

**THE REGIONAL PLANNING COMMISSION
OF GREATER BIRMINGHAM**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2009 AND 2008**

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REPORT OF INDEPENDENT AUDITORS

To the Executive Committee of the
 Regional Planning Commission of Greater Birmingham
 Birmingham, Alabama

We have audited the accompanying basic financial statements of the Regional Planning Commission of Greater Birmingham ("the Commission") as of September 30, 2009 and 2008, as listed in the table of contents. These financial statements are the responsibility of the Commission's management. Our responsibility is to express an opinion 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Commission and each major fund, as of September 30, 2009 and 2008, and the respective changes in financial position, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our reports dated January 31, 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 report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the Commission's basic financial statements. The accompanying schedules of expenditures of federal awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements of the Commission. The schedules of expenditures of federal awards 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.

DiPiazza LARocca Heeter & Co., LLC

January 31, 2010

MANAGEMENT DISCUSSION AND ANALYSIS

The first major requirement of GASB Statement 34 (Governmental Accounting Standards Board) is the Management Discussion and Analysis (MD&A). The purpose of an MD&A is a discussion, in laymen's terms, of current year results in comparison to the prior year.

The discussion and analysis of the Regional Planning Commission of Greater Birmingham's (the Commission) financial performance is for the Commission's financial activities for the fiscal years ending September 30, 2008 and 2009.

The Commission's financial condition has continued to improve between FY 2008 and FY 2009; the subsequent narrative explains the causes for the financial condition of the Commission.

FINANCIAL HIGHLIGHTS

- The Commission's total net assets increased by \$182,853 from FY 2008 to FY 2009, from a negative balance of \$365,867 in FY 2008 to a negative balance of \$183,013 in FY 2009.
- Total program and general revenues increased from \$4,155,465 in FY 2008 to \$5,720,723 in FY 2009, an increase of \$1,565,258 or 38%, while total program expenses increased \$1,579,067 from FY 2008 to FY 2009.

USING THE ANNUAL FINANCIAL STATEMENT

The Annual Financial Statement consists of a series of financial statements. The Statement of Net Assets and the Statement of Activities (pages 6-8) provide information about the activities of the Commission as a whole and present a longer-term view of the Commission's finances.

The Fund financial statements (pages 9-12) explains how these services were financed in the short term as well as what remains for future spending in FY 2009. Fund financial statements also report the Commission's operations in more detail than the government-wide statements by providing information about the Commission's most significant funds.

Fiduciary fund financial statements (pages 13-16) include assets the Commission holds in a trustee capacity and cannot be used to finance the entity's operations.

Reporting the Commission as a Whole

The analysis of the Commission as a whole begins on page 2. One of the most important questions asked about the Commission's finances is, "Is the Commission as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the Commission as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Reporting the Commission as a Whole (Continued)

These two statements report the Commission's net assets and changes. The Commission's net assets, the difference between assets and liabilities, can be thought of as one way to measure financial health, or financial position. Over time, increases or decreases in the Commission's net assets are one indicator of whether its financial health is improving or deteriorating.

Other non-financial factors need to be considered, such as changes in the Commission's amount of intergovernmental transfers, to assess the overall health of the Commission.

In the Statement of Net Assets and the Statement of Activities, the Commission's Governmental activities are reported, including general administration, transportation planning, traffic safety programs, human resources (Senior Services), environmental management and planning, and other community planning programs.

Reporting the Commission's Most Significant Funds

The fund financial statements begin on page 9 and provide detailed information about the most significant funds – not the Commission as a whole. Some funds are required to be established by state law and by other federal regulation(s). The Commission's Board has also established other funds to help control and manage money for particular purposes or to show that it is meeting legal responsibilities for use of certain grant funds.

The Commission's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Commission's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the Commission's programs. Management describes the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in a reconciliation immediately following the fund financial statements and through footnote disclosure.

THE COMMISSION AS A WHOLE

The analysis in this section focuses on the net assets and changes in net assets, as reflected in the following condensed statements of the Commission's activities, which are all presented as governmental.

The Commission's combined net assets increased by \$182,853 during FY 2009. However, the components of net assets showed differing amounts of increases and decreases. Net assets invested in capital assets, net of related debt, increased \$79,748.

The decrease in net assets invested in capital assets was the result of acquisitions totaling \$81,580, netted against approximately \$16,316 of current depreciation expense.

THE COMMISSION AS A WHOLE (Continued)

The Commission's total revenues increased from approximately \$4,155,465 in FY 2008 to \$5,720,723 in FY 2009, an increase of \$1,565,258 or 38%, while total program expenses increased \$1,579,067 from FY 2008 to FY 2009. However, individual revenue and expense components both increased and decreased by various amounts. The primary reason for the increase in total revenues was due to projects in the Transportation program area which were primarily programmed for third parties.

THE COMMISSION'S FUNDS

Total governmental funds have a deficit balance of \$183,014 for the year ended September 30, 2009 compared to the deficit of \$365,867 as of September 30, 2008, or a net decrease of \$182,853.

BUDGETS AND DEFICIT CAUSES

The budget for FY 2009 was adopted in August of 2008 and was amended several times throughout the year to reflect actual revenue streams as well as start dates for projects. Through appropriate management practices RPC came in under budget by \$1,543,367. However, as noted previously, grant funds with remaining balances for FY 2009 were eligible for carryover into FY 2010.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2009, the Commission had \$65,264 invested in capital assets. These typically include office furniture and equipment.

Debt

In FY 2008 the Commission approved acquiring a line of credit with a bank in the amount of \$500,000 in anticipation of the fiduciary responsibility for Rideshare and Air Quality programs coming back in-house. These functions were both absorbed by Jefferson County in 2006 in an effort to provide fiscal relief to the Commission as funds were not available to provide cash flow timely for these programs. While the line of credit had a zero balance at September 30, 2009, there were several draws and repayments during the fiscal year. The high balance on the line was \$300,000 on May 31, 2009.

In FY 2006 the Commission acquired two loans totaling \$1.5 million.

The first loan was a short-term working capital note in the amount of \$250,000. This was used to process payables for which the Commission was eligible to be reimbursed. The note was repaid in accordance with the terms on November 30, 2006.

