

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

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**OZARK Foothills Regional Planning Commission**

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**SCHULTZ, WOOD & RAPP, P.C.**  
CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS  
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**INDEPENDENT AUDITOR'S REPORT**

September 4, 2014

Board of Directors  
Ozark Foothills Regional Planning Commission  
Poplar Bluff, Missouri

Dear Members of the Board:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Ozark Foothills Regional Planning Commission (the Commission), and its component unit, Ozark Foothills Solid Waste Management District, as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the Commission's basic 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 accounting principles generally accepted in the United States of America; this includes 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 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. 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 entity'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 entity'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 opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, its component unit, each major fund, and the aggregate remaining fund information of the Ozark Foothills Regional Planning Commission and its component unit, Ozark Foothills Solid Waste Management District, as of June 30, 2014 and 2013, and the respective changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 25-27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Commission's basic financial statements. The Other Supplementary Information Section, including the Self-Help Housing Fund - Budgetary Comparison Schedule, and combining financial statements of Other Governmental Funds are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Ozark Foothills Solid Waste Management District's Schedule of Receipts and Expenditures of State Awards - Missouri Department of Natural Resources for the two year period ended June 30, 2014 is presented for purposes of additional analysis and is not a required part of the financial statements, but is a schedule required by the State of Missouri. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule of receipts and expenditures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 4, 2014, 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 report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Commission's internal control over financial reporting and compliance.

*Schultz, Wood & Rupp, P.C.*

## OSZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Management's Discussion and Analysis (MD&A)

June 30, 2014 and 2013

The discussion and analysis of Ozark Foothills Regional Planning Commission (Ozark Foothills RPC or RPC) financial performance provides an overall review of the RPC's financial activities for the fiscal year ended June 30, 2014. Included in the RPC's financial statements is the financial activities of its component unit, Ozark Foothills Solid Waste Management District. 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, 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, 2014. 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 Regional Planning Commission is a 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, 2014 total assets and deferred outflows of resources of the Ozark Foothills RPC were \$2,409,534 which includes cash of \$1,726,957 and net capital assets of \$89,487. These resources increased \$155,238 or 6.9% from June 30, 2013 total assets and deferred outflows of resources of \$2,254,296.

Total liabilities on June 30, 2014 were \$103,759. Liabilities included current payables and accruals. Total liabilities increased \$46,788 or 82.1% from June 30, 2013 total liabilities of \$56,971.

Deferred inflows of resources related to deferred revenues were \$15,177 at June 30, 2014, compared to \$12,639 at June 30, 2013.

Net position on June 30, 2014 was \$2,409,534 which included net investment in capital assets of \$89,487, restricted net position of \$118,506 for the component unit's operations, Ozark Foothills Solid Waste Management District, and unrestricted net position of \$2,082,605. Net position increased \$105,912 or 4.8% from June 30, 2013's net position of \$2,184,686.

Total revenues for 2014 were \$1,321,399 compared to \$1,576,908 for 2013, resulting in a decrease of \$255,509. Revenues are expected to fluctuate from year to year due to changes in programs and funding availability. The most significant decrease between 2014 and 2013 was in grant income.

2014 expenditures were \$1,215,487 compared to \$1,380,224 in 2013. This was a decrease of \$164,737 or 11.9%.

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

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

- \* Management's discussion and analysis
- \* Basic financial statements, including notes to the financial statements
- \* Required supplementary information, budgetary comparison schedules, and
- \* Other supplementary information.

## **FINANCIAL STATEMENTS**

The RPC's financial statements include the following:

**Basic Financial Statements:** Provides information about the overall financial status of Ozark Foothills RPC, in the form of government-wide financial statements and fund financial statements.

**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 and Other Supplementary Information:** This MD&A, budgetary comparisons of major governmental funds, and other supplementary schedules provides users of this report with additional data that supplements the basic 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 and deferred outflows of resources, liabilities and deferred inflows of resources, and net 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 recycling 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 position and how it has changed. As discussed earlier, net position is the difference between total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge Ozark Foothills RPC's financial condition.

The government-wide statements combine the activities of four self-balancing funds as Primary Government Activities. Those funds are the General Fund, DNR District Grant Fund, EDA Fund, and Other Governmental Funds. Financial information of Ozark Foothills Solid Waste Management District, the RPC's component unit, is separately stated in a singular column in the government-wide financial statements for 2014 and 2013.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
Management's Discussion and Analysis (MD&A) (continued)  
June 30, 2014 and 2013

***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 five self-balancing funds. Those funds are the General Fund, DNR District Grant Fund, EDA Fund, Ozark Foothills Solid Waste Management District Fund, and Other Governmental Funds.

***FINANCIAL ANALYSIS OF THE OZARK FOOTHILLS REGIONAL PLANNING COMMISSION'S FUND FINANCIAL STATEMENTS***

During 2014, total revenues exceeded expenditures by \$132,943, compared to the prior fiscal year where revenues exceeded expenditures by \$190,214. Total assets increased by \$169,245 (7.7%) and total fund equity increased by \$132,943 (6.4%). The increase in total assets and increase in total fund equity 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.

***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 annual budget for the RPC's general fund for the fiscal year ending June 30, 2014 forecasted a deficit of expenditures over revenues of \$29,461. Actual fiscal year revenues over expenditures resulted in an increase in net assets of \$35,910, \$65,371 more than budgeted estimates.

No budget amendments were requested or made for the fiscal year ended June 30, 2014. See pages 25 - 28 for various budgetary comparisons for RPC operations.

