



**MAUMEE VALLEY PLANNING ORGANIZATION
DEFIANCE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 1999-1998



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Maumee Valley Planning Organization
Defiance County
197 Island Park Avenue, Suite 2-B2
Defiance, Ohio 43512-2568

To the Executive Council:

We have audited the accompanying financial statements of Maumee Valley Planning Organization, Defiance County, Ohio, (the Organization) as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards 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 opinion.

As discussed in Note 1, the Organization prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Organization as of December 31, 1999 and 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As discussed in Note 2, during 1998 the Organization reclassified the Rural Enterprise Fund from an Agency Fund to a Special Revenue Fund, to reflect the revised programmatic responsibilities the Organization now has for this activity.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 19, 2000 on our consideration of the Organization's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

This report is intended solely for the information and use of the audit committee, management, the Executive Council, and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 19, 2000

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Grants		\$77,896	\$77,896
Contractual Services	\$451,848		451,848
Other Receipts	47	24,838	24,885
	<u>451,895</u>	<u>102,734</u>	<u>554,629</u>
Cash Disbursements:			
Salaries	275,567	50,441	326,008
Supplies	23,097	1,439	24,536
Equipment	7,813	1,915	9,728
Contracts - Repair		199	199
Contracts - Services	32,382	16,574	48,956
Rentals	8,372		8,372
Travel	23,690	8,882	32,572
Public Employee's Retirement	35,316	7,115	42,431
Worker's Compensation	7,896	1,953	9,849
Project Fund Disbursements		9,811	9,811
Advertisements and Printing	2,888		2,888
Insurance	25,483	3,337	28,820
Other	22,127	2,178	24,305
	<u>464,631</u>	<u>103,844</u>	<u>568,475</u>
Total Cash Disbursements Over Cash Receipts	(12,736)	(1,110)	(13,846)
Fund Cash Balances, January 1	<u>36,746</u>	<u>82,201</u>	<u>118,947</u>
Fund Cash Balances, December 31	<u>\$24,010</u>	<u>\$81,091</u>	<u>\$105,101</u>

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Grants		\$84,371	\$84,371
Contractual Services	\$371,087		371,087
Other Receipts	7,134	39,357	46,491
	<u>378,221</u>	<u>123,728</u>	<u>501,949</u>
Cash Disbursements:			
Salaries	237,897	58,301	296,198
Supplies	17,101	2,165	19,266
Equipment	906		906
Contracts - Services	20,402	3,879	24,281
Rentals	8,372		8,372
Travel	20,569	11,528	32,097
Public Employee's Retirement	31,250	7,865	39,115
Worker's Compensation	1,379	355	1,734
Project Fund Disbursements		33,982	33,982
Advertisement and Printing	274		274
Insurance	22,275	6,541	28,816
Other	23,301	3,506	26,807
	<u>383,726</u>	<u>128,122</u>	<u>511,848</u>
Total Cash Disbursements Over Cash Receipts	(5,505)	(4,394)	(9,899)
Fund Cash Balances, January 1	<u>42,251</u>	<u>86,595</u>	<u>128,846</u>
Fund Cash Balances, December 31	<u>\$36,746</u>	<u>\$82,201</u>	<u>\$118,947</u>

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

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Maumee Valley Planning Organization, Defiance County, (the Organization) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Defiance, Fulton, Henry, Paulding, and Williams County Commissioners acted in accordance with the above mentioned laws establishing the Organization on April 24, 1975. The Organization operates under the direction of a fifteen member Executive Council. The Board consists of representatives from participating political subdivisions and the county commissioners. The Auditor of Defiance County is the fiscal officer for the Organization, and accordingly, is responsible for fiscal control of the resources of the Organization. Services provided by the Organization are planning, zoning, subdivision advisement, other technical services, and administering grants for participating members. The participating subdivisions are:

The Organization's management believes these financial statements present all activities for which the Organization is financially accountable.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made.

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

A portion of the Organization's cash is held and invested by the Defiance County Treasurer. These assets are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount. Other funds are deposited in demand accounts and a Government Mutual Fund. Mutual funds are recorded at share values reported by the mutual fund.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. Fund Accounting

The Organization uses fund accounting to segregate cash and investments that are restricted as to use. The Organization classifies its funds into the following types:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts) that are restricted to expenditure for specific purposes. The Organization had the following significant Special Revenue Fund:

Northwest Ohio Small Business Development Center Fund - This fund receives federal money to provide technical assistance to small business within northwest Ohio.

E. Budgetary Process

The Organization budgets two of its funds annually.

1. Appropriations

The Board annually approves appropriation measures and subsequent amendments. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1.

A summary of 1999 and 1998 budgetary activity appears in Note 4.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Organization.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

2. FUND RECLASSIFICATION

In 1997, the Rural Enterprise Fund was classified as an Agency Fund. Due to a change made in an agreement between the Organization and a federal pass through agency in 1998, the Organization now has more responsibility for administering the program. Therefore, it is more appropriate to classify the Rural Enterprise Fund as a Special Revenue Fund. This reclassification had the following effect on fund balance as previously reported as of December 31, 1997:

	Special Revenue	Agency
Fund balance as previously reported	\$ 74,976	\$ 11,619
Restatement	11,619	(11,619)
Restated fund balance at January 1, 1998	\$ 86,595	\$ 0

3. EQUITY IN CASH AND INVESTMENTS

The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999	1998
Amounts on Deposit with County Treasurer	\$30,174	\$63,038
Demand deposits	43,998	26,366
Total deposits	74,172	89,404
Government Mutual Fund	30,929	29,543
Total deposits and investments	\$105,101	\$118,947

Deposits

Amounts on deposit with the Defiance County Treasurer are held in the County's cash and investment pool, and are valued at the County Treasurer's reported carrying amount.

Demand deposits are insured by the Federal Depository Insurance Corporation.

Investments

Investments in the Government Mutual Fund are not evidenced by securities that exist in physical or book-entry form.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$521,300	\$451,895	(\$69,405)
Special Revenue	101,000	102,734	1,734
Total	\$622,300	\$554,629	(\$67,671)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$503,200	\$464,631	\$38,569
Special Revenue	102,200	103,844	(1,644)
Total	\$605,400	\$568,475	\$36,925

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$453,300	\$378,221	(\$75,079)
Special Revenue	81,000	123,728	42,728
Total	\$534,300	\$501,949	(\$32,351)

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$420,500	\$383,726	\$36,774
Special Revenue	102,500	128,122	(25,622)
Total	\$523,000	\$511,848	\$11,152

5. RETIREMENT SYSTEMS

The Organization's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, PERS members contributed 8.5% of their gross salaries. The Organization contributed an amount equal to 13.55 % of participants' gross salaries. The Organization has paid all contributions required through December 31, 1999.

6. RISK MANAGEMENT

The Organization has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Organization also provides health insurance coverage to full-time employees through a private carrier.

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JIM PETRO, AUDITOR OF STATE

One Government Center
Room 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Maumee Valley Planning Organization
Defiance County
197 Island Park Avenue, Suite 2-B2
Defiance, Ohio 43512-2568

To the Executive Council:

We have audited the financial statements of Maumee Valley Planning Organization, Defiance County, Ohio, (the Organization) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated April 19, 2000, which report noted a change in the classification of a certain fund from an agency fund to a special revenue fund. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Organization in a separate letter dated April 19, 2000.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Organization's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Organization in a separate letter dated April 19, 2000.

This report is intended for the information and use of the audit committee, management, and the Executive Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 19, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

MAUMEE VALLEY PLANNING COMMISSION

DEFIANCE COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 4, 2000**