

**Joint Legislative Committee on Performance
Evaluation and Expenditure Review (PEER)**

Report to
the Mississippi Legislature



An Expenditure Review of the Golden Triangle Planning and Development District

The Golden Triangle Planning and Development District (GTPDD) was incorporated in June 1972 as a private nonprofit civic improvement corporation. GTPDD currently provides programs and services for economic development, community planning, and social services, which include aging, child care, and workforce investment programs that are funded from federal, state, local, and other sources. Fiscal Year 2002 revenues totaled \$14,161,224 and expenditures totaled \$13,270,649.

GTPDD does not base requests for local contributions on comprehensive and timely expenditure or service needs data. The GTPDD also does not provide contributing localities with full access to financial information (e.g., copies of the corporation's records or details on use of funds). The GTPDD Board has adopted a resolution which restricts corporation members' access to district information. This restriction violates MISS. CODE ANN. Section 79-11-285, which allows members to inspect and copy financial information and inhibits local efforts to make informed decisions on the use of resources.

In fiscal years 2001 and 2002, GTPDD's inexact method of requesting local funds contributed to collection of local revenues in excess of expenditures of \$147,789. These funds could have been used by the localities to pay for other local programs. The collection of local funds occurred during a period of increasing "unrestricted" cash balances. GTPDD's unrestricted cash balances (not restricted by outside parties and available to be spent for programs or operations as determined by the staff or board) increased from \$772,240 in FY 1996 to \$3.1 million in FY 2002 (307%). Revenues in excess of expenditures of \$1,475,023 in the Operating Fund in FY 2001 and 2002 included bingo funds, Medicaid Waiver program funds, and local contributions from cities and counties.

June 10, 2003

PEER: The Mississippi Legislature's Oversight Agency

The Mississippi Legislature created the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER Committee) by statute in 1973. A standing joint committee, the PEER Committee is composed of five members of the House of Representatives appointed by the Speaker and five members of the Senate appointed by the Lieutenant Governor. Appointments are made for four-year terms with one Senator and one Representative appointed from each of the U. S. Congressional Districts. Committee officers are elected by the membership with officers alternating annually between the two houses. All Committee actions by statute require a majority vote of three Representatives and three Senators voting in the affirmative.

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PEER provides a variety of services to the Legislature, including program evaluations, economy and efficiency reviews, financial audits, limited scope evaluations, fiscal notes, special investigations, briefings to individual legislators, testimony, and other governmental research and assistance. The Committee identifies inefficiency or ineffectiveness or a failure to accomplish legislative objectives, and makes recommendations for redefinition, redirection, redistribution and/or restructuring of Mississippi government. As directed by and subject to the prior approval of the PEER Committee, the Committee's professional staff executes audit and evaluation projects obtaining information and developing options for consideration by the Committee. The PEER Committee releases reports to the Legislature, Governor, Lieutenant Governor, and the agency examined.

The Committee assigns top priority to written requests from individual legislators and legislative committees. The Committee also considers PEER staff proposals and written requests from state officials and others.

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The Mississippi Legislature

Joint Committee on Performance Evaluation and Expenditure Review

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June 10, 2003

Honorable Ronnie Musgrove, Governor
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On June 10, 2003, the PEER Committee authorized release of the report entitled **An Expenditure Review of the Golden Triangle Planning and Development District.**

A handwritten signature in cursive script, appearing to read "Mary Ann Stevens".

Representative Mary Ann Stevens, Chair

This report does not recommend increased funding or additional staff.

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An Expenditure Review of the Golden Triangle Planning and Development District

Executive Summary

Introduction

In response to complaints from some members of the Golden Triangle Planning and Development District corporation, PEER conducted this expenditure review of the district (GTPDD). While the GTPDD is a private nonprofit corporation, PEER has the authority to review any organization that receives public funds appropriated from state or local governments. (MISS. CODE ANN. Section 5-3-57 [1972]).

PEER sought to determine:

- revenues and expenditures for the Golden Triangle Planning and Development District's programs;
- how the district determines local contribution amounts and how funds are spent in the localities;
- what monitoring and audit controls are in place at the district; and,
- whether information on the district's financial status is available and provided to members of the corporation.

Background

Incorporation and Membership

In Mississippi during the 1960s and 1970s, local governments under the nonprofit corporation act created ten planning and development districts for the purpose of assisting their member communities with planning economic development efforts throughout the state. Federal matching grant incentives were made available to the districts as well as the local governments if they met and maintained certain eligibility criteria - especially in the area of economic development.

The GTPDD was incorporated in June 1972 and was organized as a private nonprofit civic improvement corporation. According to the incorporation papers, the corporation was organized for civic

improvement and economic development in Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston counties.

According to the GTPDD's bylaws, the membership of the corporation is to be composed of individuals that desire to participate from the member counties, with twelve to twenty-five individuals from each county. Each county's membership must include two elected officials, one of whom must be a county official, and a twenty percent racial minority membership. In FY 2002, the GTPDD had 169 members. The boards of supervisors of the counties within the district select and approve these individuals.

Programs and services of the GTPDD cover two broad areas: economic development and community planning, and social service programs. This includes many different services to the community including computer technical assistance, geographic information system assistance, redistricting services, economic and community planning assistance, loan programs for small businesses, housing programs, and social service programs.

GTPDD meets Internal Revenue Service and state law requirements to operate a charitable gaming (bingo) facility that benefits the services and programs of the corporation. This facility is located in Columbus.

GTPDD Revenues and Expenditures

In Fiscal Year 2002, the GTPDD's revenues totaled \$14,161,224 and expenditures totaled \$13,270,649. (The GTPDD uses the federal fiscal year beginning October 1 and ending September 30.) The district's largest sources of revenue in FY 2002 were \$8,488,964 in federal revenues (59% of total revenues) and \$4,267,100 in bingo revenues (30% of the total). FY 2002 expenditures consisted primarily of grant expenditures of \$9,026,311 (68% of total expenditures) and bingo-related operating expenditures, \$3,671,240, or 28% of the total.

Financial Controls and Monitoring of GTPDD Programs and Services

Several external entities audit and monitor the GTPDD to ensure financial and program compliance. Since GTPDD receives federal funds, GTPDD is subject to annual audits that include reviews of financial compliance in accordance with *Government Auditing Standards*. State and federal agencies monitor all funds from the respective sources. For example, the Mississippi Development Authority monitors economic development projects with Community Development Block Grant funds, which typically include both state and federal funds. In addition, the GTPDD charitable bingo operation is under both Gaming Commission and Secretary of State regulations.

GTPDD's Financial Relationships with Localities

GTPDD does not base requests for local contributions on comprehensive and timely expenditure or service needs data. The GTPDD also does not provide contributing localities with full access to financial information (e.g., copies of the corporation's records or details on use of funds). In fiscal years 2001 and 2002, GTPDD's inexact method of requesting local funds contributed to collection of local revenues in excess of expenditures of \$147,789. These funds could have been used by the localities to pay for other local programs. The collection of local funds occurred during a period of increasing "unrestricted" cash balances, which at the end of FY 2002 totaled \$3.1 million. GTPDD's unrestricted cash balances are available to be spent for programs or operations as determined by the staff or board.

GTPDD's Requests for Local Contributions

GTPDD collects contributions from localities (counties, cities, and towns) located within the seven county district. These local contribution funds are to be used for economic development and aging programs for the district. To collect these funds, the district issues annual request letters to the localities requesting a specified contribution amount. The localities then respond to the request letters with their contributions.

While the GTPDD's bylaws and Fiscal Operating Manual purport to set forth a method of calculating these contribution request amounts, the district does not use this or any other method that incorporates comprehensive expenditure or program data to develop its local contribution amount requests. GTPDD's stated method does not include all appropriate factors--for example, match requirements, in-kind donations, or demographics--in arriving at the amounts it requests from localities. According to GTPDD officials, the district's Executive Director determines local contribution request amounts.

When requesting local contributions, the GTPDD does not provide the localities with financial information or information on how the contribution will be applied to match federal dollars. As a result of the district's failure to provide such information for FY 2002 and FY 2003, Lowndes County budgeted less than the amount the GTPDD requested for FY 2003. The county, as of May 2003, has made two quarterly payments of the annual contribution budgeted for the GTPDD by the board of supervisors.

GTPDD's Restriction of Corporation Members' Access to District Information

State law requires nonprofit corporations to provide corporate information to their members. However, the GTPDD Board has restricted corporation members' access to district information. A September 2002 resolution passed by the GTPDD Board of Directors prohibits corporation members from copying the district's financial information. This restriction violates MISS. CODE ANN. Section 79-11-285, which allows members to inspect

and copy financial information. This restriction also inhibits local efforts to make informed decisions on the use of resources.

GTPDD Revenues Over Expenditures and Increases in Cash Balances

GTPDD cash balances have steadily increased since FY 1996. However, the district has maintained or, in the case of aging programs, has increased its local contribution requests rather than reducing them. GTPDD's total cash balance increased from \$2.25 million in FY 1996 to \$5.58 million in FY 2002 (148% over the six-year period). GTPDD's unrestricted cash balances (not restricted by outside parties and available to be spent for programs or operations as determined by the staff or board) increased from \$772,240 in FY 1996 to \$3.1 million in FY 2002 (307% over the six-year period).

Revenues in excess of expenditures of \$1,475,023 in the Operating Fund in FY 2001 and 2002 included bingo funds, Medicaid Waiver program funds, and local contributions from cities and counties. GTPDD did not expend at least \$147,789 (or 37 percent of the total) in local contributions from cities and counties in FY 2001 and FY 2002.

Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 17-19-1 (1972) to require that planning and development districts provide specified financial and program information to the boards of supervisors and the governing authorities of the municipalities that appropriate money to such districts. The information should include, but not be limited to:
 - budget request, which shows the need and the services for which the local contribution funds will be spent;
 - annual report, not limited to but including the actual number of clients served in each county by the district and the funds from each county that have been used for those services and all current and active economic development projects and amounts awarded by county;
 - annual financial audit; and,
 - any other financial statements the localities deem necessary in order to determine how appropriate the district request.

The Legislature should require the districts to provide the above information to the localities at the time that the district makes its annual local contribution request. The law should require distribution of the information as a precondition to receiving any funds from local contributions for that fiscal year.

2. The Golden Triangle Planning and Development District should develop a methodology for calculating requests for local contributions that are to be used for aging and economic development programs within the district. Since revenues routinely exceed expenditures and contribute towards increasing cash balances, the district should develop a methodology that takes into account:

- other sources of revenue;
- need for the service in the locality (e.g., more clients on the waiting list for meals);
- demographics of the localities;
- previous years' number of clients and service levels;
- previous years' expenditures; and,
- previous years' grant revenues, which require a local contribution.

Subsequent to developing this methodology, the GTPDD should revise its bylaws and Fiscal Operating Manual accordingly.

3. The GTPDD Board of Directors should rescind the resolution that denies members of the corporation the right to copy district information. The GTPDD should give written notice to all members of their rights to inspect records as outlined in the MISSISSIPPI CODE.

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An Expenditure Review of the Golden Triangle Planning and Development District

Introduction

Authority

The PEER Committee authorized an expenditure review of the Golden Triangle Planning and Development District (GTPDD). PEER conducted the review pursuant to the authority granted by MISS. CODE ANN. Section 5-3-57 et seq. (1972). While the GTPDD is a private nonprofit corporation, PEER has the authority to review any organization that receives public funds appropriated from state or local governments.

Scope and Purpose

This review stemmed from complaints from some members of the Lowndes County Board of Supervisors who are also members of the GTPDD nonprofit corporation. In 2001 and 2002, during Lowndes County's budgeting process, the board of supervisors requested financial statements and audit reports from GTPDD when the district submitted its request for local contributions for the following year. GTPDD did not provide this information to Lowndes County in either year. Subsequently, Lowndes County did not fund the full FY 2002 and FY 2003 local funds amount requested by the district.

Members of the Lowndes County Board of Supervisors have also had concerns regarding the cash balances that have developed over the past few years at the GTPDD. They believe these balances, which include funds received from GTPDD's charitable gaming operation, could be used to offset some of the funds requested from the localities.

Therefore, PEER sought to determine:

- revenues and expenditures for the Golden Triangle Planning and Development District's programs;
- how the district determines local contribution amounts and how funds are spent in the localities;

- what monitoring and audit controls are in place at the district; and,
- whether information on the district's financial status is available and provided to members of the corporation.

Method

In conducting this review, PEER:

- reviewed relevant sections of federal and state laws, rules, regulations, policies, and procedures regarding programs, finances, and governance of the Golden Triangle Planning and Development District;
- interviewed selected federal, state, and district personnel;
- analyzed financial records of the Golden Triangle Planning and Development District; and,
- examined state and federal procedures for monitoring of programs administered by Golden Triangle Planning and Development District.

Background

Creation of Planning and Development Districts

Planning and Development Districts (PDDs) were created in the 1970s to assist communities with planning economic development efforts.

During the 1960s, an increasing number of federal programs became available to local governments, especially programs involving planning and economic development assistance from such federal agencies as the Department of Commerce's Economic Development Administration and the Department of Housing and Urban Development. In order to insure eligibility for such program funds, local governments throughout the states moved to establish regional organizations. Planning and development districts were created in an attempt to address problems and issues on a multi-jurisdictional level.

In Mississippi, local governments under the nonprofit corporation act created ten districts. (See Appendix A, page 33, for a map of the districts.) These districts were created and chartered private nonprofit corporations for the purpose of assisting their member communities with planning economic development efforts throughout the state. At the time of creation, assistance in Mississippi was provided by the then Office of Federal-State Programs under the administration of Governor John Bell Williams.

Federal matching grant incentives were available to the districts and local governments if they met and maintained certain eligibility criteria - especially in the area of economic development. In 1971 Governor Williams, in Executive Order 81, designated the planning and development districts as the official sub-state regions to standardize regional economic development and planning boundaries.

Organization and Structure of the Golden Triangle Planning and Development District

Incorporation

The GTPDD was incorporated in June 1972 and was organized as a 501 (c)3 private nonprofit civic improvement corporation. According to the incorporation papers, the corporation was organized for civic improvement and economic development in Choctaw, Clay, Lowndes, Noxubee, Oktibbeha, Webster, and Winston counties.

Membership and Governance of the Corporation

GTPDD Membership

Boards of Supervisors of the member counties select citizens to serve as the members of the GTPDD Corporation.

