENT DISTRICT - REGION Q  
COMPOSITION OF CASH BALANCE  
JUNE 30, 2009**

Project Grant #	Project Name	State Award Amount	Carryover Funds Applied	Program & Interest Income Applied	Total Allocation	Less Funding Not Received by June 30th	Expenditures	June 30th Grants Cash Balance
Q2008-01	Ozark Foothills SWMD	99,820.00	0.00	0.00	99,820.00	0.00	0.00	99,820.00 <sup>o</sup>
Q2008-02	Ozark Foothills Resource Recovery	99,820.00	0.00	0.00	99,820.00	0.00	0.00	99,820.00 <sup>o</sup>
Q2009-01	Ozark Foothills SWMD Administration	52,169.27	64,259.98 <sup>A</sup>	1,264.69	117,693.94	52,169.27	95,562.79	-30,038.12 <sup>o</sup>
Q2009-02	Ozark Foothills Resource Recovery	145,385.73	67,437.48 <sup>B</sup>	3,525.80	216,349.01	145,385.73	144,544.72	-73,581.44 <sup>o</sup>
<b>Totals</b>		<b>397,195.00</b>	<b>131,697.46</b>	<b>4,790.49</b>	<b>533,682.95</b>	<b>197,555.00</b>	<b>240,107.51</b>	<b>96,020.44 <sup>o</sup></b>
Adjusted Cash Balance as of June 30th								96,020.44 <sup>o</sup>
Reconciled Bank Balance as of June 30th								96,020.44 <sup>o</sup>

Notes: A - Carryover from project Q2008-01      52,217.98  
 B - Carryover from project Q2008-02      55,395.48  
 O - Obligated

}

107,613.46

$$99,820 - 30,038.12 = 69,781.88$$

$$99,820 - 73,581.44 = 26,238.56$$

$$\underline{\hspace{10em}} 96,020.44$$



**SCHULTZ, DURHAM & RAPP, P.C.**  
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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON  
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

February 8, 2010

To the Members  
of the Board of Directors  
Ozark Foothills Regional Planning Commission

We have audited the basic financial statements of Ozark Foothills Regional Planning Commission, as of and for the year ended June 30, 2009, and have issued our report thereon dated February 8, 2010. Those basic financial statements were prepared on the modified accrual basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a deficiency in internal control over financial reporting that we consider to be a significant deficiency.

The significant deficiency noted is as follows:

**SEGREGATION OF DUTIES (Finding: 09-01, repeat)**

In any system of internal accounting control, one primary goal is adequate segregation of accounting duties. The financial officer is basically responsible for all areas of the accounting cycle; therefore an adequate segregation of duties and responsibilities is not present in the Commission.

The size and budget constraints of the Commission limit the application of adequate segregation of accounting duties. These areas should be reviewed periodically and consideration given to improving the segregation of duties.

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

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

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above is not a material weakness.

#### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Commission's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board, management, federal awarding agencies, and pass-through entities and is not intended to be, and should not be, used by anyone other than those specified parties.

*Schultz, Durbin & Kapp, P.C.*

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Management's Corrective Action Plan

Year Ended June 30, 2009

Contact Person: Mike Watkins, financial officer

Finding: 09-01(repeat)

Corrective Action Planned:       None.    At this time the size of the Commission is such that it is not feasible to have enough employees to provide for an adequate segregation of duties.



**SCHULTZ, DURHAM & RAPP, P.C.**  
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**INDEPENDENT AUDITOR'S COMMUNICATION  
WITH THOSE CHARGED WITH GOVERNANCE**

February 8, 2010

To the Members  
of the Board of Directors  
Ozark Foothills Regional Planning Commission

We have audited the financial statements of the Ozark Foothills Regional Planning Commission for the year ended June 30, 2009, and have issued our report thereon dated February 8, 2010. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to the Commission dated February 8, 2010. Professional standards also require that we provide you with the following information related to our audit.

Our Responsibility under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated August 10, 2009, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Ozark Foothills Regional Planning Commission. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Ozark Foothills Regional Planning Commission are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2009. We noted no transactions entered into by the Commission during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates, if any, are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was management's estimate of the useful lives of capital assets in determining the amount of depreciation expense. These estimates are based upon historical use of similar assets. We evaluated the key factors and assumptions used to develop the depreciation expense in determining that it is reasonable in relation to the financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No known or likely misstatements were identified during the audit.

*Disagreements with Management*

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 2, 2009

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Commission's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

This information is intended solely for the use of the Board of Directors and management of the Ozark Foothills Regional Planning Commission and is not intended to be and should not be used by anyone other than these specified parties.

*Schultz, Durham & Kepp, P.C.*