**OZARK FoothILLS REGIONAL PLANNING COMMISSION**  
Management's Discussion and Analysis (MD&A) (continued)  
June 30, 2014 and 2013

***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. As of June 30, 2014, Ozark Foothills RPC's capital assets consisted of net equipment and vehicles of \$89,487 compared to \$116,518 as of June 30, 2013. Capital asset additions were \$5,470 and \$39,282 in 2014 and 2013, respectively. Depreciation expense incurred in 2014 and 2013 was \$32,501 and \$32,832, respectively.

***DEBT ADMINISTRATION***

Ozark Foothills RPC had no long-term liabilities as of June 30, 2014 and 2013.

***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 RPC'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

Statement of Net Position

June 30, 2014

	Primary Government Activities	Component Unit Ozark Foothills Solid Waste Management District	Total
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Current assets:			
Cash	\$ 1,671,437	55,520	1,726,957
Accounts receivable	117,022	62,986	180,008
Prepaid expenses	24,955	-	24,955
Due from Ozark Foothills Development Association, Inc.	388,127	-	388,127
Total current assets	<u>2,201,541</u>	<u>118,506</u>	<u>2,320,047</u>
Capital assets:			
Equipment	296,483	-	296,483
Vehicles	55,271	-	55,271
	<u>351,754</u>	<u>-</u>	<u>351,754</u>
Less: Accumulated depreciation	262,267	-	262,267
Net capital assets	<u>89,487</u>	<u>-</u>	<u>89,487</u>
Total assets	<u>2,291,028</u>	<u>118,506</u>	<u>2,409,534</u>
Deferred outflows of resources:			
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,291,028</u>	<u>118,506</u>	<u>2,409,534</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>			
Current liabilities:			
Accounts payable	\$ 66,262	-	66,262
Accrued vacation	28,531	-	28,531
Accrued expenses	2,600	-	2,600
Accrued payroll taxes	6,366	-	6,366
Total current liabilities	<u>103,759</u>	<u>-</u>	<u>103,759</u>
Total liabilities	<u>103,759</u>	<u>-</u>	<u>103,759</u>
Deferred inflows of resources: Deferred revenue			
	<u>15,177</u>	<u>-</u>	<u>15,177</u>
Total liabilities and deferred inflows of resources	<u>118,936</u>	<u>-</u>	<u>118,936</u>
Net position:			
Invested in capital assets, net of related debt	89,487	-	89,487
Restricted for Ozark Foothills Solid Waste Management District	-	118,506	118,506
Unrestricted	2,082,605	-	2,082,605
Total net position	<u>2,172,092</u>	<u>118,506</u>	<u>2,290,598</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,291,028</u>	<u>118,506</u>	<u>2,409,534</u>

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

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Government-wide Financial Statements

Statement of Net Position

June 30, 2013

	Primary Government Activities	Component Unit Ozark Foothills Solid Waste Management District	Total
<b><u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Current assets:			
Cash	\$ 1,671,626	8,468	1,680,094
Accounts receivable	104,398	-	104,398
Prepaid expenses	24,157	-	24,157
Due from other OFRPC Programs	2,058	-	2,058
Due from Ozark Foothills Development Association, Inc.	327,092	-	327,092
Due from Ripley County Public Housing Agency	(21)	-	(21)
Total current assets	<u>2,129,310</u>	<u>8,468</u>	<u>2,137,778</u>
Capital assets:			
Equipment	291,013	-	291,013
Vehicles	55,271	-	55,271
	<u>346,284</u>	<u>-</u>	<u>346,284</u>
Less: Accumulated depreciation	229,766	-	229,766
Net capital assets	<u>116,518</u>	<u>-</u>	<u>116,518</u>
Total assets	<u>2,245,828</u>	<u>8,468</u>	<u>2,254,296</u>
Deferred outflows of resources:			
	<u>-</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 2,245,828</u>	<u>8,468</u>	<u>2,254,296</u>
<b><u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u></b>			
Current liabilities:			
Accounts payable	\$ 12,897	-	12,897
Accrued vacation	35,462	-	35,462
Accrued expenses	3,400	-	3,400
Accrued payroll taxes	5,212	-	5,212
Total current liabilities	<u>56,971</u>	<u>-</u>	<u>56,971</u>
Total liabilities	<u>56,971</u>	<u>-</u>	<u>56,971</u>
Deferred inflows of resources: Deferred revenues			
	<u>12,639</u>	<u>-</u>	<u>12,639</u>
Total liabilities and deferred inflows of resources	<u>69,610</u>	<u>-</u>	<u>69,610</u>
Net position:			
Invested in capital assets, net of related debt	116,518	-	116,518
Restricted for Ozark Foothills Solid Waste Management District	-	8,468	8,468
Unrestricted	2,059,700	-	2,059,700
Total net position	<u>2,176,218</u>	<u>8,468</u>	<u>2,184,686</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 2,245,828</u>	<u>8,468</u>	<u>2,254,296</u>