According to the GTPDD's bylaws, the membership of the corporation is to be composed of individuals that desire to participate from the member counties. (See Exhibit 1, page 5.) In FY 2002, the GTPDD had 169 members. The boards of supervisors of the counties within the district select and approve these individuals. These members are to represent all segments of the "economy, agricultural, educational, financial, business, labor, professional, local, municipal and county governments, civic interests, and representatives of minority groups." Bylaws require the membership to be made up of not less than twelve nor more than twenty-five individuals from each county. Each county's membership must include two elected officials, one of whom must be a county official. The bylaws also require a twenty percent racial minority membership from each county. This membership of the corporation is known as the County Advisory Committee of the GTPDD and meets annually to review programs and services and to select members for the Board of Directors.

GTPDD Board of Directors

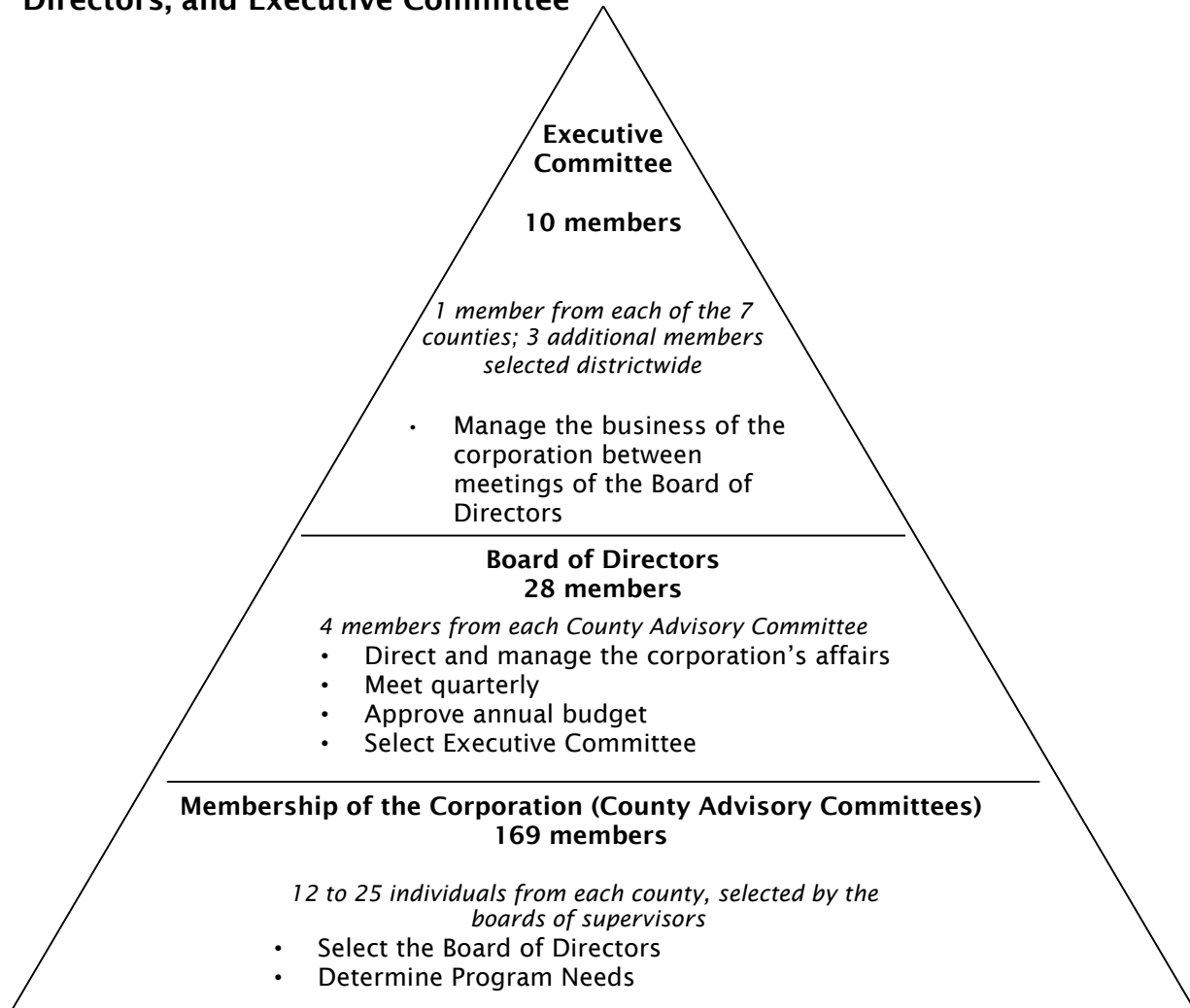
Members of the corporation select the Board of Directors, who direct and manage the GTPDD Corporation.

Each county's membership selects four members to serve on the GTPDD Board of Directors, for a total of twenty-eight for the seven county district. Each county's representation on the Board of Directors includes two elected officials from that county and two other members. One of the four must be of a racial minority and one must represent business at large. GTPDD bylaws require the Board of Directors to meet quarterly, but it may meet any other time at the call of the president. According to the bylaws, the Board of Directors "shall be charged with the direction and management of the corporation's affairs." The board has the power to employ personnel and must approve the district's budget.

GTPDD Executive Committee

Between meetings of the Board of Directors, the GTPDD management and business is to be carried out by the Executive Committee. The Executive Committee consists of ten members, one from each of the seven counties and three members selected districtwide. According to the bylaws, of the ten members, there must be three minority representatives.

Exhibit 1: FY 2002 Hierarchy of the GTPDD Corporate Members, Board of Directors, and Executive Committee



SOURCE: PEER analysis of GTPDD bylaws.

Programs and Services of the GTPDD

Programs and services of the GTPDD cover two broad areas: economic development and community planning, and social service programs. According to information the district provided to the Mississippi Gaming Commission, the GTPDD's purpose is to "maintain, expand, and develop community service projects in an ongoing effort of economic, community, and human resource development." This includes many different services to the community including computer technical assistance, geographic information system assistance, redistricting services, economic and community planning assistance, loan programs for small businesses, housing programs, and social service programs.

Economic Development and Community Planning

GTPDD staff work with local governments in the seven county district in economic development and community planning efforts, including loan programs and housing programs.

According to the GTPDD, the district has four program areas designed to improve the district's economic and community development: Business Development, Workforce Development, Physical Infrastructure, and Social Infrastructure. Staff of the GTPDD work with the local governments in writing grants applications for Community Development Block Grants and other opportunities provided by state and federal government sources. The GTPDD staff may also provide administration of the funds to the local communities and oversee the programs that have received funding.

The GTPDD uses Appalachian Regional Commission Administrative and Planning grant funds to fund the development of applications for the district's localities for economic development projects. This money must have a 50/50 match from the district.

Loan Programs

Loan programs are available for qualifying individuals in the district. In addition to federal programs, state programs include the Mississippi Small Business Loan Program and the Minority Business Enterprise Loan program. These state funds are available through the Mississippi Development Authority, which has administrative oversight of the program.

Housing Programs

The Mississippi Development Authority provides HOME Investment Partnerships Program funds to local communities and counties to be used to rehabilitate dilapidated homes in the community. The GTPDD puts together the application package for the community or county, and if the project is funded, the GTPDD can provide administrative oversight of the projects.

Currently Active and Recently Completed Economic Development Projects

In FY 2002, the GTPDD completed eleven economic development projects and had forty active projects in the seven county district.

In FY 2002, the GTPDD had forty active economic development projects, some of which were initiated in prior fiscal years and some of which will be completed in future fiscal years. The GTPDD had eleven projects related to economic development that were completed in FY 2002. These projects are present in all seven counties and range from recreation improvement projects to sewer improvements to law enforcement projects. Funds for these projects come from many different sources, including Community Development Block Grant funds and federal money from the Appalachian Regional Commission. (See Appendices B and C, pages 34 and 35, for lists of active and completed economic development projects and Appendix D, page 36, for economic development program descriptions.)

Funds for these projects do not go to the district, but to the locality that has received the project award. For some project awards, there is a local match requirement that must be provided by the locality. The match requirement is separate from the local contribution to the GTPDD for planning assistance. (See discussion page 19.) Localities may contract with the GTPDD to administer the projects in their area.

Social Service Programs

The GTPDD provides social service programs in the district which include aging services, child care services, and workforce investment activities.

The district's social service programs consist of Aging Services, Child Care, and Workforce Investment and comprise the largest component of revenues received by GTPDD. The GTPDD serves as an Area Agency on Aging and provides services to the elderly and/or disabled population within the district including, but not limited to: Congregate Meals; Home-Delivered Meals; Transportation; Ombudsmen; Information, Referral, and Outreach; Homemaker Services; Medicaid Waiver; and Senior Employment. (See Appendix E, page 38, for social service program descriptions.)

The GTPDD also serves as a child care management agency and provides financial aid to those who need assistance in securing child care so that parents may remain active in the workforce. GTPDD administers the Workforce Investment Act for the district. (See Appendix E, page 38.) Funding of these programs comes from a combination of federal, state, and local contributions.

The district's social service programs may be categorized by type. (See Appendix F, page 42.) Exhibit 2, page 8, also shows FY 2002 performance data for these social service programs.

Exhibit 2: FY 2002 GTPDD Social Service Program Clients by County

	Aging Services ¹	Child Care ²	Homemaker Program	Medicaid Waiver Services ³	Meals for the Elderly	Transportation	WIA ⁴
Choctaw	299	39	35 clients, 4176 hours	100	88 clients, 21,402 meals	N/A	39
Clay	397	394	117 clients, 14,040 hours	100	287 clients, 70,209 meals	N/A	18
Lowndes	393	641	220 clients, 26,352 hours	200	394 clients, 102,834 meals	300 clients, 26,839 rides	13
Noxubee	289	224	38 clients, 4536 hours	200	295 clients, 76,995 meals	100 clients, 8,000 rides	43
Oktibbeha	548	487	134 clients, 16,128 hours	200	311 clients, 81,171 meals	110 clients, 11,400 rides	33
Webster	327	30	28 clients, 3,384 hours	100	157 clients, 38,367 meals	N/A	32
Winston	347	159	28 clients, 3,384 hours	100	218 clients, 52,898 meals	N/A	38

Data reflects number of recipients or volume of services provided.

SOURCE: GTPDD social service program summary reports.

NOTE: The amounts for the social service programs are compiled through May 2002 and projected through September 2002. In order to determine if the projections were accurate, the GTPDD verified one county's data, the numbers were within reasonable limits of the projections; therefore, PEER is using the projected numbers in this chart.

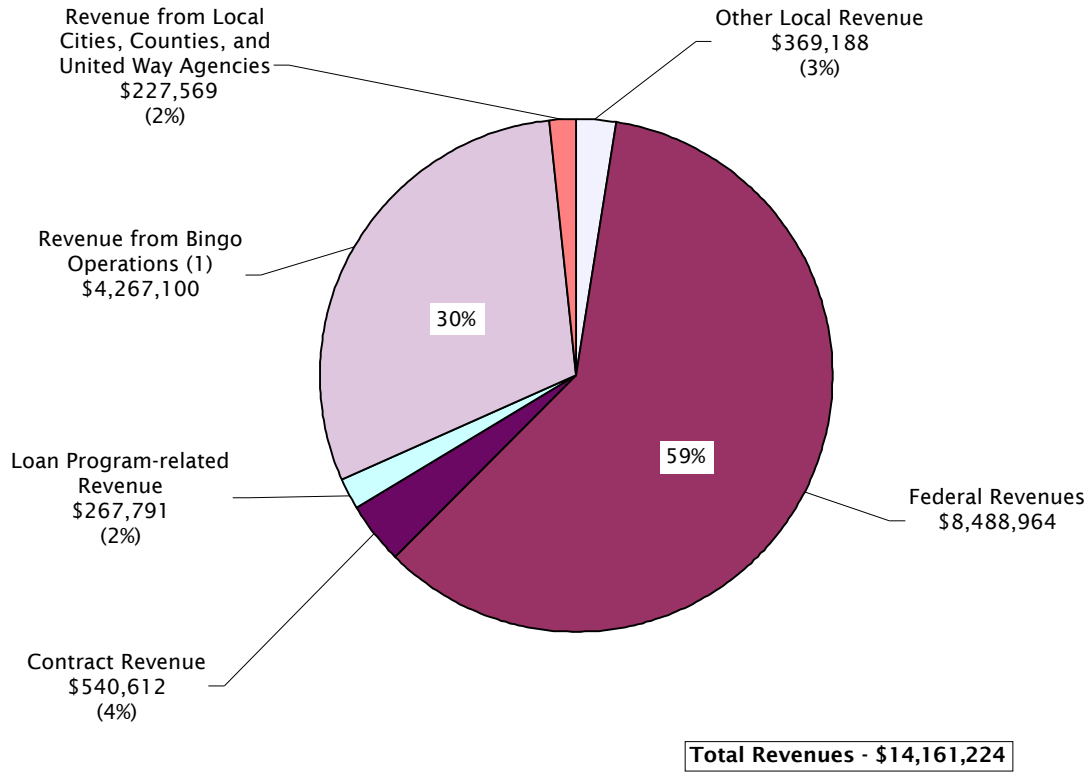
¹For a list of aging services included see Appendix E, page 38, Other Social Programs.

²The child care numbers are actual numbers served.

³The Medicaid Waiver numbers for case management is the total number of waivers available for that county.

⁴Workforce Investment Act program. (See Appendix E, page 38.)

Exhibit 3: GTPDD Revenues by Type for FY 2002



NOTES: (1) Bingo revenues (\$4,267,100) less bingo-related prizes and operating expenditures of \$3,842,103 totaled \$424,997. See the chart on page 13 for details. See Appendix G, page 44, for more detailed revenue information.

SOURCE: PEER analysis of GTPDD FY 2002 unaudited internal financial statements.

Revenues and Expenditures of GTPDD

For Fiscal Year 2002, the GTPDD's revenues totaled \$14,161,224 and expenditures totaled \$13,270,649. (The GTPDD uses the federal fiscal year beginning October 1 and ending September 30.)

Summary of GTPDD Revenues for FY 2002

In FY 2002, the GTPDD received a total revenue of \$14 million from federal, state, local, and other sources.