Debt (Continued)

The second note was for \$1.25 million and used to pay debts incurred by the Commission for which it had already been reimbursed either directly from programs or through the application of the indirect rate (see the MD&A from FY 2003-FY 2008 for a more detailed explanation). Additionally, \$300,000 of the proceeds was used to pay off the line of credit. The amount outstanding under the line of credit was \$240,000 as of September 30, 2005, but was refinanced into the long term note as of September 30, 2006. At the end of FY 2009 the Commission's current outstanding debt was \$862,078; which is reflective of the \$1.25 million note the Commission is servicing.

CURRENTLY KNOWN FACTS AND CONDITIONS

The Commission has continued to improve since the previous audit period. Management has continued to implement accurate and timely financial reporting including such activities as weekly management and finance meetings to discuss daily operations of the Commission. Monthly meetings with the Finance Committee and Board of Directors also review all financial activity of the Commission.

The FY 2009 financial reports are being used by management to compare budget versus actual expenses and revenues, but also by the various Commission committees, such as Program/Budget and Finance, to set policy and direction for the agency. The Board and these associated committees were not receiving adequate budgetary information prior to the first quarter of FY 2007.

The general organizational structure of the agency continues to be reexamined to ensure that the programs and staffing of the Commission fit with the agency's intended purpose and mission and that costs can be adequately covered by Commission revenues.

CONTACTING THE COMMISSION'S FINANCIAL MANAGEMENT

This financial report is designed to provide the citizens, taxpayers, customers, investors, and creditors of our region with a general overview of the Commission's finances and to show the Commission's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

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THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Statements of Net Assets September 30, 2009 and 2008

| ASSETS | <u>2009</u> | <u>2008</u> |
|--|----------------------------|----------------------------|
| Cash and cash equivalents | \$ 233,426 | \$ 462,440 |
| Receivables from Federal grantors and subgrantee agencies | <u>1,353,749</u> | <u>965,056</u> |
| Total current assets | 1,587,175 | 1,427,496 |
| Capital assets: | | |
| Equipment, furnishings and fixtures | 280,786 | 201,038 |
| Accumulated depreciation | <u>(215,522)</u> | <u>(201,038)</u> |
| Total capital assets | 65,264 | - |
| Total assets | <u><u>\$ 1,652,439</u></u> | <u><u>\$ 1,427,496</u></u> |
| LIABILITIES | | |
| Accounts payable | \$ 465,297 | \$ 210,398 |
| Accrued compensated absences | 71,475 | 55,093 |
| Current portion of long-term debt | 119,514 | 111,624 |
| Line of credit | 500 | - |
| Withholdings payable | - | 15,259 |
| Deferred revenue | <u>436,603</u> | <u>496,924</u> |
| Total current liabilities | 1,093,389 | 889,298 |
| Long-term debt | <u>742,064</u> | <u>904,065</u> |
| Total long-term liabilities | 742,064 | 904,065 |
| Total liabilities | <u><u>1,835,453</u></u> | <u><u>1,793,363</u></u> |
| NET ASSETS | | |
| Unreserved fund deficit | <u>(183,014)</u> | <u>(365,867)</u> |
| Total net assets | <u><u>(183,014)</u></u> | <u><u>(365,867)</u></u> |
| Total liabilities and net assets | <u><u>\$ 1,652,439</u></u> | <u><u>\$ 1,427,496</u></u> |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Statement of Activities
For the year ended September 30, 2009**

| | <u>Expenses</u> | <u>Program Revenues</u> Operating Grants and Contributions | <u>Net (Expense) Revenue and Changes in Net Assets</u> Governmental Activities |
|-------------------------------|---------------------|---|--|
| <u>Functions/Programs</u> | | | |
| <u>Primary government:</u> | | | |
| Governmental activities: | | | |
| General government | \$ 38,258 | \$ 271,497 | \$ 233,239 |
| Transportation planning | 4,255,879 | 4,277,926 | 22,047 |
| Human resources | 773,400 | 690,841 | (82,559) |
| Other regional planning | 470,333 | 480,459 | 10,126 |
| Total governmental activities | <u>5,537,870</u> | <u>5,720,723</u> | <u>182,853</u> |
| Total primary government | \$ <u>5,537,870</u> | \$ <u>5,720,723</u> | 182,853 |
| | | | 182,853 |
| | | | <u>(365,867)</u> |
| | | | <u><u>(183,014)</u></u> |

Change in net assets
Net assets beginning
Net assets ending

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Statement of Activities
For the year ended September 30, 2008

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> Operating Grants and Contributions | <u>Net (Expense) Revenue and Changes in Net Assets</u> Governmental Activities |
|-----------------------------|---------------------|---|--|
| Primary government: | | | |
| Governmental activities: | | | |
| General government | \$ 1,451,163 | \$ 336,903 | \$ (1,114,260) |
| Transportation planning | 1,507,248 | 2,303,903 | 796,655 |
| Human resources | 797,463 | 1,014,742 | 217,279 |
| Other regional planning | 202,929 | 499,917 | 296,988 |
| Total government activities | <u>3,958,803</u> | <u>4,155,465</u> | <u>196,662</u> |
| Total primary government | <u>\$ 3,958,803</u> | <u>\$ 4,155,465</u> | <u>196,662</u> |
| | | | 196,662 |
| | | | <u>(562,529)</u> |
| | | | <u><u>\$ (365,867)</u></u> |

Change in net assets
Net assets beginning
Net assets ending

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Balance Sheet
Governmental Funds
September 30, 2009**

| ASSETS | General | Transportation | Human Resources | Other Regional Planning | Total Governmental Services |
|---|---------------------|-----------------------|------------------------|--------------------------------|------------------------------------|
| Cash and cash equivalents | \$ 233,426 | \$ - | \$ - | \$ - | \$ 233,426 |
| Receivables from Federal grantors and subgrantee agencies | 1,036,028 | 292,721 | - | 25,000 | 1,353,749 |
| Total assets | \$ 1,269,454 | \$ 292,721 | \$ - | \$ 25,000 | \$ 1,587,175 |
| LIABILITIES | | | | | |
| Accounts payable | \$ 173,076 | \$ 292,221 | \$ - | \$ - | \$ 465,297 |
| Current portion of long-term debt | 120,014 | - | - | - | 120,014 |
| Other liabilities | 411,103 | 500 | - | 25,000 | 436,603 |
| Total liabilities | 704,193 | 292,721 | - | 25,000 | 1,021,914 |
| NET ASSETS | | | | | |
| Unreserved fund balance | 565,261 | - | - | - | 565,261 |
| Total liabilities and net assets | \$ 1,269,454 | \$ 292,721 | \$ - | \$ 25,000 | \$ 1,587,175 |