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

**OZARK Foothills Regional Planning Commission**

Government-wide Financial Statements

Statement of Activities

Year Ended June 30, 2014

FUNCTIONS/PROGRAMS	Total Expenses	Program Cash Receipts		Total Primary Government Activities	Component Unit Ozark Foothills Solid Waste Management District	Total
		Charges for Services	Operating Grants & Contributions			
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General administration	\$ 224,433	10,462	8,502	(205,469)	-	(205,469)
Recycling	207,489	147,816	(23,337)	(83,010)	-	(83,010)
U.S. HUD - Shelter Plus Care	347,723	-	341,467	(6,256)	-	(6,256)
Public works and transportation	82,951	2,874	64,783	(15,294)	-	(15,294)
Social and economic development	170,607	69,935	112,250	11,578	-	11,578
OFDA - self-help housing	182,284	182,284	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 1,215,487</b>	<b>413,371</b>	<b>503,665</b>	<b>(298,451)</b>	<b>-</b>	<b>(298,451)</b>
<b>Component Unit:</b>						
Solid waste management	\$ -	-	109,948	-	109,948	109,948
<b>Total Component Unit</b>	<b>\$ -</b>	<b>-</b>	<b>109,948</b>	<b>-</b>	<b>109,948</b>	<b>109,948</b>
<b>General Revenues:</b>						
Other income				285,284	-	285,284
Interest income				9,041	90	9,131
<b>Total general revenues</b>				<b>294,325</b>	<b>90</b>	<b>294,415</b>
Change in Net Position				(4,126)	110,038	105,912
Beginning Net Position				2,176,218	8,468	2,184,686
Ending Net Position				<b>\$ 2,172,092</b>	<b>118,506</b>	<b>2,290,598</b>

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

OZARK FOOTHILLS REGIONAL PLANNING COMMISSION  
Government-wide Financial Statements  
Statement of Activities  
Year Ended June 30, 2013

FUNCTIONS/PROGRAMS	Program Cash Receipts			Total Primary Government Activities	Component Unit Ozark Foothills Solid Waste Management District	Total
	Total Expenses	Charges for Services	Operating Grants & Contributions			
Primary Government:						
Governmental Activities:						
General administration	\$ 279,254	10,884	20,776	(247,594)	-	(247,594)
Recycling	243,132	140,121	90,457	(12,554)	-	(12,554)
U.S. HUD - Shelter Plus Care	328,974	-	359,066	30,092	-	30,092
Public works and transportation	76,875	18,927	60,802	2,854	-	2,854
Social and economic development	180,233	69,391	109,522	(1,320)	-	(1,320)
OFDA - self-help housing	176,404	176,404	-	-	-	-
<b>Total Governmental Activities</b>	<b>\$ 1,284,872</b>	<b>415,727</b>	<b>640,623</b>	<b>(228,522)</b>	<b>-</b>	<b>(228,522)</b>
Component Unit:						
Solid waste management	\$ 95,352	-	95,352	-	-	-
<b>Total Component Unit</b>	<b>\$ 95,352</b>	<b>-</b>	<b>95,352</b>	<b>-</b>	<b>-</b>	<b>-</b>
General Revenues:						
Other income				417,360	-	417,360
Interest income				7,808	38	7,846
<b>Total general revenues</b>				<b>425,168</b>	<b>38</b>	<b>425,206</b>
Change in Net Position				196,646	38	196,684
Beginning Net Position				1,979,572	8,430	1,988,002
Ending Net Position				<b>\$ 2,176,218</b>	<b>8,468</b>	<b>2,184,686</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, 2014

	General Fund	EDA Fund	MODOT Fund	Ozark Foothills Solid Waste Management District Fund	Other Governmental Funds	Total 2014
<b><u>ASSETS</u></b>						
Cash	\$ 1,666,272	1,017	-	55,520	4,148	1,726,957
Accounts receivable	117,022	-	-	62,986.00	-	180,008
Receivables - OFRPC programs	-	-	-	-	-	-
Prepaid expenses	24,955	-	-	-	-	24,955
Due from Ozark Foothills Development Association	388,127	-	-	-	-	388,127
Due from other funds	-	-	4,147	-	45,852	49,999
<b>Total Assets</b>	<b>\$ 2,196,376</b>	<b>1,017</b>	<b>4,147</b>	<b>118,506</b>	<b>50,000</b>	<b>2,370,046</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
Liabilities:						
Accounts payable	\$ 66,262	-	-	-	-	66,262
Accrued vacation	28,531	-	-	-	-	28,531
Accrued expenses	2,600	-	-	-	-	2,600
Due to other funds	49,999	-	-	-	-	49,999
Accrued payroll taxes	6,366	-	-	-	-	6,366
Deferred revenue	15,177	-	-	-	-	15,177
<b>Total Liabilities</b>	<b>168,935</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,935</b>
Fund equity:						
Nonspendable - Prepaid expenses	24,955	-	-	-	-	24,955
Restricted for EDA Fund	-	1,017	-	-	-	1,017
Restricted for MODOT Fund	-	-	4,147	-	-	4,147
Restricted for Ozark Foothills Solid Waste Management District Fund	-	-	-	118,506	-	118,506
Restricted for Children's Trust Fund	-	-	-	-	50,000	50,000
Assigned to Foothills Families Funds	4,148	-	-	-	-	4,148
Unassigned	1,998,338	-	-	-	-	1,998,338
<b>Total Fund Equity</b>	<b>2,027,441</b>	<b>1,017</b>	<b>4,147</b>	<b>118,506</b>	<b>50,000</b>	<b>2,201,111</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 2,196,376</b>	<b>1,017</b>	<b>4,147</b>	<b>118,506</b>	<b>50,000</b>	<b>2,370,046</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, 2013

