TOLEDO METROPOLITAN AREA
COUNCIL OF GOVERNMENTS
LUCAS COUNTY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2010

Dave Yost • Auditor of State

Board of Trustees
Toledo Metropolitan Area Council of Governments
300 Dr. Martin Luther King Jr. Drive
Toledo, Ohio 43604

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, 2009 through June 30, 2010. 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.

Dave Yost

Dave Yost
Auditor of State

March 11, 2010

This Page is Intentionally Left Blank.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

TABLE OF CONTENTS

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

BOARD OF TRUSTEES - OFFICERS
AS OF JUNE 30, 2010

OFFICER	POSITION	TERM OF OFFICE
Theodore J. Rutherford	Chair	1/26/10 - 1/26/11
Carol A. Contrada	Vice Chair	1/26/10 - 1/26/11
Nelson D. Evans	Second Vice Chair	1/26/10 - 1/26/11

Certified Public Accountants · Strategic Business Advisors
weber · obrien ltd.

INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County
300 Martin Luther King Jr. Drive Suite 300
Toledo, Ohio 43604

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, 2010, 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 opinions 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 the 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 opinions.

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, 2010, 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.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 6, 2011, 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

5580 Monroe Street · Sylvania, OH 43560 · p 419 885 8338 · f 419 885 8182 · www.weberobrien.com

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

control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The management's discussion and analysis on pages 3 – 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted 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 opinions on the financial statements that collectively comprise Toledo Metropolitan Area Council of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards on page 31 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 basic financial statements of Toledo Metropolitan Area Council of Governments. The accompanying schedules of fringe benefit cost rate and of indirect cost rate on pages 29 and 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information on pages 29 - 31, which is the responsibility of TMACOG's management, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weber O'Brien Ltd

January 6, 2011

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2010

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, 2010. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2010 are as follows:

- Total Net Assets increased by $142,256
- Total expenses decreased by $322,936 to $2,428,284 while total revenue decreased by $238,693 to $2,570,640
- Federal and state support decreased by $182,803 to $1,777,915 while local support decreased by $55,369 to $792,658

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 Rails-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 2009 and 2010, respectively:

Condensed Statement of Net Assets
June 30,

	2010	2009	Change Amount	Change %
Assets				
Current Assets	$1,481,088	$947,335	$533,753	56.34%
Noncurrent Assets	4,172,226	4,561,070	-388,844	-8.52%
Total Assets	5,653,314	5,508,405	144,909	2.63%
Liabilities				
Current Liabilities	1,006,748	634,479	372,269	58.67%
Noncurrent Liabilities	4,255,091	4,624,707	-369,616	-7.99%
Total Liabilities	5,261,839	5,259,186	2,653	0.05%
Net Assets				
Invested in Capital Assets, Net of Related Debt	15,221	13,770	1,451	10.54%
Unrestricted	376,254	235,449	140,805	59.80%
Total Net Assets	$391,475	$249,219	$142,256	57.08%

During 2010, net assets increased by $142,256. The increase was due primarily to the following:

- Cash and cash equivalents decreased $215,412
- Total receivables increased by $324,916. Federal and state receivables increased by $108,239 while local receivables increased by $80,258. Receivables due from the Ohio Department of Transportation (ODOT) for federal and state funded transportation programs were $97,856 higher on June 30, 2010 than on June 30, 2009. Federal receivables for grants to fund the environmental program increased by $5,832 during this same period. There was a local receivable due from the City of Toledo on June 30, 2010 for membership dues and transportation assessments totaling $99,730. Unbilled receivables for future Car Buy client payments decreased by $31,050 from 2009 to 2010. Current assets increased and non-current assets decreased due to the classification as a current asset of a portion of the amounts due on the loan receivable from the City of Toledo.
- Total liabilities remained relatively the same as the prior year due to an increase in current liabilities approximately equal to a decrease in long term liabilities. Current liabilities increased due to the portion of the long term note payable to the State of Ohio due in fiscal year 2011 coupled with the following decreases discussed. The first is a $39,176 decrease in the balance of the Accrued Compensation Payable account. The decrease is a timing issue caused by the fact that the final payroll for 2009 was paid on July 1 while the final payroll for 2010 was paid on June 30. A second factor is that $54,963 worth of rent payments to the Toledo Lucas County Port Authority were outstanding at the end of 2009 but were fully paid as of the end of 2010. There was a $19,572 increase in the balance of the Compensated Absences Payable account. This increase is a result of higher accrued annual and sick leave balances maintained by staff members. Outstanding payable for the CommuterLINK program (which ended in 2009) and the Car Buy program were approximately $44,400 lower at the end of 2010 due to a reduction in the number of active program participants at year end. Noncurrent liabilities decreased due to a portion of the long term note payable to the State of Ohio being classified as current as stated above. Minor changes in the remaining liability accounts result in the balance of the total change

Changes in Net Assets – The following table shows the changes in revenues and expenses for TMACOG for 2010 and 2009:

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

	2010	2009	Change Amount	%
Operating Revenue:				
Local Dues & Assessments	$611,400	$612,304	$-904	-0.15%
Other Local Support	181,258	235,723	-54,465	-23.11%
Total Operating Revenue	792,658	848,027	-55,369	-6.53%
Operating Expenses:				
Total Personnel Costs	1,709,100	1,698,851	10,249	0.60%
Consultant/Contractual/Pass-through	246,214	461,816	-215,602	-46.69%
All Other Operating Expenses	473,070	590,553	-117,483	-19.89%
Total Operating Expenses	2,428,384	2,751,220	-322,836	-11.73%
Operating Loss	(1,635,726)	(1,903,193)	267,467	-14.05%
Non-Operating Revenue:				
Federal	1,599,606	1,795,934	-196,328	-10.93%
State	178,309	164,784	13,525	8.21%
Investment Related	67	588	-521	-88.61%
Total Non-Operating Revenue	1,777,982	1,961,306	-183,324	-9.35%
Change in Net Assets	142,256	58,113	84,143	144.79%
Net Assets at July 1	249,219	191,106	58,113	30.41%
Net Assets at June 30	$391,475	$249,219	$142,256	57.08%

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2010

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

- Operating Revenue decreased by $55,369 (6.53%) due to:
  - Revenue from event sponsorships and registrations decreased by almost $20,000. This was attributable to decreases in these categories for the third Ohio Conference on Freight, a statewide conference devoted to discussing freight related issues, sponsored by TMACOG in September, 2009
  - Revenue from Car Buy clients decreased by $51,201 as a result of a decrease in the number of new participants in the program from 60 to 41
  - The total revenue from membership fees, transportation assessments and stormwater assessments was virtually unchanged at $611,400, a reduction of .15% from 2009
  - Miscellaneous increases in various local revenue categories account for the balance of the change in Operating Revenue
- Consultant/contractual/pass-through costs decreased by $215,602. This significant change is a result of the following:
  - 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, decreased by $60,352 from FY 2009 to FY 2010 due to a decrease in the number of new participants in the program from 60 to 41
  - Funding for the CommuterLINK program terminated at the end of 2009. There were $40,162 in expenses in 2009 that were not replaced in 2010
  - The Portage River Septic Replacement Program ended at the end of 2009. This program had $80,077 worth of expenses in 2009 that were not replaced in 2010
  - Consultant and Contract Services expenditures for various projects decreased by $24,178 from FY 2009 to FY 2010
- Other operating expenses decreased by $117,483 due to decreases in advertising and promotion and printing and graphics due to the termination of the CommuterLink program and reduced marketing for the Share-A-Ride and Ozone Action programs.
- Federal Revenue decreased by $196,328 as a result of:
  - The reductions in revenue from Lucas County Department of Jobs & Family Services (LCDJFS) for the Car Buy program and the eliminated CommuterLINK program of $174,240
  - A reduction in revenue from USDOT passed through the Toledo Area Regional Transit Authority (TARTA) for the Car Buy program totaling $29,551
  - Funding from USEPA for a variety of projects in support of the environmental planning program decreased by $75,379 in FY 2010 when compared to the previous year
  - Funding from USEPA provided though the federal American Recovery and Reinvestment Act (ARRA) stimulus program totaled $82,500 in 2010
  - Transportation funding from the United States Department of Transportation (USDOT) passed through ODOT was virtually unchanged