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds. 65,264

Compensated absences of governmental activities are not financial resources; and therefore, are not reported in the funds. (71,475)

Long-term portion of debt is not a current obligation; and therefore, is not reported in the funds. (742,064)

Unreserved net assets (183,014)

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Balance Sheet
Governmental Funds
September 30, 2008**

| | <u>General</u> | <u>Transportation</u> | <u>Human Resources</u> | <u>Other Regional Planning</u> | <u>Total Governmental Services</u> |
|---|---------------------|-----------------------|------------------------|--------------------------------|------------------------------------|
| ASSETS | | | | | |
| Cash and cash equivalents | \$ 378,790 | \$ - | \$ 83,650 | \$ - | \$ 462,440 |
| Receivables from Federal grantors and subgrantee agencies | 868,534 | 38,969 | 24,070 | 33,483 | 965,056 |
| Total assets | <u>\$ 1,247,324</u> | <u>\$ 38,969</u> | <u>\$ 107,720</u> | <u>\$ 33,483</u> | <u>\$ 1,427,496</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 61,209 | \$ 38,969 | \$ 106,629 | \$ 3,591 | \$ 210,398 |
| Current portion of long-term debt | 111,624 | - | - | - | 111,624 |
| Other liabilities | 481,200 | - | 1,091 | 29,892 | 512,183 |
| Total liabilities | <u>\$ 654,033</u> | <u>\$ 38,969</u> | <u>\$ 107,720</u> | <u>\$ 33,483</u> | <u>\$ 834,205</u> |
| NET ASSETS | | | | | |
| Unreserved fund balance | 593,291 | - | - | - | 593,291 |
| Total liabilities and net assets | <u>\$ 1,247,324</u> | <u>\$ 38,969</u> | <u>\$ 107,720</u> | <u>\$ 33,483</u> | <u>\$ 1,427,496</u> |

Amounts reported for governmental activities in the statement of net assets are different because:

Compensated absences of governmental activities are not financial resources; and therefore, are not reported in the funds.
 Long-term portion of debt is not a current obligation; and therefore, is not reported in the funds.
 Unreserved net assets

| | |
|--|------------------|
| | (55,093) |
| | <u>(904,065)</u> |
| | <u>(365,867)</u> |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the year ended September 30, 2009

| | General | Transportation Programs | Human Resources | Other Regional Planning | Total Governmental Services |
|---|-------------------|-------------------------|-----------------|-------------------------|-----------------------------|
| REVENUES | | | | | |
| Regional appropriations | \$ 269,303 | \$ 320,606 | \$ 98 | \$ 236,899 | \$ 826,906 |
| From grantor agencies | 2,195 | 3,820,994 | 640,358 | 159,752 | 4,623,299 |
| Subgrantee match | - | 136,326 | 50,385 | 83,808 | 270,519 |
| Total revenues | 271,498 | 4,277,926 | 690,841 | 480,459 | 5,720,724 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 33,634 | - | - | - | 33,634 |
| Transportation planning | - | 4,261,266 | - | - | 4,261,266 |
| Human resources | - | - | 773,400 | - | 773,400 |
| Other regional planning | - | - | - | 475,317 | 475,317 |
| Total expenditures | 33,634 | 4,261,266 | 773,400 | 475,317 | 5,543,617 |
| Excess (deficit) of revenues over expenditures | 237,864 | 16,660 | (82,559) | 5,142 | 177,107 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | - | - | 82,559 | - | 82,559 |
| Transfers out | (265,894) | (16,660) | - | (5,142) | (287,696) |
| Total other financing sources and uses | (265,894) | (16,660) | 82,559 | (5,142) | (205,137) |
| Net change in fund balances | (28,030) | - | - | - | (28,030) |
| Fund balances - beginning | 593,291 | - | - | - | 593,291 |
| Fund balances - ending | \$ 565,261 | \$ - | \$ - | \$ - | \$ 565,261 |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds

For the year ended September 30, 2008

| | General | Transportation Programs | Human Resources | Other Regional Planning | Total Governmental Services |
|---|-------------------|----------------------------|--------------------|-------------------------------|-----------------------------------|
| REVENUES | | | | | |
| Regional appropriations | \$ 339,060 | \$ 255,153 | \$ 271 | \$ 188,843 | \$ 783,327 |
| From grantor agencies | 166 | 1,987,052 | 916,251 | 168,547 | 3,072,016 |
| Subgrantee match | - | 61,699 | 98,220 | 142,527 | 302,446 |
| Total revenues | 339,226 | 2,303,904 | 1,014,742 | 499,917 | 4,157,789 |
| EXPENDITURES | | | | | |
| Current | | | | | |
| General government | 1,453,487 | - | - | - | 1,453,487 |
| Transportation planning | - | 1,507,248 | - | - | 1,507,248 |
| Human resources | - | - | 797,463 | - | 797,463 |
| Other regional planning | - | - | - | 202,929 | 202,929 |
| Total expenditures | 1,453,487 | 1,507,248 | 797,463 | 202,929 | 3,961,127 |
| Excess (deficit) of revenues over expenditures | (1,114,261) | 796,656 | 217,279 | 296,988 | 196,662 |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,189,187 | - | - | - | 1,189,187 |
| Transfers out | - | (796,656) | (217,279) | (296,988) | (1,310,923) |
| Total other financing sources and uses | 1,189,187 | (796,656) | (217,279) | (296,988) | (121,736) |
| Net change in fund balances | 74,926 | - | - | - | 74,926 |
| Fund balances - beginning | 518,365 | - | - | - | 518,365 |
| Fund balances - ending | \$ 593,291 | \$ - | \$ - | \$ - | \$ 593,291 |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Statement of Fiduciary Net Assets
Fiduciary Funds and Similar Component Units
September 30, 2009**