	General Fund	EDA Fund	MODOT Fund	Ozark Foothills Solid Waste Management District Fund	Other Governmental Funds	Total 2013
<b><u>ASSETS</u></b>						
Cash	\$ 1,666,480	1,012	-	8,468	4,134	1,680,094
Accounts receivable	104,398	-	-	-	-	104,398
Receivables - OFRPC programs	2,058	-	-	-	-	2,058
Prepaid expenses	24,157	-	-	-	-	24,157
Due from Ozark Foothills Development Association	327,092	-	-	-	-	327,092
Due (to) from Ripley County Public Housing Authority	(21)	-	-	-	-	(21)
Due from other funds	-	-	17,157	-	45,866	63,023
<b>Total Assets</b>	<b>\$ 2,124,164</b>	<b>1,012</b>	<b>17,157</b>	<b>8,468</b>	<b>50,000</b>	<b>2,200,801</b>
<b><u>LIABILITIES AND FUND EQUITY</u></b>						
Liabilities:						
Accounts payable	\$ 12,897	-	-	-	-	12,897
Accrued vacation	35,462	-	-	-	-	35,462
Accrued expenses	3,400	-	-	-	-	3,400
Due to other funds	63,023	-	-	-	-	63,023
Accrued payroll taxes	5,212	-	-	-	-	5,212
Deferred revenue	12,639	-	-	-	-	12,639
<b>Total Liabilities</b>	<b>132,633</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>132,633</b>
Fund equity:						
Nonspendable - Prepaid expenses	24,157	-	-	-	-	24,157
Restricted for EDA Fund	-	1,012	-	-	-	1,012
Restricted for MODOT Fund	-	-	17,157	-	-	17,157
Restricted for Ozark Foothills Solid Waste Management District Fund	-	-	-	8,468	-	8,468
Restricted for Children's Trust Fund	-	-	-	-	50,000	50,000
Assigned to Foothills Families Funds	4,134	-	-	-	-	4,134
Unassigned	1,963,240	-	-	-	-	1,963,240
<b>Total Fund Equity</b>	<b>1,991,531</b>	<b>1,012</b>	<b>17,157</b>	<b>8,468</b>	<b>50,000</b>	<b>2,068,168</b>
<b>Total Liabilities and Fund Equity</b>	<b>\$ 2,124,164</b>	<b>1,012</b>	<b>17,157</b>	<b>8,468</b>	<b>50,000</b>	<b>2,200,801</b>

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

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Reconciliations of the Balance Sheets of  
Governmental Funds to the Statements of Net Position  
June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Fund Balance of Governmental Funds	\$ 2,201,111	2,068,168
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	<u>89,487</u>	<u>116,518</u>
Net assets of governmental activities	<u>\$ 2,290,598</u>	<u>2,184,686</u>

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

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**  
Statement of Revenues, Expenditures  
and Changes in Fund Balance - Governmental Funds  
Year Ended June 30, 2014

	General Fund	EDA Fund	MODOT Fund	Ozark Foothills Solid Waste Management District Fund	Other Governmental Funds	Total 2014
<b>REVENUES</b>						
Grants	\$ (4,802)	112,250	54,750	109,948	-	272,146
Charges for services	228,213	-	2,874	-	-	231,087
OFDA - self-help housing	-	-	-	-	182,284	182,284
U.S. HUD - Shelter Plus Care	341,467	-	-	-	-	341,467
Other income	285,285	-	-	-	-	285,285
Interest income	9,041	-	-	90	-	9,131
<b>Total revenues</b>	<b>859,204</b>	<b>112,250</b>	<b>57,624</b>	<b>110,038</b>	<b>182,284</b>	<b>1,321,400</b>
<b>EXPENDITURES</b>						
General administration	245,850	112,245	-	-	-	358,095
Recycling	181,371	-	-	-	-	181,371
U.S. HUD - Shelter Plus Care	347,723	-	-	-	-	347,723
Public works and transportation	12,317	-	70,634	-	-	82,951
Social and economic development	30,563	-	-	-	-	30,563
OFDA - self-help housing	-	-	-	-	182,284	182,284
Capital outlay	5,470	-	-	-	-	5,470
<b>Total expenditures</b>	<b>823,294</b>	<b>112,245</b>	<b>70,634</b>	<b>-</b>	<b>182,284</b>	<b>1,188,457</b>
Excess of revenues over expenditures	35,910	5	(13,010)	110,038	-	132,943
Fund balance, beginning of year	1,991,531	1,012	17,157	8,468	50,000	2,068,168
Fund balance, end of year	<u>\$2,027,441</u>	<u>1,017</u>	<u>4,147</u>	<u>118,506</u>	<u>\$0,000</u>	<u>2,201,111</u>

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

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Statement of Revenues, Expenditures  
and Changes in Fund Balance - Governmental Funds  
Year Ended June 30, 2013

	General Fund	EDA Fund	MODOT Fund	Ozark Foothills Solid Waste Management District Fund	Other Governmental Funds	Total 2013
<b>REVENUES</b>						
Grants	\$ 116,128	109,522	55,907	95,352	-	376,909
Charges for services	220,396	-	18,927	-	-	239,323
OFDA - self-help housing	-	-	-	-	176,404	176,404
U.S. HUD - Shelter Plus Care	359,066	-	-	-	-	359,066
Other income	417,360	-	-	-	-	417,360
Interest income	7,808	-	-	38	-	7,846
<b>Total revenues</b>	<b>1,120,758</b>	<b>109,522</b>	<b>74,834</b>	<b>95,390</b>	<b>176,404</b>	<b>1,576,908</b>
<b>EXPENDITURES</b>						
General administration	315,129	109,565	-	-	-	424,694
Recycling	217,286	-	-	-	-	217,286
U.S. HUD - Shelter Plus Care	328,974	-	-	-	-	328,974
Public works and transportation	7,029	-	69,846	95,352	-	172,227
Social and economic development	27,807	-	-	-	-	27,807
OFDA - self-help housing	-	-	-	-	176,404	176,404
Capital outlay	39,302	-	-	-	-	39,302
<b>Total expenditures</b>	<b>935,527</b>	<b>109,565</b>	<b>69,846</b>	<b>95,352</b>	<b>176,404</b>	<b>1,386,694</b>
Excess of revenues over expenditures	185,231	(43)	4,988	38	-	190,214
Fund balance, beginning of year	1,806,300	1,055	12,169	8,430	50,000	1,877,954
Fund balance, end of year	<u>\$ 1,991,531</u>	<u>1,012</u>	<u>17,157</u>	<u>8,468</u>	<u>50,000</u>	<u>2,068,168</u>