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2010, TMACOG had $15,221 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net increase of $1,452 or 10.54% as compared to 2009. The following table shows fiscal year 2010 and 2009 historical cost balances:

Capital Assets at June 30,	2010	2009	Change
Equipment	$26,589	$26,589	$0.00
Computers	26,017	20,088	5,929
Furniture	166,148	166,148	0.00
Vehicles	38,171	38,171	0.00
Total Capital Assets	$256,925	$250,996	$5,929
Less: Accumulated Depreciation	241,704	237,227	4,477
Net Balance	$15,221	$13,769	$1,452

Debt

At June 30, 2010, a lease for TMACOG's office space, an automobile and two copy machines represented future obligations totaling $823,256. These operating leases expire at various dates between 2011 and 2016.

ECONOMIC FACTORS

TMACOG's finances were stronger than originally expected during 2010. Financial support provided through the American Recovery and Reinvestment Act (ARRA) federal stimulus program and from the State of Ohio provided ample funds for our environmental program. Additional transportation planning dollars made available during the year provided a higher than anticipated level of funding for the transportation program. Also a mid-year injection of additional dollars from Lucas County Department of Job and Family Services (LCDJFS) allowed the Car Buy program to flourish through the end of the year. All of these factors allowed the organization to effectively operate required programs while continuing to strengthen its net asset balance.

The ongoing economic reality facing businesses and local governments in northwest Ohio and southeast Michigan did force eight organizations to cancel their membership with TMACOG while a ninth was only able to pay 90% of their invoiced membership dues. However, this was offset by the return of two members who had dropped out in previous years and the addition of three other new members. The net result was that the local membership revenue was $10,865 lower than expected. While significant, this figure is lower than the $15,000 budgeted amount and continues to demonstrate the value TMACOG's members perceive they receive for their membership with TMACOG.

All indications are that 2011 will again be a financially solid year. The second half of ARRA funds and year two of state funds will again support the environmental program. Federal water quality planning funds will also be available at mid-year to support the planning process. While Congress has yet to take any action on a new federal transportation bill, funding for transportation planning work continues to increase slightly. When combined with encumbered funds carried forward from 2010 that have not yet been spent, the transportation program will be able to undertake new projects which will benefit our region. A new contract was executed with the Toledo Area Regional Transit Authority (TARTA) to continue to utilize Job

Access/Reverse Commute (JARC) funds to purchase vehicles for the Car Buy Program. A contract was also executed with LCDJFS to provide operating support for the Car Buy Program at a level adequate to operate the program for the entire year.

However, as the organization looks beyond 2011, questions arise. With no prospect for a federal transportation bill on the horizon, there is much uncertainty regarding the amount of transportation planning dollars to expect. The ARRA funds will end and will leave a hole in the budget for 2012. The budget problems facing the State of Ohio could significantly impact TMACOG. LCDJFS has already sent notice that funding passed through from the state for the Car Buy program will likely be reduced and possibly cut. If this happens, it is possible TMACOG may have to eliminate the program. State funding for environmental planning work will also be looked at as part of the state's budget process. If this funding is not continued, significant reductions to the environmental program may be required as well.

