

**THE REGIONAL PLANNING COMMISSION
OF GREATER BIRMINGHAM**

FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
SEPTEMBER 30, 2014 AND 2013**

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MANAGEMENT'S 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, 2013 and 2014.

The Commission's financial condition has continued to improve between FY 2013 and FY 2014; the subsequent narrative explains the causes for the financial condition of the Commission.

FINANCIAL HIGHLIGHTS

- The Commission's total net assets increased by \$473,803 from FY 2013 to FY 2014, from a balance of \$1,062,722 in FY 2013 to \$1,536,525 in FY 2014.
- Total program and general revenues increased from \$10,149,995 in FY 2013 to \$10,787,197 in FY 2014, an increase of \$637,202 or 6.3%, while total program and general expenses increased \$408,974 from \$9,904,420 in FY 2013 to \$10,313,394 in FY 2014 or 4.1%.

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 7-9) 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 10-13) explains how these services were financed in the short term as well as what remains for future spending in FY 2013. 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 14-17) 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, environmental management and planning, and other community planning programs.

Reporting the Commission's Most Significant Funds

The fund financial statements begin on page 10 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 \$473,803 during FY 2014. However, the components of net assets showed differing amounts of increases and decreases. Net assets invested in capital assets, net of related debt, increased \$6,887. This increase resulted from acquisitions totaling \$39,086 netted against approximately \$32,199 of current depreciation expense.

THE COMMISSION AS A WHOLE (Continued)

The Commission's total revenues increased from approximately \$10,149,995 in FY 2013 to \$10,787,197 in FY 2014, an increase of \$637,202 or 6.3%, while total program expenses increased \$408,974 from FY 2013 to FY 2014. 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 a year over year increase in the Building Communities program as well as new community planning grants.

THE COMMISSION'S FUNDS

Total governmental funds have a positive fund balance of \$1,490,816 for the year ended September 30, 2014 compared to \$1,008,759 as of September 30, 2013, or a net increase of \$482,057.

BUDGETS AND DEFICIT CAUSES

The budget for FY 2014 was adopted in July of 2013 and was amended several times throughout the year to reflect actual project start dates and related revenue streams. Through appropriate management practices RPC came in under budget by \$2,720,027. However, as noted previously, transportation planning grant funds with remaining balances for FY 2014 were eligible for carryover into FY 2015.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY 2014, the Commission had \$168,256 invested in capital assets. These typically include office furniture and equipment.

Debt

In FY 2008, the Commission entered into a line of credit agreement with a bank in the amount of \$500,000. This was done to resume financial responsibility for Rideshare and Air Quality programs, which had been transferred to Jefferson County in 2006. By FY 2011, the Agency's financial condition had improved to the point that less credit was needed and the line was reduced to a maximum of \$250,000. In FY 2012, that agreement expired and a new line of credit agreement was initiated with another bank. The new credit line provides up to \$750,000 of seasonal working capital. The larger amount was needed to support the Medicaid Waiver Program during FY 2012 and FY 2013.

The line of credit had a zero balance at September 30, 2013 and was not drawn on during FY 2014.

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.

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, \$240,000 of the proceeds was used to pay off the line of credit. The balance of the \$1.25 million note was repaid during FY 2013.

CURRENTLY KNOWN FACTS AND CONDITIONS

The Commission has continued to improve since the previous audit period. Weekly management meetings focus on continuous improvement of the Commission's operations and cash flow. Routine meetings with the Finance Committee and Board of Directors also review all financial activity of the Commission.

The FY 2014 financial reports were used by management to compare budget versus actual expenses and revenues. Various Commission committees, such as Program/Budget and Finance used these reports 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.

The Commission assumed responsibility for two Medicaid Waiver Programs in Jefferson County effective October 1, 2011. To support these programs in FY14, the agency had 24 employees and expenses of \$5,747,037 against a \$6,339,000 budget.

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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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying 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 years ended September 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 audit. 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 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 principles 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, each major fund, and the aggregate remaining

fund information of the Commission, as of September 30, 2014 and 2013, 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.

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 1 through 4 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 an opinion on the basic financial statements that collectively comprise the Commission's basic financial statements. The 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 schedule of expenditures of federal awards is the responsibility of management and was 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 the auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 reports dated February 18, 2015 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* in considering the Commission's internal control over financial reporting and compliance.