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

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Reconciliations of the Net Change in Fund Balances -

Governmental Funds to the Change in

Net Assets - Statements of Activities

Years Ended June 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Amounts reported for governmental activities in the statement of activities are different due to the following:		
Net change in fund balances - Governmental Funds	\$ 132,943	190,214
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.	<u>(27,031)</u>	<u>6,470</u>
Change in net assets of governmental activities	<u>\$ 105,912</u>	<u>196,684</u>

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

# OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements

June 30, 2014 and 2013

## 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 dues. Each member entity is entitled to have one voting representative on the Commission's General 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 Commission has developed criteria to determine whether outside agencies with activities which benefit the citizens of the Commission should be included within its financial reporting entity. The criteria include, but are not limited to, whether the Commission exercises oversight responsibility (which includes financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations, and accountability for fiscal matters), scope of public service, and special financing relationships. Based upon the application of these criteria, the following is a brief review of each potential component unit addressed in defining the Commission's reporting entity.

Based on the foregoing criteria, the Commission has identified Ozark Foothills Solid Waste Management District as a component unit in the OFRPC financial reporting for 2014 and 2013.

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

The Commission's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**Government-wide Financial Statements** - The statement of net position and the statement of activities display information about the Commission as a whole. These statements include the nonfiduciary financial activities of the Commission. These statements report those activities of the Commission that are governmental (i.e. generally supported by taxes and intergovernmental revenues). Fiduciary funds, if any, are not included in the government-wide financial statements.

The statement of net position presents the financial position of the Commission at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Commission's governmental activities and the remaining revenues that are not directly associated with specific programs. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient for the goods or services offered by the program and grants and contributions (including related investment earnings) that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the Commission. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Notes to Financial Statements (continued)

June 30, 2014 and 2013

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

**Fund Financial Statements** - The Commission maintains fund accounting in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Commission at a more detailed level. Separate financial statements are provided for governmental funds and fiduciary funds. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a single column. Nonmajor funds are combined in a single column in the fund financial statements.

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.

**EDA Fund** - The EDA Fund, a Special Revenue Fund, accounts for funds received from the Economic Development Administration.

**MODOT Fund** - The MODOT Fund, a Special Revenue Fund, accounts for funds received from the Missouri Department of Transportation for transportation planning and policy development.

**Ozark Foothills Solid Waste Management District Fund** - This fund accounts for funds received from the Missouri Department of Natural Resources for solid waste management in Missouri's District Q.

**Other Governmental Funds** - Other Governmental Funds, if any, 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. If significant, certain funds are reported as major funds.

**C. Fixed Assets**

Adequate records are not available for fixed assets acquired prior to July 1, 2002; therefore these assets are not recorded as a part of capital assets in the government-wide statements of financial position.

**D. Basis of Accounting/Measurement Focus**

The financial statements of the Commission have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting principles.

The measurement focus establishes the basis of accounting. The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Differences in the accrual and the modified accrual basis of accounting arise in the recording of capital assets and the recognition of depreciation. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide financial statements and the governmental fund financial statements.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the related liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are prepared using a flow of current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to pay current liabilities. Capital asset purchases are recorded as expenditures and depreciation is not recognized.

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.

## OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements (continued)

June 30, 2014 and 2013

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

#### 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.

#### 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.

### E. Budgets and Budgetary Accounting:

The annual budget for the Commission as adopted by the Executive 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.

ORRPC 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.

### F. Compensated Absences

During the first three years of employment, a full-time employee accrues one day per month which is accrued on the last day of the month. After three years of employment, a full-time employee accrues 1 1/4 days per month which accrues on the last day of the month. An employee may accumulate unused vacation leave up to, but not exceeding, thirty days. The liability for accumulated vacations has been recorded in accrued vacation.

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, 2014 and 2013

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

**G. Cash and Cash Equivalents:**

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

**H. Internal and Interfund Balance and Activities:**

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

**I. Subsequent Events:**

Subsequent events have been evaluated through September 4, 2014, 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.

Interfund loans- Amounts provided with a requirement for repayment as reported as interfund receivables and payables.

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.

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:

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.

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 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.

**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, 2014 and 2013 was \$37,600 and \$39,600, respectively.

OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements (continued)

June 30, 2014 and 2013

**Note 3: Fund Balance Classifications**

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Commission is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable Fund Balance consists of funds that cannot be spent due to their form (e.g., inventories and prepaid) or that legally or contractually must be maintained intact.

Restricted Fund Balance consists of funds that are mandated for a specific purpose by external parties, constitutional provisions or enabling legislation.

Committed Fund Balance consists of funds that are set aside for a specific purpose by the Commission's highest level of decision making authority. Formal action by the Board to commit funds must be taken prior to the end of the fiscal year. The same formal action must be taken to remove or change the limitations placed on the funds.

Assigned Fund Balance consists of funds that are set aside with the intent to be used for a specific purpose by the Commission's highest level of decision making authority or a body or official that has been given the authority to assign funds. Assigned funds cannot cause a deficit in unassigned fund balance.