TMACOG has recognized the uncertainty that it faces beginning in 2012 and is already taking steps to avoid financial difficulties. Staff members are looking for grant opportunities that may fund these programs. Several applications will be submitted during 2011 for potential funding in 2012. The organization will continue to look for ways to reduce costs without minimizing the service it provides to northwest Ohio and southeast Michigan.

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 Martin Luther King Jr. Dr., Suite 300, Toledo, Ohio 43604.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - MAJOR ENTERPRISE FUND
JUNE 30, 2010

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	388,621
Receivables:		
Federal		352,423
State		26,677
Local		159,266
Current Portion Long Term Note Receivable from City of Toledo		526,714
Prepaid Insurance		22,164
Prepaid Other		5,223
Total Current Assets		1,481,088
Noncurrent Assets		
Long Term Portion of Note Receivable from City of Toledo		4,157,005
Depreciable Capital Assets, Net of Accumulated Depreciation		15,221
Total Noncurrent Assets		4,172,226
TOTAL ASSETS		**5,653,314**
LIABILITIES		
Current Liabilities		
Accounts Payable		90,641
Accrued Compensation Payable		14,606
Compensated Absences Payable		103,486
Deferred Membership Dues		271,301
Current Portion Long Term Note Payable to State of Ohio		526,714
Total Current Liabilities		1,006,748
Noncurrent Liabilities		
Long Term Portion of Note Payable to State of Ohio		4,157,005
Compensated Absences Payable		97,086
Due to Others		1,000
Total Noncurrent Liabilities		4,255,091
TOTAL LIABILITIES		**5,261,839**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		15,221
Unrestricted		376,254
TOTAL NET ASSETS	**$**	**391,475**

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, 2010

Operating Revenue:		
Membership Fees	$	383,908
Transportation Assessments		165,081
Event Registrations/Sponsorships		85,800
Special Dues & Assessments		62,411
Car Buy Revenue		57,052
Other Local Revenue		38,406
Total Operating Revenue		**792,658**
Operating Expenses:		
Personnel Services		1,290,067
Fringe Benefits		419,033
Car Buy Direct Program Expenses		198,330
Building Rent & Utilities		131,910
Advertising & Promotion		51,924
Meetings		48,501
Contractual Services		47,034
Equipment		45,648
Computer		34,312
Auto & Travel		27,028
Postage & Supplies		26,386
Printing & Graphics		23,687
Professional Services		18,504
Contract Personnel		16,710
Insurance		14,004
Association Dues		10,487
Telephone		8,282
Other		5,655
Publications & Subscriptions		4,594
Depreciation		4,477
Training & Seminars		961
Consultants		850
Total Operating Expenses		**2,428,384**
Operating Loss		**(1,635,726)**
Non-Operating Revenue:		
Federal		1,599,606
State		178,309
Investment Income		67
Total Non-Operating Revenue		**1,777,982**
Change in Net Assets		**142,256**
Net Assets at July 1		**249,219**
Net Assets at June 30	$	**391,475**

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, 2010

Cash Flows from Operating Activities:		
Cash Received from Customers	$	701,958
Cash Paid to Suppliers		(1,243,006)
Cash Paid to Employees		(1,314,568)
Net Cash Used by Operating Activities		(1,855,616)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal/State Grants		1,669,677
Net Cash Received from Noncapital Financing Activities		1,669,677
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets		(5,929)
Net Cash Used by Capital and Related Financing Activities		(5,929)
Cash Flows from Investing Activities:		
Investment Income		67
Net Cash Received from Investing Activities		67
Net Decrease in Cash and Cash Equivalents		(191,801)
Cash and Cash Equivalents, July 1		580,422
Cash and Cash Equivalents, June 30	$	388,621