Birmingham, Alabama
February 18, 2015

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

Statements of Net Position September 30, 2014 and 2013

ASSETS	2014	2013
Cash and cash equivalents	\$ 779,424	\$ 406,557
Receivables from Federal grantors and subgrantee agencies	2,360,312	2,213,090
Prepaid assets	39,035	45,394
Total current assets	3,178,771	2,665,041
Capital assets:		
Equipment, furnishings and fixtures	440,501	401,415
Accumulated depreciation	(272,245)	(240,046)
Total capital assets	168,256	161,369
Total assets	\$ 3,347,027	\$ 2,826,410
LIABILITIES		
Accounts payable	\$ 1,057,139	\$ 1,079,641
Accrued compensated absences	122,547	107,666
Deferred revenue	630,816	576,381
Total current liabilities	1,810,502	1,763,688
Total liabilities	1,810,502	1,763,688
NET POSITION		
Invested in capital assets	168,256	161,369
Unrestricted	1,368,269	901,353
Total net position	1,536,525	1,062,722
Total liabilities and net position	\$ 3,347,027	\$ 2,826,410

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, 2014**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 35,139	\$ 554,141	\$ 519,002
Senior services	5,747,011	5,767,554	20,543
Transportation planning	3,850,089	3,824,503	(25,586)
Other regional planning	681,155	640,999	(40,156)
Total governmental activities	<u>10,313,394</u>	<u>10,787,197</u>	<u>473,803</u>
 Total primary government	 <u>\$ 10,313,394</u>	 <u>\$ 10,787,197</u>	 473,803
		Change in net position	473,803
		Net position beginning	1,062,722
		Net position ending	<u>\$ 1,536,525</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, 2013**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u> <u>Operating</u> <u>Grants and</u> <u>Contributions</u>	<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in Net Assets</u> <u>Governmental</u> <u>Activities</u>
Primary government:			
Governmental activities:			
General government	\$ 14,754	\$ 677,065	\$ 662,311
Senior services	3,831,105	5,504,495	1,673,390
Transportation planning	5,377,091	3,475,439	(1,901,652)
Other regional planning	681,470	492,996	(188,474)
Total government activities	<u>9,904,420</u>	<u>10,149,995</u>	<u>245,575</u>
 Total primary government	 <u>\$ 9,904,420</u>	 <u>\$ 10,149,995</u>	 245,575
		Change in net position	245,575
		Net position beginning	817,147
		Net position ending	<u>\$ 1,062,722</u>

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, 2014**

	<u>General</u>	<u>Transportation</u>	<u>Senior Services</u>	<u>Other Regional Planning</u>	<u>Total Governmental Services</u>
ASSETS					
Cash and cash equivalents	\$ 779,424	\$ -	\$ -	\$ -	\$ 779,424
Receivables from Federal grantors and subgrantee agencies	697,683	753,777	797,914	110,938	2,360,312
Other assets	39,035				39,035
Total assets	<u>\$ 1,516,142</u>	<u>\$ 753,777</u>	<u>\$ 797,914</u>	<u>\$ 110,938</u>	<u>\$ 3,178,771</u>
LIABILITIES					
Accounts payable	\$ 16,611	\$ 208,990	\$ 797,914	\$ 33,624	\$ 1,057,139
Other liabilities	8,715	544,787	-	77,314	630,816
Total liabilities	<u>25,326</u>	<u>753,777</u>	<u>797,914</u>	<u>110,938</u>	<u>1,687,955</u>
NET ASSETS					
Unassigned fund balance	1,490,816	-	-	-	1,490,816
Total liabilities and net assets	<u>\$ 1,516,142</u>	<u>\$ 753,777</u>	<u>\$ 797,914</u>	<u>\$ 110,938</u>	<u>\$ 3,178,771</u>

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

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

\$ 168,256

Compensated absences of governmental activities are not financial resources and therefore are not reported in the funds.

