



OHIO AUDITOR OF STATE
KEITH FABER



**MONCLOVA-MAUMEE-TOLEDO
JOINT ECONOMIC DEVELOPMENT ZONE
LUCAS COUNTY
DECEMBER 31, 2019 AND 2018**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) For the Year Ended December 31, 2019	5
Notes to the Basic Financial Statement For the Year Ended December 31, 2019	6
Statement of Receipts, Disbursements, and Change in Fund Balance (Regulatory Cash Basis) For the Year Ended December 31, 2018	11
Notes to the Basic Financial Statement For the Year Ended December 31, 2018	12
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17

This page intentionally left blank.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

Monclova-Maumee-Toledo Joint
Economic Development Zone
Lucas County
400 Conant Street
Maumee, Ohio 43537

To the Board of Directors:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements, and related notes of Monclova-Maumee-Toledo Joint Economic Development Zone, Lucas County, Ohio (the JEDZ) as of and for the years ended December 31, 2019 and 2018.

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 JEDZ'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 JEDZ's internal control. Accordingly, we express no such 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 JEDZ 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 JEDZ 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 JEDZ as of December 31, 2019 and 2018, and the respective 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 cash balances, receipts and disbursements, and related notes of Monclova-Maumee-Toledo Joint Economic Development Zone, Lucas County, Ohio as of December 31, 2019 and 2018, 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.

Emphasis of Matter

As discussed in Note 5 to the financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the JEDZ. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2020, on our consideration of the JEDZ'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 JEDZ's internal control over financial reporting and compliance.



Keith Faber
Auditor of State

Columbus, Ohio

October 26, 2020

This page intentionally left blank.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

Statement of Receipts, Disbursements and Changes in Fund Balance – (Regulatory Cash Basis)
For the Year Ended December 31, 2019

<u>Cash Receipts:</u>	
Income Taxes	\$1,787,536
<u>Cash Disbursements:</u>	
Operating Expenses	662
Accounting Fees	1,100
Job Creation Grant	15,000
Insurance - Property and Liability	2,072
Tax Collection and Fiscal Services Fees	75,358
Maumee Disbursement	602,408
Monclova Disbursement	295,091
Toledo Disbursement	885,272
Total Cash Disbursements	<u>1,876,963</u>
Net Change in Fund Cash Balances	(89,427)
Fund Cash Balance Beginning of Year	<u>428,248</u>
Fund Cash Balance at End of Year (Unassigned)	<u><u>\$338,821</u></u>

See accompanying notes to the financial statement

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Monclova – Maumee – Toledo Joint Economic Development Zone, Lucas County, Ohio (the MMT JEDZ) contract was entered into as of 10/1/2003 under the authority of Ohio Revised Code Section 715.691. The MMT JEDZ operates under an appointed nine member Board of Directors, with Toledo, Monclova and Maumee each appointing three members in accordance with the Ohio Revised Code 715.691 (G).

The purpose of the MMT JEDZ is for facilitating planned, orderly, new or expanded commercial and industrial growth within the region; creating, retaining and enhancing employment opportunities for the benefit of Monclova, Maumee and Toledo, and their residents and all of the residents of the region.

In 2003, the voters of Monclova Township approved a ballot issue that authorized a JEDZ and a governing board was created to determine what services to provide within the Zone. In 2005, a lawsuit was filed challenging the validity of this JEDZ and in 2006 a favorable ruling freed the JEDZ Board to levy an income tax within the zone. In 2009, a final ruling was issued upholding the validity of the JEDZ and its levy of income taxes; however, notice of appeal on that ruling was subsequently filed by the plaintiffs with the Supreme Court of Ohio which was later denied. The Board adopted a resolution to levy an income tax in the MMT JEDZ at a rate of 1.5%. In 2019 certain provisions of the Joint Economic Development Zone were amended to extend the duration of the zone from 30 to 50 years relating to automatic renewal provisions. This was done to reflect the anticipated period of time that the parties will be required to provide local matching funds for the US 20A-1475 interchange, whereby Toledo has pledged certain revenue from the JEDZ towards that project.

Public Entity Risk Pool

The MMT JEDZ participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool, which provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond and inland marine coverages to its members. Note 4 to the financial statement provides additional information for this entity. The MMT JEDZ's management believes this financial statement presents all activities for which the MMT JEDZ is financially accountable.

B. Basis of Presentation

The MMT JEDZ's financial statement consists of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

*Notes to the Basic Financial Statement
For the Year Ended December 31, 2019*

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

This financial statement follows 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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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.

D. Fund Accounting

The JEDZ used fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds can be used to segregate resources that are restricted as to use, but all activities of the JEDZ are reported in the General Fund.

General Fund – This fund is the general operating fund. It is used to report all financial resources.

E. Deposits

As agreed upon in the JEDZ Tax Collection Agreement, the City of Maumee is the custodian for the JEDZ's deposits. The City's deposit and investment pool holds the JEDZ's assets, valued at the City's reported carrying amount.