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	$	(1,635,726)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation Expense		4,477
Changes in Assets and Liabilities:		
(Increase) in Receivable		(80,257)
(Increase) in Prepaid Insurance		(10,025)
(Increase) in Prepaid Others		(318)
(Decrease) in Accounts Payable		(107,774)
(Decrease) in Deferred Membership Dues		(6,388)
Increase in Compensated Absences		19,571
(Decrease) in Accrued Compensation		(39,176)
Total Adjustments		(219,890)
Net Cash Used by Operating Activities	$	(1,855,616)

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2010

		Agency Fund
ASSETS		
Cash and Cash Equivalents	$	3,440
TOTAL ASSETS		**3,440**
LIABILITIES		
Due to Others		3,440
TOTAL LIABILITIES		**3,440**
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, 2010

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

A. DESCRIPTION OF THE ENTITY

Pursuant to the provisions of Chapter 167, Ohio Revised Code, the Toledo Metropolitan Area Council of Governments (TMACOG) is a voluntary association of local governments in Lucas, Wood, Ottawa, Fulton, 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 once 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 Board of Trustees annually on or before the first day of the fiscal year. Upon adoption of the budget, the Board of Trustees 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 criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. There were no component units of TMACOG for the year ended June 30, 2010.

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 the 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, 2010.

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 not purchased with grants are capitalized and recorded at cost and depreciated using the straight line method over a period of between 5 and 15 years.

G. COMPENSATED ABSENCES

The Council reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the Council will compensate the employees for the benefits through paid time off or other means, such as a cash payment at termination or retirement. Sick leave benefits are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination benefits and by those employees who are expected to become eligible in the future.

H. GRANTS

Grant support is recognized at the time reimbursable expenditures are made by TMACOG. It is TMACOG's policy to record all federal and state grant revenue as non-operating revenue and all local grant revenue as operating revenue. Federal, state, and local grant receivables represent the excess of support recognized over cash received from the grantor at the balance sheet date.

I. TRANSPORTATION ASSESSMENTS

TMACOG assesses transportation planning members in accordance with the budget approved by the Board of Trustees 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.

J. 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).

K. 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, 2010 the carrying amount of all TMACOG deposits was $358,904. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, $404,105 of TMACOG's bank balance of $454,105 was covered by Federal Deposit Insurance Corporation and the remaining $50,000 was exposed to custodial risk.

B. Investments

As of June 30, 2010, TMACOG had the following investments:

Investment type	Amount
Money Market Mutual Fund	$23,611
STAR Ohio	9,546
Total	$33,157

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; however, alternate investments with higher interest rates may be utilized as approved by TMACOG's Finance and Audit Committee.

Credit Risk: STAR Ohio must maintain the highest letter or municipal rating provided by at least one nationally recognized standard service. 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 TMACOG at June 30, 2010.

Investment type	Fair Value	% of Total
Money Market Mutual Fund	$23,611	71%
STAR Ohio	9,546	29%
Total	$33,157	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, 2010:

Cash and Investments per Sections A and B above	
Carrying amount of deposits	$ 358,904
Investments	33,157
Total	$ 392,061

Cash and Investments per Statements of Net Assets	
Proprietary Fund	$ 388,621
Agency fund	3,440
Total	$ 392,061

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

Class	June 30, 2009	Additions	Deletions	June 30, 2010
Computer equipment and software	$20,088	$5,929	$0	$26,017
Furniture and fixtures	166,148	0	0	166,148
Machinery and equipment	26,589	0	0	26,589
Vehicles	38,171	0	0	38,171
Total	$250,996	$5,929	$0	$256,925

Accumulated Depreciation

Class	June 30, 2009	Additions	Deletions	June 30, 2010
Computer equipment and software	($14,111)	($3,178)	$0	($17,289)
Furniture and fixtures	(166,148)	0	0	(166,148)
Machinery and equipment	(26,589)	0	0	(26,589)
Vehicles	(30,379)	(1,299)	0	(31,678)
Total	($237,227)	($4,477)	$0	($241,704)
Net Value	$13,769	$1,452	$0	$15,221
Depreciation Expense Charged to Operating Expense		$4,477		

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2010

5. LONG TERM NOTE RECEIVABLE

TMACOG has entered into an agreement with the City of Toledo wherein the City will repay the $4.50 million loan received from the State of Ohio State Infrastructure Bank Loan as discussed in Footnote #6. Eighty percent (80%) of the principal payment due will be deducted from future City of Toledo Transportation Improvement Program (TIP) allocations administered by TMACOG. Toledo will pay the remaining twenty percent (20%) of the principal plus interest directly to ODOT as invoiced.

