



Dave Yost • Auditor of State



**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Maumee Valley Planning Organization  
Defiance County  
1300 East Second Street, Suite 200  
Defiance, Ohio 43512-2485

To the Executive Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of Maumee Valley Planning Organization, Defiance County, Ohio, (the Organization) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Organization's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the Organization prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Organization does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Organization as of December 31, 2015 and 2014, or changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of Maumee Valley Planning Organization, Defiance County, Ohio as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated May 9, 2016, 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 grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance.

That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

May 9, 2016

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**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Totals (Memorandum Only)
<b>Cash Receipts</b>			
Grants		\$139,557	\$139,557
Contractual Services	\$625,808		625,808
Other Services	1,916	22,334	24,250
<i>Total Cash Receipts</i>	<b>627,724</b>	<b>161,891</b>	<b>789,615</b>
 <b>Cash Disbursements</b>			
Current:			
Economic Development:			
Salaries	347,904	71,545	419,449
Supplies	12,599	6,917	19,516
Equipment	15,302		15,302
Advertising and Printing	10,157	1,495	11,652
Contracts - Services	24,442	47,366	71,808
Rentals	31,864		31,864
Travel	3,117	3,234	6,351
Public Employees' Retirement	46,834	9,099	55,933
Workers Compensation	5,493	908	6,401
Insurance	86,634	12,813	99,447
Medicare	4,767	1,006	5,773
Leave Payout	1,982		1,982
Other	18,275	54,517	72,792
<i>Total Cash Disbursements</i>	<b>609,370</b>	<b>208,900</b>	<b>818,270</b>
<i>Excess of Receipts Over (Under) Disbursements</i>	<b>18,354</b>	<b>(47,009)</b>	<b>(28,655)</b>
<i>Fund Cash Balances, January 1</i>	<b>413,807</b>	<b>78,850</b>	<b>492,657</b>
 <b>Fund Cash Balances, December 31</b>			
Restricted		62,595	62,595
Unassigned (Deficit)	432,161	(30,754)	401,407
<i>Fund Cash Balances, December 31</i>	<b>\$432,161</b>	<b>\$31,841</b>	<b>\$464,002</b>

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

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts</b>			
Grants		\$192,447	\$192,447
Contractual Services	\$481,304		481,304
Other Services	4,492	27,362	31,854
<i>Total Cash Receipts</i>	<u>485,796</u>	<u>219,809</u>	<u>705,605</u>
<b>Cash Disbursements</b>			
Current:			
Economic Development:			
Salaries	329,537	90,628	420,165
Supplies	10,385	6,006	16,391
Equipment	1,465		1,465
Advertising and Printing	5,294	1,889	7,183
Contracts - Services	55,228	40,106	95,334
Rentals	41,927		41,927
Travel	2,897	9,262	12,159
Public Employees' Retirement	46,060	12,913	58,973
Workers Compensation	6,182	724	6,906
Insurance	79,456	10,192	89,648
Medicare	4,469	1,264	5,733
Leave Payout		1,609	1,609
Other	15,369	3,562	18,931
<i>Total Cash Disbursements</i>	<u>598,269</u>	<u>178,155</u>	<u>776,424</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(112,473)	41,654	(70,819)
<i>Fund Cash Balances, January 1</i>	<u>526,280</u>	<u>37,196</u>	<u>563,476</u>
<b>Fund Cash Balances, December 31</b>			
Restricted		93,419	93,419
Unassigned (Deficit)	413,807	(14,569)	399,238
<i>Fund Cash Balances, December 31</i>	<u>\$413,807</u>	<u>\$78,850</u>	<u>\$492,657</u>

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

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges for the Maumee Valley Planning Organization, Defiance County, Ohio (the Organization) as a body corporate and politic. A fifteen member Board governs the Organization. The Board consists of representatives from participating political subdivisions within the following counties: Defiance, Fulton, Henry, Paulding and Williams Counties. The Auditor of Fulton County is the fiscal agent for the Organization, and accordingly is responsible for fiscal control of the resources of the Organization. The Organization formulates and reviews plans affecting long and short term social, economic, and governmental development within the region. The participating subdivisions are: Defiance, Fulton, Henry, Paulding, and Williams Counties; the townships in each of those counties; and the City of Bryan, City of Defiance, City of Wauseon, City of Napoleon, and Village of Paulding.

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

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Organization recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

As the Ohio Revised Code permits, the Fulton County Treasurer holds the Organization's deposits as the Organization's custodian. The County holds the Organization's assets in its investment pool, valued at the Treasurer's reported carrying amount.

**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:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Organization had the following significant Special Revenue Funds:

Northwest Ohio Small Business Development Center Fund – This fund receives federal money, administrative money, and donations to provide technical assistance to small businesses within northwest Ohio.

Ohio Department of Transportation Fund – This fund receives Ohio Department of Transportation (ODOT) monies for the administration of the Department of Transportation projects.

**E. Fund Balance**

Fund balance is divided into five classifications based primarily on the extent to which the Organization must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

**1. Nonspendable**

The Organization classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

**2. Restricted**

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**3. Committed**

The Board can *commit* amounts via formal action (resolution). The Organization must adhere to these commitments unless the Board amend the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

**4. Assigned**

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Organization Board or a Organization official delegated that authority by resolution, or by State Statute.

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**5. Unassigned**

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Organization applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**F. Property, Plant, and Equipment**

The Organization records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. MISCELLANEOUS REVENUE**

Miscellaneous revenue in the Special Revenue Funds in 2015 and 2014 primarily consisted of revolving loan repayments and regional port authority fees.

**3. OTHER EXPENDITURES**

Other expenditures in the Special Revenue Funds in 2015 primarily consisted of United States Department of Agriculture (USDA) Fund project expenditures (revolving loan payouts), Ohio Department of Transportation (ODOT) Fund project disbursements (administration), and Small Business Fund unemployment benefits.

**4. RETIREMENT SYSTEM**

The Organization's employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Organization contributed an amount equaling 14% of participants' gross salaries. The Organization has paid all contributions required through December 31, 2015.

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Organization has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Directors and officials liability.

**6. CONTINGENT LIABILITIES**

Amounts grantor agencies pay to the Commission are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

The Organization is a party to three legal proceedings seeking damages or injunctive relief. The outcome of these legal matters is unknown at this time.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Maumee Valley Planning Organization  
Defiance County  
1300 East Second Street, Suite 200  
Defiance, Ohio 43512-2485

To the Executive Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of Maumee Valley Planning Organization, Defiance County, Ohio, (the Organization) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated May 9, 2016 wherein we noted the Organization followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Organization's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Organization's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the Organization's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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**Dave Yost**  
Auditor of State

Columbus, Ohio

May 9, 2016



# Dave Yost • Auditor of State

**MAUMEE VALLEY PLANNING ORGANIZATION**

**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 31, 2016**