(122,547)

Net position

\$ 1,536,525

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, 2013**

	<u>General</u>	<u>Transportation</u>	<u>Senior Services</u>	<u>Other Regional Planning</u>	<u>Total Governmental Services</u>
ASSETS					
Cash and cash equivalents	\$ 406,556	\$ -	\$ -	\$ -	\$ 406,556
Receivables from Federal grantors and subgrantee agencies	969,427	276,995	906,803	59,865	2,213,090
Other assets	45,394	-	-	-	45,394
Total assets	<u>\$ 1,421,377</u>	<u>\$ 276,995</u>	<u>\$ 906,803</u>	<u>\$ 59,865</u>	<u>\$ 2,665,040</u>
LIABILITIES					
Accounts payable	\$ 32,923	\$ 276,737	\$ 710,116	\$ 59,865	\$ 1,079,641
Other liabilities	379,695	258	196,687	-	576,640
Total liabilities	<u>412,618</u>	<u>276,995</u>	<u>906,803</u>	<u>59,865</u>	<u>1,656,281</u>
NET ASSETS					
Unassigned fund balance	1,008,759	-	-	-	1,008,759
Total liabilities and net assets	<u>\$ 1,421,377</u>	<u>\$ 276,995</u>	<u>\$ 906,803</u>	<u>\$ 59,865</u>	<u>\$ 2,665,040</u>

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

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

\$ 161,369

Compensated absences of governmental activities are not financial resources and therefore are not reported in the funds.

(107,406)

Net position

\$ 1,062,722

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, 2014

	<u>General</u>	<u>Transportation Programs</u>	<u>Senior Services</u>	<u>Other Regional Planning</u>	<u>Total Governmental Services</u>
REVENUES					
Regional appropriations	\$ 536,958	\$ 213,624	\$ -	\$ 176,941	\$ 927,523
From grantor agencies	-	3,411,957	5,767,554	385,391	9,564,902
Subgrantee match	-	198,922	-	13,492	212,414
Other	17,183	-	-	65,175	82,358
Total revenues	554,141	3,824,503	5,767,554	640,999	10,787,197
EXPENDITURES					
Current					
General government	35,139	-	-	-	35,139
Transportation planning	-	3,841,835	-	-	3,841,835
Senior services	-	-	5,747,011	-	5,747,011
Other regional planning	-	-	-	681,155	681,155
Total expenditures	35,139	3,841,835	5,747,011	681,155	10,305,140
Excess (deficit) of revenues over expenditures	519,002	(17,332)	20,543	(40,156)	482,057
OTHER FINANCING SOURCES (USES)					
Transfers in	-	17,332	-	40,156	57,488
Transfers out	(36,945)	-	(20,543)	-	(57,488)
Total other financing sources and uses	(36,945)	17,332	(20,543)	40,156	-
Net change in fund balances	482,057	-	-	-	482,057
Fund balances - beginning	1,008,759	-	-	-	1,008,759
Fund balances - ending	\$ 1,490,816	\$ -	\$ -	\$ -	\$ 1,490,816

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, 2013**

	<u>General</u>	<u>Transportation Programs</u>	<u>Senior Services</u>	<u>Other Regional Planning</u>	<u>Total Governmental Services</u>
REVENUES					
Regional appropriations	\$ 676,772	\$ 16,061	\$ -	\$ 202,479	\$ 895,312
From grantor agencies	-	3,304,098	5,504,495	290,517	9,099,110
Subgrantee match	-	155,280	-	-	155,280
Rent	293	-	-	-	293
Total revenues	677,065	3,475,439	5,504,495	492,996	10,149,995
EXPENDITURES					
Current					
General government	14,754	-	-	-	14,754
Transportation planning	-	3,819,441	-	-	3,819,441
Senior services	-	-	5,403,477	-	5,403,477
Other regional planning	-	-	-	681,470	681,470
Total expenditures	14,754	3,819,441	5,403,477	681,470	9,919,142
Excess (deficit) of revenues over expenditures	662,311	(344,002)	101,018	(188,474)	230,853
OTHER FINANCING SOURCES (USES)					
Transfers in	-	344,002	-	188,474	532,476
Transfers out	(585,769)	-	(101,018)	-	(686,787)
Total other financing sources and uses	(585,769)	344,002	(101,018)	188,474	(154,311)
Net change in fund balances	76,542	-	-	-	76,542
Fund balances - beginning	932,217	-	-	-	932,217
Fund balances - ending	\$ 1,008,759	\$ -	\$ -	\$ -	\$ 1,008,759

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Statement of Fiduciary Net Position - Fiduciary Funds
September 30, 2014**