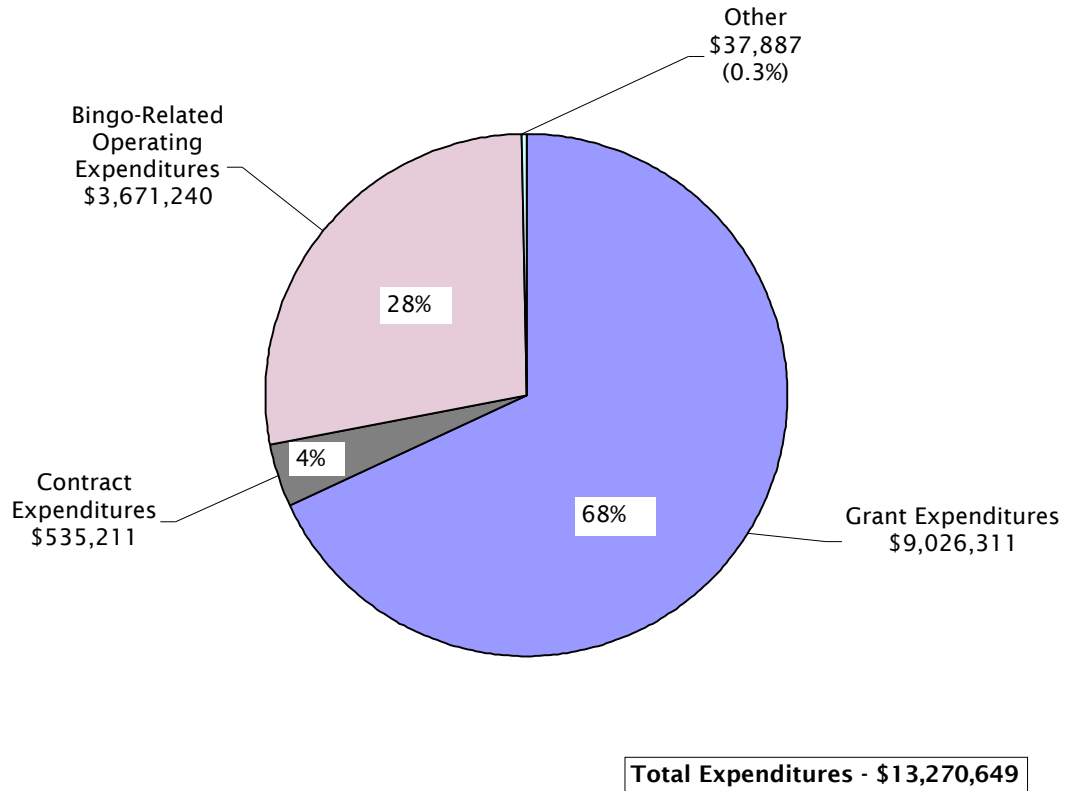
As shown in Appendix G, page 44, the GTPDD receives funding through many different sources of revenue, including federal grant funds for social service programs and contributions from local governments in order to match aging and economic development funds. (See discussion on page 19.) The GTPDD charges the district's localities for services such as technical assistance and receives funds for the administration of economic planning assistance. For example, some communities within the district that have received Community Development Block Grants provide some additional administrative funds to the GTPDD for their services. The GTPDD also receives revenues from the charitable gaming facility (See discussion on page 12), from loan program-related revenue (e.g., interest on loan funds and loan closing costs), and from other in-kind and grant match monies for sub-grants. As shown in Exhibit 3, page 9, GTPDD's largest sources of revenue in FY 2002 were \$8,488,964 in federal revenues (59% of total revenues) and \$4,267,100 in bingo revenues (30% of the total).

Summary of GTPDD Expenditures for FY 2002

In FY 2002, the GTPDD had expenditures of \$13 million.

The GTPDD's FY 2002 expenditures consisted primarily of grant expenditures of \$9,026,311 (68% of total expenditures) and bingo-related operating expenditures, \$3,671,240, or 28% of the total, as shown in Exhibit 4, page 11.

Exhibit 4: GTPDD Expenditures by Type for FY 2002

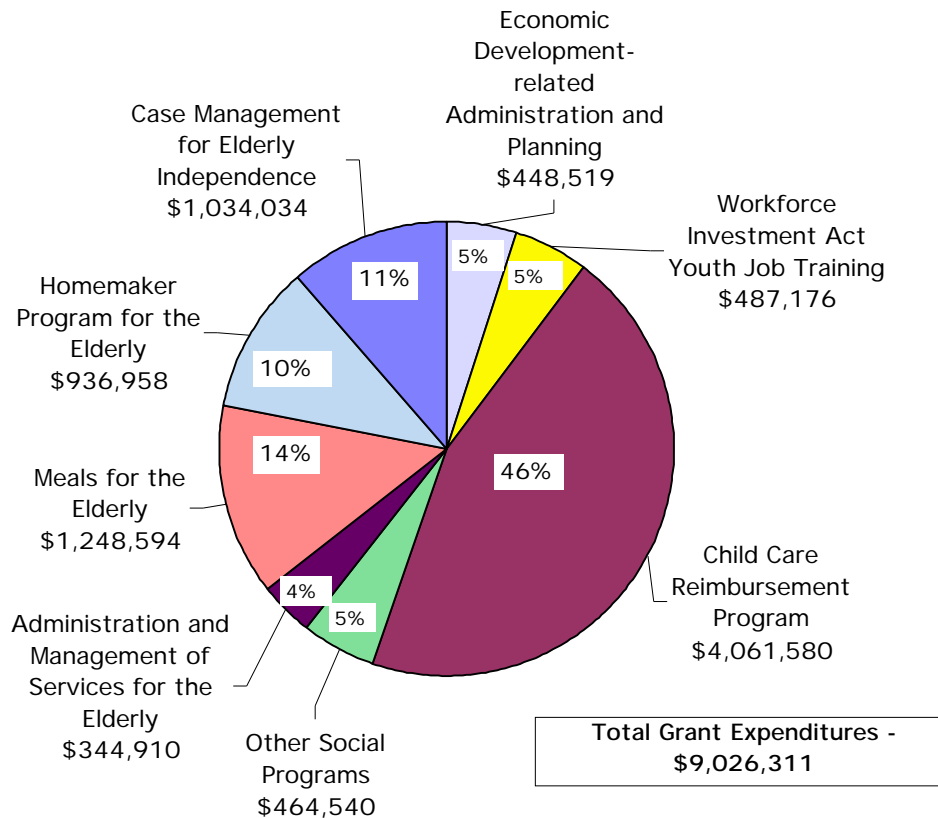


NOTE: See Appendix G, page 44, for more detailed expenditure information.

SOURCE: PEER analysis of GTPDD unaudited internal financial statements.

The GTPDD is involved in numerous grant programs, as shown in Exhibit 5 on page 12, which categorizes grant expenditures by type. Exhibit 5 shows that GTPDD's three primary grant expenditures in FY 2002 were \$4,061,580 for child care reimbursement; \$1,248,594 for meals for the elderly; and \$1,034,034 for case management promoting independence for the elderly.

Exhibit 5: GTPDD Grant Expenditures by Type for FY 2002



SOURCE: PEER analysis of GTPDD unaudited internal financial statements.

Appendix F, page 42, outlines the district's grant expenditures in detail, by source and type.

Revenues and Expenditures of GTPDD's Charitable Gaming Facility

According to MISS. CODE ANN. Section 97-33-52, a charitable gaming facility may be established for the benefit of a charitable organization, which is defined in Section 97-33-53 as any nonprofit organization that is tax exempt under section 501 (c) or (d) of the federal Internal Revenue Code. The organization must have a tax exemption letter on file with the Mississippi Gaming Commission. GTPDD meets these qualifications to have a charitable gaming (bingo) facility that benefits the services and

programs of the corporation. (For discussion on regulation of the facility, see page 15.)

The GTPDD opened a charitable gaming facility in 1996. According to staff, these funds are to be used for aging programs. The cash balance of the GTPDD increased by \$424,997 from FY 2002 bingo revenues over expenditures.

According to documents that the GTPDD provided to the Gaming Commission, the purpose of the charitable gaming facility is the same as the purpose of the district, which is to “maintain, expand, and develop community service projects in an ongoing effort of economic, community, and human resource development.” The GTPDD opened the charitable gaming facility in 1996 in Columbus, Mississippi. The Gaming Commission licenses the facility. The facility operates bingo and pull-tab games. The pull-tab games include electronic and video games, as well as manual pull-tabs.

According to GTPDD staff, bingo funds are to be used for meals and homemaker services. In FY 2002, the GTPDD used \$170,863 of the bingo funds for programs (\$23,000 for homemaker services and \$147,863 for meals). As shown in the chart below, in FY 2002 bingo revenues of \$4,267,100 exceeded total bingo expenditures of \$3,842,103 by \$424,997. As a result, the GTPDD cash increased by \$424,997.

	<u>FY 2002</u>
Bingo Revenue	\$ 4,267,100
Bingo Prizes	(3,071,061)
Bingo Game Supplies and Computer Rental	(170,702)
Facilities, Staff and Administration	(429,477)
Bingo Funds Used as Match Money for Meals and Homemaker Services	(170,863)
Total Bingo-Related Expenditures	\$ (3,842,103)
<hr/>	
Bingo Revenues Over Expenditures	\$ 424,997

SOURCE: PEER analysis of GTPDD unaudited internal financial statements.

Financial Controls and Monitoring of GTPDD Programs and Services

Several external entities audit and monitor the GTPDD to ensure financial and program compliance. Since the GTPDD receives federal funds, GTPDD is subject to annual audits that include reviews of financial compliance in accordance with *Government Auditing Standards*. State and federal agencies monitor all funds from the respective sources. For example, the Mississippi Development Authority monitors economic development projects with Community Development Block Grant funds, which typically include both state and federal funds. In addition, the GTPDD charitable bingo operation is under both Gaming Commission and Secretary of State regulations.

Financial Audit Controls

The GTPDD undergoes a yearly independent financial audit.

Currently, the GTPDD has a contract with Watkins, Ward and Stafford of West Point, Mississippi, to provide a yearly audit of GTPDD operations, including the bingo facility. The audit firm uses the *Government Auditing Standards*, issued by the Comptroller General of the United States. Under those standards, audits include tests of compliance with certain applicable provisions of laws, regulation, contracts and grants. Additional testing is done on the overall internal controls over financial statements.

According to MISS. CODE ANN. Section 7-7-211(f) and (m), the State Auditor may also audit the planning and development districts, since they are nonprofit corporations that receive federal and state funds. (See Appendix H, page 46, for exact language.) The State Auditor receives or has access to the annual audits of all PDDs, which are completed by private CPA firms. There has not been a request for the State Auditor to audit the state and federal funds received by the PDDs; therefore, the State Auditor has not performed an audit of any PDD since the adoption of these amendments in 1979 and 1989.

State and Federal Monitoring of Program Funds

State and federal agencies monitor the activities and funding of the GTPDD's economic development and social services programs.

Currently, many different agencies of the state monitor operations and funding of programs and services of the GTPDD. For example, the Division of Medicaid monitors the funds given to the GTPDD for the Home- and Community-Based Waiver Program and the Long-Term Care Alternatives program on a regular basis to ensure that the GTPDD is expending the funds properly and services are available to the elderly population. The Mississippi Department of Human Services monitors funds for programs for the elderly, including all Area Agency on Aging funds. This includes funds for homemaker services, case management, and meal programs. The Department of Human Services also monitors funds for the Child Care program. This monitoring includes checking client records to ensure that the client falls within the stated income level and that the GTPDD is expending funds on child care services.

The Mississippi Development Authority monitors all Community Development Block Grants, HOME programs, loan programs, and other state economic development programs, including the Small Municipalities programs. This monitoring effort includes regular monitoring of the projects to ensure that the locality is expending the funds on the approved project, that administrative fees are not exorbitant, and that all federal and state guidelines are being followed.

The Appalachian Regional Commission, which provides planning grant funds to the GTPDD, completes a yearly review to ensure

that planning funds are spent properly. Also, the GTPDD provides a yearly report stating the goals and achievements of the GTPDD in the area of economic development programs for the previous year to the Economic Development Administration of the U. S. Department of Commerce. Although the Economic Development Administration (EDA) provides planning grant funds and revolving loan funds to PDDs, the GTPDD does not currently access any EDA planning grant funds.

Monitoring of GTPDD's Charitable Gaming Operation

Charitable gaming organizations are dually registered in Mississippi, which means there is oversight from both the Mississippi Gaming Commission and the Office of the Secretary of State. Therefore, both the Gaming Commission and the Office of the Secretary of State monitor and examine the GTPDD's charitable gaming facility and operations.

Gaming Commission's Monitoring of GTPDD's Bingo Facility

The Mississippi Gaming Commission licenses and monitors the GTPDD bingo facility.

The Mississippi Gaming Commission issues licenses to the charitable organization, receives fees from the licensees, and sets certain minimum and maximum prize amounts that may be paid. After prizes, Gaming Commission fees and authorized expenses, the remaining funds must be paid to the charity for use in its charitable organization (in this case, to the GTPDD). These authorized expenses include inventory for the facility--for example, the bingo sheets and games, salaries for the employees of the facility; and services for the facility such as security or janitorial services.

The Gaming Commission requires monthly reports from the gaming facility that includes detailed revenue and expense information. The district also provides a yearly application to the commission that includes IRS Report Form 990, a form nonprofit corporations use to describe revenues and expenditures. Gaming Commission inspectors also visit facilities on a regular basis for monitoring purposes. The commission monitors record keeping, financial record keeping, inventory, electronic devices, and conducts equipment and follow-up inspections. However, the Gaming Commission chooses what areas to monitor; the last monitoring report completed in March 2003 addressed the recordkeeping of the facility.

Office of the Secretary of State's Examination of GTPDD's Bingo Facility

The Office of Secretary of State examines spending of bingo revenues.

Once funds are transferred from the gaming facility operation to the charitable corporation (GTPDD), the Office of the Secretary of State has oversight. The office regulates how the charitable corporation expends funds received from the gaming facility operation. This includes determining what funds are spent for fundraising and administrative expenses.

The charitable corporation must file certain financial information with the Secretary of State detailing how funds contributed from the charitable gaming facility to the corporation are spent. The Secretary of State conducts a yearly exam of the charitable corporation to determine whether the charitable purpose is being fulfilled, whether the charitable contributions are being used for the charitable purpose, and how the money is spent.

GTPDD's Financial Relationships with Localities

GTPDD does not base requests for local contributions on comprehensive and timely expenditure or service needs data. The GTPDD also does not provide contributing localities with full access to financial information (e.g., copies of the corporation's records or details on use of funds). In fiscal years 2001 and 2002, GTPDD's inexact method of requesting local funds contributed to collection of local revenues in excess of expenditures of \$147,789. These funds could have been used by the localities to pay for other local programs. The collection of local funds occurred during a period of increasing "unrestricted" cash balances, which at the end of FY 2002 totaled \$3.1 million. GTPDD's unrestricted cash balances are available to be spent for programs or operations as determined by the staff or board.

GTPDD collects contributions from localities (counties, cities, and towns) located within the seven county district. These local contribution funds are to be used for economic development and aging programs for the district. Currently, GTPDD does not provide details to the localities as to the actual need or use of the funds collected. Also, GTPDD has taken formal action to restrict access of members of the corporation to view and copy records of the corporation.

GTPDD's inexact method of requesting local funds has contributed to collection of local funds that it did not spend. These local funds, along with bingo and other revenues, have contributed to growing cash balances.

GTPDD's Requests for Local Contributions

While the GTPDD's bylaws and Fiscal Operating Manual purport to set forth a contribution calculation methodology, the district does not use this or any other method that incorporates comprehensive expenditure or program data to develop its local contribution amount requests. The GTPDD does not include all appropriate factors--for example, match requirements, in-kind donations, or demographics--in arriving at the amounts it requests from localities. Also, when requesting local contributions, the GTPDD does not provide financial information or information on how the contribution will be applied to match federal dollars.

According to the MISS. CODE ANN. Section 17-19-1, cities and counties may appropriate funds to planning and development districts:

The board of supervisors of each county and the governing authorities of each municipality in the state are authorized and empowered, in their discretion, to appropriate and pay such sums as they deem necessary and desirable, out of any available funds of the county or municipality which are not required for any other purpose, to the planning and development district in which the county or municipality is located.

GTPDD requests these contributions from localities within the district to match federal and state dollars for economic development and aging programs. However, the GTPDD does not use sound practices or methods to arrive at the amounts requested from the localities.

GTPDD’s Lack of a Sound Method of Calculating Contribution Requests

While the GTPDD’s bylaws and Fiscal Operating Manual set forth a contribution calculation methodology, the GTPDD does not follow the method. Also, the method does not take into account information necessary to make a sound contribution request. According to GTPDD officials, the district’s Executive Director determines local contribution request amounts.

Contribution Calculation Method in GTPDD’s Bylaws

According to the GTPDD bylaws:

*Member counties of the corporation will appropriate funds **proportionally on the basis of equity between assessed valuation and population**, as the corporation’s contribution to the local share of the [economic development and aging] planning and administrative budget of the corporation. The local share for the corporation shall not be less than a rate of Fifteen Thousand Dollars (\$15,000) per year. (Emphasis added)*

GTPDD could not provide documentation that it follows the contribution calculation methodology outlined in the corporation bylaws.

PEER requested documentation showing that the district used this method, but GTPDD could not provide documentation that shows the current assessed valuation or population of each county in the district. Without documentation, GTPDD cannot provide evidence the district follows its stated method of calculating local contribution amounts. According to GTPDD officials, the district’s Executive Director determines local contribution request amounts.

Even if the district did use this method, which according to the bylaws should be used for calculating economic development and aging program local contribution amounts, it is not a sound one because it does not take into account the services provided within the previous year or additional GTPDD sources of revenue (e.g., bingo, local United Way funds, or interest earnings).

(See discussion of sources of revenue, page 10). Also, the district does not operationally define the terms “proportionally on the basis of equity between assessed valuation and population” or give the weight of each factor.

Contribution Calculation Method in GTPDD's Fiscal Operating Manual

According to the district's Fiscal Operating Manual:

*GTPDD sends statements [requesting contributions] to the seven county governments and twenty municipal governments on an annual or quarterly basis. Current local needs are analyzed and a total local funds amount is computed. Each local entity is billed on **census figures and prior assessments**. The assessment is **approved by the GTPDD's Board of Directors**. (Emphasis added)*

GTPDD could not provide documentation that it follows the contribution calculation methodology in its Fiscal Operating Manual, nor could the district provide documentation to show Board approval of contribution requests.

When asked for documentation of this computation to show the millage assessments of the county or current census figures, the GTPDD was unable to provide documentation for previous years' calculations. Therefore, GTPDD does not follow this stated method of calculating local contribution amounts. Also, since 1993, minutes of the Board of Directors meetings do not show approval of the local contribution request amounts. As noted above, according to GTPDD officials, the district's Executive Director determines local contribution request amounts.

Even if the district did use this method, which according to the Fiscal Operating Manual should be used for calculating economic development and aging program local contribution amounts, it is inadequate because it does not take into account the previous year's service levels and the needs of each area.

GTPDD's Practices in Making Local Contribution Requests

When making requests for local contributions, GTPDD does not provide financial information or information on how the contribution will be applied to match federal dollars. As a result of the district's failure to provide such information when specifically requested, the Lowndes County Board of Supervisors has chosen not to remit its full FY 2003 requested aging local contribution.

GTPDD local contribution requests are for economic development and aging programs. Counties receive two separate requests yearly for the two programs. According to information provided in the request letters to the counties for the economic development funds, the funds are for match requirements and to "promote economic and community development through technical assistance and grant preparation." The letters requesting funds for aging programs state that the collection of the contribution for older adults is a requirement in order to be used as a match for federal grants. Cities receive a yearly request letter that requests contribution funds for economic development programs.

GTPDD makes yearly requests of cities and counties for economic development program contributions. GTPDD also makes an additional request of counties for aging service programs.

While GTPDD states that the contributions are to be used in economic development planning and aging services programs, the district provides no financial information or annual program expenditures to the local governments at the time of the request. No budget request shows how the local contribution will be applied to match federal dollars and the district provides no audits or financial information. (See discussion of the actual expenditures of local contributions on page 29.) As noted previously, according to GTPDD officials, the Executive Director determines the local contribution request amounts.

GTPDD did not provide requested financial information to some Lowndes County Supervisors who are also members of the GTPDD corporation.

In August 2001, the Lowndes County Administrator and members of the Board of Supervisors met with GTPDD officials and requested financial information. According to the Lowndes County Administrator and supervisors, this information was not provided; however, the county funded the GTPDD aging program for FY 2002 at the same level as previous years. In June 2002, Lowndes County requested financial information and the previous year's financial audit from all agencies that received funds from the county, including GTPDD. GTPDD would not provide the requested information to the county administrator or the Board of Supervisors at the time of their request for local contribution from Lowndes County. For FY 2003, Lowndes County has made two quarterly payments of the annual contribution budgeted for the GTPDD by the board of supervisors; however, this was less than the amount GTPDD requested. According to GTPDD officials, the district is planning to cut aging programs in Lowndes County (see page 25).

Aging Program Requests

Although amounts requested for aging programs remained constant from FY 1997 through FY 2002, GTPDD increased its FY 2003 request for aging program contributions without valid justification.

Aging program contributions from localities are to be used to match federal dollars for aging services.

Counties within GTPDD provide local contribution money, which is to be used to match federal aging dollars that are funneled through the Mississippi Department of Human Services. These funds are to be used for Title III match money. (See Appendix F, page 42.) The services include meals, homemaker services, legal services, and many other services for the elderly. The amounts requested for the Golden Triangle Area Agency on Aging stayed the same from 1997 to 2002. In FY 2003, the district increased its request for match money.

GTPDD increased the FY 2003 aging contribution request 325% without valid justification.

PEER analyzed the increase in the requested amount of funds for the Area Agency on Aging contribution. (See Exhibit 6, page 21.) According to the request letters to the counties, the increased funds were to be used for continuing services to older adults in the respective counties. However, when PEER requested documentation of the 325% increase from FY 2002 to FY 2003, GTPDD provided letters from the Division of Medicaid and the Department of Human Services, Office of Children and Youth, which were not included as reasons for the increase in the request letters to the counties.

Exhibit 6: Area Agency on Aging Match Requests and Collections

	FY 1997		FY 1998		FY 2001		FY 2002		FY 2003
	Requested	Received	Requested	Received	Requested	Received	Requested	Received	Requested
Choctaw County	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 21,907
Clay County	10,500	9,228	10,500	10,500	10,500	10,500	10,500	10,500	35,925
Lowndes County	20,000	15,000	30,000	30,000	30,000	30,000	30,000	30,000	74,201
Noxubee County	4,000	4,000	4,000	4,000	4,000	4,000	4,000	4,000	37,342
Oktibbeha County	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	55,442
Webster County	4,000	3,500	4,000	4,000	4,000	4,000	4,000	4,000	22,847
Winston County	3,000	2,500	3,000	2,500	3,000	2,500	3,000	2,500	26,477
	\$ 54,500	\$ 47,228	\$ 64,500	\$ 64,000	\$ 64,500	\$ 64,000	\$ 64,500	\$ 64,000	\$ 274,141
Percent Change			18%		0%		0%		325%

NOTE: Requested amounts stayed the same from 1997-2002; therefore, some years were left omitted from this exhibit. For a complete financial of the years, see Appendix I, page 47.

*Noxubee County's funds have restricted use for aging programs in that county only. Funds not spent are shown as deferred revenues (a liability on the balance sheet)

SOURCE: PEER Analysis of GTPDD fiscal information.

According to the letter from the Division of Medicaid, additional funds were needed in order to meet reimbursement rates. In 2002, the Legislature passed Senate Bill 2189 which required planning and development districts to reimburse the Division for five percent of all claims paid. GTPDD provides Medicaid Waiver services for older adults. These services include homemaker services, meals for the elderly, and long-term care alternatives. (See Appendix E for a list of the social service program descriptions). Medicaid required GTPDD to begin paying 5% of the funds they had received for services back to Medicaid.

The letter from the Department of Human Services, Office of Children and Youth, stated that since federal funds had decreased for child care services, there was a need to require a "local match for administrative dollars" for agents who received the child care funds.

While these may be reasons for an increase in local contribution funds, these are not reasons that were stated for an increase in local contributions to the Area Agency on Aging, which is for older adults and not children. GTPDD did not provide these reasons or any detail of the requested increase in the FY 2003 request letters to the counties.

According to GTPDD staff and the Executive Director, the Executive Director determines the aging amount requested. However, no documentation was provided to document how the amount is determined.

According to the GTPDD, there is no set methodology for the amounts requested from counties, nor do they follow the methodology set in the bylaws or the Fiscal Operating Manual (See page 18.) According to GTPDD officials, the Executive Director determines the amounts for the request of the local contributions.

In 2002, the social service program director did complete some calculations for the FY 2003 local contribution needs for the aging program. The amounts were based on projections and not actual dollars spent or number of clients served. As an example, this calculation multiplied GTPDD's projected amount to be received from Title III, Title XX, and Title V, and Medicaid Waiver funds (instead of actual dollar amounts spent) times the percentage match for each of these funds. In looking at the Medicaid Waiver

dollars, GTPDD used the total amount of dollars that could be accessed from the Division of Medicaid, rather than the amount actually used from the previous year. Before FY 2003, there was no written documentation that showed how the request amounts were derived. In interviews, GTPDD officials stated that census figures were used for the development of the request amounts; however, the GTPDD used 1990 census figures for the older population of the counties and not 2000 data. Data for 2000 shows a decrease in the elderly population in the seven county district.

Economic Development Program Requests

Although amounts requested for economic development programs have fluctuated little from FY 1997 through FY 2003, the district has no documentation showing the current assessed value of land in the counties, which would justify amounts calculated related to millage. The amounts requested of cities, according to GTPDD officials, are based on previous years' requests; however, the district has no documentation of how the original figure was derived.

The local contributions requested and received from cities and counties for economic development programs fluctuated little from FY 1997 to FY 2003. (See Appendix J, page 48.) In FY 2002, the amount of monies received from cities and counties was \$126,951. (See Exhibit 7, page 23, and Appendix J, page 48.) According to request letters sent to the local governments, these monies are to be used by the GTPDD to match federal grant dollars for planning and technical assistance. This local contribution is not the same as funds that are provided by local governments to match individual project awards. When a locality applies for a grant, it typically is required to provide match funds; these are separate from the contributions provided to the GTPDD. However, as discussed on page 29, local contributions for FY 2001 and FY 2002 were not spent specifically as a match for economic development programs.

According to GTPDD staff and the Executive Director, the Executive Director determines the amount of economic development contributions requested. However, no documentation was provided to document how the amount is determined.

According to GTPDD officials, the Executive Director decides the amounts to be requested from localities. According to the Executive Director, he decided one-quarter mill was an appropriate rate to request for economic development funds. PEER requested documentation of the calculation of the amounts, but the district did not provide the information. The district also has no documentation showing the current assessed value of the counties that would justify amounts calculated in determining how much a quarter mill would be.

PEER calculated the quarter mill assessed value of the counties and determined that the amounts do not equal the amounts requested or collected for any of the years from FY 1997 to FY 2002; therefore, GTPDD is not using this calculation.

Exhibit 7: FY 2002 Request and Collection of Economic Development Match Monies

	FY 2002	
	Requested	Received
Choctaw County	\$ 8,000	\$ 8,000
Clay County	16,200	16,200
Lowndes County	67,000	42,000
Noxubee County	7,750	7,750
Oktibbeha County	24,500	24,501
Webster County	11,800	11,800
Winston County	6,000	6,000
Ackerman	1,000	1,000
Artesia	150	150
Brooksville	300	300
Caledonia	300	300
Columbus	5,000	1,700
Crawford	200	200
Eupora	1,500	1,500
French Camp	100	100
Louisville	1,000	1,000
Maben	500	500
Macon	750	750
Mantee	50	50
Mathiston	500	500
Noxapater	500	500
Shuqualak	500	500
Starkville	-	-
Sturgis	500	500
Walthall	150	150
Weir	500	1,000
West Point	2,000	-
	<u>\$ 156,750</u>	<u>\$ 126,951</u>

SOURCE: PEER analysis of GTPDD financial information.

GTPDD's Restriction of Corporation Members' Access to District Information

The GTPDD Board has restricted corporation members' access to district information. This restriction violates MISS. CODE ANN. Section 79-11-285, which allows members to inspect and copy financial information. This restriction also inhibits local efforts to make informed decisions on the use of resources.

State Law Regarding Nonprofit Recordkeeping Requirements

State law requires nonprofit corporations to provide corporate information to their members.