6. LOAN AGREEMENTS

TMACOG has entered into 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 total principal amount due under this agreement also includes amounts paid for fees and unpaid interest. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. The funds were to be made available to the City of Toledo on a reimbursement basis as needed upon request and submittal of properly executed documentation. TMACOG is to 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 is to pay the remaining twenty percent (20%) of the principal payment plus the loan interest at 3% on the entire loan balance as the payments become due. The first payment will not be due until two (2) years after the first draw from the loan. In fiscal year 2009, the full amount of the loan was borrowed and transferred to the City of Toledo under the terms of the agreements.

At June 30, 2010, scheduled principal and interest loan payments are as follows:

	TMACOG	Toledo		Total	
Years Ending June 30	Principal	Principal	Interest	Principal	Interest
2011	$ 421,371	$105,343	$140,512	$ 526,714	$140,512
2012	434,013	108,503	124,710	542,516	124,710
2013	447,033	111,758	108,435	558,791	108,435
2014	460,444	115,111	91,671	575,555	91,671
2015	474,257	118,565	74,404	592,822	74,404
2016-2018	1,509,857	377,464	114,355	1,887,321	114,355
Total	$3,746,975	$936,744	$654,087	$4,683,719	$654,087

7. 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, two copy machines and an automobile under agreements expiring at various dates through 2016. At June 30, 2010, scheduled lease payments were as follows:

Years Ending June 30	
2011	150,133
2012	146,133
2013	146,133
2014	139,022
2015	131,910
2016	109,925
Total	$823,256

Lease expense under these agreements amounted to $131,910 for the building, $14,223 for the copiers and $4,800 for the automobile for the year ended June 30, 2010.

8. 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. Under the CO Plan, OPERS invests employer contributions 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. Interested parties may obtain a copy by making a written request to OPERS at 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. The employee contribution rate is 10.0%. The 2009 employer contribution rate for local government employer units was 14.00% of covered payroll, 7.00% to fund the pension and 7.00% to fund health care from January 1 through March 31 and 8.50% to fund pension and 5.50% to fund heath care from April 1 through December 31. 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, 2010, 2009 and 2008 were $188,851, $187,000 and $198,487, respectively. 92.11 percent has been contributed for 2010 and 100 percent has been contributed for 2009 and 2008. The unpaid balance for 2010, in the amount of $14,903 is recorded as a liability within the proprietary fund.

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

OPERS has provided the following information pertaining to other postemployment benefits for health care costs in order to assist TMACOG in complying with GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension Benefits(Statement No. 45).

<u>Plan Description</u>

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined

Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2009, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.63%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care was 7.00% from January 1 through March 31, 2009 and 5.5% from April 1 through December 31, 2009. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

TMACOG Contributions

The portion of the TMACOG's contribution used to fund OPEB for 2010, 2009, and 2008 was $74,200, $93,500, and $71,653, respectively.

OPERS Board implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. The rate increases allowed additional funds to be allocated to the health care plan.

There are no postemployment benefits provided by TMACOG other than those provided through OPERS.

9. COMPENSATED ABSENCES

TMACOG has five forms of compensated absences: holidays (11 days each year), annual leave, personal (1 day each year), compensatory time, and sick leave.