Unassigned Fund Balance consists of excess funds that have not been classified in the previous four categories. All funds in the category are considered spendable resources. This category also provides the resources necessary to meet unexpected expenditures and revenue shortfalls.

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Notes to Financial Statements (continued)

June 30, 2014 and 2013

**Note 4: Cash and Investments**

A. Deposits

At June 30, 2014, the bank balance of the Commission's deposits, including its component unit was \$1,751,848.

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:

It must be in writing.

It must be executed contemporaneously with the acquisition of the asset by the depository institution.

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.

It must be official record of the depository institution since it was executed.

At June 30, 2014, cash in bank was less than the combined F.D.I.C. insurance coverage and the fair market value of pledged securities.

Type of Investment	Fair Value	Maturity Less than 1 Year	Maturity 1 - 5 years
Bank Certificates of Deposit	\$ 307,926	307,926	-
External Investment Pool:			
Community Foundation of the Ozarks	4,148	4,148	-
	<u>\$ 312,074</u>	<u>312,074</u>	<u>-</u>

Interest Rate Risk: The Commission's investment policy structures its portfolio so that certificates of deposit and other investments mature to meet cash requirements for operations to avoid redeeming investments at a pre-maturity or open market loss. Consequently, the Commission invests its operating funds in short-term securities.

Credit Risk: The Commission reduces its credit risk due to the failure of the security issuer or backer by prequalifying the financial institutions and intermediaries with which the Commission will do business and by diversifying the portfolio so that potential loss will be minimized. The Community Foundation of the Ozarks external investment pool consists of investing in approximately 67% as Level 1 assets (active markets with quoted prices), and approximately 33% as Level 2 and Level 3 assets (valuing of mutual fund investments requiring additional inputs to determine fair value).

Custodial Credit Risk: To minimize custodial credit risk, the Commission requires investments be perfected in the name of or for the Commission and if necessary, held by third-party custodians with appropriate safekeeping receipts.

Concentration of Credit Risk: The Commission's investment policy mandates diversification of the investment portfolio to avoid concentration of assets in specific maturity, specific issuer or specific class of securities. To avoid concentration, the Commission restricts its investments to short-term bank deposits.

OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Notes to Financial Statements (continued)

June 30, 2014 and 2013

**Note 5: Budgetary Financial Statements**

U.S. generally accepted accounting principles 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, E., 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 may require 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 6: Contingencies**

From time to time, the Commission is a defendant in various lawsuits and/or arbitration claims. Although the outcome of such cases of action are not presently determinable, in the opinion of the Commission's management and legal counsel, the resolution of these matters will not have a material effect on the financial condition of the Commission

**Note 7: Use of Estimates**

The preparation of financial statements in conformity with U.S. 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 8: Related Party Transactions**

The Commission provides grant administration services to the Ripley County Public Housing Agency (RCPHA). During 2014 and 2013, the Commission received from RCPHA administrative fees of \$206,811 and \$221,333, respectively.

The Commission received \$182,284 and \$176,404 in grant proceeds from the Ozark Foothills Development Association, Inc., (OFDA), during 2014 and 2013, respectively. On OFDA's behalf, the Commission incurred expenditures of \$182,284 and \$176,404 during 2014 and 2013, respectively. As of June 30, 2014 and 2013, OFDA owed the Commission \$388,127 and \$327,092, respectively.

The Commission rents its principal place of business from OFDA as discussed in Note 11.

**Note 9: 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 2014 the Commission maintained insurance coverage at comparable levels in place during 2013.

**Note 10: Capital Assets**

Capital assets activity for the years ended June 30, 2014 and 2013 were as follows:

	2014	2013
A. Capital assets purchases	\$ 5,470	39,282
B. Depreciation expense:		
General Administration	\$ 6,383	6,726
Recycling	25,598	25,846
Self-Help Housing	520	260
Total depreciation expense	\$ 32,501	32,832

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Notes to Financial Statements (continued)

June 30, 2014 and 2013

**Note 11: Rent expense**

The Commission rents facilities in Poplar Bluff, Missouri from Ozark Foothills Development Association d/b/a Ozark Foothills Business Incubator, a related party. The lease agreement is an annual agreement with an expiration date of December 31, 2014. Monthly rent is \$495.

The following is a schedule by years of future minimum rental payments required under the building lease as of June 30, 2014:

Year ending June 30:		
	2015	<u>\$ 2,970</u>

**Note 12: Healthcare and Other Post Employment Benefits**

**Plan Description.** The OFRPC provides its Healthcare Plan annually through its single employer plan. The Plan provides health care coverage for certain persons (and their dependents) who are currently employed by the Commission. Current employees' premiums are funded via a combination of payroll contributions from such employees and Commission contributions. As of June 30, 2014, no retirees participated in the plan.