Based on requirements set forth in the Private Nonprofit Corporation Act, the GTPDD, being a nonprofit corporation, must have certain documents on file and available for inspection. According to MISS. CODE ANN. Section 79-11-283 (1) and (5), this includes:

- permanent records minutes of all meetings of its members and board of directors, a record of all actions taken by the members or directors without a meeting, and a record of all actions taken by committees of the board of directors as authorized by Section 79-11-265;
- articles or restated articles of incorporation and all amendments to them currently in effect;
- bylaws or restated bylaws and all amendments to them currently in effect;
- resolutions adopted by its board of directors relating to the characteristics, qualifications, rights, limitations and obligations of members or any class or category of members;
- minutes of all meetings of members and records of all actions approved by the members for the past three years;
- written communications to members generally within the past three years;
- list of the names and business or home addresses of its current directors and officers; and,
- most recent status report delivered to the Secretary of State under Section 79-11-391.

According to MISS. CODE ANN. Section 79-11-285, members of the corporation are entitled to inspect and copy, at a reasonable time and location specified by the corporation, any of the records of the corporation if the member gives the corporation written notice at least five business days before the date on which the member wishes to inspect and copy. The member can inspect and copy records listed above as well as accounting records and the

membership list. However, the member may only inspect and copy the records if the demand is in good faith and the member describes the purpose and the records he desires to inspect and the records are directly connected to this purpose.

Effect of Restriction of Access on Local Contributions

After the Lowndes County Board of Supervisors specifically requested financial information from GTPDD and was denied that information, Lowndes County reduced its FY 2003 aging contribution from the requested amount.

All members of the corporation, including the Lowndes County Supervisors, have the right to inspect and copy records of the corporation as outlined in the MISSISSIPPI CODE.

As noted on page 20, in August 2001, the Lowndes County Administrator and some members of the Board of Supervisors went to the GTPDD office to review GTPDD information, including some financial documentation. The GTPDD did not provide the information requested, which included a copy of the annual audit. Also, the Lowndes County Board of Supervisors, in August 2001, requested their county administrator to request from GTPDD a "breakdown of revenues, financial statements, and administrative cost for services performed to Lowndes County." This was due to the belief of some members of the board of supervisors that GTPDD had large amounts of excess cash, and the need for the information to be used during the budgeting process of FY 2002. All members of the Lowndes County Board of Supervisors are members of the GTPDD corporation and by statute have the right to inspect and copy the records of the corporation.

At that time, GTPDD sent letters to citizens in Lowndes County stating they would lose services if the Lowndes County Board of Supervisors did not provide funding to the GTPDD. Lowndes County did provide \$30,000 for aging programs to GTPDD, which was consistent with what the county had paid in the past. (See Exhibit 6, page 21.)

In June 2002, members of the Lowndes County Board of Supervisors requested in writing of all agencies that receive funding from the county, including GTPDD, that they provide financial information at the time of the FY 2003 contribution requests. However, GTPDD did not provide this information to the Board of Supervisors. For FY 2003, Lowndes County has made two quarterly payments of the annual contribution budgeted for the GTPDD by the board of supervisors; however, this was less than the amount the district requested.

GTPDD Board Resolution Further Restricting Access to Financial Information

A September 2002 resolution passed by the GTPDD Board of Directors prohibits corporation members' copying of the district's financial information. This restriction violates MISS. CODE ANN. Section 79-11-285.

GTPDD's board resolution prohibits members of the corporation from copying corporation information and thus violates state law.

Subsequent to the Lowndes County Board of Supervisors' June 2002 request for financial information, the GTPDD Board of Directors passed a resolution in September 2002 which states "that no one, including Board members, receive any financial records, including the annual audit, unless mandated by Federal or State law; and that a Board member may be allowed a supervised review of the financial statements within the building but under no conditions can the financial statements be copied or notes made."

According to MISS. CODE ANN. Section 79-11-285, members of a nonprofit corporation have the right to inspect and copy corporate records. However, the GTPDD Board of Directors' resolution restricts copying of records, and thus violates state law.

GTPDD Revenues Over Expenditures and Increases in Cash Balances

GTPDD cash balances have steadily increased since FY 1996. However, the district has maintained or, in the case of aging programs, has increased its local contribution requests, rather than reducing them.

Due to concerns by some members of the Lowndes County Board of Supervisors about the amount of increase in local contribution requests, PEER sought to determine whether GTPDD revenues had exceeded expenditures and how local contributions had been spent.

For FY 2001 and FY 2002, over a third of local contributions collected had not been spent.

As explained in the section below, some of the local contributions of \$403,055 for FY 2001 and FY 2002 had been used as local match for grants, while over a third of the funds (\$147,789) had not been spent. This indicates that the district's local contribution request increases were not necessary.

As shown in Exhibit 8, page 27, revenues in excess of expenditures in the operating funds totaled \$749,033 and revenues in excess of expenditures in the grant funds totaled \$141,542, for a total of \$890,575 in revenues over expenditures for FY 2002. ("Revenues over expenditures" is the amount by which revenues exceed expenditures for a given time period.) Appendix G on page 44 provides a detailed financial statement of revenues, expenditures and changes in cash for all funds.

Exhibit 8: Summary of FY 2002 GTPDD Revenues and Expenditures and Changes in Cash

	Grant Funds	Operating Funds	Eliminations *	Total
Revenues	\$ 9,369,437	\$ 5,240,388	\$ (448,601)	\$ 14,161,224
Expenditures	(9,227,895)	(4,491,355)	448,601	(13,270,649)
Revenues over Expenditures	\$ 141,542	\$ 749,033		\$ 890,575
Changes in accounts (net), including increases in notes receivable and in accounts receivable and payable				(446,281)
Increase in Cash during FY 2002				\$ 444,294
Cash at Beginning of Year				5,139,195
Cash at End of Year				\$ 5,583,489

NOTES: See Appendix G, page 44, for detailed financial statements.

* Eliminations are necessary to delete the transfers between the grant funds and the operating funds. Total revenues and expenditures would be overstated without elimination of transfers.

SOURCE: PEER analysis of GTPDD FY 2002 unaudited internal financial statements and FY 2001 audited financial statements.

Trends in Cash

GTPDD's total "unrestricted" cash balances (available for programs or operations designated by the staff or board) increased from \$772,240 in FY 1996 to \$3.1 million in FY 2002 (307% over the six-year period).

As shown in Exhibit 8, revenues in excess of expenditures totaled \$890,575 during FY 2002 and the cash balance increased by \$444,294. These amounts differ because under the accrual basis of accounting (used by entities under generally accepted accounting principles), cash is affected not only by revenues and expenditures but also by various changes in assets and liability account balances, such as accounts receivable and accounts payable.

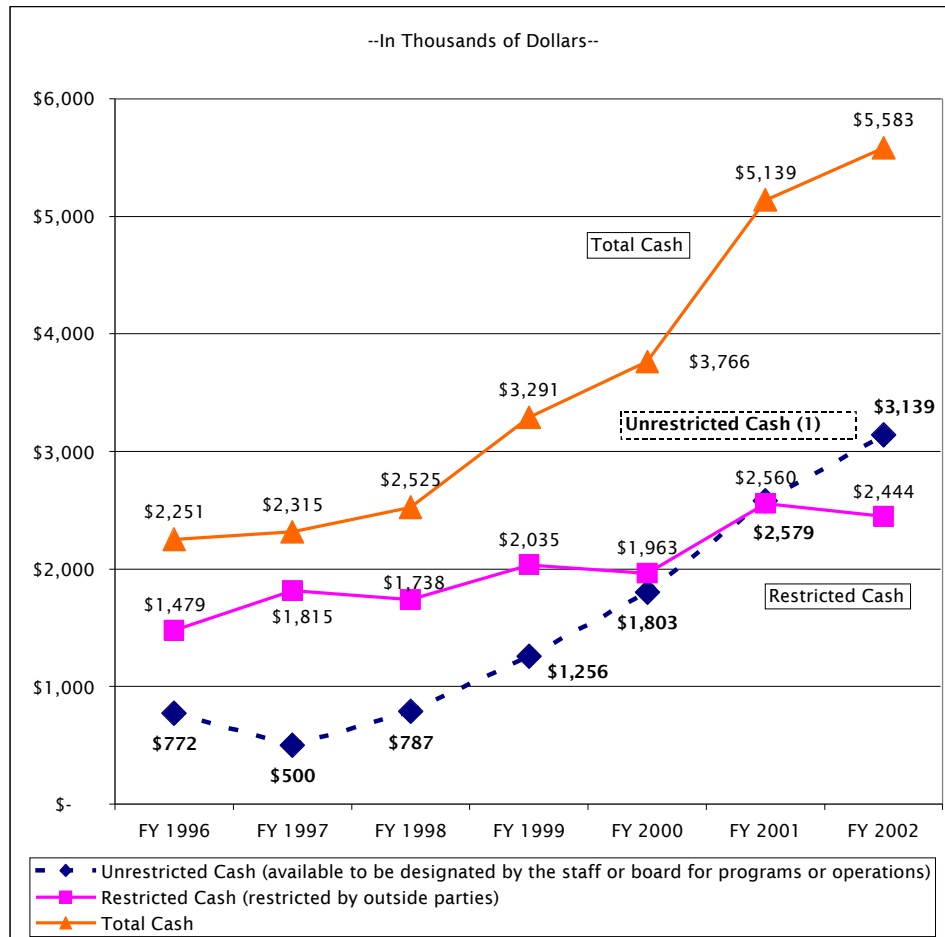
Total GTPDD cash has increased 148% from \$2.25 million in FY 1996 to \$5.58 million in FY 2002.

Exhibit 9, page 28, presents the GTPDD's trends in cash balances from FY 1996 to FY 2002. Largely because of its revenues in excess of expenditures, total GTPDD cash has increased from \$2.25 million in FY 1996 to \$5.58 million in FY 2002, or by 148% over the six-year period. GTPDD cash consists of restricted cash, which can be used for only certain purposes, and unrestricted cash, which can be used at the discretion of the GTPDD staff or board for designated or general purposes. GTPDD's restricted cash consists primarily of revolving loan funds that are used to lend to borrowers according to regulations of the loan fund grantors. Also shown in Exhibit 9, GTPDD's unrestricted cash increased from \$772,240 in FY 1996 to \$3.1 million at the year ended September 30, 2002, or 307% over the six-year period.

GTPDD staff has designated \$1.58 million as an "Aging Reserve." However, there has been no formal action by the GTPDD board designating the funds for specific programs.

Of GTPDD's \$3.1 million in unrestricted cash at the end of FY 2002, \$1.58 million was accounted for in the GTPDD's internal records as the "Aging Reserve." GTPDD staff stated the Aging Reserve is set aside in the event additional funds are needed for aging programs (services for the elderly) in the future. As of the May 2003 board meeting, the GTPDD board had not formally designated any use for its unrestricted cash. As a result of the PEER review, discussions were under way to seek formal board approval for the aging reserve according to GTPDD staff.

Exhibit 9: Trends in GTPDD Cash from September 30, 1996, to September 30, 2002



NOTE: (1) The staff had internally designated a portion of the unrestricted cash as an "aging reserve" in the amount of \$1,095,860 at the end of FY 2001 and \$1,583,223 at the end of FY 2002.
 SOURCE: PEER analysis of GTPDD audits and FY 2002 unaudited internal financial statements.

Sources of Revenues Over Expenditures

Revenues in excess of expenditures of \$1,475,023 in the Operating Fund in FY 2001 and 2002 included bingo funds, Medicaid Waiver program funds, and local contributions from cities and counties. GTPDD did not expend at least \$147,789 (or 37 percent of the total) in local contributions in FY 2001 and FY 2002.

PEER sought to answer the question of how local contributions to the GTPDD from cities and counties are spent. Financial data showed that city and county contributions and other types of revenues routinely exceed expenditures in the operating funds. As shown in Exhibit 10, the GTPDD's revenues in excess of expenditures in the operating funds in FY 2001 and 2002 consisted primarily of bingo revenues (\$816,029), Medicaid Waiver funds (\$305,552), and revenues from localities (\$147,789).

Exhibit 10: Sources of Revenues Over Expenditures for FY 2001 and 2002

	FY 2001	FY 2002	Total
Revenues Over Expenditures - Operating Funds			
Bingo funds	\$ 391,032	\$424,997	\$ 816,029
Medicaid Waiver funds	169,354	136,198	305,552
Interest earnings	70,417	60,053	130,470
Local United Way funds	18,750	36,000	54,750
Donations from Banks and Other	8,686	11,747	20,433
Revenues from cities and counties*	67,751	80,038	147,789
Subtotal (Unrestricted**)	\$ 725,990	\$749,033	\$ 1,475,023
Revenues Over Expenditures - Grant Funds			
Revenues from the loan program (restricted for use in the loan programs)	\$ 168,632	\$141,542	\$ 310,174
Loan program state grant (restricted for use in the loan programs)	350,000		350,000
Subtotal (Restricted**)	\$ 518,632	\$141,542	\$ 660,174
Total Revenues Over Expenditures	\$ 1,244,622	\$890,575	\$ 2,135,197

NOTES: * Assumes that the PDD spent local contributions from cities and counties from the "local" operating fund before other revenues into the local operating fund were spent. Without this assumption, city and counties revenues over expenditures would be greater than \$147,789 in FY 2001 and 2002.

** Restricted funds must be used for purposes specified by an external grantor. Unrestricted funds are available to be designated by the staff or board for programs or operations.

SOURCE: PEER analysis of Golden Triangle PDD FY 2001 and 2002 unaudited internal financial statements and FY 2001 audited financial statements.

In Exhibit 10, "bingo funds" consisted of bingo revenue less prizes and bingo-related operating expenditures and less amounts transferred to grant funds for use as local match money. "Medicaid Waiver funds" shown above consisted of grant revenue less grant expenditures and amounts transferred to other grant funds for use as local match money. Appendix K, page 49, outlines the FY 2002 calculation of the numbers in Exhibit 10.

The GTPDD places the local contributions from cities and counties into an operating fund entitled the "local" fund. In the local fund, the local contributions are commingled with revenues from other sources such as interest earnings and unexpended Medicaid Waiver funds. GTPDD makes general operating and grant match expenditures from the local fund. Because the GTPDD intended that local contributions be spent for local match, PEER calculated a "sources and uses of local contributions" that assumed city and county money was spent from the "local" operating fund before other revenues in the "local" fund were spent. Using this assumption, \$147,789 (or 37 percent) of the \$403,055 in city and county contributions still remained after expenditures in FY 2001 and 2002, as shown in Exhibit 10 and in Exhibit 11, below. (Without this assumption, city and county revenues over expenditures would be greater than \$147,789 in FY 2001 and 2002.) As shown in Exhibit 11, about half of the contributions were used to fund aging programs in FY 2001 and 2002.