F. Property, Plant and Equipment

The JEDZ records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statement.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2019***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the MMT JEDZ is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – The MMT JEDZ classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed – The MMT JEDZ can *commit* amounts via formal action (resolution). The MMT JEDZ must adhere to these commitments unless the MMT JEDZ amends 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.

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 the MMT JEDZ or an official delegated that authority by resolution, or by State Statute.

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.

When both restricted and unrestricted resources are available for use, it is the MMT JEDZ's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2019***

NOTE 2 – DEPOSITS

The City of Maumee, as fiscal agent for the MMT JEDZ, maintains a cash and investment pool used by all of the City's funds, including those of the JEDZ. The Ohio Revised Code prescribes allowable deposits and investments and the City of Maumee is responsible for compliance. The reported carrying amount of MMT JEDZ deposits and investments at December 31, 2019 was \$338,821. The fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts.

NOTE 3 – LOCAL INCOME TAX

The MMT JEDZ levies a municipal income tax of 1.5% on substantially all earned income arising from employment or business activities within the MMT JEDZ.

Income taxes are withheld and remitted to the MMT JEDZ by the City of Maumee. Net tax receipts (after approved expenses) are distributed equally by Toledo, Monclova and Maumee.

NOTE 4 – RISK MANAGEMENT

The MMT JEDZ is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to agents and others; and natural disasters. The Board carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

The MMT JEDZ belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 764 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 30% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 30% or \$300,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 30% for losses between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

**Notes to the Basic Financial Statement
For the Year Ended December 31, 2019**

NOTE 4 – RISK MANAGEMENT (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2019.

	2019
Assets	\$15,920,504
Liabilities	(\$11,329,011)
Members' Equity	\$4,591,493

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan's website, www.ohioplan.org.

NOTE 5 - CONTINGENCIES

The MMT JEDZ is not a party to various legal proceedings, which would seek damages or injunctive relief generally incidental to its operations and pending projects.

NOTE 6 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the JEDZ. The impact on the JEDZ's future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

As mentioned in Note 1 A., certain MMT JEDZ revenues were pledged by the City of Toledo for the US 20A-I475 Interchange project. The City of Maumee adopted an ordinance for the payment of the MMT JEDZ Tax Collection to withhold from the City of Toledo's portion of the JEDZ income tax proceeds, an annual payment amount of \$128,000 per each year for 18 years. The payment is for the local match contribution to the US 20A-I475 interchange project. The MMT JEDZ has not incurred any direct liability or debt as a result of revenues pledged for this project.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

Statement of Receipts, Disbursements and Changes in Fund Balance – (Regulatory Cash Basis)
For the Year Ended December 31, 2018

<u>Cash Receipts:</u>	
Income Taxes	\$1,711,960
<u>Cash Disbursements:</u>	
Operating Expenses	382
Job Creation Grant	15,000
Insurance - Property and Liability	2,072
Tax Collection and Fiscal Services Fees	65,858
Maumee Disbursement	520,570
Monclova Disbursement	256,016
Toledo Disbursement	768,048
Income Tax Refunds	39,182
Total Cash Disbursements	<u>1,667,128</u>
Net Change in Fund Cash Balances	44,832
Fund Cash Balance Beginning of Year	<u>383,416</u>
Fund Cash Balance at End of Year (Unassigned)	<u><u>\$428,248</u></u>

See accompanying notes to the financial statement

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Monclova – Maumee – Toledo Joint Economic Development Zone, Lucas County, Ohio (the MMT JEDZ) contract was entered into as of 10/1/2003 under the authority of Ohio Revised Code Section 715.691. The MMT JEDZ operates under an appointed nine member Board of Directors, with Toledo, Monclova and Maumee each appointing three members in accordance with the Ohio Revised Code 715.691 (G).

The purpose of the MMT JEDZ is for facilitating planned, orderly, new or expanded commercial and industrial growth within the region; creating, retaining and enhancing employment opportunities for the benefit of Monclova, Maumee and Toledo, and their residents and all of the residents of the region.

In 2003, the voters of Monclova Township approved a ballot issue that authorized a JEDZ and a governing board was created to determine what services to provide within the Zone. In 2005, a lawsuit was filed challenging the validity of this JEDZ and in 2006 a favorable ruling freed the JEDZ Board to levy an income tax within the zone. In 2009, a final ruling was issued upholding the validity of the JEDZ and its levy of income taxes; however, notice of appeal on that ruling was subsequently filed by the plaintiffs with the Supreme Court of Ohio which was later denied. The Board adopted a resolution to levy an income tax in the MMT JEDZ at a rate of 1.5%.

Public Entity Risk Pool

The MMT JEDZ participates in the Ohio Plan Risk Management, Inc. (OPRM) public entity risk pool, which provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond and inland marine coverages to its members. Note 4 to the financial statement provides additional information for this entity. The MMT JEDZ's management believes this financial statement presents all activities for which the MMT JEDZ is financially accountable.

B. Basis of Presentation

The MMT JEDZ's financial statements consist of a statement of receipts, disbursements and changes in fund balance (regulatory cash basis).

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting

This financial statement follows 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 Council recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

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.

D. Fund Accounting

The JEDZ used fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds can be used to segregate resources that are restricted as to use, but all activities of the JEDZ are reported in the General Fund.