Annual leave accrues to each regular full-time employee per the following schedule:

Employees hired before January 1, 2009

Years of Service	Hours Accrued per Pay Period	Maximum Accrued per Year
0 up through 4	3.07	10 days
5 up through 8	4.60	15 days
9 up through 25	6.13	20 days
25 +	7.66	25 days

Employees hired on or after January 1, 2009

Years of Service	Hours Accrued per Pay Period	Maximum Accrued per Year
0 up through 8	3.07	10 days
9 up through 15	4.60	15 days
16 up through 25	6.13	20 days
25 +	7.66	25 days

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 President. 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 an unlimited amount and is payable at the employee's current rate of pay.

The current liability for these compensated absences at June 30, 2010 was $103,486 and the total value was $200,572. 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, 2009	$119,303	$61,697	$181,000	$74,472	$30,121	$104,593
Additions	122,770	50,734	173,504	108,328	44,497	152,825
Deletions	(108,616)	(45,316)	(153,932)	(108,616)	(45,316)	(153,932)
June 30, 2010	$133,457	$67,115	$200,572	$74,184	$29,302	$103,486

10. 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 2010 was $173,236.

11. CONTINGENT LIABILITIES

TMACOG receives substantial financial assistance from federal, state and local agencies in the form of grants. Grants are generally awarded on an annual basis, and there is no assurance as to their future continuance or the amounts to be awarded. 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, 2010.

12. FRINGE BENEFIT AND INDIRECT COST RATE CALCULATION

Indirect costs and fringe benefits are charged to individual programs based on provisional rates. Differences in amounts billed and actual costs incurred are adjusted to actual costs at year end and a resulting receivable or payable is recorded as appropriate. Indirect costs and fringe benefits in the Statement of Revenues, Expenses, and Changes in Net Assets represent the application of actual indirect and fringe benefit rates.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FRINGE BENEFIT COST RATE
YEAR ENDED JUNE 30, 2010

Fringe Benefit Costs:	Budget	Actual
Annual Leave	$ 88,216	$ 108,469
Sick Leave	56,264	45,316
Holiday Leave	51,576	52,519
Bereavement Leave	0	2,377
Civil Leave	0	2,925
Administrative Leave	0	2,751
Personal Time	4,689	4,053
Medicare Tax	16,781	17,120
Health Insurance	192,136	190,106
Worker's Comp Insurance	2,271	2,843
Life Insurance	0	1,501
PERS Contributions	185,060	188,851
Employee Assistance Program	1,663	1,275
Education Reimbursement	2,500	1,335
Unemployment Compensation	11,375	16,002
Total Fringe Benefit Costs	**$ 612,531**	**$ 637,443**
Allocation Base: Direct and Indirect Personnel	**$ 1,036,053**	**$ 1,071,656**
Fringe Benefit Cost Rate:	**59.12%**	**59.48%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF INDIRECT COST RATE
YEAR ENDED JUNE 30, 2010