| | Deferred Compensation Plan | Regional Loan Fund | Total Fiduciary Net Assets |
|---|---|-----------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 52,770 | \$ 52,770 |
| Receivables from loan recipients (net of allowance) | - | 1,322,967 | 1,322,967 |
| Investments | <u>437,597</u> | <u>-</u> | <u>437,597</u> |
| Total assets | <u>\$ 437,597</u> | <u>\$ 1,375,737</u> | <u>1,813,334</u> |
| LIABILITIES | | | |
| Accounts payable | <u>\$ -</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> |
| Total Liabilities | <u>-</u> | <u>15,000</u> | <u>15,000</u> |
| NET ASSETS | | | |
| Held in trust for pension benefits | 437,597 | - | 437,597 |
| Held in trust for issuing loans | <u>-</u> | <u>1,360,737</u> | <u>1,360,737</u> |
| Total net assets | <u>437,597</u> | <u>1,360,737</u> | <u>1,798,334</u> |
| Total liabilities and net assets | <u>\$ 437,597</u> | <u>\$ 1,375,737</u> | <u>\$ 1,813,334</u> |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Statement of Fiduciary Net Assets Fiduciary Funds and Similar Component Units September 30, 2008

| | <u>Deferred Compensation Plan</u> | <u>Regional Loan Fund</u> | <u>Total Fiduciary Net Assets</u> |
|---|---|-----------------------------------|---|
| ASSETS | | | |
| Cash and cash equivalents | \$ - | \$ 300,419 | \$ 300,419 |
| Receivables from loan recipients | - | 916,772 | 916,772 |
| Investments | <u>439,046</u> | <u>-</u> | <u>439,046</u> |
| Total assets | <u><u>\$ 439,046</u></u> | <u><u>\$ 1,217,191</u></u> | <u><u>1,656,237</u></u> |
| LIABILITIES | | | |
| Accounts payable | <u>\$ -</u> | <u>\$ 15,000</u> | <u>\$ 15,000</u> |
| Total Liabilities | <u>-</u> | <u>15,000</u> | <u>15,000</u> |
| NET ASSETS | | | |
| Held in trust for pension benefits | 439,046 | - | 439,046 |
| Held in trust for issuing loans | <u>-</u> | <u>1,202,191</u> | <u>1,202,191</u> |
| Total net assets | <u>439,046</u> | <u>1,202,191</u> | <u>1,641,237</u> |
| Total liabilities and net assets | <u><u>\$ 439,046</u></u> | <u><u>\$ 1,217,191</u></u> | <u><u>\$ 1,656,237</u></u> |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds and Similar Component Units
For the year ended September 30, 2009**

| | <u>Deferred Compensation Plan</u> | <u>Regional Loan Fund</u> | <u>Total Fiduciary Activity</u> |
|--|--|--|--|
| ADDITIONS | | | |
| Investment income: | | | |
| Grant | \$ - | \$ 200,000 | \$ 200,000 |
| Net appreciation in fair value of investments | (2,486) | - | (2,486) |
| Interest | - | 82,630 | 82,630 |
| Total additions | <u>(2,486)</u> | <u>282,630</u> | <u>280,144</u> |
| DEDUCTIONS | | | |
| Benefits | (10,300) | - | (10,300) |
| Contributions | 11,337 | - | 11,337 |
| Administrative expenses | - | (77,920) | (77,920) |
| Bad debt | - | (46,164) | (46,164) |
| Total deductions | <u>1,037</u> | <u>(124,084)</u> | <u>(123,047)</u> |
| Net change in net assets | (1,449) | 158,546 | 157,097 |
| Net assets- beginning | 439,046 | 1,202,191 | 1,641,237 |
| Net assets- ending | \$ <u><u>437,597</u></u> | \$ <u><u>1,360,737</u></u> | \$ <u><u>1,798,334</u></u> |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Statement of Changes in Fiduciary Net Assets
Fiduciary Funds and Similar Component Units
For the year ended September 30, 2008**

| | Deferred Compensation Plan | Regional Loan Fund | Total Fiduciary Activity |
|--|---|-----------------------------------|---|
| ADDITIONS | | | |
| Investment income: | | | |
| Net appreciation in fair value of investments | \$ (107,509) | \$ - | \$ (107,509) |
| Interest | - | 61,823 | 61,823 |
| Total additions | <u>(107,509)</u> | <u>61,823</u> | <u>(45,686)</u> |
| DEDUCTIONS | | | |
| Benefits | 35,588 | - | 35,588 |
| Distributions | (68,289) | - | (68,289) |
| Administrative expenses | - | (71,056) | (71,056) |
| Total deductions | <u>(32,701)</u> | <u>(71,056)</u> | <u>(103,757)</u> |
| Net change in net assets | (140,210) | (9,233) | (149,443) |
| Net assets- beginning | 579,256 | 1,211,424 | 1,790,680 |
| Net assets- ending | \$ <u><u>439,046</u></u> | \$ <u><u>1,202,191</u></u> | \$ <u><u>1,641,237</u></u> |

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements September 30, 2009 and 2008

NOTE 1 – DESCRIPTION OF REPORTING ENTITY

The Regional Planning Commission of Greater Birmingham ("RPC" or "the Commission") was established in 1969 by the Alabama Legislature to serve as an advisory planning agency for local municipalities and governments within Blount, Chilton, Jefferson, Shelby, St. Clair and Walker Counties. The Commission also provides technical assistance and recommendations for economic development, community development, governmental services and human resource services.

The accompanying financial statements present the Commission's operations. The Commission has no blended or discrete component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of GASB 34

In June 1999, the Governmental Accounting Standards Board (GASB) issued GASB statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." This statement changed the reporting model for state and local governments. RPC is considered a Phase 3 government entity- with total annual revenues of less than \$10 million- and was required to adopt GASB 34 for periods beginning after June 30, 2003. Management has adopted GASB 34 as it pertains to RPC.