	Deferred Compensation Plan	Regional Loan Fund	Total Fiduciary Net Assets
ASSETS			
Cash and cash equivalents	\$ -	\$ 973,772	\$ 973,772
Receivables from loan recipients (net of allowance)	-	1,840,779	1,840,779
Investments	<u>529,275</u>	<u>-</u>	<u>529,275</u>
Total assets	<u>\$ 529,275</u>	<u>\$ 2,814,551</u>	<u>\$ 3,343,826</u>
NET POSITION			
Held in trust for pension benefits	\$ 529,275	\$ -	\$ 529,275
Held in trust for issuing loans	<u>-</u>	<u>2,814,551</u>	<u>2,814,551</u>
Total net position	<u>529,275</u>	<u>2,814,551</u>	<u>3,343,826</u>
Total liabilities and net position	<u>\$ 529,275</u>	<u>\$ 2,814,551</u>	<u>\$ 3,343,826</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 Position - Fiduciary Funds
September 30, 2013**

	Deferred Compensation Plan	Regional Loan Fund	Total Fiduciary Net Assets
ASSETS			
Cash and cash equivalents	\$ -	\$ 685,730	\$ 685,730
Receivables from loan recipients (net of allowance)	-	2,159,249	2,159,249
Investments	<u>495,716</u>	<u>-</u>	<u>495,716</u>
Total assets	<u>\$ 495,716</u>	<u>\$ 2,844,979</u>	<u>\$ 3,340,695</u>
NET POSITION			
Held in trust for pension benefits	\$ 495,716	\$ -	\$ 495,716
Held in trust for issuing loans	<u>-</u>	<u>2,844,979</u>	<u>2,844,979</u>
Total net position	<u>495,716</u>	<u>2,844,979</u>	<u>3,340,695</u>
Total liabilities and net position	<u>\$ 495,716</u>	<u>\$ 2,844,979</u>	<u>\$ 3,340,695</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 Position - Fiduciary Funds For the year ended September 30, 2014

	Deferred Compensation <u>Plan</u>	Regional Loan <u>Fund</u>	Total Fiduciary <u>Activity</u>
ADDITIONS			
Contributions	\$ 26,942	\$ -	\$ 26,942
Investment income:			
Grant	-	-	-
Net appreciation in fair value of investments	28,356	-	28,356
Interest	-	126,984	126,984
Fees	-	14,821	14,821
Total additions	55,298	141,805	197,103
DEDUCTIONS			
Administrative expenses	422	72,233	72,655
Bad debt expense	-	100,000	100,000
Withdrawals	21,317	-	21,317
Total deductions	21,739	172,233	193,972
Net change in net position	33,559	(30,428)	3,131
Net position- beginning	495,716	2,844,979	3,340,695
Net position- ending	\$ 529,275	\$ 2,814,551	\$ 3,343,826

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 Position - Fiduciary Funds
For the year ended September 30, 2013**

	Deferred Compensation <u>Plan</u>	Regional Loan <u>Fund</u>	Total Fiduciary <u>Activity</u>
ADDITIONS			
Contributions	\$ 28,944	\$ -	\$ 28,944
Investment income:			
Grant	-	285,626	285,626
Net appreciation in fair value of investments	37,450	-	37,450
Interest	-	98,376	98,376
Fees	-	23,884	23,884
Total additions	<u>66,394</u>	<u>407,886</u>	<u>474,280</u>
DEDUCTIONS			
Administrative expenses	1,330	67,104	68,434
Withdrawals	10,421	-	10,421
Total deductions	<u>11,751</u>	<u>67,104</u>	<u>78,855</u>
Net change in net position	54,643	340,782	395,425
Net position- beginning	441,073	2,504,197	2,945,270
Net position- ending	<u>\$ 495,716</u>	<u>\$ 2,844,979</u>	<u>\$ 3,340,695</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, 2014 and 2013

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, and governmental 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

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*.

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.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2014 and 2013

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 *senior services fund* is used to account for the Commission's operation of the Medicaid Waiver Program sections Elderly and Disabled (E & D) and 530, HIV/AIDS.

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, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Disclosure

In accordance with Government Accounting Standards Board 54, Fund Balance Reporting and Governmental Fund Type Definitions, the Commission classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the Commission through formal action of the highest level of decision making authority and does not lapse at year-end.

Assigned – includes fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by management as deemed appropriate.

Unassigned – includes positive fund balance within the General Fund which has not been classified within the above mentioned categories and negative fund balances in other governmental funds.

The Commission uses *restricted /committed* amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal contracts that prohibit doing this, such as a grant agreement requiring dollar for dollar spending. Additionally, the Commission would first use *committed, then assigned, and lastly unassigned amounts* of unrestricted fund balance when expenditures are made.

The Government does not have a formal minimum fund balance policy.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance Disclosure (Continued)

Disclosures of fund balance as reported on the governmental fund balance sheet was as follows for the year ended September 30, 2014:

	General	Transportation	Other	Total Governmental Funds
Fund Balances				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted for	-	-	-	-
Committed to	-	-	-	-
Assigned to	-	-	-	-
Unassigned	<u>1,490,816</u>	<u>-</u>	<u>-</u>	<u>1,490,816</u>
Cash	<u>\$ 1,490,816</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,490,816</u>

Fund balance for the year ended September 30, 2013 was unassigned and amounted to \$1,008,759, respectively.

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.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2014 and 2013, the amount of the liability for all full-time employees of the Commission for accumulated vacation was \$122,547 and \$107,666, respectively.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

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

Budget

Because of the nature of the operations of RPC, annual appropriated operating budgets are not legally required 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, 2014 and 2013, the indirect cost rate based on actual expenditures for all funds other than senior services was 73.64% and 76.49%, respectively. As of September 30, 2014 and 2013 senior services fund activities indirect cost rate was 24.12% and 23.12%, respectively. As of September 30, 2014 and 2013, the fringe benefit cost rate based on actual expenditures for all funds including senior services was 57.49% and 54.4%, respectively.

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.

Subsequent Events

Subsequent events have been evaluated through February 18, 2015, which is the date the financial statements were available to be issued.

Uncertain Tax Positions

The Commission has implemented the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, *Income Taxes*. As of September 30, 2014, the Commission had no uncertain tax positions that qualify for either recognition or disclosure in the financial statements. Open tax years may be subject to examination by taxing authorities.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

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

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 \$45,709 and \$53,963 differences are as follows:

	<u>2014</u>	<u>2013</u>
Capital assets	\$ 168,256	\$ 161,369
Compensated absences	<u>(122,547)</u>	<u>(107,406)</u>
Net adjustment to increase (reduce) fund balance-total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 45,709</u>	<u>\$ 53,963</u>

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

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 (\$8,254) and \$169,033 differences are as follows:

	<u>2014</u>	<u>2013</u>
Net increase in fund balance total governmental funds	\$ 482,057	\$ 76,542

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	39,086	38,245
Depreciation expense	(40,673)	(49,909)
Disposals of capital assets, net	-	(1,972)

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, and were as follows:

Change in compensated absences	(14,881)	(1,257)
Change in other long term liabilities	8,214	-
Change in long-term debt	-	183,926

Net adjustment to governmental funds to arrive at changes in net assets of governmental activities	(8,254)	169,033
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Changes in net position of governmental activities	\$ 473,803	\$ 245,575
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THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

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>2014</u>	<u>2013</u>
General Fund	\$ 697,683	\$ 969,427
Transportation	753,777	276,995
Senior Services	797,914	906,803
Other Regional Planning	<u>110,938</u>	<u>59,865</u>
Total	<u>\$ 2,360,312</u>	<u>\$ 2,213,090</u>

NOTE 6 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2014 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	\$ 401,415	\$ 39,086	\$ -	\$ 440,501
Less accumulated depreciation for:				
Furniture and equipment	<u>(240,046)</u>	<u>(32,199)</u>	<u>-</u>	<u>(272,245)</u>
Total capital assets, net of depreciation	<u>\$ 161,369</u>	<u>\$ 6,887</u>	<u>\$ -</u>	<u>\$ 168,256</u>

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

NOTE 6 - CAPITAL ASSETS (Continued)

Capital asset activity for the year ended September 30, 2013 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	\$ 470,466	\$ 38,245	\$ (107,296)	\$ 401,415
Less accumulated depreciation for:				
Furniture and equipment	<u>(295,201)</u>	<u>(49,909)</u>	<u>105,064</u>	<u>(240,046)</u>
Total capital assets, net of depreciation	<u>\$ 175,265</u>	<u>\$ (11,664)</u>	<u>\$ (2,232)</u>	<u>\$ 161,369</u>

Depreciation expense was \$40,673 and \$49,909 for the years ended September 30, 2014 and 2013, respectively.