	Budget	Actual
Indirect Costs:		
Revenues		
Registration Fees	$ 0	$ 11,590
Dinner Table Sponsor-Registration	0	0
Advertisement	0	0
Trade Show Display Table	0	900
Sponsorship	0	3,700
Miscellaneous	0	0
Total Revenues	**0**	**16,190**
Expenses		
Personnel Services	355,112	384,727
Fringe Benefits	209,948	228,844
Advertising	2,500	1,047
Audit	16,500	15,798
Automobiles	15,000	11,390
Comp Time	0	0
Conferences	8,000	1,607
Contractual Services	5,000	5,512
Data Processing	8,000	7,427
Depreciation	5,000	4,477
Dues	7,500	5,242
Equipment	17,000	16,904
Equipment Maintenance	25,000	23,652
Graphics	1,500	589
Insurance	15,000	14,004
Legal	2,000	2,706
Meetings	8,000	14,847
Office Supplies	5,000	4,188
Other Expenses	3,000	1,619
Other Supplies	500	186
Periodicals	4,000	4,594
Postage	14,000	2,641
Printing	2,000	(10,010)
Recruitment	500	0
Rent	137,905	131,910
Telephone	6,000	6,055
Training	4,000	373
Travel	1,000	401
Total Operating Expenses	**878,965**	**880,730**
Total Indirect Costs	**$ 878,965**	**$ 864,540**
Allocation Base: Direct Personnel plus Fringe Benefits	**$ 1,083,525**	**$ 1,095,529**
Indirect Cost Rate Applied	**81.12%**	**78.92%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed Through Ohio Department of Transportation:			
Highway Planning and Construction		**20.205**	
Transportation Planning	717997/718642		$826,473
Share-A-Ride	717658/718661		106,677
TIP Monitoring	717656/718659		74,830
Transportation Air Quality	715894/717657		62,257
Passed Through Michigan Department of Transportation and SEMCOG:			
Highway Planning and Construction		**20.205**	
Transportation Planning	96-0956		55,877
			1,126,114
Passed Through Toledo Area Regional Transit Authority:			
Job Access - Reverse Commute		**20.516**	
Car Buy Program			96,164
Share-A-Ride Acquisition of Intelligent Transportation Technology			6,000
			102,164
Total United States Department of Transportation			**1,228,278**
NATIONAL ATMOSPHERIC AND OCEANOGRAPHIC ASSOCIATION			
Passed Through Ohio Department of Natural Resources and City of Oregon Ohio			
Coastal Program		**15.630**	
Wolf Creek Reparian Corridor Project	116-2009		4,096
Total National Atmospheric and Oceanographic Association			**4,096**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed Through Ohio Environmental Protection Agency:			
Nonpoint Source Implementation Grants		**66.460**	
Ottawa River Dam Removal & Stream Restoration Program	#06(h)EPA-10		36,955
Portage River Watershed Action Plan			35,000
			71,955
Water Quality Management Planning		**66.454**	
TMACOG Areawide Water Quality Management Plan	TMACOG6040		25,797
Water Quality Management Planning - ARRA		**66.454**	
TMACOG Areawide Water Quality Management Plan - ARRA	TMACOGSTM9		82,550
			108,347
Total United States Environmental Protection Agency			**180,302**
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Though Lucas County Department of Jobs and Family Services			
Temporary Assistance for Needy Families		**93.558**	
Car Buy Program	48-10-TANF-05		186,930
Total United States Department of Health and Human Services			**186,930**
Total			**$1,599,606**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

NOTE A – General

The accompanying schedule of expenditures of federal awards 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 expenditures of federal awards has been prepared in conformity with the accrual basis of accounting.

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 Martin Luther King Jr. Drive Suite 300
Toledo, Ohio 43604

We have audited the 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, 2010, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated January 6, 2010. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMACOG's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TMACOG's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any

5580 Monroe Street · Sylvania, OH 43560 · p 419 885 8338 · f 419 885 8182 · www.weberobrien.com

deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of the 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

January 6, 2011

Certified Public Accountants · Strategic Business Advisors
weber · obrien ltd.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Martin Luther King Jr. Drive Suite 300
Toledo, Ohio 43604

Compliance

We have audited Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of TMACOG's major federal programs for the year ended June 30, 2010. 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 compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

5580 Monroe Street • Sylvania, OH 43560 • p 419 885 8338 • f 419 885 8182 • www.weberobrien.com

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

Internal Control Over Compliance

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 the requirements that could have a direct and material effect on a major federal program to determine the 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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TMACOG's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the 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.

January 6, 2011

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

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
Significant deficiency(ies) 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
Significant deficiency(ies) 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
20.205	Highway Planning and Construction
66.454	Water Quality Management Planning-ARRA
66.454	Water Quality Management Planning

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, 2010

NONE

Dave Yost • Auditor of State

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
MARCH 24, 2011

88 East Broad Street, Fifth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.auditor.state.oh.us