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. The effect of inter-fund activity has been removed from these statements. *Governmental activities* are normally supported by regional appropriations, intergovernmental revenues and grants.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. Direct expenses also include charges for an indirect overhead rate that is based upon general administrative expenses. RPC *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a function or segment and 2) grants and contributions that are restricted to meeting the operational requirement of a particular function or segment. Regional appropriations and other items not included among program revenues are reported instead as *general revenues*.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-wide and fund financial statements – (Continued)

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement focus, basis of accounting, and financial statement preparation

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

Regional appropriations are recognized as revenues in the year for which they are due. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Dues from member municipalities and counties, interest and grant revenue associated with the current fiscal period are all considered susceptible to accrual and so have been recognized as revenues of the current fiscal period.

The RPC reports the following major governmental funds:

The *general fund* is the RPC's primary operating fund. It accounts for all financial resources of the Commission, except those required to be accounted for in another fund.

The *transportation program fund* is used to account for Alabama Department of Transportation Funded Unified (Transportation) Planning Work Program and Special Transportation Projects - within the following elements of the Commission's work program:

- Base Data for Planning
- Comprehensive Planning
- Transportation Planning

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting, and financial statement preparation (Continued)

The Federal Transit Administration, the Federal Highway Administration, and the Alabama Department of Transportation provide financing.

The *human resources fund* is used to account for the operations of several sub-elements within the Aging Services element of the Commission's work program. Financing is provided by the U.S. Department of Labor.

The human resources fund also includes human resource service administration related grants, via the Alabama Department of Human Resources (DHR), that is used to provide in-kind services for local service and delivery agencies.

The *other regional planning fund* is used to account for the operations that are not considered major programs. This includes funds received from the Appalachian Regional Commission (ARC), the Federal Economic Development Association (EDA), and local governments.

The RPC maintains two fiduciary funds, the *regional loan fund (RLF)* and the *deferred compensation fund*. The regional loan fund was created from a bond issue by the state of Alabama, the proceeds of which were distributed equally to each of the State's planning commissions, and is used to account for funds loaned to small business for area economic development. The deferred compensation plan fund is used to account for RPC's pension fund. The fiduciary funds are not reflected in the government-wide financial statements because the resources from those funds are not available to support the RPC's own programs. RLF uses the specific identification method of creating allowances for nonperforming loans.

The RPC has no material proprietary funds for reporting purposes.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Likewise, general revenues include all regional appropriation dues from member municipalities and counties, interest and other miscellaneous receipts.

When both restricted and unrestricted resources are available for use, it is the Commission's policy to use restricted resources first, then unrestricted resources as they are needed.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash

The Commission pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due to and due from other funds

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed.

Capital assets

Capital assets, which include furniture and equipment, are reported in the government-wide financial statements. Capital assets are defined by the Commission as assets with an initial, individual cost of more than \$1,000 (amount not rounded) and an estimated useful life in excess of two years. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets, which consist of furniture and equipment, are depreciated using the straight line method over a five year useful life.

Post Employment Healthcare Benefits

The Commission does not provide post employment healthcare except those mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by employees who elect coverage under the Act, and no direct costs are incurred by the Commission.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

The Commission has a standard policy for its full-time employees as to sick and vacation leave. Each employee, after the completion of one year of service, is allowed a vacation with pay at the rate of two weeks (ten working days) in any one calendar year. Upon completion of five years full-time service with the Commission, employees are allowed a vacation at the rate of three weeks (fifteen working days) per year. Upon completion of ten years full-time service with the Commission, employees are allowed a vacation at the rate of four weeks (twenty working days) per year. Upon completion of fifteen years full-time service with the Commission, employees are allowed a vacation at the rate of five weeks (twenty-five working days) per year. Earned vacation time may be allowed to accumulate. Maximum allowable accrued vacation cannot exceed six weeks (thirty working days). Employees who resign in good standing or who are separated from the service of the Commission without fault or delinquency on their part will be paid for the actual number of vacation days earned to the date of separation.

Each employee of the Commission is entitled to sick leave with pay at the rate of one day of sick leave per month of full-time service with the Commission. Unused sick leave allowances may be carried over to the succeeding months and accumulated up to ninety working days.

At September 30, 2009 and 2008, the amount of the liability for all full-time employees of the Commission for accumulated vacation was \$71,475 and \$55,093, respectively.

Budget

Because of the nature of the operations of RPC, annual appropriated operating budgets are not used as a means of governance. The financials, therefore, do not include budget versus actual comparisons.

Cost Allocation

Costs were distributed to the projects and activities by an allocation method meeting the requirements of OMB Circular A-87. As of September 30, 2009 and 2008, the indirect cost rate based on actual expenditures was 81.50% and 75.81%, respectively. As of September 30, 2009 and 2008, the fringe benefit cost rate based on actual expenditures was 53.46% and 54.13%, respectively.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Notes to Financial Statements - Continued
September 30, 2009 and 2008**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates made by the Commission. These estimates affect the reported amounts of assets and liabilities at the reporting date and revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE STATEMENT AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets

The governmental fund balance sheet includes a reconciliation between *fund balance - total governmental funds* and *net assets - governmental activities* as reported in the government-wide statement of net assets. Elements of that reconciliation explain that fixed assets, compensated absences and capital assets of governmental activities are not financial resources and therefore are not reported in the funds. The details of these \$(748,275) and \$(959,158) differences are as follows:

| | <u>2009</u> | <u>2008</u> |
|--|---------------------|---------------------|
| Capital assets | \$ (65,264) | \$ - |
| Compensated absences | (71,475) | (55,093) |
| Long-term debt | <u>(742,064)</u> | <u>(904,065)</u> |
| Net adjustment to reduce fund balance-total governmental funds to arrive at changes in net assets of governmental activities | <u>\$ (748,275)</u> | <u>\$ (959,158)</u> |

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Notes to Financial Statements - Continued
September 30, 2009 and 2008**

NOTE 3 - RECONCILIATION OF GOVERNMENT-WIDE STATEMENT AND FUND FINANCIAL STATEMENTS (Continued)

