



**Auditor of State  
Betty Montgomery**



**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Cover Letter .....	1
Independent Accountants' Report.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2005.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances - All Governmental Fund Types - For the Year Ended December 31, 2004.....	6
Notes to the Financial Statements .....	7
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	11

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**Auditor of State  
Betty Montgomery**

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

To the Executive Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to a February 2, 2005, interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

September 7, 2006

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Executive Council:

We have audited the accompanying financial statements of Maumee Valley Planning Organization, Defiance County, (the Organization) as of and for the years ended December 31, 2005 and 2004. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Organization has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Organization to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Organization does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Organization has elected not to reformat its statements. Since this Organization does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2005 and 2004, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Organization as of December 31, 2005 and 2004, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of Maumee Valley Planning Organization, Defiance County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Organization to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Organization has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2006, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



**Betty Montgomery**  
Auditor of State

September 7, 2006



**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants		\$88,073	\$88,073
Contractual Services	\$662,191		662,191
Other Receipts	571	18,485	19,056
	<u>662,762</u>	<u>106,558</u>	<u>769,320</u>
<b>Cash Disbursements:</b>			
Salaries	396,716	37,537	434,253
Supplies	17,932	2,038	19,970
Equipment	14,650		14,650
Advertising and Printing	5,739		5,739
Contracts - Services	32,340	21,326	53,666
Rentals	13,788		13,788
Travel	14,954	2,289	17,243
Public Employee's Retirement	52,889	5,086	57,975
Worker's Compensation	4,132	485	4,617
Insurance and Medicare	67,921	3,295	71,216
Project Fund Disbursements		25,071	25,071
Other	36,499	705	37,204
	<u>657,560</u>	<u>97,832</u>	<u>755,392</u>
Total Cash Receipts Over Cash Disbursements	5,202	8,726	13,928
Fund Cash Balances, January 1	241,189	49,224	290,413
<b>Fund Cash Balances, December 31</b>	<b><u>\$246,391</u></b>	<b><u>\$57,950</u></b>	<b><u>\$304,341</u></b>

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

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Grants		\$90,453	\$90,453
Contractual Services	\$607,357		607,357
Other Receipts	1,416	24,308	25,724
 Total Cash Receipts	 <u>608,773</u>	 <u>114,761</u>	 <u>723,534</u>
<b>Cash Disbursements:</b>			
Salaries	403,235	50,469	453,704
Supplies	18,701	247	18,948
Equipment	2,203		2,203
Advertising and Printing	6,324		6,324
Contracts - Services	31,306	16,952	48,258
Rentals	9,879		9,879
Travel	13,095	1,446	14,541
Public Employee's Retirement	55,091	6,185	61,276
Worker's Compensation	4,937	774	5,711
Insurance and Medicare	65,109	734	65,843
Project Fund Disbursements		35,157	35,157
Other	24,692	451	25,143
 Total Cash Disbursements	 <u>634,572</u>	 <u>112,415</u>	 <u>746,987</u>
Total Cash Receipts Over/(Under) Cash Disbursements	(25,799)	2,346	(23,453)
Fund Cash Balances, January 1	266,988	46,878	313,866
 <b>Fund Cash Balances, December 31</b>	 <b><u>\$241,189</u></b>	 <b><u>\$49,224</u></b>	 <b><u>\$290,413</u></b>

*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, 2005 AND 2004**

**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, (the Organization) as a body corporate and politic. A fifteen member Executive Council governs the Organization. The Organization consists of representatives from participating political subdivisions and the County Commissioners of Defiance, Fulton, Henry, Paulding, and Williams Counties, originally established on April 24, 1975. 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. Services provided by the Organization are planning, zoning, subdivision advisement, other technical services, and administering grants for participating members.

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 the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements basis of accounting. This basis 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 Auditor of State prescribes or permits.

**C. Cash and Investments**

As the Ohio Revised Code requires, the Fulton County Treasurer is the custodian of a portion of the Organization's monies. The Organization's assets are held in the County's cash and investment pool, valued at the County's Treasurer's reported carrying amount. Other funds are deposited in demand deposits.

**D. Fund Accounting**

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

**1. General Fund**

This fund reports all financial resources except those required to be accounted for in another fund.

**2. Special Revenue Funds**

These funds 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:

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

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

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.

**E. Budgetary Process**

The Organization budgets each fund annually.

**1. Appropriations**

The Executive Council annually approves appropriations and subsequent amendments. Budgetary expenditures may not exceed appropriations at the fund, function or object level of control. 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 2005 and 2004 budgetary activity appears in Note 3.

**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. EQUITY IN POOLED CASH**

The Organization maintains a cash pool all funds use. The carrying amount of cash at December 31 follows:

	2005	2004
Amounts on deposit with County Treasurer	\$267,025	\$254,865
Demand deposits	37,316	35,548
Total deposits	\$304,341	\$290,413

Amounts on deposit with the Fulton County Treasurer are held in the County's cash and investment pool, valued at the County Treasurer's reported carrying amount. Demand deposits are insured by the Federal Depository Insurance Corporation.

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$727,500	\$662,762	(\$64,738)
Special Revenue	138,000	106,558	(31,442)
Total	\$865,500	\$769,320	(\$96,180)

2005 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$728,138	\$657,560	\$70,578
Special Revenue	136,172	97,832	38,340
Total	\$864,310	\$755,392	\$108,918

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$714,856	\$608,773	(\$106,083)
Special Revenue	144,359	114,761	(29,598)
Total	\$859,215	\$723,534	(\$135,681)

2004 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$706,641	\$634,572	\$72,069
Special Revenue	148,160	112,415	35,745
Total	\$854,801	\$746,987	\$107,814

**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 retirement benefits, including postretirement healthcare, and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2005 and 2004, OPERS members contributed 8.5 percent of their gross salaries. The Organization contributed an amount equal to 13.55 percent of participants' gross salaries. The Organization has paid all contributions required through December 31, 2005.

**MAUMEE VALLEY PLANNING ORGANIZATION  
DEFIANCE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2005 AND 2004  
(Continued)**

**5. RISK MANAGEMENT**

**Commercial Insurance**

The Organization has obtained commercial insurance for the following risks:

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



## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' 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 the financial statements of Maumee Valley Planning Organization, Defiance County, (the Organization) as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated September 7, 2006, wherein we noted the Organization prepared its financial statements using accounting practices the Auditor of State established rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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

In planning and performing our audit, we considered the Organization's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the Organization's management dated September 7, 2006, we reported another matter involving internal control over financial reporting we did not deem a reportable condition.

#### **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, providing an opinion 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*.

Maumee Valley Planning Organization  
Defiance County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

We intend this report solely for the information and use of the audit committee, management, and the Executive Council. It is not intended for anyone other than these specified parties.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

September 7, 2006





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
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**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  
OCTOBER 3, 2006**