NOTE 7 – LINE OF CREDIT AND LONG-TERM DEBT

The Commission has an available line of credit with a \$750,000 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 bank’s prime rate (3.25% on September 30, 2014). When drawn upon, the loan will be secured by collateral described in the related loan document and includes all assets of the entity. The amount outstanding was \$0 for the years ended September 30, 2014 and 2013, respectively.

Changes in long term debt liabilities for the year ended September 30, 2013 and 2012 was as follows:

<u>Balance 10/1/2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2013</u>
\$ <u>357,946</u>	\$ <u>-</u>	\$ <u>(357,946)</u>	\$ <u>-</u>

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

NOTE 8 - LEASES

The Commission leases office facilities with lease terms of 5 and 10 years and 9 months. The future minimum lease payments are as follows:

2015	\$ 270,842
2016	268,048
2017	269,787
2018	264,510
2019	276,018
Thereafter	<u>1,106,354</u>
	<u>\$ 2,455,559</u>

Rent expense for 2014 and 2013 amounted to \$279,384 and \$260,232, respectively.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

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>2014</u>	<u>2013</u>
Retirees and beneficiaries receiving benefits, terminated plan members entitled to but not yet receiving benefits, and disabled employees receiving benefits	21	19
Annual Retirement Allowance	\$ 413,485	\$ 378,254
Number of Active Members	46	47
Annual Compensation	\$ 2,287,962	\$ 2,217,123

For Tier 1 employees 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.

Effective January 1, 2013, new members are classified as Tier 2 participants. Benefits for Tier 2 participants vest after 10 years of creditable service. A member is eligible to retire at age 62 with 10 years of creditable service. Under the retirement benefit formula, retirees are allowed 1.65% of their average final salary (best five of the last ten years) for each year of service. The retirement benefit cannot exceed 80% of the average final salary. Disability retirement benefits and pre-retirement death benefits are calculated in the same manner as Tier 1 participants.

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 7.5 percent (Tier 1) and 6.0% (Tier 2) 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, 2014 and 2013

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, 2009	\$3,495,683	\$4,767,906	\$1,272,223	73.3%	\$1,432,282	88.8%
September 30, 2010	\$3,421,858	\$4,990,781	\$1,568,923	68.6%	\$1,637,188	95.8%
September 30, 2011	\$3,284,235	\$5,190,593	\$1,906,358	63.3%	\$1,555,914	122.5%
September 30, 2012	\$3,247,590	\$5,113,043	\$1,865,453	63.5%	\$2,217,123	84.1%
September 30, 2013	\$3,464,562	\$5,562,586	\$2,098,024	62.3%	\$2,287,962	91.7%

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, 2014 and 2013

NOTE 9 - DEFINED BENEFIT PENSION PLAN (Continued)

Funding Status and Progress (Continued)

Valuation Date	September 30, 2013
Actuarial Cost Method	Entry age
Amortization Method	Level percent open
Remaining Amortization Period	17 years
Asset Valuation Method	5 year smoothed market
Investment Rate of Return	8% per annum
Project Salary (Increase)	3.75% - 7.25%
Including Inflation at	3.00%
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>2014</u>	<u>2013</u>
Normal cost percentage	0.37%	1.26%
Amortization of unfunded actuarial accrued liability	7.73%	7.54%
Death benefits	0.02%	0.14%
Administration	<u>0.35%</u>	<u>0.21%</u>
Total	<u>8.47%</u>	<u>9.15%</u>

Contribution Required and Contribution Made

Total contributions to the pension plan as of September 30, 2014 and 2013 were \$214,527 and \$184,261, respectively.

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Notes to Financial Statements - Continued
September 30, 2014 and 2013

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, 2011:

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contribution</u>	<u>Net Pension Obligation (NPO)</u>
9/30/2009	\$144,247	100.00%	\$ 0
9/30/2010	\$181,182	100.00%	\$ 0
9/30/2011	\$183,242	100.00%	\$ 0
9/30/2012	\$184,261	100.00%	\$ 0
9/30/2013	\$190,556	100.00%	\$ 0

This information is presented in the annual report of the Retirement Systems of Alabama for the years ended September 30, 2013 and 2012.