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities

The governmental fund statement of revenues, expenditures, and changes in fund balances is different from fund balances-total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. The details of these \$210,883 and \$121,736 differences are as follows:

| | <u>2009</u> | <u>2008</u> |
|--|-------------|-------------|
| Net increase (decrease) in fund balance total governmental funds | \$ (28,030) | \$ 74,926 |

One element is that Capital outlays are reported as expenditures in governmental funds. However, in the statement of activities, the cost of capital assets is allocated over their estimated useful lives as depreciation expense.

| | | |
|----------------------|----------|---|
| Capital expenditures | 81,580 | - |
| Depreciation expense | (16,316) | - |

Also, some expenses and long-term financing sources reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds, such as changes in compensated absences, which were as follows:

| | | |
|--|-------------------|-------------------|
| Change in compensated absences | (16,382) | (8,535) |
| Repayment of long-term debt | <u>162,001</u> | <u>130,271</u> |
| Net adjustment to governmental funds to arrive at changes in net assets of governmental activities | <u>210,883</u> | <u>121,736</u> |
| Changes in net assets of governmental activities | \$ <u>182,853</u> | \$ <u>196,662</u> |

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Notes to Financial Statements - Continued
September 30, 2009 and 2008**

NOTE 4 - CONCENTRATION OF CREDIT RISK

The Commission places its temporary cash investments with financial institutions insured by the Federal Deposit Insurance Corporation. At times deposits may be in excess of insurance coverage limits.

NOTE 5 - RECEIVABLES

Receivables as of year-end for the RPC's individual major funds and non-major funds are as follows:

| Receivables: | <u>2009</u> | <u>2008</u> |
|--------------|---------------------|-------------------|
| General Fund | \$ 1,353,749 | \$ 965,056 |
| Total | <u>\$ 1,353,749</u> | <u>\$ 965,056</u> |

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2009 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Furniture and equipment | \$ 201,038 | \$ 81,580 | \$ (1,832) | \$ 280,786 |
| Less accumulated depreciation for: | | | | |
| Furniture and equipment | <u>(201,038)</u> | <u>(16,316)</u> | <u>1,832</u> | <u>(215,522)</u> |
| Total capital assets, net of depreciation | <u>\$ -</u> | <u>\$ 65,264</u> | <u>\$ -</u> | <u>\$ 65,264</u> |

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Notes to Financial Statements - Continued
September 30, 2009 and 2008**

NOTE 6 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended September 30, 2008 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|------------------|------------------|---------------------------|
| Governmental Activities: | | | | |
| Capital assets, being depreciated: | | | | |
| Furniture and equipment | \$ 789,381 | \$ - | \$ (588,343) | \$ 201,038 |
| Less accumulated depreciation for: | | | | |
| Furniture and equipment | <u>(789,381)</u> | <u>-</u> | <u>588,343</u> | <u>(201,038)</u> |
| Total capital assets, net of depreciation | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

Depreciation expense was \$16,316 and \$0 for the years ended September 30, 2009 and 2008, respectively.

NOTE 7 – LINE OF CREDIT AND LONG-TERM DEBT

In July 2006, the Commission entered into a long-term note agreement with Wachovia Bank in the amount of \$1,250,000. The long-term note is secured by personal property of the Commission. The long-term note bears interest at 1.5 percent over LIBOR (1.74 and 4.69 percent at September 30, 2009 and 2008, respectively), and is due in July 2016. The amount outstanding was \$861,578 and \$1,015,689 for the years ended September 30, 2009 and 2008, respectively.

During fiscal year 2008, the Commission acquired a line of credit with an available \$500,000 limit. This line was established in anticipation of the Commission’s fiduciary responsibility of the Rideshare program. The line helps the Commission manage the related cash flow requirements of the program in house, as opposed to outsourcing the responsibility to Jefferson County, which occurred in prior years. The Commission may borrow on this line at an interest rate at the banks prime rate (5.25% in September 30, 2009). When drawn upon, the loan will be secured by collateral described in the related loan document. The amount outstanding was \$500 for the year ended September 30, 2009. There were no amounts outstanding under this line of credit at September 30, 2008.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Notes to Financial Statements - Continued
September 30, 2009 and 2008**

NOTE 7 – NOTES PAYABLE AND LONG-TERM DEBT (Continued)

Long-term debt is comprised as follows:

| | <u>2009</u> | <u>2008</u> |
|--|-------------------|---------------------|
| Long-term note payable to bank, interest at prime plus 1.50 percent (1.74% as of September 30, 2009), monthly installments of \$14,909 including interest, with balloon balance due July 20, 2016. | \$ <u>861,578</u> | \$ <u>1,015,689</u> |
| | 861,578 | 1,015,689 |
| Less current portion | <u>119,514</u> | <u>111,624</u> |
| | \$ <u>742,064</u> | \$ <u>904,065</u> |

Long-term debt matures as follows:

| | |
|------------|-------------------|
| 2010 | \$ 120,014 |
| 2011 | 127,963 |
| 2012 | 137,009 |
| 2013 | 146,695 |
| 2014 | 157,065 |
| Thereafter | <u>53,318</u> |
| | \$ <u>742,064</u> |

NOTE 8 - LEASES

The Commission leases office facilities with lease terms of 5 and 10 years. The future minimum lease payments are as follows:

| | |
|------|-------------------|
| 2010 | \$ 144,479 |
| 2011 | 147,758 |
| 2012 | 150,713 |
| 2013 | <u>76,832</u> |
| | \$ <u>519,782</u> |

Rent expense for 2009 and 2008 amounted to \$207,706 and \$206,056, respectively.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 9 - DEFINED BENEFIT PENSION PLAN

Plan Description

Membership in the Employees' Retirement Systems of Alabama ("the System") is mandatory for covered or eligible employees of the Commission. The system is a multiple-employer public employee retirement system that acts as a common investment and administrative agent for various state agencies and departments.

As of September 30, the employee data related to the pension plan was as follows:

| | <u>2008</u> | <u>2007</u> |
|---|--------------|-------------|
| Retirees and beneficiaries receiving benefits, terminated plan members entitled to but not yet receiving benefits, and disabled employees receiving benefits | 17 | 17 |
| Annual Retirement Allowance | \$ 321,797 | \$ 307,578 |
| Number of Active Members | 21 | 19 |
| Annual Compensation | \$ 1,147,262 | \$ 983,036 |

Benefits vest after ten years of creditable service. Vested employees may retire with full benefits at age sixty or after twenty-five years of service. Retirement benefits are calculated by three methods with the retiree receiving payment under the method which yields the highest monthly benefits.

The methods are (1) Minimum Guaranteed, (2) Money Purchase, and (3) Formula, of which the Formula method usually produces the highest monthly benefit. Under this method, retirees are allowed 2.0125% of their average final salary (best three of the last ten years) for each year of service. Disability retirement benefits are calculated in the same manner except that a reduction factor is computed based upon .25% for each month the member is less than age sixty or each month of service less than twenty-five years for a maximum reduction of 25%. The System also provides preretirement death benefits in the amount of the annual salary for the fiscal year preceding death.

Employees are required by statute to contribute 5 percent of their salary to the System with the Commission being required to contribute the remaining amounts necessary to fund the actuarially determined contributions to ensure sufficient assets will be available to pay benefits when due.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Status and Progress

The amount shown below as the "actuarial accrued liability" is a standardized disclosure measure of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure is intended to help users assess the funding status of the Plan on a going-concern basis, assess the progress made in accumulating sufficient assets to pay benefits when due, and make comparisons among employers.

The measure is the actuarial present value of credited projected benefits and is independent of the funding method used to determine contributions to the Plan.

| <u>Actuarial Covered Valuation Date</u> | <u>Actuarial Value of Assets (a)</u> | <u>Actuarial Accrued Liability (AAL)-Entry Age (b)</u> | <u>Unfunded AAL (UAAL) (b-a)</u> | <u>Funded Ratio (a/b)</u> | <u>Covered Payroll (c)</u> | <u>UAAL as a Percentage of Covered Payroll ((b-a)/c)</u> |
|---|--|--|--|-----------------------------------|------------------------------------|--|
| September 30, 2004 | \$3,499,187 | \$3,841,550 | \$342,363 | 91.1% | \$1,685,188 | 20.3% |
| September 30, 2005 | \$3,661,676 | \$4,346,501 | \$684,825 | 84.2% | \$1,394,768 | 49.1% |
| September 30, 2006 | \$3,797,116 | \$4,643,969 | \$846,853 | 81.8% | \$1,327,572 | 63.8% |
| September 30, 2007 | \$3,814,961 | \$4,424,553 | \$609,592 | 86.2% | \$ 983,036 | 62.0% |
| September 30, 2008 | \$3,619,734 | \$4,579,325 | \$959,591 | 79.0% | \$1,147,262 | 83.6% |

The information presented above was determined as part of the actuarial valuation at the date indicated. Additional information as of the latest actuarial valuation follows:

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Notes to Financial Statements - Continued
September 30, 2009 and 2008**

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Status and Progress (Continued)

| | |
|-------------------------------|------------------------|
| Valuation Date | September 30, 2008 |
| Actuarial Cost Method | Entry age |
| Amortization Method | Level percent open |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | 5 year smoothed market |
| Investment Rate of Return | 8% per annum |
| Project Salary (Increase) | 4.61% - 7.75% |
| Including Inflation at | 4.50% |
| Cost of living adjustments | None |

Employer contributions required to fund benefits are determined following a level funding approach and consist of a normal contribution determined using the "entry age normal" method and an accrued liability contribution that is expected to liquidate the accrued liability within the funding period. The significant actuarial assumptions used to compute the actuarially determined contribution requirement are the same as those used to compute the pension benefit obligation as described above.

The required employer contribution rates as of September 30, was as follows:

| | <u>2008</u> | <u>2007</u> |
|---|---------------|---------------|
| Normal cost percentage | 5.05% | 5.34% |
| Amortization of unfunded actuarial accrued liability | 5.81% | 4.39% |
| Death benefits | .15% | .15% |
| Administration | <u>.18%</u> | <u>.18%</u> |
| Total | <u>11.19%</u> | <u>10.06%</u> |

Contribution Required and Contribution Made

Total contributions to the pension plan as of September 30, 2009 and 2008 were \$139,822 and \$109,185, respectively.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Notes to Financial Statements - Continued September 30, 2009 and 2008

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due. Presented below is data for the five-year period ended September 30, 2008:

| <u>Fiscal Year Ending</u> | <u>Annual Pension Cost (APC)</u> | <u>Percentage of APC Contribution</u> | <u>Net Pension Obligation (NPO)</u> |
|-----------------------------------|--|---|---|
| 9/30/2004 | \$ 79,689 | 100.00% | \$ 0 |
| 9/30/2005 | \$ 98,231 | 100.00% | \$ 0 |
| 9/30/2006 | \$ 87,221 | 100.00% | \$ 0 |
| 9/30/2007 | \$ 71,102 | 100.00% | \$ 0 |
| 9/30/2008 | \$105,224 | 100.00% | \$ 0 |

This information is presented in the annual report of the Retirement Systems of Alabama for the years ended September 30, 2008 and 2007.

NOTE 10 - CONTINGENT LIABILITIES

Use of federal, state, and locally administered federal and other grant funds is subject to review and audit by the grantor agencies. Such audits could lead to requests for reimbursement to the grantor agency for expenditures disallowed under terms of the grant.

SUPPLEMENTAL INFORMATION

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Schedule of Expenditures of Federal Awards
For the year ended September 30, 2009**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Award Period</u> | <u>Federal Identification Number</u> | <u>Federal Award Amount</u> | <u>Total Funds Expended</u> |
|---|----------------------------|---------------------|--------------------------------------|-----------------------------|-----------------------------|
| U.S. Department of Transportation | | | | | |
| Passed Through the Alabama State | | | | | |
| <u>Highway Department of Transportation:</u> | | | | | |
| F.W.H.A. Section 112(M) | 20.205 | 10/01/08 - 09/30/09 | PL-N8-100-052-042 | 564,752 | 564,752 |
| F.W.H.A. Section 112(M) | 20.205 | 10/01/08 - 09/30/09 | PL-N8-100-052-042 | 543,198 | 438,962 |
| Rideshare | 20.205 | 10/01/08 - 09/30/09 | STBHH-100050643 | 2,140,000 | 1,535,157 |
| Voluntary Air Quality | 20.205 | 10/01/08 - 09/30/09 | CMAQL-100045575 | 1,400,000 | 748,229 |
| Building Communities | 20.205 | 10/01/08 - 09/30/09 | STBH-100039889 | 520,000 | 380,802 |
| ALDOT-Rural Transportation Planning | 20.205 | 10/01/08 - 09/30/09 | HPR8L-100052012 | 50,000 | 49,989 |
| Corridor Alternative Analysis | 20.500 | 10/01/07 - 09/30/09 | Downtown University Transit Project | 2,353,483 | - |
| I-65 BRT (High Occupancy Corridor) | 20.500 | 10/01/08 - 09/30/09 | I-65 BRT | 4,885,920 | 21,499 |
| Birmingham Jefferson County Transit Authority | 20.205 | 10/01/08 - 09/30/09 | Coordinated Human Services 5316/5317 | 58,810 | 20,834 |
| Birmingham Jefferson County Transit Authority | 20.500 | 03/01/09 - 09/30/09 | U.S. Corridor Alternative Analysis | 992,000 | 25,054 |
| Rideshare - Park & Ride Lots - Phase I | 20.205 | 10/01/08 - 09/30/09 | Project #100050871 | 250,000 | 6,431 |
| ALDOT - Transportation Systems Congestion Management | 20.205 | 10/01/08 - 09/30/09 | STPBH-CN09- Project# 100052171 | 200,000 | - |
| | | | Total | 13,958,163 | 3,791,709 |
| Appalachian Regional Commission | | | | | |
| <u>Direct Program:</u> | | | | | |
| Local Development Districts | 23.009 | 10/01/08 - 12/31/08 | AL-0700E-C37 | 119,569 | 29,892 |
| Local Development Districts | 23.009 | 01/01/01 - 09/30/09 | AL-0700E-C38 | 100,000 | 75,000 |
| | | | Total | 219,569 | 104,892 |
| U.S. Department of Commerce | | | | | |
| Passed Through the Economic Development Administration | | | | | |
| <u>Direct Program:</u> | | | | | |
| EDA | 11.302 | 01/01/08 - 12/31/10 | 04-83-06027 | 159,000 | 53,000 |
| | | | | 159,000 | 53,000 |

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Schedule of Expenditures of Federal Awards
For the year ended September 30, 2009

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal CFDA Number</u> | <u>Award Period</u> | <u>Federal Identification Number</u> | <u>Federal Award Amount</u> | <u>Total Funds Expended</u> |
|---|----------------------------|---------------------|--------------------------------------|-----------------------------|-----------------------------|
| Appalachian Regional Commission | | | | | |
| Passed Through the Economic Development Administration | | | | | |
| <u>Direct Program:</u> | | | | | |
| Revolving Loan Fund Capitalization | 23.002 | 06/10/08 - 09/30/09 | AL-15874-08 Total | 200,000 200,000 | 200,000 200,000 |
| U.S. Department of Labor | | | | | |
| Passed Through the Alabama | | | | | |
| <u>Commission of Aging:</u> | | | | | |
| Senior Community Service Employment Program | 17.235 | 07/01/08-06/30/09 | 80-10530-00-55 | 62,143 62,143 | 60,938 60,938 |
| Passed Through the Senior Service America, Inc: | | | | | |
| Senior Community Service Employment Program | 17.235 | 07/01/08-06/30/09 | AD-16177-07-60 Total | 217,132 217,132 | 217,132 217,132 |
| TOTALS | | | | 14,816,007 | 4,427,671 |

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Schedule of Expenditures of Federal Awards September 30, 2009

Note to the Schedule of Expenditures of Federal Awards

BASIS OF PRESENTATION

The schedule of expenditures of federal awards includes the federal grant activity of the Regional Planning Commission of Greater Birmingham (“Commission”) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non – Profit Organization*.



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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*

To the Executive Committee of the
Regional Planning Commission of Greater Birmingham
Birmingham, Alabama

We have audited the basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Regional Planning Commission of Greater Birmingham ("the Commission") as of and for the year ended September 30, 2009 and have issued our report thereon dated January 31, 2010. 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 our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness on 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.

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 function, 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.

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 internal control over financial reporting was for the limited purpose described in the first paragraph of the section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

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

DiPietro Hester & Co., LLC

January 31, 2010



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**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Executive Committee of the
The Regional Planning Commission of Greater Birmingham
Birmingham, Alabama

Compliance

We have audited the compliance of the Regional Planning Commission of Greater Birmingham ("the Commission") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended September 30, 2009. The Commission's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Commission's management. Our responsibility is to express an opinion on the Commission's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General for the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Commission's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Commission's compliance with those requirements.

In our opinion, the Commission complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended September 30, 2009.

Internal Control Over Compliance

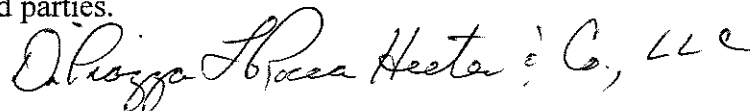
The management of the Commission is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Commission's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Commission's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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



January 31, 2010

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2009**

Section I – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material-weakness(es) identified _____ Yes X No

Reportable condition(s) identified that are not considered to be material weaknesses? _____ Yes X None Reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ Yes X No

Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None Reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? _____ Yes X No

Identification of major programs:

CFDA Numbers

Name of Federal Program or Cluster

20.205
17.235

F.W.H.A. Section 112
Senior Community Service Employment

Dollar threshold used to distinguish between type A and type B programs:

Auditee qualified as low-risk auditee? \$300,000
_____ X Yes _____ No

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Schedule of Findings and Questioned Costs - Continued
For the Year Ended September 30, 2009**

Section II – Financial Statement Findings

No current year financial statement findings noted.

Section III – Prior Year Financial Statement Findings

No prior year financial statement findings noted.