General Fund – This fund is the general operating fund. It is used to report all financial resources.

E. Deposits

As agreed upon in the JEDZ Tax Collection Agreement, the City of Maumee is the custodian for the JEDZ's deposits. The City's deposit and investment pool holds the JEDZ's assets, valued at the City's reported carrying amount.

F. Property, Plant and Equipment

The JEDZ records cash disbursements for acquisitions of property, plant and equipment when paid. These items are not reflected as assets in the accompanying financial statement.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2018***

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Fund Balances

In the fund financial statements, fund balance for governmental funds is reported in classifications that comprise a hierarchy based primarily on the extent to which the MMT JEDZ is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance is reported in five components – nonspendable, restricted, committed, assigned and unassigned.

Nonspendable – The MMT JEDZ classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

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.

Committed – The MMT JEDZ can *commit* amounts via formal action (resolution). The MMT JEDZ must adhere to these commitments unless the MMT JEDZ amends 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.

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 the MMT JEDZ or an official delegated that authority by resolution, or by State Statute.

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.

When both restricted and unrestricted resources are available for use, it is the MMT JEDZ's policy to use restricted resources first, then unrestricted (committed, assigned and unassigned) resources as they are needed.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2018***

NOTE 2 – DEPOSITS

The City of Maumee, as fiscal agent for the MMT JEDZ, maintains a cash and investment pool used by all of the City's funds, including those of the JEDZ. The Ohio Revised Code prescribes allowable deposits and investments and the City of Maumee is responsible for compliance. The reported carrying amount of MMT JEDZ deposits and investments at December 31, 2018 was \$428,248. The fiscal agent is responsible for maintaining adequate depository collateral for all funds in the fiscal agent's pooled and deposit accounts.

NOTE 3 – LOCAL INCOME TAX

The MMT JEDZ levies a municipal income tax of 1.5% on substantially all earned income arising from employment or business activities within the MMT JEDZ.

Income taxes are withheld and remitted to the MMT JEDZ by the City of Maumee. Net tax receipts (after approved expenses) are distributed equally by Toledo, Monclova and Maumee.

NOTE 4 – RISK MANAGEMENT

The MMT JEDZ is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions, injuries to agents and others; and natural disasters. The Board carries commercial insurance, subject to certain limits and deductibles, to reduce the financial impact for claims arising from such matters. Claims have not exceeded this commercial coverage in any of the three preceding years.

The MMT JEDZ belongs to the Ohio Plan Risk Management, Inc. (the "Plan"), a non-assessable, non-profit providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 764 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except for the 47% casualty and the 30% property portions the Plan retains. The Plan retains the lesser of 47% or \$117,500 of casualty losses and the lesser of 30% or \$300,000 of property losses. The Plan is also participating in a property primary excess of loss treaty. This treaty reimburses the Plan 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**MONCLOVA – MAUMEE – TOLEDO JOINT ECONOMIC DEVELOPMENT
ZONE (MMT JEDZ) LUCAS COUNTY**

***Notes to the Basic Financial Statement
For the Year Ended December 31, 2018***

NOTE 4 – RISK MANAGEMENT – (Continued)

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31: 2018.

	2018
Assets	\$15,065,412
Liabilities	(\$10,734,623)
Members’ Equity	\$4,330,789

You can read the complete audited financial statements for The Ohio Plan Risk Management at the Plan’s website, www.ohioplan.org.

NOTE 5 - CONTINGENCIES

The MMT JEDZ is not a party to various legal proceedings, which would seek damages or injunctive relief generally incidental to its operations and pending projects.

NOTE 6 – SUBSEQUENT EVENTS

The United States and the State of Ohio declared a state of emergency in March 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the JEDZ. The impact on the JEDZ’s future operating costs, revenues, and any recovery from emergency funding, either federal or state, cannot be estimated.

The City of Maumee adopted an ordinance for the payment of the MMT JEDZ Tax Collection to withhold from the City of Toledo’s portion of the JEDZ income tax proceeds, an annual payment amount of \$128,000 per each year for 18 years. The payment is for the local match contribution to the US 20A-I475 interchange project. The MMT JEDZ has not incurred any direct liability or debt as a result of revenues pledged for this project.



One Government Center, Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

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

Monclova-Maumee-Toledo Joint
Economic Development Zone
Lucas County
400 Conant Street
Maumee, Ohio 43537

To the Board of Directors:

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 balance, receipts, and disbursements, of Monclova-Maumee-Toledo Joint Economic Development Zone, Lucas County, (the JEDZ) as of and for the years ended December 31, 2019 and 2018, and the related notes to the financial statements, and have issued our report thereon dated October 26, 2020, wherein we noted the JEDZ followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the JEDZ.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the JEDZ'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 JEDZ'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 JEDZ'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 JEDZ'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 JEDZ's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the JEDZ's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

October 26, 2020

OHIO AUDITOR OF STATE KEITH FABER



MONCLOVA MAUMEE TOLEDO JOINT ECONOMIC DEVELOPMENT ZONE

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 11/17/2020

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov