TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2015

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

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INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

Report on the Financial Statements

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, Ohio (TMACOG), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise TMACOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to TMACOG's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of TMACOG's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our opinions.

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 the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio as of June 30, 2015, and the respective changes in its financial position and where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 8 to the financial statements, during the year ended June 30, 2015, TMACOG adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and also GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis* and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on TMACOG's basic financial statements taken as a whole.

The Schedules of Fringe Benefit Cost Rate, Indirect Cost Rate, and Revenue and Expenses for U.S. Department of Transportation Funds present additional analysis and are not a required part of the basic financial statements.

The Schedule of Federal Award Expenditures presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2016, on our consideration of TMACOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMACOG's internal control over financial reporting and compliance.

Dave Yost
Auditor of State

Columbus, Ohio

March 15, 2016

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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2015
(Unaudited)

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, 2015. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

- Total Net Position increased by $6,057.
- Total expenses decreased by $5,436 to $2,362,259 while total revenue increased by $18,979 to $2,368,316.
- Federal and state support decreased by $76,832 to $1,474,990 while local support increased by $95,731 to $892,115.
- As a result of implementation of GASB 68 reporting with regard to net pension liability, the June 30, 2014 net position was restated to -$469,742.
- Amortization of net pension expense due to net pension liability results in a net position on June 30, 2015 of -$463,685

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 Position, the Statement of Revenue, Expenses and Changes in Net Position, the Statement of Cash Flows for the Major Enterprise Fund, the Statement of Net Position – 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 Position presents TMACOG's financial position and reports the resources owned by TMACOG (assets), obligations owed by TMACOG (liabilities) and TMACOG's net position (the difference between assets and liabilities). The Statement of Revenue, Expenses and Changes in Net Position presents a summary of how TMACOG's net position 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 2015 and 2014, respectively:

Condensed Statement of Net Position
June 30,

	2015	2014	Change Amount	%
Assets				
Current Assets	$1,713,915	$1,681,639	$32,276	1.92%
Noncurrent Assets	1,839,480	2,414,653	(575,173)	(23.82%)
Total Assets	3,553,395	4,096,292	(542,897)	(13.25%)
Deferred Outflows of Resources				
Pension	134,949	188,648	(53,699)	(28.47%)
Total Deferred Outflows of Resources	134,949	188,648	(53,699)	(28.47%)
Liabilities				
Current Liabilities	1,128,945	1,151,185	(22,240)	(1.93%)
Net Pension Liability	1,123,762	1,143,722	(19,960)	(1.75%)
Noncurrent Liabilities	1,884,121	2,459,775	(575,654)	(23.40%)
Total Liabilities	4,136,827	4,754,682	(617,854)	(12.99%)
Deferred Inflows of Resources				
Pension	15,202	0	15,202	100.00%
Total Deferred Inflows of Resources	15,202	0	15,202	100.00%
Net Position				
Invested in Capital Assets, Net of Related Debt	23,236	28,165	(4,929)	(17.50%)
Unrestricted	(486,921)	(497,907)	10,986	2.21%
Total Net Position	($463,685)	($469,742)	$6,057	1.29%

During 2015, net position related to operations, excluding the net pension liability, increased by $54,998. The increase was due primarily to the following:

- Cash and cash equivalents increased $225,589.
- Total receivables decreased by $203,856. Federal and state receivables decreased by $199,617 while local receivables decreased by $4,239. Receivables due from the Ohio Department of Transportation (ODOT) for federal and state funded transportation programs were $167,749 lower on June 30, 2015 than on June 30, 2014. Federal receivable from SEMCOG for the transportation program decreased by $33,403 as a result of mandated quarterly billing rather than annual billing as done in 2014.
- Noncurrent Assets decreased by $575,173 mostly due to reduction in the long term balance due of $570,244 on Note Receivable from City of Toledo for SIB loan. A decrease in the value of depreciable assets totaling $4,929 accounts for the balance of the change.

- Total liabilities decreased by $617,854. Current liabilities decreased by $22,240. The largest component of this decrease is attributable to the change in the value in the unearned revenue account of $28,421. The use in 2015 of an early payment from OEPA for an environmental grant totaling $10,500 in 2014 and the use of $15,706 of support from the City of Toledo and Lucas County for work done the Regional Water Study in 2015 represent the majority of this decrease. The current portion of the balance due on the Note Receivable from City of Toledo for their SIB loan increased by $16,730. The balance of the change was the net result of increases in Deferred Membership Dues & Assessments of $12,148 and Accrued Compensation of $1,885 and decreases in general accounts payable of $10,547 and Compensated Absences Payable of $14,036.

- Noncurrent liabilities decreased by $575,654 due to reduction in the long term balance due on Note Receivable from City of Toledo for SIB loan and reduction in the Noncurrent Liability for Compensated Absences.

Changes in Net Position – The following table shows the changes in revenues and expenses for TMACOG for 2015 and 2014:

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

	2015	2014	Change Amount	%
Operating Revenue:				
Local Dues & Assessments	$659,202	$595,581	$63,621	10.68%
Other Local Support	232,913	200,802	32,110	15.99%
Total Operating Revenue	892,115	796,383	95,731	12.02%
Operating Expenses:				
Total Personnel Costs	1,773,330	1,819,992	(46,662)	(2.56%)
Consultant/Contractual/Pass-through	32,927	24,885	8,042	32.31%
All Other Operating Expenses	556,002	511,946	44,056	8.61%
Total Operating Expenses	2,362,259	2,356,823	5,436	0.23%
Operating Loss	(1,470,144)	(1,560,440)	90,296	5.79%
Non-Operating Revenue:				
Federal	1,263,335	1,342,307	(78,972)	(5.88%)
State	211,655	209,515	2,140	1.02%
Investment Related	1,211	1,132	79	6.95%
Total Non-Operating Revenue	1,476,201	1,552,954	(76,753)	(4.94%)
Change in Net Position	6,057	(7,486)	13,543	180.91%
Net Position at July 1	(469,742)	492,818	(7,486)	(1.72%)
Net Position at June 30	($463,685)	($469,742)	$6,057	1.29%

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

- Operating Revenue increased by $95,731 due to:
  - A special one-time contribution to support the environmental program totaling $36,000 was received from three member jurisdictions.
  - Revenue from event sponsorships and registrations increased by $14,781.
  - Revenue for membership dues and transportation assessments increased by $12,137.
  - Revenue for Stormwater Assessments increased by $15,484 because of a new assessment schedule approved by the Stormwater Coalition Membership.
  - Other local revenue increased by $17,331.

- Personnel costs decreased by $56,119 and fringe benefit costs increased by $9,457 due to some unexpected staffing changes made during the year.

- Consultant/contractual costs increased by $8,042 due primarily to contracting for outside assistance to help complete the Long Range Transportation Plan.

- Other operating expenses increased by $44,056. Significant factors include:
  - Computer costs increased by $38,550. The largest component of this was two payment of $10,000 each for Rideshare software in 2015 after no payments were made in 2014. Maintenance costs increased by almost $9,000 due to greater reliance on outside IT support. Finally, some additional equipment was purchased with for use at the Ohio Conference on Freight and paid for with sponsorship contributions.
  - Meeting costs increased by $16,392 with most of the increase the result of higher costs for the Ohio Conference on Freight.
  - Equipment costs increased by $13,885. The most significant factor in this increase was also the higher costs for the Ohio Conference on Freight along with the continued refinement of the internal procedure to recoup copying costs.
  - Advertising and promotion costs decreased by $19,802 due primarily to a reduction in marketing of the air quality program because of a reduced program budget.

- Federal Revenue decreased by $78,972 as a result of:
  - Total transportation funding from the United States Department of Transportation (USDOT) passed through ODOT decreased by $91,995.
    - Transportation funding planning work decreased by $49,726
    - Funding for the Share-A-Ride, TIP Monitoring and Air Quality programs decreased in total by $25,693
    - Funding from FHWA/ODOT to provide Regional Transportation Planning Organization (RTPO) mentoring decreased by $16,576
  - Funding from USEPA for a variety of projects in support of the environmental planning program increased by $1,180 in FY 2015 when compared to the previous year.
  - Continued funding from the Department of the Interior through US Fish and Wildlife Service provided an increase of $21,750 in federal funds.
  - A new program funded by the Department of Commerce through the Ohio Department of Natural Resources provided $6,852 in new federal funds.
  - Funding from the United States Department of Health and Human Services Administration for Community Living for a Coordinate Transportation Partnership Project ended after 2014 resulting in revenue reduction of $16,758.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2015, TMACOG had $23,344 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net decrease of $4,821 or 17.12% as compared to 2014. The following table shows fiscal year 2015 and 2014 historical cost balances:

Capital Assets at June 30,	2015	2014	Change
Equipment	$26,589	$26,589	$0
Computers	58,970	63,980	(5,010)
Furniture	166,148	166,148	0
Vehicles	9,091	20,291	(11,200)
Total Capital Assets	$260,798	$277,008	(16,210)
Less: Accumulated Depreciation	237,562	248,843	11,281
Net Balance	$23,236	$28,165	($4,929)

Debt

TMACOG is party to separate agreements with the City of Toledo and the Ohio Department of Transportation relating to a $4.505 million loan from the State of Ohio State Infrastructure Bank Loan providing additional funding for the 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. TMACOG is to repay eighty percent (80%) of the principal amount 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.

Operating Lease Commitments

At June 30, 2015, a lease for TMACOG's office space, an automobile and two copy machines represented future obligations totaling $155,429. These operating leases expire at various dates between 2016 and 2017.

Net Pension Liability

During 2015, TMACOG adopted GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27," which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain clearer understanding of TMACOG's actual condition by adding deferred inflows, net pension liability, and subtracting deferred outflows related to Governmental Accounting Standards Board standards, which are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.
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Under the new standards required by GASB 68, the net pension liability equals TMACOG's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of TMACOG, part of a bargained-for benefit to the employee, and should accordingly be reported by TMACOG as a liability since they received the benefit of the exchange. However, TMACOG is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer.* State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of TMACOG. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, TMACOG's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, TMACOG is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from $485,332 to ($469,742).

ECONOMIC FACTORS

TMACOG relies on federal, state, and local grants and contracts, along with member dues, to fund its various programs. At present these revenue sources appear to be secure in the short term, however, legislative action and national and state economic conditions can affect each of these revenue streams in both the short term and the long term. After experiencing a small deficit in 2014, TMACOG rebounded to post positive financial results for 2015.

The transportation funds received by TMACOG are allocated by the state of Ohio. The funding level decreased in each state fiscal year from 2012 – 2015. However, a small increase in anticipated for 2016. MAP-21, the federal transportation funding law, was recently extended with the hope that the U.S. House and Senate can work on a long-term highway funding solution. This is not likely to happen in the near future and further extensions of the existing law are anticipated. Therefore, it is expected that transportation funding will remain flat for the foreseeable future.

The federal and state funds received in support of the environmental program remain unchanged from previous years and indications are that they will remain near current levels. TMACOG continues to pursue additional competitive grants whenever possible. A few small grants provided some financial support to the program, but additional local contributions from three large members were needed in 2015 to sustain the program. To overcome this problem, a decision was made in 2015 to implement a significant membership dues increase beginning in 2016. This increase should provide adequate funding to sustain the program at its current level for the next several years. Accompanying this decision was a directive to change the focus of the program to clean water issues. This will eventually result in renaming the environmental program as the water quality program at TMACOG.

Membership retention in 2015 was excellent with only two members withdrawing their membership while four new members were welcomed and all members paid the full amount of their budgeted membership dues. As a result, membership dues revenue increased in 2015. However, the significant dues increased implemented for 2016 will undoubtedly cause some organizations to rethink their membership in TMACOG. This expectation has been built into the plan for 2016. Board members and management will work with current members to answer questions and concerns regarding the increase. Management continues to believe that long-term stable membership demonstrates that TMACOG members find value in their investment.

TMACOG remains committed to its role as the governmental partner of choice to coordinate regional assets, opportunities and challenges in 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 POSITION - MAJOR ENTERPRISE FUND
JUNE 30, 2015

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	855,752
Receivables:		
Federal		199,379
State		41,806
Local		15,667
Current Portion Long Term Note Receivable from City of Toledo		570,244
Prepaid Insurance		21,197
Prepaid Other		9,870
Total Current Assets		1,713,915
Noncurrent Assets		
Long Term Portion of Note Receivable from City of Toledo		1,816,244
Depreciable Capital Assets, Net of Accumulated Depreciation		23,236
Total Noncurrent Assets		1,839,480
TOTAL ASSETS		**3,553,395**
TOTAL DEFERRED OUTFLOWS OF RESOURCES		**134,949**
LIABILITIES		
Current Liabilities		
Accounts Payable		54,799
Accrued Compensation Payable		34,286
Compensated Absences Payable		98,982
Unearned Revenue		95,199
Membership Dues and Transportation Assessments		275,434
Current Portion Long Term Note Payable to State of Ohio		570,244
Total Current Liabilities		1,128,945
Noncurrent Liabilities		
Long Term Portion of Note Payable to State of Ohio		1,816,244
Net Pension Liability (See Note 9)		1,123,762
Compensated Absences Payable		67,877
Total Noncurrent Liabilities		3,007,883
TOTAL LIABILITIES		**4,136,827**
TOTAL DEFERRED INFLOWS OF RESOURCES		**15,202**
NET POSITION		
Net Investment in Capital Assets		23,236
Unrestricted		(486,921)
TOTAL NET POSITION	**$**	**(463,685)**

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 POSITION - MAJOR ENTERPRISE FUND FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Operating Revenue:		
Membership Fees	$	359,228
Transportation Assessments		182,263
Event Registrations/Sponsorships		157,604
Stormwater Assessments		81,711
Other Local Revenue		75,310
Special Local Assessment		36,000
Total Operating Revenue		**892,115**
Operating Expenses:		
Personnel Services		1,276,579
Fringe Benefits		496,751
Building Rent		149,054
Computer		73,992
Meetings		68,108
Printing & Graphics		60,881
Advertising & Promotion		50,704
Auto & Travel		39,056
Contractual Services		32,926
Postage & Supplies		21,653
Professional Services		18,550
Equipment		18,142
Association Dues		13,551
Insurance		13,315
Depreciation		9,882
Other		6,832
Publications & Subscriptions		4,548
Telephone		4,353
Training & Seminars		3,382
Total Operating Expenses		**2,362,259**
Operating Loss		**(1,470,144)**
Non-Operating Revenue:		
Federal		1,263,335
State		211,655
Investment Income		1,211
Total Non-Operating Revenue		**1,476,201**
Change in Net Position		**6,057**
Net Position at July 1 (Restated)		**(469,742)**
Net Position at June 30	**$**	**(463,685)**

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
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Cash Flows from Operating Activities:		
Cash Received from Customers	$	902,541
Cash Paid to Suppliers		(1,054,676)
Cash Paid to Employees		(1,293,141)
Net Cash Used by Operating Activities		(1,445,276)
Cash Flows from Noncapital Financing Activities:		
Cash Received from Federal/State Grants		1,674,607
Net Cash Received from Noncapital Financing Activities		1,674,607
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets		(4,953)
Net Cash Used by Capital and Related Financing Activities		(4,953)
Cash Flows from Investing Activities:		
Investment Income		1,211
Net Cash Received from Investing Activities		1,211
Net Increase in Cash and Cash Equivalents		225,589
Cash and Cash Equivalents, July 1		630,163
Cash and Cash Equivalents, June 30	$	855,752
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
Operating Loss	$	(1,470,144)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation Expense		9,882
Changes in Assets and Liabilities:		
Decrease in Receivable		4,239
Decrease in Prepaid Insurance		4,263
Decrease in Prepaid Others		1,924
(Decrease) in Accounts Payable		(10,547)
Increase in Membership Dues		12,149
(Decrease) in Due to Others		(1,000)
(Decrease) in Unearned Revenue		(28,421)
(Decrease) in Compensated Absences Payable		(18,447)
Increase in Net Pension Liability		48,941
Increase in Accrued Compensation Payable		1,885
Total Adjustments		24,867
Net Cash Used by Operating Activities	$	(1,445,276)

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2015

		Agency Fund
ASSETS		
Cash and Cash Equivalents	$	3,283
TOTAL ASSETS		**3,283**
LIABILITIES		
Due to Others		3,283
TOTAL LIABILITIES		**3,283**
TOTAL NET POSITION	**$**	**0**

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

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.

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION – (Continued)

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 position and changes in net position. 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.

A. REPORTING ENTITY

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 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, 2015.

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 position. The statement of changes in net position 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until then. The deferred outflows of resources related to pension is explained in Note 9.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (expense) until that time. Deferred inflows of resources related to pension are reported on the government-wide statement of net position (See Note 9)

E. 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.

F. 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, 2015.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

G. 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.

H. 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.

I. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

J. 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.

K. 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).

L. TAX STATUS

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

M. PENSIONS

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net positon have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

TMACOG has no deposit policy for custodial credit risk beyond the requirements of State statute.

At June 30, 2015 the carrying amount of all TMACOG deposits was $849,460. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2015, $250,000 of TMACOG's bank balance of $877,498 was covered by Federal Deposit Insurance Corporation and the remaining $627,498 was exposed to custodial risk.

B. Investments

As of June 30, 2015, TMACOG had the following investments:

Investment Type	Amount
STAR Ohio	$9,575

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, 2015.

Investment Type	Fair Value	% of Total
STAR Ohio	$9,575	100.00%

3. DEPOSITS AND INVESTMENTS – (Continued)

C. Reconciliation of Cash and Investments to the Statement of Net Position

The following is a reconciliation of cash and investments as reported above to cash and investments as reported on the Statement of Net Position as of June 30, 2015:

Cash and Investments per Sections A and B above	
Carrying amount of deposits	$ 849,460
Investments	9,575
Total	$ 859,035
Cash and Investments per Statements of Net Position	
Proprietary Fund	$ 855,752
Agency fund	3,283
Total	$ 859,035

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

Class	June 30, 2014	Additions	Deletions	June 30, 2015
Computer equipment and software	$63,980	$4,953	($9,963)	$58,970
Furniture and fixtures	166,148	0	0	166,148
Machinery and equipment	26,589	0	0	26,589
Vehicles	20,291	0	(11,200)	9,091
Total	$277,008	$4,953	($21,163)	$260,798

4. CAPITAL ASSETS

Accumulated Depreciation

Class	June 30, 2014	Additions	Deletions	June 30, 2015
Computer equipment and software	($37,114)	($8,583)	$9,963	($35,734)
Furniture and fixtures	(166,148)	0	0	(166,148)
Machinery and equipment	(26,589)	0	0	(26,589)
Vehicles	(18,992)	(1,299)	11,200	(9,091)
Total	($248,843)	($9,882)	$21,163	($237,562)
Net Value	$28,165	($4,929)	$0	$23,236
Depreciation Expense Charged to Operating Expense		$9,882		

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 is party to separate agreements with the City of Toledo and the Ohio Department of Transportation relating to a $4.505 million loan from the State of Ohio State Infrastructure Bank providing 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 was not due until thirty (30) months 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, 2015, scheduled principal and interest loan payments are as follows:

	TMACOG	Toledo		Total	
Year Ending June 30	Principal	Principal	Interest	Principal	Interest
2016	$456,195	$114,049	$78,383	$570,244	$78,383
2017	469,983	117,496	61,148	587,479	61,148
2018	484,189	121,047	43,391	605,236	43,391
2019	498,823	124,706	25,098	623,529	25,098
Total	$1,909,190	$477,298	$208,020	$2,386,488	$208,020

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 2017. At June 30, 2015, scheduled lease payments were as follows:

Years Ending June 30	Amount
2016	$147,804
2017	7,625
Total	$155,429

Lease expense under these agreements amounted to $149,054 for the building, $17,814 for the copiers and $4,757 for the automobile for the year ended June 30, 2015.

8. CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF NET POSITION

For fiscal year 2015, TMACOG implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.” GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

Net position June 30, 2014	$485,332
Adjustments:	
Net Pension Liability	(1,143,722)
Deferred Outflow - Payments Subsequent to Measurement Date	188,648
Restated Net Position June 30, 2014	($469,742)

Other than employer contributions subsequent to the measurement date, TMACOG made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

9. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)

NET PENSION LIABILITY: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions-–between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents TMACOG’s proportionate share of the pension plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan’s fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits TMACOG’s obligation for this liability to annually required payments. TMACOG cannot control benefit terms or the manner in which pensions are financed; however, TMACOG does receive the benefit of employees’ services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

9. DEFINED BENEFIT PENSION PLAN – (Continued)

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual basis of accounting.

Plan Description – TMACOG employees participate in OPERS, a cost-sharing multiple-employer defined benefit pension plan administered by OPERS. OPERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. OPERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position. That report can be obtained by visiting the OPERS website at www.opers.org under Quick Links (CAFR/PAFR).

OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over 5 years at 20% per year). Under the member-directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Members of the member-directed plan do not qualify for ancillary benefits.

Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

9. DEFINED BENEFIT PENSION PLAN – (Continued)

Age and service requirements for retirement are as follows:

	Group A Eligible to Retire on or before January 7, 2018 *	Group B Eligible to Retire on or BEFORE January 7, 2023	Group C Eligible to Retire after January 7, 2023
Full Benefits	Any age with 30 years of service credit; or	Any age with 32 years of service credit; or	Age 55 with 32 years of service credit; or
	Age 65 with 5 years of service credit	Age 66 with 5 years of service credit; or	Age 67 with 5 years of service credit
		Age 52 with 31 years of service credit	
Actuarially Reduced Benefits	Age 60 with 5 years of service credit	Age 60 with 5 years of service credit; or	Age 62 with 5 years of service credit; or
	Age 55 with 25 years of service credit	Age 55 with 25 years of service credit	Age 57 with 25 years of service credit

* Members with 25 years of service credit as of January 7, 2018, will be included in this plan.

For group A and B, annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. For group C, annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years of service; 2.2 percent for the first 35 years of service and 2.5 percent for years of service credit over 35. Final average salary is the average of the highest three years of salary.

A retiree who has received benefits for 12 months will receive an annual cost-of-living adjustment (COLA). The COLA is determined by the recipient's retirement group. Group A members who retire within the first five calendar years after January 7, 2013 will receive a simple, 3 percent COLA until December 31, 2018 and, thereafter, their COLA will be based on an allowance equal to a percentage of the Consumer Price Index (CPI), up to 3 percent. Groups B and C members will receive a COLA based on an allowance equal to a percentage of the CPI, up to 3 percent.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and TMACOG is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the OPERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's investment portfolios (Defined Benefit portfolio, Health Care portfolio, 115 Health Care Trust portfolio, and Defined Contribution portfolio). For the fiscal year ended June 30, 2015, the allocation to defined benefit, health care, and defined contribution was 12.00 percent.

9. DEFINED BENEFIT PENSION PLAN – (Continued)

The remaining 2.00 percent of the 14 percent employer contribution rate was allocated to the 115 Health Care Trust Portfolio.

TMACOG's contractually required contribution to OPERS for the years ending June 30, 2015, 2014 and 2013 were $179,059, $184,936 and $177,149, respectively. 92.248 percent has been contributed for 2015 and 100 percent has been contributed for 2014 and 2013. The unpaid balance for 2015, in the amount of $13,881 is recorded as a liability within the proprietary fund.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMACOG's proportion of the net pension liability was based on TMACOG'S share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	Tradisiton Plan	Combined Plan	OPERS Total
Proportionate Share of the Net Pension Liability	$1,148,821	($5,100)	$1,143,721
Proportion of the Net Pension Liability	0.009525%	0.013245%	
Pension Expense	$125,429	$3,389	$128,818

9. DEFINED BENEFIT PENSION PLAN – (Continued)

At June 30, 2015, TMACOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	OPERS
Deferred Outflows of Resources	
Differences between expected and actual experience	$49,287
TMACOG contributions subsequent to the measurement date	85,662
Total Deferred Outflows of Resources	$134,949
Deferred Inflows of Resources	
Net difference between projected and actual earnings on pension plan investments	$15,202
Total Deferred Inflows of Resources	$15,202

$85,662 reported as deferred outflows of resources related to pension resulting from TMACOG contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS
Fiscal Year Ending June 30:	
2016	($5,905)
2017	(5,905)
2018	(13,659)
2019	(15,217)
2020	185
Thereafter	631
Total	($39,870)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

Actuarial Assumptions - OPERS

OPERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of December 31, 2014, are presented below:

Wage Inflation	3.75 percent
Projected Salary Increases	4.25 percent to 10.05 percent (Includes wage inflation %
COLA or Ad Hoc COLA	3 percent Simple
Investment Rate of Return	8.00 percent
Actuarial Cost Method	Individual Age Normal

9. DEFINED BENEFIT PENSION PLAN – (Continued)

Mortality rates are the RP-2000 mortality table projected 20 years using Projection Scale AA. For males, 105% of the combined healthy male mortality rates were used. For females, 100% of the combined healthy female mortality rates were used. The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males, 120% of the disabled female mortality rates were used, set forward two years. For females, 100% of the disabled female mortality rates were used.

The most recent experience study was completed December 31, 2010.

The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return
Fixed Income	23.00 %	2.31 %
Domestic Equities	19.90	5.84
Real Estate	10.00	4.25
Private Equity	10.00	9.25
International Equities	19.10	7.40
Other Investments	18.00	4.59
Total	100.00 %	5.28%

9. DEFINED BENEFIT PENSION PLAN – (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 8.0% for both the Traditional Pension Plan and the Combined Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of TMACOG's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00 percent), or one percentage point higher (9.00 percent) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
TMACOG's District's proportionate share of the net pension liability	$2,114,165	$1,143,777	$326,659

9. DEFINED BENEFIT PENSION PLAN – (Continued)

OTHER POST – EMPLOYMENT BENEFITS (OPEB)

Plan Description – Ohio Public Employees Retirement System (OPERS) maintains a cost-sharing multiple-employer defined benefit post-employment health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement. 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 Ohio Revised Code permits, but does not require, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). State Statute requires that public employers fund postemployment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

For the year ended June 30, 2015, the members of all three plans were required to contribute 10.0 percent of their annual covered salaries. TMACOG's contribution rate for pension benefits for 2015 was 14.00 percent. The Ohio Revised Code provides statutory authority for member and employer contributions

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 amount of employer contributions which were allocated to fund post-employment health care was 2.0 percent during calendar year 2015.

9. DEFINED BENEFIT PENSION PLAN – (Continued)

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

TMACOG's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2015, 2014 and 2013 were $25,570, $13,204, and $50,612, respectively; 100 percent has been contributed for 2015, 2014 and 2013.

10. 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

10. COMPENSATED ABSENCES – (Continued)

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 pay, 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 work week. 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 of 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.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

10. COMPENSATED ABSENCES – (Continued)

The current liability for these compensated absences at June 30, 2015 was $98,982 and the total liability was $166,859. 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, 2014	$111,055	$74,251	$185,306	$73,615	$39,403	$113,018
Additions	88,242	26,395	114,637	94,932	24,116	119,047
Deletions	(101,810)	(31,274)	(133,084)	(101,810)	(31,274)	(133,084)
June 30, 2015	$97,487	$69,372	$166,859	$66,737	$32,245	$98,982

11. 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 PPO for employee health insurance coverage. TMACOG pays a portion of the employees' deductible. Premium expense for 2015 was $194,696.

12. 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, 2015.

13. 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 Position represent the application of actual indirect and fringe benefit rates.

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TMACOG'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST FISCAL YEAR (1)

	Traditional Plan 2014	Combined Plan 2014	Total 2014
TMACOG's Proportion of the Net Pension Liability	0.009525%	0.013245%	
TMACOG's Proportionate Share of Net Pension Liability	$1,148,821	($5,100)	$1,143,721
TMACOG's Covered-Employee Payroll			$1,276,579
TMACOG's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll			89.59%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability			86.45%

(1) Information prior to 2014 is not available.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TMACOG'S CONTRIBUTIONS
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST TEN FISCAL YEARS

	2015	2014	2013	2012	2011
Contractually Required Contribution	$179,059	$184,926	$177,149	$186,234	$196,029
Contributions in Relation to the Contractually Required Contribution	$179,059	$184,926	$177,149	$186,234	$196,029
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
TMACOG Covered-Employee Payroll	$1,276,579	$1,332,698	$1,271,883	$1,249,151	$1,333,286
Contributions as a Percentage of Covered-Employee Payroll	14.03%	13.88%	13.93%	14.91%	14.70%

	2010	2009	2008	2007	2006
Contractually Required Contribution	$188,851	$187,000	$198,487	$192,097	$194,361
Contributions in Relation to the Contractually Required Contribution	$188,851	$187,000	$198,487	$192,097	$194,361
Contribution Deficiency (Excess)	$0	$0	$0	$0	$0
TMACOG Covered-Employee Payroll	$1,290,067	$1,268,576	$1,359,467	$1,354,797	$1,342,605
Contributions as a Percentage of Covered-Employee Payroll	14.64%	14.74%	14.60%	14.18%	14.48%

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FRINGE BENEFIT COST RATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Fringe Benefit Costs:	**Budget**	**Actual**
Annual Leave	$ 94,641	$ 101,810
Sick Leave	59,039	31,274
Holiday Leave	54,574	52,410
Bereavement Leave	0	2,295
Civil Leave	0	177
Administrative Leave	0	2,662
Personal Time	4,985	4,822
Medicare Tax	17,515	16,226
Health Insurance	213,554	194,179
Worker's Comp Insurance	21,586	12,917
Life Insurance	548	550
Dental Insurance	16,160	14,726
Vision Insurance	2,598	2,503
HSA Contribution	23,400	23,475
PERS Contributions	181,102	179,059
Employee Assistance Program	1,164	1,164
Education Reimbursement	2,500	716
Unemployment Compensation	14,482	2,295
Total Fringe Benefit Costs	**$ 707,848**	**$ 643,260**
Allocation Base: Direct and Indirect Personnel	**$ 1,080,345**	**$ 1,081,129**
Fringe Benefit Cost Rate:	**65.52%**	**59.50%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF INDIRECT COST RATE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

Indirect Costs:		**Budget**		**Actual**
Revenues				
Sponsorship	$	10,000	$	7,874
Total Revenues		**10,000**		**7,874**
Expenses				
Personnel Services		384,959		370,045
Fringe Benefits		252,228		220,173
Consultant/Contractual Services		1,500		1,336
Audit		18,500		17,425
Legal		2,000		1,125
Advertising/Marketing		1,500		50
Insurance		13,000		13,315
Depreciation		10,000		9,882
Postage		2,500		1,991
Rent		150,667		147,854
Telephone		4,000		3,657
Automobiles		5,000		6,566
Mileage & Travel		7,500		1,700
Conferences Expenses		2,500		3,131
Meetings		10,000		4,908
Printing		12,000		10,694
Graphics		500		(745)
Office Supplies		4,000		3,167
Other Supplies		1,000		615
Equipment		1,500		208
Training		500		846
Periodicals		4,500		4,218
Recruitment		500		41
Dues		7,500		4,992
Data Processing		20,000		35,045
Other Expenses		1,000		(46)
Total Operating Expenses		**918,854**		**862,194**
Total Indirect Costs	**$**	**908,854**	**$**	**854,320**
Allocation Base: Direct Personnel plus Fringe Benefits	**$**	**1,151,007**	**$**	**1,134,172**
Indirect Cost Rate Applied		**78.96%**		**75.33%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES
FOR US DEPARTMENT OF TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDEDJUNE 30, 2015

	Federal Highway Administration/Ohio Department of Transportation PID 95219 Consolidated Planning Grant FY 14		Federal Highway Administration/Ohio Department of Transportation PID 97401 Consolidated Planning Grant FY 15	
Revenues:				
Federal	$	70,293	$	805,166
State		8,787		100,646
Local		8,787		100,646
TOTAL REVENUES	$	87,867	$	1,006,458
Expenditures				
Salaries	$	44,552	$	337,782
Benefits		29,191		198,294
Other Direct		(44,103)		69,259
Indirect Costs		58,227		401,122
TOTAL EXPENDITURES	$	87,867	$	1,006,458

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES
FOR US DEPARTMENT OF TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDEDJUNE 30, 2015

		Federal Highway Administration/Ohio Department of Transportation PID 90616 TIP Management FY 15
Revenues:		
Federal	$	76,698
State		0
Local		19,175
TOTAL REVENUES	$	95,873
Expenditures		
Salaries	$	32,950
Benefits		19,605
Other Direct		3,729
Indirect Costs		39,588
TOTAL EXPENDITURES	$	95,873

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES
FOR US DEPARTMENT OF TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDEDJUNE 30, 2015

	Federal Highway Administration/Ohio Department of Transportation PID 90614 Rideshare Program FY 15
Revenues:	
Federal	$ 25,763
State	0
Local	0
TOTAL REVENUES	$ 25,763
Expenditures	
Salaries	$ 1,957
Benefits	1,165
Other Direct	20,289
Indirect Costs	2,352
TOTAL EXPENDITURES	$ 25,763

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES
FOR US DEPARTMENT OF TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDEDJUNE 30, 2015

		Federal Highway Administration/Ohio Department of Transportation PID 90613 Air Quality Planning Grant FY 15
Revenues:		
Federal	$	48,000
State		0
Local		18,045
TOTAL REVENUES	$	66,045
Expenditures		
Salaries	$	8,117
Benefits		4,830
Other Direct		43,347
Indirect Costs		9,752
TOTAL EXPENDITURES	$	66,045