**Funding Policy.** Contribution requirements under the pay-as-you-go plan were actuarially determined each fiscal year ended June 30 by independent health care insurance providers chosen by the OFRPC during a formal bidding process. Monthly contribution rates vary depending upon coverage elected for employees and/or their family.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Insurance providers	United Healthcare Insurance Co.	United Healthcare Insurance Co.	United Healthcare Insurance Co.
Employee coverage			
Monthly healthcare contribution rates ranged as follows:			
Anthem			
United Healthcare	\$108 - \$891	\$104 - \$921	\$104 - \$921
Healthcare costs for current employees and dependents			
is summarized as follows:			
Employee paid contributions	\$ 15,091	16,737	16,737
Commission paid contributions	<u>38,755</u>	<u>37,761</u>	<u>37,761</u>
Total employee healthcare costs	<u>\$ 53,846</u>	<u>54,498</u>	<u>54,498</u>

**OZARK FOOTHILLS DEVELOPMENT REGIONAL PLANNING COMMISSION**

Budgetary Comparison Schedule

General Fund

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Final Budget to Actual
	Original	Final		
Revenues:				
Intergovernmental	\$ 278,357	278,357	518,949	240,592
Charges for service	224,586	224,586	228,213	3,627
Other income	307,398	307,398	285,285	(22,113)
Interest income	7,631	7,631	9,041	1,410
Total revenues	<u>817,972</u>	<u>817,972</u>	<u>1,041,488</u>	<u>223,516</u>
Expenditures:				
General administration	268,993	268,993	476,484	207,491
Recycling	246,460	246,460	181,371	(65,089)
U.S. HUD - Shelter Plus Care	331,980	331,980	347,723	15,743
Total expenditures	<u>847,433</u>	<u>847,433</u>	<u>1,005,578</u>	<u>158,145</u>
Revenues over (under) expenditures	(29,461)	(29,461)	35,910	<u>65,371</u>
Fund balance, June 30, 2013	<u>1,991,531</u>	<u>1,991,531</u>	<u>1,991,531</u>	
Fund balance, June 30, 2014	<u>\$ 1,962,070</u>	<u>1,962,070</u>	<u>2,027,441</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, 2014

	Budgeted Amounts		Actual	Variance Final Budget to Actual
	Original	Final		
Revenues:				
Intergovernmental	\$ 106,810	106,810	112,250	5,440
Charges for Services	53,186	53,186	-	(53,186)
Interest income	5	5	-	(5)
Total revenues	<u>160,001</u>	<u>160,001</u>	<u>112,250</u>	<u>(47,751)</u>
Expenditures:				
General administration	<u>160,001</u>	<u>160,001</u>	<u>112,245</u>	<u>(47,756)</u>
Total expenditures	<u>160,001</u>	<u>160,001</u>	<u>112,245</u>	<u>(47,756)</u>
Revenues over expenditures	-	-	5	<u>5</u>
Fund balance, June 30, 2013	<u>1,012</u>	<u>1,012</u>	<u>1,012</u>	
Fund balance, June 30, 2014	<u>\$ 1,012</u>	<u>1,012</u>	<u>1,017</u>	

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

**OZARK FOOTHILLS REGIONAL PLANNING COMMISSION**

Budgetary Comparison Schedule

MODOT Fund

Year Ended June 30, 2014

	Budgeted Amounts		Actual	Variance Final Budget to Actual
	Original	Final		
Revenues:				
Grant revenue	\$ 58,824	58,824	54,750	(4,074)
Charges for services	14,706	14,706	2,874	(11,832)
Total revenues	<u>73,530</u>	<u>73,530</u>	<u>57,624</u>	<u>(15,906)</u>
Expenditures:				
Public works and transportation	75,530	75,530	70,634	(4,896)
Total expenditures	<u>75,530</u>	<u>75,530</u>	<u>70,634</u>	<u>(4,896)</u>
Expenditures over revenues	(2,000)	(2,000)	(13,010)	<u>(20,802)</u>
Fund balance, June 30, 2013	<u>17,157</u>	<u>17,157</u>	<u>17,157</u>	
Fund balance, June 30, 2014	<u>\$ 15,157</u>	<u>15,157</u>	<u>4,147</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, 2014

	Budgeted Amounts		Actual	Variance Final Budget to Actual
	Original	Final		
Revenues:				
Grant revenue	\$ 194,400	194,400	182,284	(12,116)
Other income	79,700	79,700	-	(79,700)
Interest income	2	2	-	(2)
Total revenues	<u>274,102</u>	<u>274,102</u>	<u>182,284</u>	<u>(91,818)</u>
Expenditures:				
Social and Economic Development	242,729	242,729	182,284	60,445
Total expenditures	<u>242,729</u>	<u>242,729</u>	<u>182,284</u>	<u>60,445</u>
Revenues over (under) expenditures	31,373	31,373	-	<u>(31,373)</u>
Fund balance, June 30, 2013	-	-	-	
Fund balance, June 30, 2014	<u>\$ 31,373</u>	<u>31,373</u>	<u>-</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, 2014

	<u>Self-Help Housing Fund</u>	<u>Children's Trust Fund</u>	<u>Total Other Governmental Funds</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ -	4,148	4,148
Due from other funds	-	45,852	45,852
	<u>-</u>	<u>45,852</u>	<u>45,852</u>
Total Assets	<u>\$ -</u>	<u>50,000</u>	<u>50,000</u>
<b>FUND EQUITY</b>			
FUND EQUITY			
Restricted for Self-Help Housing Fund	-	-	-
Restricted for Children's Trust Fund	-	50,000	50,000
	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Fund Equity	<u>\$ -</u>	<u>50,000</u>	<u>50,000</u>

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, 2014

	Self-Help Housing Fund	Childern's Trust Fund	Total Other Governmental Funds
<b><u>REVENUES</u></b>			
Grant revenue	\$ 182,284	-	182,284
Total revenues	<u>182,284</u>	<u>-</u>	<u>182,284</u>
<b><u>EXPENDITURES</u></b>			
OFDA - self-help housing	<u>182,284</u>	-	<u>182,284</u>
Total expenditures	<u>182,284</u>	<u>-</u>	<u>182,284</u>
Revenues over expenditures	-	-	-
Fund balance, June 30, 2013	<u>-</u>	<u>50,000</u>	<u>50,000</u>
Fund balance, June 30, 2014	<u>\$ -</u>	<u>50,000</u>	<u>50,000</u>