Exhibit 11: City and County Revenues and Expenditures by Type

	FY 2001	FY 2002	Total
Total Revenue from Cities and Counties *	\$ 211,486	\$ 191,569	\$ 403,055
Expenditures:			
Homemaker Program for the Elderly (Title III)	\$ 10,781	\$ 20,236	\$ 31,017
Meals for the Elderly (Title III)		23,992	23,992
Administration of Services for the Elderly (Title III)	13,523	19,881	33,404
Part-time Employment Program for Older Adults (Title V)	11,944	5,722	17,666
Respite Care (Title III)		4,849	4,849
Other Aging Programs	3,352	1,474	4,826
<i>Transfers to Grant Programs - Subtotal</i>	\$ 39,600	\$ 76,154	\$ 115,754
Noxubee County Aging Program Meal Match	4,000	568	4,568
Aging program contract	7,200	900	8,100
Salaries and administrative costs not charged to programs	92,935	33,909	126,844
Total Expenditures	\$ 143,735	\$ 111,531	\$ 255,266
City and County Revenues Over Expenditures **	\$ 67,751	\$ 80,038	\$ 147,789

NOTES: * The \$191,569 of revenue in FY 2002 consists of \$64,000 in FY 2002 aging contributions, \$126,951 in FY 2002 economic development contributions, and \$4,050 in FY 2003 economic development contributions received in FY 2002, less \$3,432 in deferred revenues.

** Assumes that the PDD spent local contributions from cities and counties from the "local" operating fund before other revenues in the local operating fund were spent. Without this assumption, city and county revenues over expenditures would be greater than \$147,789 in FY 2001 and 2002.

SOURCE: PEER analysis of GTPDD unaudited internal financial statements.

Recommendations

1. The Legislature should amend MISS. CODE ANN. Section 17-19-1 (1972) to require that planning and development districts provide specified financial and program information to the boards of supervisors and the governing authorities of the municipalities that appropriate money to such districts. The information should include, but not be limited to:
 - budget request, which shows the need and the services for which the local contribution funds will be spent;
 - annual report, not limited to but including the actual number of clients served in each county by the district and the funds from each county that have been used for those services and all current and active economic development projects and amounts awarded by county;
 - annual financial audit; and,
 - any other financial statements the localities deem necessary in order to determine how appropriate the district request.

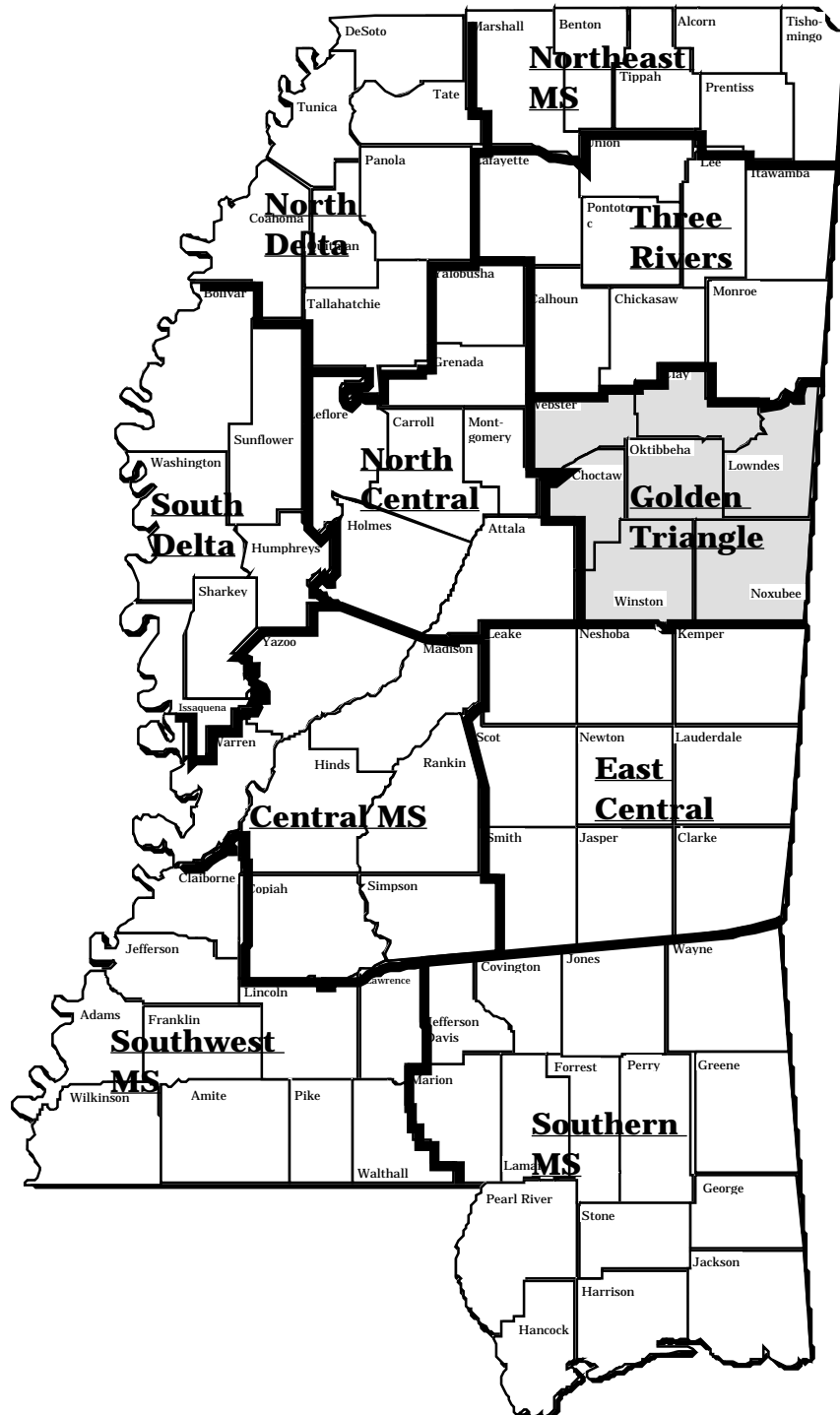
The Legislature should require the districts to provide the above information to the localities at the time that the district makes its annual local contribution request. The law should require distribution of the information as a precondition to receiving any funds from local contributions for that fiscal year.

2. The Golden Triangle Planning and Development District should develop a methodology for calculating requests for local contributions that are to be used for aging and economic development programs within the district. Since revenues routinely exceed expenditures and contribute towards increasing cash balances, the district should develop a methodology that takes into account:
 - other sources of revenue;
 - need for the service in the locality (e.g., more clients on the waiting list for meals);
 - demographics of the localities;
 - previous years' number of clients and service levels;
 - previous years' expenditures; and,
 - previous years' grant revenues, which require a local contribution.

Subsequent to developing this methodology, the GTPDD should revise its bylaws and Fiscal Operating Manual accordingly.

3. The GTPDD Board of Directors should rescind the resolution that denies members of the corporation the right to copy district information. The GTPDD should give written notice to all members of their rights to inspect records as outlined in the MISSISSIPPI CODE.

Appendix A: Map of Golden Triangle Planning and Development District



SOURCE: 2002 Directory of Mississippi's Planning and Development Districts.

Appendix B: List of Active Economic Development Projects

FY2002 GTPDD Active Projects

	Appalachian Regional Commission	Small Municipalities	CAP DIP	CDBG	ILLEBG	HOME	LOANS	Local Match	Other	TOTAL Project Award
1	Choctaw County					\$ 350,000				\$ 350,000
2	Choctaw Ackerman				2,800			311		3,111
3	Choctaw County				2,500			278		2,778
4	Choctaw DEQ Solid Waste							18,003	11,625	29,628
5	Choctaw French Camp				2,466			274		2,740
6	Clay A & M Body Shop, Inc.						100,000 ¹			100,000
7	Clay Clay County									
8	Clay Clay Human Serv. Bldg.				2,500			278		2,778
9	Clay Automated Fingerprinting			450,000				450,000		900,000
10	Lowndes Hydrovac Ind. Services				25,000		225,000 ⁴	8,000		33,000
11	Lowndes Total Customs, Inc.						38,500 ³			38,500
12	Lowndes No. Animal Medical Cntr.						100,000 ³			100,000
13	Lowndes Bridgepointe Place, LLC						100,000 ³			100,000
14	Lowndes Tomorrow's Pride Day Care						65,000 ³			65,000
15	Lowndes Wells Cleaners & Leathers						50,000 ³			50,000
16	Lowndes Caledonia				4,226			470		4,696
17	Lowndes Lowndes Co. Water Extension			243,945				50,000		293,945
18	Noxubee Patterson Car Care						35,000 ³			35,000
19	Noxubee Kentucky Fried Chicken						100,000 ⁶			100,000
20	Noxubee Brooksville Water Impr.			765,000						765,000
21	Noxubee College Street Access Rd.		150,000					223,720		423,720
22	Noxubee Nox. Co. Ind. Pk. Access Rd.	200,000								250,000
23	Noxubee Industrial Park Access Road									80,000
24	Oktibbeha Cottman Transmission									75,500
25	Oktibbeha Kendrick Custom Paint & Body									4,663
26	Oktibbeha Maben				4,197			466		4,663
27	Oktibbeha Global Aircraft/CDBG Loan			500,000				111,887		611,887
28	Oktibbeha Starkville West Ind. Park	238,860						59,715		298,575
29	Webster City of Eupora					350,000				350,000
30	Webster Webster County					350,000				350,000
31	Webster Eupora				2,993			333		3,326
32	Webster Mathiston				1,840			204		2,044
33	Webster Eupora Sewer Impr.			450,000				50,000		700,000
34	Winston Winston County	200,000				350,000				350,000
35	Winston Duran's Tax Service						25,000 ³			25,000
36	Winston Double D Dozer Service						34,750 ³			34,750
37	Winston The Mud Jug Coffeehouse						25,000 ³			25,000
38	Winston Noxapater									
39	Winston Winston Hospital Impr.	250,000			4,226			470		4,696
40	Winston Sylvester's, Inc.								92,500 ²	92,500
		\$ 638,860	\$ 500,000	\$ 2,408,945	\$ 52,748	\$ 1,400,000	\$ 1,053,750	\$ 974,409	\$ 104,125	\$ 7,282,837

NOTES: For acronyms see Appendix D, pg. 36.

¹ These funds are from a Department of Environmental Quality Solid Waste Assistance Fund Grant.

² These funds are from the Mississippi Land, Water, and Timber Resources Board (MS Dept. of Agriculture Discretionary Funds).

³ Mississippi Small Business Assistance.

⁴ Economic Development Revolving Loan Fund.

⁵ Minority Business Enterprise Loan program.

⁶ Appalachian Regional Commission Revolving Loan Fund.

The total project award, is the amount of the project award, and is not actual dollars spent. Some of these projects were initiated in previous fiscal years and will be completed in future fiscal years.

SOURCE: PEER Analysis of GTPDD project summary information.

Appendix C: List of Completed Economic Development Projects

			Appalachian Regional Commission	CAP DIP	CDBG	Local Match	OTHER	TOTAL Project Award
1	Choctaw	French Camp-Fire Truck		\$ 43,422		\$ 58,900	\$ 50,000 ¹	\$ 152,322
2	Noxubee	Shuqualak Outdoor Rec.			50,000	12,500		62,500
3	Oktibbeha	Starkville Serv. Zone		1,000,000	381,607	2,345,109		3,726,716
4	Oktibbeha	Poorhouse Road Phase I	350,000	150,000		111,887		611,887
5	Oktibbeha	Sturgis Recreation Improvement			20,521			20,521
6	Oktibbeha	Sturgis Street Improvement		257,500				257,500
7	Oktibbeha	Maben Recreation Improvement			50,000	12,500		62,500
8	Oktibbeha	Maben Street Improvement			300,000			300,000
9	Webster	Mathiston Fire Truck Acqu.		50,000		33,817	50,000 ¹	133,817
10	Webster	Tomnolen Water Improvement			138,000	138,000		276,000
11	Webster	Webster E911 Addressing	102,500			102,500		205,000
			\$ 452,500	\$ 1,500,922	\$ 940,128	\$ 2,815,213	\$ 100,000	\$ 5,808,763

NOTES:

¹ These funds are from the Rural Fire Truck Acquisition Assistance Fund.
The total project award, is the amount of the project award, and is not actual dollars spent. Some projects were initiated in previous fiscal years.

SOURCE: PEER analysis of GTPDD project summary information.

Appendix D: Economic Development Program Descriptions

PROGRAM	FUNDING AGENCY	PURPOSE
Appalachian Regional Commission	Appalachian Regional Commission	Area development projects address the creation of new jobs and private investment in the Appalachia region.
Appalachian Regional Commission (ARC) Revolving Loan Funds	Appalachian Regional Commission	Revolving loan program to create private sector jobs by overcoming gaps in local capital markets.
Community Development Block Grant (CDBG)	U.S. Department of Housing and Urban Development (administered by the Mississippi Development Authority)	Grants to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.
Economic Development Administration (EDA) Revolving Loan Funds	U.S. Department of Commerce, Economic Development Administration	Revolving loan program to be used for business lending and public infrastructure projects and targets small business creation and development, business and job retention, and the promotion of new high-tech industries.
HOME Investment Partnership Program (HOME)	U.S. Department of Housing and Urban Development (administered by the Mississippi Development Authority)	Grants to local governments to expand the supply of affordable housing for low-income persons. Grants are to be used for homeowner rehabilitation and first-time homebuyers.
Local Governments Capital Improvement Revolving Loan Program (CAP)	Mississippi Development Authority	Loans to counties or municipalities to finance capital improvements such as fire improvement, and water and sewer improvements.
Local Law Enforcement Block Grants (LLEBG)	U.S. Department of Justice (administered by the Mississippi Department of Public Safety)	Grants to local governments to furnish law enforcement equipment and activities.
Minority Business Enterprise Loan Program	Mississippi Development Authority	Loan program to help finance minority economic development projects.
Mississippi Development Infrastructure Program (DIP)	Mississippi Development Authority	Grants and loans to counties and municipalities to finance small infrastructure projects to promote economic growth in the state.