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES
FOR US DEPARTMENT OF TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDEDJUNE 30, 2015

		Federal Highway Administration/Ohio Department of Transportation PID 95422 Rural Transportation Planning Program FY 14
Revenues:		
Federal	$	50,892
State		12,723
Local		0
TOTAL REVENUES	$	63,615
Expenditures		
Salaries	$	22,139
Benefits		13,172
Other Direct		1,706
Indirect Costs		26,598
TOTAL EXPENDITURES	$	63,615

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES
FOR US DEPARTMENT OF TRANSPORTATION FUNDS
FOR THE FISCAL YEAR ENDEDJUNE 30, 2015

	Federal Highway Administration/Ohio Department of Transportation PID 97884 Ohio Conference on Freight Support FY 15	
Revenues:		
Federal	$	8,000
State		2,000
Local		0
TOTAL REVENUES	$	10,000
Expenditures		
Salaries	$	-
Benefits		0
Other Direct		10,000
Indirect Costs		0
TOTAL EXPENDITURES	$	10,000

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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	95219/97401		$875,460
Share-A-Ride	90614		25,763
TIP Monitoring	90616		76,698
Transportation Air Quality	90613		48,000
Ohio Conference of Freight	97884		8,000
Regional Transportation Planning Mentorship	95422		50,892
Passed Through Michigan Department of Transportation and SEMCOG:			
Highway Planning and Construction		**20.205**	
Transportation Planning	F15M 15003		61,286
Total United States Department of Transportation			**1,146,099**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Urban Waters Small Grant		**66.440**	
Working with Residents to Plan for Green Infrastructure	00E01316		40,000
Passed Through Ohio Environmental Protection Agency:			
Water Quality Management Planning		**66.454**	
TMACOG Areawide Water Quality Management Plan	TMACOG-FD60413		46,934
Total United States Environmental Protection Agency			**86,934**
United States Department of the Interior			
Passed Through Fish and Wildlife Service:			
Great Lakes Restoration Initiative		**15.662**	
Swan Creek River and Floodplain restoration in the Maumee AOC	F12AC00873		23,450
United States Department of Commerce			
Passed Through Ohio Department of Natural Resources Office of Coastal Management:			
Coastal Zone Management Administration Awards		**11.419**	
Watershed Septic System Education	DNRFH017 306-12		6,852
Total			**$1,263,335**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Major Enterprise Fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio, (TMACOG) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated March 15, 2016 wherein we noted TMACOG adopted Governmental Accounting Standard No. 68 *Accounting and Financial Reporting for Pensions – an amendment to GASB Statement No, 27 and* and Statement No. 71 *Pension Transition for Contributions Made Subsequent to the Measurement Date*.

.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered TMACOG's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of TMACOG's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of TMACOG's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

Compliance and Other Matters

As part of reasonably assuring whether TMACOG's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of TMACOG's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering TMACOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dave Yost

Dave Yost
Auditor of State

Columbus, Ohio

March 15, 2016

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio's (TMACOG) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Toledo Metropolitan Area Council of Governments' major federal program for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies TMACOG's major federal program.

Management's Responsibility

TMACOG's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on TMACOG's compliance for TMACOG's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on TMACOG's major program. However, our audit does not provide a legal determination of TMACOG's compliance.

Opinion on the Major Federal Program

In our opinion, the Toledo Metropolitan Area Council of Governments complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2015.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484
www.ohioauditor.gov

Report on Internal Control Over Compliance

TMACOG's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered TMACOG's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.

Dave Yost
Auditor of State

Columbus, Ohio

March 15, 2016

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	**Type of Financial Statement Opinion**	Unmodified
(d)(1)(ii)	**Were there any material control weaknesses reported at the financial statement level (GAGAS)?**	No
(d)(1)(ii)	**Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?**	No
(d)(1)(iii)	**Was there any reported material noncompliance at the financial statement level (GAGAS)?**	No
(d)(1)(iv)	**Were there any material internal control weaknesses reported for major federal programs?**	No
(d)(1)(iv)	**Were there any significant deficiencies in internal control reported for major federal programs?**	No
(d)(1)(v)	**Type of Major Programs' Compliance Opinion**	Unqualified
(d)(1)(vi)	**Are there any reportable findings under § .510(a)?**	No
(d)(1)(vii)	**Major Programs (list):**	CFDA # 20.205, Highway Planning and Construction
(d)(1)(viii)	**Dollar Threshold: Type A\B Programs**	Type A: > $ 300,000 Type B: all others
(d)(1)(ix)	**Low Risk Auditee?**	Yes

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

None

3. FINDINGS FOR FEDERAL AWARDS

None

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

BOARD OF TRUSTEES - OFFICERS
AS OF JUNE 30, 2015

OFFICER	POSITION	TERM OF OFFICE
James M. Sass	Chair	1/21/15 - 1/25/16
Angela J. Kuhn	Vice Chair	1/21/15 - 1/25/16

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENT

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
APRIL 5, 2016