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

**OZARK FOOTHILLS SOLID WASTE MANAGEMENT DISTRICT**

Schedule of Receipts and Expenditures of State Awards -

Missouri Department of Natural Resources

Three years ended June 30, 2014

<u>Type of Grant</u>	<u>Grant #</u>	<u>Grant Balance July 1, 2011</u>	<u>Grants Received 2012-2013</u>	<u>Grants Disbursed 2012-2013</u>	<u>Grant Balance June 30, 2013</u>	<u>Grants Received 2014</u>	<u>Grants Disbursed 2014</u>	<u>Grants Returned 2014</u>	<u>Grant Balance June 30, 2014</u>
Operations grant	Q2012-001	\$ -	7,000	7,000	-	-	-	-	-
Resource recovery grant	Q2012-002	-	90,023	90,023	-	-	-	12,222	12,222
Operations grant	Q2013-001	-	4,895	4,895	-	-	-	-	-
Resource recovery grant	Q2013-002	-	90,457	90,457	-	-	-	40,691	40,691
Operations grant	Q2014-001	-	-	-	-	10,033	10,033	-	-
Resource recovery grant	Q2014-002	-	-	-	-	86,611	86,611	62,986	62,986
<b>Totals</b>		<b>\$ -</b>	<b>192,375</b>	<b>192,375</b>	<b>-</b>	<b>96,644</b>	<b>96,644</b>	<b>115,899</b>	<b>115,899</b>



**SCHULTZ, WOOD & RAPP, P.C.**  
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MEMBER AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

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

September 4, 2014

Board of Directors  
Ozark Foothills Regional Planning Commission  
Poplar Bluff, Missouri

Dear Members of the Board:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Ozark Foothills Regional Planning Commission (the Commission), and its component unit, Ozark Foothills Solid Waste Management District, which comprise the basic financial statements and the related notes to the financial statements, and have issued our report thereon dated September 4, 2014.

**Internal Control Over Financial Reporting**

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

## **Compliance and Other Matters**

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

## **Ozark Foothills Regional Planning Commission Response to Finding**

The Commission's response to the finding identified in our audit is described in the accompanying Schedule of Finding and Response. Ozark Foothills Regional Planning Commission's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

## **Purpose of this Report**

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

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

# OZARK FOOTHILLS REGIONAL PLANNING COMMISSION

Schedule of Finding and Response  
Year Ended June 30, 2014

## Section I - Internal Control Over Financial Reporting Finding

The material weakness noted is as follows:

### 14-1: Lack of Segregation of Duties (Repeat)

In any system of internal accounting control, one primary goal is adequate segregation of duties. The Commission's Fiscal Officer is basically responsible for all areas of the accounting cycles; therefore, an adequate segregation of duties and responsibilities is not present to ensure adequate internal accounting controls can be achieved.

**Criteria:** The auditee should provide an internal control environment that allows for the adequate segregation of duties in all significant accounting applications.

**Effect:** Failure to have adequate segregation of duties in all significant accounting applications can cause material errors and misstatements to go undetected and be included in the Commission's financial statements.

**Cause:** Due to the small size and budget constraints of this not-for-profit entity, the Commission employs only one bookkeeper.

**Recommendation:** We understand that the size and budget constraints of the Commission limit the application of adequate segregation of duties. However, we recommend that these areas be reviewed periodically and considerations given to improving the segregation of accounting duties. The Board must continue to monitor and oversee financial reporting and accounting to compensate for the inherent weaknesses that lack of segregation of duties in the accounting environment creates.

Common recommendations to mitigate lack of segregation of accounting duties risk, although not all-inclusive, consist of the following:

- Direct mailing of monthly bank statements to the Executive Director or a Board member for review of propriety of transactions processed through the bank accounts.
- Independent person reconcile the monthly bank reconciliations, or, at a minimum, have another knowledgeable person review bank reconciliations prepared by the Commission's bookkeeper.
- Independent reconciliation of submitted check and direct deposit listings to be approved at Board meetings with records posted in the Commission's accounting records, to ensure completeness and consistency with disbursements approved.
- Review of supporting documents of Commission expenditures by the Commission's Executive Director and other check signers should be evidenced by proper initialing and dating such documents.
- Authorizations regarding initiating bank transfers and electronic disbursements require two members of management.
- Segregate recordkeeping of incoming cash receipts from the counting and depositing of such receipts whenever possible.
- Custody of signature stamps be retained by the specific authorized check signers, and not held or stored by others.

## Section II - Response and Corrective Action Plan

Contact Person: Felicity Brady, Executive Director

Corrective Action Planned: 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. The Board and management will continue to monitor and oversee financial reporting and accounting duties to mitigate the inherent risk that lack of segregation of duties in the accounting environment creates.



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**INDEPENDENT AUDITOR'S COMMUNICATION  
WITH THOSE CHARGED WITH GOVERNANCE**

September 4, 2014

Board of Directors  
Ozark Foothills Regional Planning Commission  
Poplar Bluff, Missouri

Dear Members of the Board:

We have audited the financial statements of the Ozark Foothills Regional Planning Commission as of June 30, 2014 and for the year then ended, and have issued our report thereon dated September 4, 2014. 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 June 30, 2014. Professional standards 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 June 30, 2014, 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 2014. 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.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no significant disclosures affecting the financial statements. The financial statement disclosures are neutral, consistent, and clear.

### *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. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### *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

### *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 those specified parties.

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