Mississippi Land, Water, and Timber Resources Board Grant	Mississippi Department of Agricultural and Commerce (administered by Mississippi Development Authority)	Grant funds to businesses for the development, marketing and distribution of agricultural products.
Mississippi Small Business Assistance (MSBA)	Mississippi Development Authority	Provides loan funds for job creation and retention for small business with less than 100 employees, less than \$2 million in net worth, or less than \$350,000 in net annual profit after tax.
Mississippi Small Municipalities and Limited Population County Grant Program	Mississippi Development Authority	Grants are for small municipalities, limited population counties, or natural gas districts to finance projects to promote economic growth and job creation in the state.
Rural Fire Truck Assistance Fund	Mississippi Department of Insurance	Grant funds for local governments for the purchase of fire trucks.
Solid Waste Assistance Fund	Mississippi Department of Environmental Quality	Grant funds to local governments for solid waste clean up and disposal costs.

SOURCE: PEER analysis of information from the Mississippi Development Authority, Mississippi Department of Insurance, Mississippi Department of Environmental Quality, Appalachian Regional Commission, and the Economic Development Administration.

Appendix E: Descriptions of Social Service Programs

PROGRAM	FUNDING AGENCY	PURPOSE
Arts and Crafts	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Provides a place for senior adults to display and sell arts and crafts created by the adult.
Child Care	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Assists families in meeting the costs of child care, enabling them to stay on the job and make a living for the family or train for a job.
Elder Abuse	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Sponsors an abuse awareness program including public education, outreach, reporting and receiving complaints and referrals and recognition of signs of elder abuse.
Emergency Services	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Provides social, financial, and supportive assistance to help elderly individuals through a crisis such as a life-threatening or unexpected emergency, which demands or requires immediate action or intervention.
Homemaker Services	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services); Division of Medicaid	Assists the elderly with light housekeeping and daily living tasks such as paying bills, shopping, picking up prescriptions, preparing meals, bathing, etc.

Information and Referral/Outreach	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	I & R serves as the entry point into the aging service delivery system; Informs elderly individuals about the types of assistance that are available to them and the organizations that provide these services; Assists in negotiating receipt of services if the individual is unable to do so on his own. Outreach involves seeking out people who need or may need a service and helping them obtain it.
Legal Services	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Provides specialized legal services to senior citizens, including assistance with Social Security, Supplemental Security Income, Medicare or related issues and assistance in ensuring the rights and entitlements of older persons.
Meals for the Elderly	U.S. Department of Agriculture; U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services); Division of Medicaid; State of Mississippi	Provides home-delivered meals and meals in a group setting for those individuals who are unable to prepare and serve meals themselves. Congregate meals are served five days a week at nutrition sites throughout the seven county district.
Medicaid Long-Term Care Alternatives (Information, Education, and Referral program)	Division of Medicaid	Consults with Medicaid recipients on long-term care alternatives available to them such as home health, homemaker, etc.
Medicaid Waiver	Division of Medicaid	Provides case management services and congregate and home-delivered meals to the elderly and disabled population.
Mississippi Insurance Counseling and Assistance (MICAP)	Centers for Medicare and Medicaid Services (administered by the Mississippi Department of Human Services)	Provides counseling and information on Medicare and Medicaid for an individual needing assistance or having questions about health care coverage.

Ombudsman	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Serves residents of long-term care facilities, including nursing homes and personal care homes; Seeks to improve the quality of life for residents by receiving, investigating and resolving complaints regarding residents of long-term care facilities to ensure that their rights are protected.
Preventive Health Services	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Provides support services to promote good health such as routine health screening, nutritional counseling, physical fitness, mental health screenings, etc.
Respite Care	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Designed to give family members who have an older person living with them a break from their responsibilities; time off varies from a few hours to a week.
Senior Employment Program	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Identifies employment opportunities for older persons whose incomes place them at or below the federal poverty level and who are unemployed, underemployed or have difficulty finding a job; fosters and promotes part-time community employment for low-income persons age 55 and older and assists in their transition to unsubsidized employment
Telephone Reassurance	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Organized system of calling homebound elderly clients who have telephones, who live alone or are temporarily alone; who live in remote areas, or who are incapacitated.

Transportation	U.S. Department of Health and Human Services (administered by the Mississippi Department of Human Services)	Consist of vans or buses that provide senior citizens with door-to-door service from home to community services such as medical appointments, shopping areas, senior centers, social security offices, etc.
Workforce Investment Act (WIA)	Department of Labor (administered by Three Rivers Planning and Development District)	In-school program that seeks to increase the employment, retention, and earnings of participants and increase occupational skills of participants

SOURCE: PEER analysis of information from the Mississippi Department of Human Services and Division of Medicaid; interview with GTPDD officials and actual grant documents.

Appendix F: GTPDD Grant Expenditures by Source and Type for FY 2002

Economic Development-related Administration and Planning	
Administration of various loan programs	\$ 126,250
Appalachian Regional Commission (ARC) Planning and Project Administration	238,628
ARC: Webster County Geographical Information System (GIS) Mapping	83,642
	<u>\$ 448,519</u>
Workforce Investment Act Youth Job Training	
Workforce Investment Act (WIA) - training in a school setting to promote jobs for youth	\$ 429,210
Workforce Planning Grant (administration of WIA, training for youth not in school, and planning for new WIA programs)	57,966
	<u>\$ 487,176</u>
Child Care Reimbursement Program	
U.S. Department of Health and Human Services Child Care Discretionary Fund: program administration and child care reimbursement	<u>\$ 4,061,580</u>
Case Management for Elderly Independence	
Medicaid Waiver Case Management	\$ 991,442
Title III Case Management	42,591
	<u>\$ 1,034,034</u>
Homemaker Program for the Elderly	
Title III Homemaker Services (assistance with housekeeping and daily living tasks for the elderly)	\$ 34,559
Medicaid Waiver Homemaker Services	614,027
Title XX Homemaker Services	288,372
	<u>\$ 936,958</u>
Meals for the Elderly	
U.S. Department of Agriculture Meals Paid	\$ 205,660
Title III Part CI Congregate Meals program (meals in a group setting)	66,621
Social Services Block Grant (Title XX) Home Delivered Meals	121,322
Medicaid Waiver Home Delivered Meals	350,373
State-funded Home Delivered Meals program	28,577
Title III Part CII Home Delivered Meals program	476,041
	<u>\$ 1,248,594</u>
Administration and Management of Services for the Elderly	
Medicaid Waiver Administration and Project Management	\$ 193,142
Title III Administration	77,151
Title III Program Development	15,823
Title XX Administration and Project Management	58,793
	<u>\$ 344,910</u>

Appendix F, Continued: GTPDD Grant Expenditures by Source and Type for FY 2002

Other Social Programs

For Elderly Adults:

Title III Elder Abuse awareness and prevention	\$ 4,405
Title III Part B Emergency Services	2,445
Title III Telephone Reassurance	10,000
Title III Arts & Crafts	3,892
Title III Information and Referral (for linkage of individuals and services)	5,061
Title III Legal Services	12,135
Title III Ombudsman (nursing home resident complaint investigation and counseling)	37,823
Title III Outreach	17,716
Title III Preventive Health Services (health and fitness promotional materials)	14,742
Title III Respite Care (providing time off for caregivers of elderly or ill family members at home)	19,394
Title III Transportation for elderly clients	46,110
Title XX Transportation for elderly clients	100,064
Medicaid Long Term Alternatives - Information, Education and Referral (assessments for at-home care)	41,443
Reimbursement to Medicaid Waiver program	37,507
Title V part-time employment program for low income adults aged 55 and older	54,028
<i>For Adults:</i>	
Centers for Medicare Services/Mississippi Insurance Counseling and Assistance Program (MICAP)	918
Development Disability Council - training for job placement of individuals with disabilities	56,857
	<u>\$ 464,540</u>
Total Grant Expenditures	<u>\$ 9,026,311</u>

SOURCE: Analysis of GTPDD *Revenue and Expenditure Report By Element*; Mississippi Department of Human Services *State Plan on Aging*; and interviews with personnel of the State Division of Medicaid, the Mississippi Department of Human Services, and the Golden Triangle Planning and Development District.

Appendix G: GTPDD FY 2002 Revenues and Expenditures and Changes in Cash for All Funds

	Grant Funds	Operating Funds	Eliminations *	Total
Revenues:				
<i>Federal Revenues - Subtotal</i>	\$8,488,964			\$ 8,488,964
<i>Revenue from Local Cities, Counties and United Way Agencies for Use as Local Match - Subtotal</i>				
Revenue from cities and counties		191,569		
Revenue from the local United Way agencies		36,000		227,569
<i>Contract Revenue (administration of grants and local management assistance) - Subtotal</i>	6,900	533,712		540,612
<i>Loan Program-related Revenue (interest, loan closing and other) - Subtotal</i>	267,791			267,791
<i>Bingo Revenue - Subtotal</i>				
Bingo Revenue		4,267,100		
Bingo Revenue from the operating fund used as match for grant funds	170,863		(170,863)	4,267,100
<i>Other Local Revenue - Subtotal</i>				
Revenue from cities and counties transferred from the Operating Fund and used as match for various grants	76,154		(76,154)	
Donations from local banks		10,800		
Interest on cash and savings		60,053		
In Kind and Other Grant Match from Subgrantees	215,437			
Medicaid Grants Received in excess of Medicaid contract costs	65,386	136,198	(201,584)	
State of Mississippi Matching Funds for grants	57,503			
Other Revenue	20,439	4,956		369,188
Total Revenues	\$9,369,437	\$ 5,240,388	\$ (448,601)	\$ 14,161,224
Expenditures:				
<i>Grant Expenditures</i>	\$9,227,895		(201,584)	\$9,026,311
<i>Contract Expenditures (primarily grant administration and management consulting)</i>		535,211		535,211
<i>Salaries and other Operating Expenditures from Local Funds</i>		37,887		37,887
<i>Transfers to Grant Funds to be used for Local match</i>		76,154	(76,154)	
<i>Bingo-Related Operating Expenditures</i>		3,671,240		3,671,240
<i>Transfer from Bingo Funds to various grant funds (used as match money for meals and homemaker services)</i>		170,863	(170,863)	
Total Expenditures	\$9,227,895	\$4,491,355	\$ (448,601)	\$13,270,649
Revenues Over Expenditures	\$ 141,542	\$ 749,033		\$ 890,575

Appendix G, Continued: GTPDD FY 2002 Revenues and Expenditures and Changes in Cash for All Funds

	Grant Funds	Operating Funds	Eliminations *	Total
Revenues Over Expenditures	\$ 141,542	\$ 749,033		\$ 890,575
Changes in accounts (net), including increases in notes receivable and in accounts receivable and payable				(446,281)
Increase (Decrease) in Cash in FY 2002				\$ 444,294
Cash at Beginning of Year				\$5,139,195
Cash at End of Year				\$5,583,489

Sources of Revenues over Expenditures (Revenues Not Expended During the Year, by Type****):

	Restricted **	Unrestricted **		Total
Bingo funds		\$ 424,997		\$ 424,997
Medicaid Waiver funds		136,198		136,198
Interest earnings		60,053		60,053
Local United Way donations		36,000		36,000
Donations from banks and other ***		11,747		11,747
Revenues from cities and counties ****		80,038		80,038
Revenues from the loan program (restricted)	141,542			141,542
Revenues Over Expenditures for FY 2002	\$ 141,542	\$ 749,033		\$ 890,575

NOTES:

* Eliminations are necessary to delete the transfers between the grant funds and the operating funds. Total revenues and expenditures would be overstated without elimination of transfers.

** Restricted funds must be used for purposes specified by an external grantor. Unrestricted funds are available to be designated by the staff or board for programs or operations.

*** Donations from banks (\$10,800) less board meal expenditures (\$4,009) plus other revenue (\$4,956).

**** Assumes that the PDD spent local contributions from cities and counties from the "local" operating fund before other revenues into the local operating fund were spent. Without this assumption, city and county revenues over expenditures would be greater than \$80,038.

SOURCE: PEER analysis of Golden Triangle PDD FY 2002 internal financial statements (unaudited) and FY 2001 audited financial statements.

Appendix H: MISSISSIPPI CODE Language Giving the Audit Department Authority to Audit Planning and Development Districts

§ 7-7-211. Powers and duties of department.

The [Audit] department shall have the power and it shall be its duty:

... (f) To postaudit and, when deemed necessary, preaudit and investigate the financial affairs of the levee boards; agencies created by the Legislature or by executive order of the Governor; profit or nonprofit business entities administering programs financed by funds flowing through the State Treasury or through any of the agencies of the state, or its subdivisions; and all other public bodies supported by funds derived in part or wholly from public funds, except municipalities which annually submit an audit prepared by a qualified certified public accountant using methods and procedures prescribed by the department;

... (m) Upon written request by the Governor or any member of the state Legislature, the State Auditor may audit any state funds and/or state and federal funds received by any nonprofit corporation incorporated under the laws of this state.

SOURCE: MISS. CODE ANN. Section 7-7-211 (1972).

Appendix I: Area Agency on Aging Request and Collections FY 1997- FY 2003

	FY 1997		FY 1998		FY 1999		
	Requested	Received	Requested	Received	Requested	Received	
Choctaw County	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	
Clay County	10,500	9,228	10,500	10,500	10,500	10,500	
Lowndes County	20,000	15,000	30,000	30,000	30,000	30,000	
Noxubee County	4,000	4,000	4,000	4,000	4,000	4,000	
Oktibbeha County	8,000	8,000	8,000	8,000	8,000	8,000	
Webster County	4,000	3,500	4,000	4,000	4,000	4,000	
Winston County	3,000	2,500	3,000	2,500	3,000	2,500	
	\$ 54,500	\$ 47,228	\$ 64,500	\$ 64,000	\$ 64,500	\$ 64,000	
Percent Change			18%		0%		
	FY 2000		FY 2001		FY 2002		FY 2003
	Requested	Received	Requested	Received	Requested	Received	Requested
Choctaw County	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 21,907
Clay County	10,500	10,500	10,500	10,500	10,500	10,500	35,925
Lowndes County	30,000	30,000	30,000	30,000	30,000	30,000	74,201
Noxubee County	4,000	4,000	4,000	4,000	4,000	4,000	37,342
Oktibbeha County	8,000	8,000	8,000	8,000	8,000	8,000	55,442
Webster County	4,000	4,000	4,000	4,000	4,000	4,000	22,847
Winston County	3,000	2,500	3,000	2,500	3,000	2,500	26,477
	\$ 64,500	\$ 64,000	\$ 64,500	\$ 64,000	\$ 64,500	\$ 64,000	\$ 274,141
Percent Change	0%		0%		0%		325%

SOURCE: PEER Analysis of GTPDD financial information.

