TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS

LUCAS COUNTY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2005

Auditor of State
Betty Montgomery

Board of Trustees
Toledo Metropolitan Area Council of Governments
Toledo, Ohio

We have reviewed the *Independent Auditors' Report* of the Toledo Metropolitan Area Council of Governments, Lucas County, prepared by Weber O'Brien, Ltd, for the audit period July 1, 2004 through June 30, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Toledo Metropolitan Area Council of Governments is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

January 26, 2006

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

BOARD OF TRUSTEES - OFFICERS
AS OF JUNE 30, 2005

OFFICER	POSITION	TERM OF OFFICE
Kenneth Fallows	Chair	1/1/05 - 12/31/05
Barbara Sears	Vice Chair	1/1/05 - 12/31/05
Jody Holbrook	Second Vice Chair	1/1/05 – 12/31/05

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County
300 Dr. Martin Luther King Jr. Drive
Toledo, Ohio 43602

We have audited the accompanying financial statements of the Major Enterprise Fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") as of and for the year ended June 30, 2005, which collectively comprise TMACOG's basic financial statements as listed in the table of contents. These financial statements are the responsibility of TMACOG's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of TMACOG's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Major Enterprise Fund and the aggregate remaining fund information of TMACOG as of June 30, 2005, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

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The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County

In accordance with *Government Auditing Standards*, we have also issued a report dated November 11, 2005, on our consideration of TMACOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 3 - 7 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consist principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements of TMACOG taken as a whole. The accompanying schedule of expenditures of federal awards on page 26 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such additional information, which is the responsibility of TMACOG's management, has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Weber O'Brien, Ltd.

November 11, 2005

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2005

The discussion and analysis of the Toledo Metropolitan Area Council of Governments' (TMACOG) financial performance provides an overall review of TMACOG's financial activities for the year ended June 30, 2005. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2005 are as follows:

- Total Net Assets increased by $12,845 to $348,445.
- Total expenses decreased by $696,284 to $3,336,653 while total revenue decreased by $642,124 to $3,349,498.
- Federal and state support decreased by almost $450,000 to $2,162,999 while local grants increased by about $42,000 to $320,809

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to TMACOG's basic financial statements. TMACOG's basic financial statements are the Statement of Net Assets, the Statement of Revenue, Expenses and Changes in Net Assets, the Statement of Cash Flows for the Major Enterprise Fund, the Statement of Net Assets – Fiduciary Fund, and the accompanying notes to the financial statements. These statements report information about TMACOG as a whole and about its activities. TMACOG is a single enterprise fund using proprietary fund accounting, which means these statements are presented in a manner similar to a private-sector business. TMACOG also has a small agency fund using fiduciary fund accounting to record restricted funds being held for partners of the Wabash Cannonball Rail-to-Trails project. The statements are presented using economic resources measurement and the accrual basis of accounting.

The Statement of Net Assets presents TMACOG's financial position and reports the resources owned by TMACOG (assets), obligations owed by TMACOG (liabilities) and TMACOG's net assets (the difference between assets and liabilities). The Statement of Revenue, Expenses and Changes in Net Assets presents a summary of how TMACOG's net assets changed during the year. Revenue is reported when earned and expenses are reported when incurred. The Statement of Cash Flows provides information about TMACOG's cash receipts and disbursements during the year. It summarizes net changes in cash resulting from operating, investing and financing activities. The notes to the financial statements provide additional information that is essential to a full understanding of the financial statements.

FINANCIAL ANALYSIS OF TMACOG

The following tables provide a summary of TMACOG's financial positions and operations for 2005 and 2004, respectively. TMACOG implemented Governmental Accounting Standards Board Statement 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* in 2004.

Condensed Statement of Net Assets
June 30,

	2005	2004	Change Amount	Change %
Assets				
Current Assets - Unrestricted	$1,034,270	$1,218,922	($184,652)	-15.15%
Capital Assets - Net	30,960	43,279	(12,319)	-28.46%
Total Assets	1,065,230	1,262,201	(196,971)	-15.61%
Liabilities				
Current Liabilities - Unrestricted	662,776	881,528	(218,752)	-24.82%
Noncurrent Liabilities - Unrestricted	54,009	45,073	8,936	19.83%
Total Liabilities	716,785	926,601	(209,816)	-22.64%
Net Assets	$ 348,445	$ 335,600	$ 12,845	38.28%

During 2005, net assets increased by $12,845. The increase was due to the following:

- Cash and cash equivalents decreased $55,259 due to the use of cash received in prior fiscal years being used to offset current year expenses in 2005;
- Total receivables decreased $141,726 because the FY 2004 balance was unusually high due to an end of year increase as several programs came to an end and had significant expenditures during the last month of the year for which payments were not received until early in FY 2005;
- Prepaid expenses increased $12,333 because invoices for July health, dental and life insurance coverages were all paid in June prior to the end of the year;
- Non-current assets, resulting from depreciation expense of $18,218 and minimal expenditures for fixed assets, decreased by $12,319;
- Accounts payable decreased by $216,746 because the prior year figure was unusually inflated due to one time payments owed to consultants, program participants and service providers at year end;
- Accrued compensation payable increased $9,639 because there was an additional work day in the last pay period of the year used to calculate the liability;
- Compensated absences payable increased by $9,521 because of increased staff salaries and higher accrual levels for long term employees;
- Deferred liabilities (dues, project support, etc.) decreased by $21,166 due to the use of previously deferred assessments used as match to close a project and a slight increase in current year deferred membership dues;
- Noncurrent liability for accrued leave for staff increased by $8,936 because of increased staff salaries and higher accrual levels for long term employees.

Changes in Net Assets – The following table shows the changes in revenues and expenses for TMACOG for 2005 and 2004:

Condensed Statement of Revenue, Expenses and Changes in Net Assets
June 30,

	2005	2004	Change Amount	Change %
Operating Revenue:				
Local Dues & Assessments	$565,506	$532,113	$33,393	6.28%
Other Local Support	620,993	847,891	(226,898)	-26.76%
Total Operating Revenue	1,186,499	1,380,004	(193,505)	-14.02%
Operating Expenses:				
Total Personnel Costs	1,776,053	1,727,203	48,850	2.83%
Consultant/Contractual/Pass-through	960,946	1,414,661	(453,715)	-32.07%
All other operating expenses	599,654	891,073	(291,419)	-32.70%
Total Operating Expenses	3,336,653	4,032,937	(696,284)	-17.26%
Operating Income (Loss)	(2,150,154)	(2,652,933)	502,779	-18.95%
Non-Operating Revenue:				
Federal	1,962,068	2,377,222	(415,154)	-17.46%
State	198,805	233,264	(34,459)	-14.77%
Investment related	2,126	1,132	994	87.81%
Total Non-Operating Revenue	2,162,999	2,611,618	(448,619)	-17.18%
Change in Net Assets	12,845	(41,315)	54,160	-131.09%
Net Assets at July 1	335,600	376,915	(41,315)	-10.96%
Net Assets at June 30	$348,445	$335,600	$12,845	3.83%

Some significant factors impacting the Statement of Revenue, Expenses and Changes in Net Assets include the following:

- Local operating support show a significant decrease due to:
  - A change in accounting for our graphics department shifting from a cost center to direct charging projects for graphics work resulting in a revenue reduction of about $174,000
  - Project contributions and sponsorships from local partners were about $89,000 less in 2005 than in 2004
  - Additional transportation assessment revenue of about $27,000 was recognized from prior year deferred revenue and used as match to pay expenses attributed to the Regional Transit Study
  - Funding from local grants was about $42,000 higher in 2005 than in 2004
- Total personnel costs increased because we were fully staffed for all of 2005 after filling a transportation position part way through 2004. Staff salary adjustments accounted for the balance of the increase. Fringe benefits costs were held almost constant despite escalating costs throughout the health insurance industry.

- Consultant/Contractual/Pass-through costs decreased due to:
  - Consultant expenditures made in FY 2005 toward the Regional Transit Study were $38,000 less than 2004 expenditures
  - Consultant expenditures made in FY 2005 toward the Downtown Circulator Study were $113,000 less than 2004 expenditures
  - Completion of the Toussaint River Improvement Program for participation in the conservation efforts endorsed by the program in 2004 reduced expenditures in 2005 by about $140,000
  - Payments made to consultant under agreements funded through the two Ottawa River studies totaled $134,000 in 2004 and $48,000 in 2005, a decrease of $86,000
  - Pass-through payments made for the Car Buy program, for the purchase of cars from dealers, for car insurance costs and for car repair costs, declined by $107,000 from 2004 to 2005
- Federal Revenue decreased as a result of:
  - A reduction in funds from the Federal Transit Administration (FTA) of about $100,000 for the CommuterLINK and Car Buy programs
  - A reduction of FTA funds for the Downtown Circulator Study of $100,000 as work on the project decreased
  - Completion of the Toussaint River program that provided about $140,000 in federal revenue in 2004
  - Completion of the Portage River Improvement Incentive program that provided $30,000 in federal revenue in 2004
  - Funding from USEPA for the second year of the Ottawa River Sediment Remediation Priorities project was about $100,000 less as the project reached completion
  - A new USEPA grant for the next Ottawa River project, entitles Ottawa River Remediation Projects Design, began and provided almost $26,000 in new federal revenue
  - Continued funding from the Corp of Engineers to conduct a study of the Maumee River Area of Concern with funding in 2005 about $45,000 higher than 2004

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2005, TMACOG had $30,960 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net decrease of $12,320, or 28.5% as compared to 2004. The following table shows fiscal year 2004 and 2005 historical cost balances:

Capital Assets at June 30,	2005	2004	Change
Equipment	$119,474	$119,474	$0
Computers	153,857	147,959	5,898
Furniture	176,321	176,321	0
Vehicles	32,500	32,500	0
Total Capital Assets	482,152	476,254	5,898
Less: Accumulated Depreciation	451,192	432,974	18,218
Net Balance	$30,960	$43,280	($12,320)

Debt

At June 30, 2005, leases for TMACOG's office space and an automobile represented future obligations totaling $107,362. These leases expire at various dates between 2006 and 2008.

ECONOMIC FACTORS

The economy in northwest Ohio began to slowly improve for TMACOG and its members during 2005. TMACOG had a membership retention rate of over 95% from the previous year by continuing to provide valued services to its members. In addition, seven new members joined TMACOG because they saw the benefits from participating in TMACOG's regional collaboration. Transportation activities continued to be well funded during 2005 at the federal and state level. And the outlook is even brighter with the recent passage of the new federal transportation bill that provides for additional planning funds for Metropolitan Planning Organization (MPOs) over the next five years. The environmental program continues to rely on successfully securing funds from competitive grants. There is little federal or state support to provide funding for the water quality planning process, so the program must focus on implementing funded projects which support the plan. TMACOG was successful in securing three new grants totaling almost $500,000 over three years during 2005. But the agency will continue to communicate with state and federal legislators in an attempt to secure federal or state funds that would allow TMACOG's staff to perform more environmental planning activities needed for the region. Finally, the Commuter Services department is looking for additional opportunities to provide services to the residents of northwest Ohio by working with its partners and its customers to determine the needs for the region in the next few years.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, creditors and members with a general overview of TMACOG's finances and to show TMACOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William E. Best, Vice President of Finance & Administration for the Toledo Metropolitan Area Council of Governments, 300 Dr. Martin Luther King Jr. Dr., Toledo, Ohio 43602.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - MAJOR ENTERPRISE FUND
JUNE 30, 2005

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	274,845
Receivables:		
Federal		593,079
State		49,726
Local		98,178
Prepaid Insurance		17,277
Prepaid Other		1,165
Total Current Assets		1,034,270
Noncurrent Assets		
Depreciable Capital Assets, Net of Accumulated Depreciation		30,960
TOTAL ASSETS		**1,065,230**
LIABILITIES		
Current Liabilities		
Accounts Payable		230,560
Accrued Compensation Payable		49,382
Compensated Absences Payable		88,984
Due to Others		3,369
Deferred Project Support		38,075
Deferred Membership Dues		252,406
Total Current Liabilities		662,776
Noncurrent Liabilities		
Compensated Absences Payable		54,009
TOTAL LIABILITIES		**716,785**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		30,960
Unrestricted		317,485
TOTAL NET ASSETS	**$**	**348,445**

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2005

Operating Revenue:		
Membership Fees	$	363,137
Local Grants		320,809
Transportation Assessments		160,666
Car Buy Revenue		108,681
Project Contributions		95,162
Internal Cost Centers		58,744
Special Dues & Assessments		41,703
Miscellaneous		19,651
Registrations		17,196
ISC/Directory Sales		750
Total Operating Revenue		**1,186,499**
Operating Expenses:		
Personnel Services		1,369,868
Fringe Benefits		406,185
Car Buy Program		296,896
Consultants		328,286
CommuterLink Transportation Providers		246,830
Building Rent & Utilities		109,865
Printing		90,518
Advertising & Promotion		77,242
Contractual Services		74,879
Postage & Supplies		65,598
Auto & Travel		41,323
Meetings		38,373
Computer		35,090
Equipment		31,547
Other		29,944
Depreciation		18,218
Graphics		17,982
Insurance		15,054
Audit		13,828
Contract Personnel		13,222
Telephone		9,745
Legal		4,126
Lease Interest & Bank Fees		1,201
CommuterLink Bus Passes		833
Total Operating Expenses		**3,336,653**
Operating Loss		**(2,150,154)**
Non-Operating Revenue:		
Federal		1,962,068
State		198,805
Investment Income		2,126
Total Non-Operating Revenue		**2,162,999**
Change in Net Assets		**12,845**
Net Assets at July 1		335,600
Net Assets at June 30	$	**348,445**

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF CASH FLOWS - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2005

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 1,116,710
Cash Paid to Suppliers	(2,141,104)
Cash Paid to Employees	(1,341,453)
Net Cash Used by Operating Activities	(2,365,847)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal/State Grants	2,314,360
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of Fixed Assets	(5,898)
Cash Flows from Investing Activities:	
Investment Income	2,126
Net Decrease in Cash and Cash Equivalents	(55,259)
Cash and Cash Equivalents, July 1	330,104
Cash and Cash Equivalents, June 30	$ 274,845

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	$ (2,150,154)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	18,218
Changes in Assets and Liabilities:	
(Increase) in Receivable	(11,762)
(Increase) in Prepaid Insurance	(16,882)
Decrease in Prepaid Others	4,534
Decrease in Due From Others	15
(Decrease) in Accounts Payable	(216,746)
(Decrease) in Due To Others	(24,266)
(Decrease) in Deferred Project Support	(5,619)
Increase in Deferred Membership Dues	8,719
Increase in Accrued Leave Expenses	18,457
Increase in Accrued Compensation	9,639
Total Adjustments	(215,693)
Net Cash Used by Operating Activities	$ (2,365,847)

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2005

		Agency Fund
ASSETS		
Cash and Cash Equivalents	$	3,055
TOTAL ASSETS		**3,055**
LIABILITIES		
Due to Others		3,055
TOTAL LIABILITIES		**3,055**
TOTAL NET ASSETS	**$**	**0**

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2005

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

A. DESCRIPTION OF THE ENTITY

Pursuant to the provisions of Chapter 167, Revised Code, the Toledo Metropolitan Area Council of Governments (TMACOG) is a voluntary association of local governments in Lucas, Wood, Ottawa, Erie, and Sandusky counties in Ohio and Monroe County in Michigan. Local governments representing counties, cities, villages, townships, school districts, and authorities hold membership in TMACOG. The representatives of each unit of government meet twice a year as the General Assembly to set general guidelines, approve overall reports, and guide the financial scope of the organization. The Board of Trustees, composed of 45 members elected from the General Assembly, meets quarterly to approve programs, review federal grant applications, develop better intergovernmental arrangements, approve studies, and set policy on new approaches to area wide problems. The Council receives its operating funds from a combination of federal, state, and local sources. Local governments pay dues (membership fees) that are used by TMACOG to meet local matching requirements for a number of federal and state programs. The by-laws of the Council stipulate that the budget year would be July 1 through June 30. The budget is adopted by the General Assembly annually on or before the first day of the fiscal year. Upon adoption of the budget, the General Assembly fixes the membership fees and assessments for all members in amounts sufficient to provide the funds required by the budget. This policy provides the required assurance to grantor agencies as to the availability of local matching funds and local funding for program costs that are non-reimbursable under grantor directives and regulations.

B. BASIS OF PRESENTATION

The accounts of TMACOG are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenses as appropriate.

C. FUND ACCOUNTING

TMACOG maintains its accounting records in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity that stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

PROPRIETARY FUNDS

Enterprise Funds - Enterprise Funds account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. All activity of TMACOG, with the exception of the Agency Fund, is recorded in the Enterprise Fund.

FIDUCIARY FUNDS

Trust and Agency Funds - Fiduciary fund reporting focuses on net assets and changes in net assets. TMACOG's only Fiduciary Fund is an Agency Fund that is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. TMACOG's Agency Fund is comprised of the Wabash Cannonball Coordinating Committee funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Toledo Metropolitan Area Council of Governments are prepared in conformity with generally accepted accounting principles (GAAP) for local government units as prescribed in statements and interpretations issued by the GASB and other recognized authoritative sources.

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. TMACOG applies Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989 unless those pronouncements conflict with Governmental Accounting Standards Board pronouncements, in which case GASB prevails. TMACOG has elected not to apply FASB Standards and Interpretations issued after November 30, 1989. Governmental Accounting Standards Board (GASB) pronouncements are applied after this date.

A. REPORTING ENTITY

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criteria of financial accountability is the ability of the primary government to impose its will upon the potential component unit. These criteria were considered in determining the reporting entity. There were no component units of TMACOG for the year ended June 30, 2005.

B. BASIS OF ACCOUNTING

Proprietary Fund and Agency Fund transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred.

C. MEASUREMENT FOCUS

Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in net assets presents increases (revenues) and decreases (expenses) in net total assets. The statement of cash flows provides information about how TMACOG finances and meets the cash flow needs of its enterprise activity.

D. USE OF ESTIMATES

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. CASH AND INVESTMENTS

Investments are made in accordance with statutes of the State of Ohio and policies of the Board of Trustees. TMACOG maintains a written investment policy that designates STAROhio as the primary depository for excess funds. Income derived from investments is returned to the agency's operating fund, a proprietary fund type.

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments with STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on June 30, 2005.

TMACOG also maintains a checking account that makes automatic overnight deposits to an interest bearing checking account for all funds in excess of required compensating balances.

For purposes of the statement of cash flows and for presentation of the statement of net assets, investments with an original maturity of three months or less at the time they are purchased by TMACOG are considered cash equivalents.

F. CAPITAL ASSETS AND DEPRECIATION

Capital assets purchased with grant funds are charged directly to the project as reimbursable expenditures. Capital assets purchased from local funds prior to July 1, 1996 are recorded at cost, and depreciated over a period of between three and seven years using the straight line method. Capital assets purchased after June 30, 1996 are recorded at cost and depreciated over a period of between five and fifteen years.

G. GRANTS

Grant support is recognized at the time reimbursable expenditures are made by TMACOG. Federal, state, and local grant receivables represent the excess of support recognized over cash received from the grantor at the balance sheet date.

H. TRANSPORTATION ASSESSMENTS

TMACOG assesses transportation planning members in accordance with the budget approved by the General Assembly to meet the local matching requirements of the budget. Amounts not collected are re-billed in the subsequent year or can be billed to other transportation planning members on a pro-rata basis. If billed to other members and subsequently collected from the owing member, each transportation planning member is credited on a pro-rata basis.

I. REVENUE AND EXPENSES

Operating revenues consist of income earned to provide services to TMACOG members, operating grants and other income. Operating expenses include the cost of providing services, including administrative expenses and depreciation on capital assets.

Non-operating revenues are government-mandated nonexchange transactions, which occur when a government at one level provides resources to a government at another level and requires the recipient to use the resources for a specific purpose (for example, federal programs that state or local governments are mandated to perform).

J. TAX STATUS

TMACOG is qualified by the Internal Revenue Service under Section 501(c)(3) and thus exempted from the payment of income taxes.

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2005 the carrying amount of all TMACOG deposits was $269,647. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", which was required to be adopted by TMACOG in fiscal 2005, as of June 30, 2005, $103,727 of the TMACOG's bank balance of $303,727 was exposed to custodial risk as discussed below, while $200,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, TMACOG's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to the least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or a member bank of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of TMACOG.

B. Investments

As of June 30, 2005, TMACOG had the following investments:

Investment type	Amount
STAR Ohio	$ 8,253

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, TMACOG's investment policy limits investments to STAR Ohio.

Credit Risk: Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Concentration of Credit Risk: TMACOG's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2005.

Investment type	Fair Value	% of Total
STAR Ohio	$8,253	100%

C. Reconciliation of Cash and Investment to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported above to cash and investments as reported on the Statement of Net Assets as of June 30, 2005:

Cash and Investments per Section A above	
Carrying amount of deposits	$ 269,647
Investments	8,253
Total	$ 277,900
Cash and Investments per Statements of Net Assets	
Proprietary Fund	$ 274,845
Agency fund	3,055
Total	$ 277,900

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Computer equipment and software	$147,959	$5,898	$0	$153,857
Furniture and fixtures	176,321	0	0	176,321
Machinery and equipment	119,474	0	0	119,474
Vehicles	32,500	0	0	32,500
Total	$476,254	$5,898	$0	$482,152

Accumulated Depreciation

Class	June 30, 2004	Additions	Deletions	June 30, 2005
Computer equipment and software	($131,581)	($9,563)	$0	($141,144)
Furniture and fixtures	(172,030)	(1,173)	0	(173,203)
Machinery and equipment	(104,863)	(5,882)	0	(110,745)
Vehicles	(24,500)	(1,600)	0	(26,100)
Total	($432,974)	($18,218)	$0	($451,192)
Net Value	$43,280	($12,320)	$0	$30,960
Depreciation Expense Charged to Operating Expense		$18,218		

5. LEASES

Based on the inclusion of a fiscal funding clause in each lease agreement, TMACOG does not record otherwise non-cancelable leases as capital assets. The fiscal funding clause generally provides that the lease is cancelable if the funding authority does not appropriate the funds necessary for the entity to fulfill its obligation under the lease agreements.

TMACOG currently leases the building it occupies and an automobile under agreements expiring at various dates through 2008. At June 30, 2005, scheduled lease payments were as follows:

	Year Ending June 30	
	2006	$ 97,098
	2007	5,598
	2008	4,665
Total		$107,362

Lease expense under these agreements amounted to $109,800 for the building and $5,004 for the automobile for the twelve months ended June 30, 2005.

6. DEFINED BENEFIT PENSION PLANS

A. Pension Benefit Obligation

The following information was provided by the Ohio Public Employees Retirement System (OPERS) to assist TMACOG in complying with GASB Statement No. 27, "Accounting for Pensions by State and Local Government Employers."

All employees of TMACOG participate in one of three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Under the CO Plan employer contributions are invested by the retirement system to provide a formula retirement benefit similar in nature to the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report that includes financial statements and required supplementary information for OPERS. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 222-6701 or 1-800-222-7377.

The Ohio Revised Code provides statutory authority for employee and employer contributions. For 2004, employee and employer contribution rates were consistent across all three plans (TP, MD and CO). The employee contribution rate is 8.5%. The 2004 employer contribution rate for local government employer units was 13.55% of covered payroll, 9.55% to fund the pension and 4.0% to fund health care. The contribution requirements of plan members and TMACOG are established and may be amended by the Public Employees Retirement Board. TMACOG's contributions to OPERS for the years ending June 30, 2005, 2004 and 2003 were $190,786, $183,058 and $165,225, respectively. 91.51 percent has been contributed for 2005 and 100 percent has been contributed for 2004 and 2003. The unpaid balance for 2005, in the amount of $16,192 is recorded as a liability within the proprietary fund.

B. <u>Other Postemployment Benefits</u>

OPERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. The portion of the 2004 employer contribution rate (identified above) that was used to fund health care for the year 2004 was 4.0% of covered payroll which amounted to $51,483.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2003. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2003 was 8.0%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advance funded on an actuarially determined basis. The number of active contributing participants was 369,885. The actuarial value of the OPERS net assets available for OPEB at December 31, 2003 is $10.5 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $26.9 billion and $16.4 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to skyrocketing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

7. COMPENSATED ABSENCES

TMACOG has five forms of compensated absences: holidays (10 days each year), annual leave, personal (1 day each year), compensatory time, and sick leave.

Annual leave accrues to each permanent full-time employee with fewer than 4 years of service at the rate of 3.1 hours per pay period, to a maximum of 10 days per year, and to part-time employees on a pro-rated basis. After 4 years of service, the rate for permanent full-time employees is 4.6 hours per pay period, to a maximum of 15 days per year and after 8 years of service, the rate is 6.2 hours per pay period to a maximum of 20 days per year. Annual leave may accrue to an amount equal to three times the employee's annual accrual amount. Upon leaving TMACOG, employees receive unused annual leave at their current rate of compensation, if they have completed 6 months of continuous employment. An additional 3 days accrues if no more than 5 sick days are taken within the previous calendar year. These 3 days are subtracted from the current fiscal year's sick leave and added to the next fiscal year's annual leave.

Certain non-supervisory employees of TMACOG qualify for compensatory time or trade time. No employees receive payment for overtime hours worked; rather, overtime hours are traded on a one-for-one basis in trade time off with certain limitations when the trade time is taken within the same work week. Overtime hours are traded on a one-to-one and one half basis in trade time when the trade time is taken in a subsequent workweek. Eligible employees are permitted to accumulate a maximum of 40 hours of trade time to be used at any time, subject to approval by the Executive Director. Compensatory time on the books at the end of the fiscal year is paid to the employee at their current rate of pay.

Sick leave accumulates at the rate of 3.7 hours per pay period for each full-time employee, to a maximum of 12 days per year, and to part-time employees on a pro-rated basis. Sick leave may be taken by employees up to the full amounts on their sick leave records, but employees may not develop negative sick leave or use sick leave that has not yet been accumulated. Employees with more than five years service with TMACOG are entitled to receive compensation for one-quarter of their accrued sick leave up to 480 hours and one-half of their accrued sick leave between 480 and 960 hours when they terminate employment with TMACOG. Sick leave may be accrued to a maximum of 960 hours and is payable at the employee's current rate of pay.

The current liability for these compensated absences at June 30, 2005 was $88,984 and the total value was $142,993. The following table provides detail in support of this liability:

Accrued Leave Liability:

	Total Liability			Current Liability		
	Annual	Sick	Total	Annual	Sick	Total
June 30, 2004	$86,226	$38,309	$124,535	$60,181	$19,282	$79,463
Additions	106,606	46,587	153,193	100,963	43,293	144,256
Deletions	(93,221)	(41,514)	(134,735)	(93,221)	(41,514)	(134,735)
June 30, 2005	$99,611	$43,382	$142,993	$67,923	$21,062	$88,984

8. RISK MANAGEMENT

TMACOG maintains commercial insurance coverage against most normal hazards and there has been no significant reduction in coverage from the prior year. Settlement claims have not exceeded coverage for any of the last three fiscal years.

TMACOG participates in the State of Ohio's Workers' Compensation program under which premiums paid are based on a rate per $100 of payroll. The rate is determined based on accident history.

TMACOG has a premium based HMO for employee health insurance coverage. TMACOG pays a portion of the employees' deductible. Premium expense for 2005 was $183,400.

9. CONTINGENT LIABILITIES

TMACOG receives financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Proprietary Fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the Proprietary Fund included herein or on the overall financial position of TMACOG at June 30, 2005.

10. PROPOSED LOAN AGREEMENT

TMACOG is negotiating separate agreements with the City of Toledo and the Ohio Department of Transportation to secure a $4.50 million loan from the State of Ohio State Infrastructure Bank Loan to provide additional funding for renovation and preservation of the Martin Luther King Jr. Memorial Bridge. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. The funds will be made available to the City of Toledo on a reimbursement basis as needed upon request and submittal of properly executed documentation. TMACOG will repay eighty percent (80%) of the principal payment due on the loan from future City of Toledo Transportation Improvement Program (TIP) allocations. The City of Toledo will pay the remaining twenty percent (20%) of the principal payment plus the loan interest as the payments become due. The first payment will not be due until two (2) years after the first draw from the loan. As of November 11, 2005, the documents had not been finalized and no funds had transferred under the terms of the agreements.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES HIGHWAY ADMINISTRATION			
Passed Through Ohio Department of Transportation:			
Highway Planning and Construction		**20.205**	
Transportation Planning	713986/714587		$676,158
Share-A-Ride	713941		116,883
TIP Monitoring	713939		61,201
TMACOG Model Improvement	553228		49,652
Transportation Air Quality	713940		74,924
TMACOG's Database Integration Project	713955		48,792
Passed Through Michigan Department of Transportation and SEMCOG:			
Highway Planning and Construction		**20.205**	
Transportation Planning	96-0956		55,793
Total United States Highway Administration			**1,083,403**
UNITED STATES TRANSPORTATION ADMINISTRATION			
Job Access - Reverse Commute		**20.516**	
Commuter Link/Car Buy	OH-37-X032		300,317
Commuter Link/Car Buy	OH-37-X038		204,658
Federal Transit - Capital Investment Grants		**20.500**	
Downtown Circulator Study	OH-03-0181		163,291
Total Federal United States Transportation Administration			**668,266**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Great Lakes Program		**66.469**	
Ottawa River Sediment Remediation Priorities	GL97577001-0		43,000
Ottawa River Remediation Projects Design	GL96550601-0		25,832
Passed Through Ohio Environmental Protection Agency:			
Nonpoint Source Implementation Grants		**66.460**	
RAP Coordinator	02(h)EPA-16		30,600
Water Quality Management Planning		**66.454**	
TMACOG Areawide Water Quality Management Plan			50,241
Total Environmental Protection Agency			**149,673**
CORP OF ENGINEERS			
Passed Through Black & Veatch, Ltd. Consultants:			
Planning Assistance to States		**12.110**	
Maumee River Area of Concern Study	41304		60,726
Total Corp of Engineers			**60,726**
Total			**$1,962,068**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2005

NOTE A – General

The accompanying schedule of federal awards expenditures presents expenditures of all federal financial assistance programs of TMACOG. All expenditures relating to federal financial assistance received directly from federal agencies as well as federal financial assistance passed through other government agencies are included in the schedule.

NOTE B - Basis of Accounting

The accompanying schedule of federal financial assistance has been prepared in conformity with generally accepted accounting principles.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County
300 Dr. Martin Luther King Jr. Drive
Toledo, Ohio 43602

We have audited the accompanying financial statements of the Major Enterprise Fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") as of and for the year ended June 30, 2005, which collectively comprise TMACOG's basic financial statements, and have issued our report thereon dated November 11, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TMACOG's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether TMACOG's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance

The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County

with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of TMACOG, in a separate letter dated November 11, 2005.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weber O'Brien, Ltd.

November 11, 2005

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County
300 Dr. Martin Luther King Jr. Drive
Toledo, Ohio 43602

Compliance

We have audited the compliance of Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2005. TMACOG's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of TMACOG's management. Our responsibility is to express an opinion on TMACOG's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133 *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about TMACOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on TMACOG's compliance with those requirements.

In our opinion, TMACOG complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2005.

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The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County

Internal Control Over Compliance

The management of TMACOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered TMACOG's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information of and use of TMACOG's Board of Trustees, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Weber O'Brien, Ltd.

November 11, 2005

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2005

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	_____ yes	X no
Reportable condition(s) identified not considered to be material weaknesses?	_____ yes	X none reported
Noncompliance material to financial statements noted?	_____ yes	X no

Federal Awards

Internal Control over major programs:		
Material weakness(es) identified?	_____ yes	X no
Reportable conditions(s) identified not considered to be material weaknesses?	_____ yes	X none reported
Type of auditors' report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)?	_____ yes	X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.516	Job Access – Reverse Commute

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low risk auditee?	X yes	_____ no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2005

NONE

Auditor of State
Betty Montgomery

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS

LUCAS COUNTY

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 9, 2006