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, 2014**

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Award Period	Federal Identification Number	Federal Award Amount	Total Funds Expended
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	10/1/13-09/30/14	PLN8E 100060835	1,032,728	759,038
Rideshare	20.205	10/1/13-09/30/14	STPBHL-100056482	1,368,386	1,368,386
Voluntary Air Quality	20.205	10/1/13-09/30/14	CMAQL-100056491	1,500,000	562,100
Building Communities	20.205	10/1/13-09/30/14	STPBH-100056475	525,000	494,965
ALDOT- Rural Transportation Planning	20.205	10/1/13-09/30/14	SP55M-100060757	50,000	49,938
ALDOT- Corridor Feasibility Study (APPLE)	20.205	10/1/13-09/30/14	STPBE-100056479	200,000	100,881
I-65 Mobility Matters Project	20.500	10/1/13-09/30/14	ST-037-I65-002-100055260	105,000	15,716
Birmingham Jefferson County Transit Authority	20.205	10/1/13-09/30/14	Coordinated Human Services 5316/5317	58,810	18,265
Rideshare - Park & Ride Lots - Phase I	20.205	10/1/13-09/30/14	CMAQL Project #100055182	238,593	8,314
ALDOT - Transportation Systems Congestion Management	20.205	10/1/13-09/30/14	STBH Project# 100056490	200,000	47,902
Birmingham Jefferson County Transit Authority	20.205	10/1/13-09/30/14	U.S. 11/U.S. 78 East Corridor Alternatives	1,595,855	37,739
Birmingham Jefferson County Transit Authority	20.205	10/1/13-09/30/14	U.S. 11/ Bessemer Superhighway Alternative	1,093,771	4,816
ALDOT - Safe Routes to School Program	20.205	03/01/14-09/30/14	SREE-1000058872	150,000	61,458
			Total	8,118,143	3,529,518
<u>CDBG DISASTER RECOVERY</u>					
Passed through the City of Birmingham, Alabama					
City of Birmingham (Grant with HUD)	97.036	4/1/2014-9/30/2014	CDBG-DR2	582,600	107,712
			Total	582,600	107,712
Appalachian Regional Commission					
<u>Direct Program:</u>					
Local Development Districts	23.009	01/1/12-12/31/13	AL-700E-C42	28,298	28,298
Local Development Districts	23.009	01/1/14-09/30/14	AL-700E-C43	84,894	84,894
			Total	113,192	113,192
U.S. Department of Commerce					
Passed Through the Economic Development Administration					
<u>Direct Program:</u>					
EDA	11.302	10/1/13-09/30/14	04-83-06486	15,750	15,750
EDA-Investment Grant	11.302	10/1/13-09/30/14	04-83-06882	47,250	47,250
			Total	63,000	63,000

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM

**Schedule of Expenditures of Federal Awards
For the year ended September 30, 2014**

<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	23.002	10/01/2014 - 9/30/2014	AL-15874	200,000	-
			Total	<u>200,000</u>	<u>-</u>
U.S. Department of Health and Human Services					
Passed through the Alabama Department of					
<u>Senior Services:</u>					
Medicaid Waiver E&D	93.796	10/1/13-9/30/14	MEDWAV-00-12-14	6,200,000	5,598,466
HIV/AIDS Waiver Agreement	93.796	10/01/13-9/30/14	530 HIV Waiver Services	150,000	129,188
			Total	<u>6,350,000</u>	<u>5,727,654</u>
TOTALS				<u>\$ 15,426,935</u>	<u>\$ 9,541,076</u>

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Schedule of Expenditures of Federal Awards
September 30, 2014

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 Organizations*.



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***INDEPENDENT AUDITOR'S 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, 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 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, 2014, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements, and have issued our report thereon dated February 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, 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 opinions 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.

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 function, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission's financial statements are free from 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*.

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Birmingham, Alabama
February 18, 2015



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**INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

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

Report on Compliance for Each Major Federal Program

We have audited the Regional Planning Commission of Greater Birmingham's ("the Commission") compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Commission's major federal programs for the year ended September 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Commission's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Commission's compliance.

Opinion on Each Major Federal Program

In our opinion, the Commission complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2014.

Report on Internal Control Over Compliance

Management of the Commission is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Commission's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Birmingham, Alabama
February 18, 2015

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2014

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
93.796

F.W.H.A. Section 112 Cluster
Medicaid Waiver

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

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

THE REGIONAL PLANNING COMMISSION OF GREATER BIRMINGHAM
Schedule of Findings and Questioned Costs - Continued
For the Year Ended September 30, 2014

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.