Appendix J: FY 1997 – FY 2003 Requests and Collections for Economic Development Local Contribution

	FY 1997		FY 1998		FY 1999		
	Requested	Received	Requested	Received	Requested	Received	
Choctaw County	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	
Clay County	13,750	13,750	13,750	13,750	13,750	13,750	
Lowndes County	66,000	66,000	(1/4 mill)*	67,000	69,000	67,000	
Noxubee County	7,750	7,750	7,750	7,750	7,750	7,750	
Oktibbeha County	24,500	24,500	24,500	24,500	24,500	24,500	
Webster County	8,780	7,500	8,780	31,000	31,000	31,000	
Winston County	17,000	4,000	17,000	6,000	18,750	6,000	
	<u>\$ 142,780</u>	<u>\$ 128,500</u>		<u>\$ 155,000</u>	<u>\$ 169,750</u>	<u>\$ 155,000</u>	
	FY 2000		FY 2001		FY 2002		FY 2003
	Requested	Received	Requested	Received	Requested	Received	Requested
Choctaw County	\$ 7,000	\$ 5,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000	\$ 8,000
Clay County	13,750	13,750	16,200	16,200	16,200	16,200	16,200
Lowndes County	69,000	67,000	71,250	67,000	67,000	42,000	42,000
Noxubee County	7,750	7,750	8,750	7,750	7,750	7,750	7,750
Oktibbeha County	24,500	24,500	38,505	24,500	24,500	24,501	24,500
Webster County	31,000	31,000	12,640	6,586	11,800	11,800	11,800
Winston County	18,750	6,000	19,500	6,000	6,000	6,000	6,000
	<u>\$ 171,750</u>	<u>\$ 155,000</u>	<u>\$ 174,845</u>	<u>\$ 136,036</u>	<u>\$ 141,250</u>	<u>\$ 116,251</u>	<u>\$ 116,250</u>

* The letter to Lowndes County requested a quarter mill, but there was no dollar figure requested.

SOURCE: PEER analysis of GTPDD financial information.

Appendix K: Calculation of Revenues Over Expenditures by Source for the GTPDD for FY 2002

“Revenues Over Expenditures” is the amount by which revenues exceed expenditures for a given time period. GTPDD’s various sources of revenues over expenditures for FY 2002, as outlined on the second page of Appendix G, are described in the section below.

The largest source of revenues over expenditures from operating funds consisted of \$424,997 in bingo funds, as calculated in the chart below. The chart below shows that \$170,863 of the \$4.3 million in bingo revenues was used as local match for grant funds.

Bingo revenue	\$ 4,267,100
Bingo-related operating expenditures	(3,671,240)
Transferred to grant funds to be used as local match	(170,863)
Bingo revenues over expenditures	\$ 424,997

Grant funds of \$141,542 were the second largest source of revenues over expenditures. The \$141,542 was derived from loan program funds and is restricted in its use. In other words, the loan fund revenues over expenditures can only be used on the particular loan fund for which the funds were generated.

As shown below, Medicaid Waiver revenues over expenditures, the third largest source of revenues over expenditures totaled \$136,198. Medicaid Waiver revenues over expenditures consisted of Medicaid revenues received under per unit contracts less the actual expenditures under the grant and less \$65,386 transferred to other grant funds to be used as required local match funds.

Medicaid Waiver revenue	\$ 2,388,075
Medicaid Waiver grant expenditures	(2,186,491)
Transferred to grant funds to be used as local match	(65,386)
Medicaid Waiver revenues over expenditures	\$ 136,198

PEER determined that revenues over expenditures from cities and counties totaled \$80,038 in FY 2002 and was the fourth largest source of revenues over expenditures. GTPDD places its city and county revenues and other discretionary revenues into its “local” operating fund. GTPDD makes discretionary expenditures from the “local” fund and also expends grant matches from the local fund. Because the GTPDD intended that local city and county contributions be spent for local match, PEER calculated that city and county money was spent from its “local” operating fund before other revenues in the local operating fund were spent.

Appendix K, continued: Calculation of Revenues Over Expenditures by Source for the GTPDD for FY 2002

In FY 2002, city and county revenues into the local fund exceeded all expenditures from the local fund.

As shown in the chart below, unexpended city and county revenues totaled \$80,038 when assuming the local contributions paid for all expenditures in the "local" operating fund (excluding board meal expenditures, which were funded by bank donations). (Without the assumption that the PDD spent local contributions from local operating fund before it spent other revenues in the local fund, city and county revenues over expenditures would be greater than \$80,038.)

Local city and county revenues in the "Local" operating fund	\$ 191,001
Expenditures from the "Local" fund (excluding board meal expenditures, which were funded by bank donations)	(110,963)
City and county revenues over expenditures	\$ 80,038

Another way to calculate the unexpended revenues from cities and counties for FY 2002 is as follows:

Revenues Over Expenditures in the Operating Funds *	\$ 749,033
Less:	
Bingo revenues over expenditures	(424,997)
Medicaid Waiver revenues over expenditures	(136,198)
Interest earnings	(60,053)
United Way funds	(36,000)
Donations from local banks and other **	(11,747)
City and county revenues over expenditures	\$ 80,038

NOTES: *See Appendix G.

** Donations from local banks for board meals (\$10,800) less board meal expenditures (\$4,009) plus "Other Revenue" (\$4,956).

SOURCE: PEER analysis of FY 2002 GTPDD internal financial statements (unaudited).

Agency Response

GOLDEN TRIANGLE Planning and Development District, Inc.

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June 6, 2003

Dr. Max Arinder, Executive Director

Joint Legislative Committee on Performance Evaluation and Expenditure Review

3d Floor, Woolfolk State Office Building

501 North West Street

Jackson, Mississippi 39201

Re: Golden Triangle Planning & Development District, Inc.

Expenditure Review

Dear Dr. Arinder & Members of the Committee:

Recently the Joint Legislative Committee on Performance Evaluation and Expenditure Review (PEER) completed an expenditure review of the Golden Triangle Planning and Development District, Inc. (GTPDD). As we anticipated, the PEER review demonstrated that GTPDD is fiscally sound and well-managed and provides a variety of essential services to citizens in the seven county area encompassing the GTPDD. GTPDD welcomes the opportunity to respond to the PEER review.

In a good faith effort to fully cooperate with PEER, GTPDD volunteered its general information and worked with the PEER review staff in every way possible. By the same token, the PEER review staff was most gracious and cooperative in their dealing with us. We were very pleased and impressed with the professionalism exhibited by the PEER staff.

However, from the outset, GTPDD has objected to the legal authority of PEER to conduct an expenditure review of the general operation of a private, non-profit entity such as GTPDD. Indeed, the PEER Committee is a statutory joint legislative committee created specifically "for the purpose of conducting performance evaluations, investigations and examinations of expenditures and all records, relating thereto, of any *agency* . . ." Miss. Code Ann. §5-3-51 (Rev. 2002) (emphasis added); MS AG Op. Ross, 1990 WL 600209 (Nov. 8, 1990). As recognized repeatedly by the Attorney General of the State of Mississippi, PDDs are not considered public agencies but, instead, private, non-profit entities. See MS AG Op. Haque, 1992 WL 614247 (October 7, 1992). The Attorney General has further opined that a PDD is not a public agency unless the definition of public agency includes PDDs. The definition of "agency" under the PEER Committee statutes does not include PDDs. As such, GTPDD is not within PEER's reviewing authority.

Miss. Code Ann. §5-3-57 (Rev. 2002), cited by PEER as authorizing this review, does not provide authorization for review of the general operations of private entities such as GTPDD. PEER asserts that §5-3-57 grants it the authority to review "any organization" that receives state or federal funds. The plain language of §5-3-57 mentions nothing about "any organization". Rather, the statute only authorizes review of an "agency". Since GTPDD is not an "agency" under the PEER statute, PEER lacks the authority to conduct any review of GTPDD operations.

PEER Recommendations

In spite of the lack of PEER's authority to conduct the general review, GTPDD in good faith volunteered its general information and cooperated with the PEER review staff. PEER made three recommendations as a result of its review. GTPDD addresses each of these recommendations as follows:

1. Amendment to Miss. Code Ann. §17-19-1 (1972)

PEER's recommendation that the legislature should amend Miss. Code Ann. §17-19-1 to require that PDDs provide specific financial and program information to the entities that appropriate money to the PDDs is an acknowledgment that there currently is no legal authority requiring the PDDs to provide such information. A plain reading of Miss. Code Ann. §17-19-1 establishes that no authority exists currently requiring PDDs to provide the specified financial information. As acknowledged by PEER, legislative action would be necessary in order to require that PDDs release such information.

Whether to amend the current legislation pertaining to disclosure of information by PDDs is a legislative policy decision. From a policy standpoint, GTPDD sees no reason for the legislature to require additional oversight of its operations. PEER is now the tenth oversight entity which has recently reviewed the operation of GTPDD. GTPDD undergoes an annual audit by the following oversight agencies: (1) Appalachian Regional Commission; (2) Mississippi Development Authority; (3) Mississippi Department of Human Services; (4) Mississippi Division of Medicaid; (5) Mississippi Gaming Commission; (6) Mississippi Secretary of State; and (7) Three Rivers Planning & Development District. In addition, Watkins, Ward and Stafford, an independent accounting firm, conducts a comprehensive audit of GTPDD's operations annually. Within the last several years, the Internal Revenue Service has conducted a comprehensive audit of GTPDD's operations. During the course of all of these reviews, there has never been a material finding by any oversight agency of any irregularity or impropriety by GTPDD.

PDDs were established to allow local entities a flexible mechanism by which services could be provided and administered to citizens in the local region. GTPDD is structured such that it is governed by a Board of Directors and each member entity is allowed direct input into the operation of GTPDD. Further oversight by the state is completely unnecessary in light of the extensive oversight currently in place. Also, local needs are best addressed by local entities and further governmental intervention by the state is unnecessary. When disputes arise among local entities that participate in GTPDD, the current mechanisms in place afford member entities ample opportunity to be heard and to have access to all relevant and necessary information.

This entire review process was prompted by three disgruntled supervisors in Lowndes

County. Interestingly, of the thirty-five (35) supervisors who comprise the GTPDD, thirty-two (32) of those are completely satisfied with how GTPDD shares information with its members. The current structure and system for sharing information by GTPDD is not flawed. To amend legislation which has worked well for over thirty (30) years due to the personal agenda of a discrete few is not good public policy. Instead, good public policy is leaving a system in place which allows GTPDD to provide essential services to citizens in its area in an efficient manner and which allows it to share information in a way that is satisfactory and acceptable to the overwhelming majority of its members. As such, GTPDD opposes any legislative action which would amend Miss. Code Ann. §17-19-1 as recommended by PEER.

2. Local Contributions

a. Method for Calculating Local Contributions

PEER has criticized the methodology employed by GTPDD to determine the contribution by each member county. Contrary to PEER's view, GTPDD has a methodology for determining the contribution from each member county. The Board of Directors has authorized the Executive Director to make the determination of the contribution amounts. The Executive Director analyzes other sources of revenues, the need for services in the county, the demographics of the county, past levels of client services, past expenditures and local match requirements, among other things. After employing this analysis, the Executive Director makes the determination of the contribution amounts and this determination is ratified by the Board of Directors via adoption of the requisite budget. Thus, the suggested methodology by PEER is essentially already being employed by the Executive Director in making contribution determinations.

b. Revenues Exceeding Expenditures

There seems to be concern that somehow the methodology used to determine contributions by local entities results in revenues exceeding expenditures. It is quite puzzling to GTPDD why on earth PEER is concerned about a private enterprise operating in a fiscally sound manner. This is particularly of interest when local contributions account for only approximately 2% of the total revenues of GTPDD. We can understand the concern if there was an operating deficit, or a misappropriation of funds. However, neither of these situations exist. Prudent business practice dictates that an entity such as GTPDD operate with a certain amount of cash on hand to cover needs, particularly when the entity is in the business of providing essential social services to needy people. Operating in such a manner is the prudent practice to follow and ensures that essential services can continue uninterrupted when delays occur in grant fulfillments, etc. We disagree with the implications in the review and we believe operating on a regular basis with revenues exceeding expenditures is prudent, fiscally sound and a responsible method of operation.

An analysis of cash balances demonstrates that these balances have increased since FY 1996. GTPDD's total cash balance increased from \$2.25 million in FY 1996 to \$5.58 million in FY 2002, representing a 148% increase. During this same period, total revenues increased from \$5.4 million to \$14.1 million, representing a 161% increase. Notably, this increase in cash balances has been proportionate to the increase in revenues. Prudent financial advisors suggest that individuals as well as businesses have on hand cash resources equal to 3-6 months for normal operational purposes. The cash balance of \$5.58 million in FY 2002 is equal to less than five (5) months of operations for the year ending September 30, 2002 and is therefore not an excessive amount.

Additionally, several grants of GTPDD are received as reimbursement, in some cases several months after the expenditures are made. Cash needs to be available to fund these programs until such reimbursements are made. Some grants/contracts are funded in advance - which means the cash is received, but restricted. Of the \$5.58 million on the financial statements of GTPDD at September 30, 2002, \$2.48 million is legally restricted to future use by the grantors and therefore unavailable for discretionary use. The remaining \$3.1 million is not deemed by GTPDD to be in "excess" of operational needs, and in fact, \$1.58 million has been reserved by GTPDD for Aging programs. Only \$1.52 million is purely "unreserved and undesignated."

As demonstrated, GTPDD is a fiscally sound and strong operation. The amount of cash and revenues are entirely appropriate for an operation of the size and scope of GTPDD. GTPDD is proud of operating in such a prudent and responsible manner.

CONCLUSION

Although there is no legal authority for PEER to conduct a review of the general operations of GTPDD, GTPDD has cooperated with PEER and provided information for PEER's review. PEER's recommendations are grounded in differing policy views from those held by GTPDD, and reasonable minds can differ as to such policies. Although GTPDD believes that the policy views it has set forth herein are better suited for the operation of GTPDD than those suggested by PEER, GTPDD will take the PEER recommendations under advisement. GTPDD looks forward to continue providing essential services to needy citizens in its seven-county area in a fiscally sound and prudent manner.

Very truly yours,



Rupert L. "Rudy" Johnson
Executive Director

:tr

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