

***TOLEDO METROPOLITAN AREA COUNCIL OF
GOVERNMENTS***

LUCAS COUNTY, OHIO

SINGLE AUDIT

For the Year Ended June 30, 2023





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

We have reviewed the *Independent Auditor's Report* of the Toledo Metropolitan Area Council of Governments, Lucas County, prepared by Charles E. Harris & Associates, Inc., for the audit period July 1, 2022 through June 30, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Keith Faber
Auditor of State
Columbus, Ohio

March 06, 2024

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY
SINGLE AUDIT
For the Year Ending June 30, 2023

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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 Audit of the Financial Statements

Opinion

We have audited the financial statements of the 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, 2023, and the related notes to the financial statements, which collectively comprise the TMACOG's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of the enterprise fund and the aggregate remaining fund information of the TMACOG as of June 30, 2023, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the TMACOG, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the TMACOG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the TMACOG's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the TMACOG's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension liabilities, other postemployment benefit liabilities/assets, and pension and other postemployment benefit contributions listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the TMACOG's basic financial statements. The Schedules of Fringe Benefit Cost Rate, Indirect Cost Rate, and Revenue and Expenses for U.S. Department of Transportation Funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (Schedule) as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is also presented for purposes of additional analysis and is not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2023, on our consideration of the 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the TMACOG's 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 the TMACOG's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
December 27, 2023

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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, 2023. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

- Total Net Position increased by \$141,325.
- Total expenses increased by \$801,305 to \$2,492,808 while total operating revenue plus non-operating revenue increased by \$258,717 to \$2,634,133.
- Federal and state support increased by \$152,625 to \$1,606,414 while local support increased by \$94,529 to \$1,014,735.
- After amortizing net pension expense due to net pension liability and net OPEB liability, TMACOG's net position on June 30, 2023 is \$502,529.

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 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 custodial 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 and deferred outflows of resources), obligations owed by TMACOG (liabilities and deferred inflows of resources) and TMACOG's net position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources). 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.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

FINANCIAL ANALYSIS OF TMACOG

The following tables provide a summary of TMACOG's financial positions and operations for 2023 and 2022, respectively:

**Condensed Statement of Net Position
June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>Change</u> <u>Amount</u>	<u>%</u>
Assets				
Current Assets	\$2,256,943	\$2,064,556	\$192,388	9.32%
Net OPEB Asset	0	258,527	(258,527)	-100.00%
Leased Assets	272,432	421,786	(149,354)	-35.41%
Capital Assets - Net	<u>31,427</u>	<u>50,796</u>	(19,369)	-38.13%
Total Assets	2,560,802	2,795,665	(234,863)	-8.40%
Deferred Outflows of Resources				
Pension	660,553	192,730	467,823	242.73%
OPEB	<u>139,751</u>	<u>0</u>	139,751	-
Total Deferred Outflows of Resources	800,304	192,730	607,574	315.25%
Liabilities				
Current Liabilities	682,081	603,864	78,217	12.95%
Net Pension Liability	1,722,482	557,523	1,164,959	208.95%
Net OPEB Liability	47,169	0	47,169	-
Net Lease Liability GASB 87	277,539	423,610	(146,071)	-34.48%
Noncurrent Liabilities	<u>46,106</u>	<u>53,413</u>	(7,307)	-13.68%
Total Liabilities	2,775,377	1,638,410	\$1,136,967	69.11%
Deferred Inflows of Resources				
Pension	66,175	711,541	(645,366)	-90.70%
OPEB	<u>17,025</u>	<u>277,242</u>	(260,217)	-93.86%
Total Deferred Inflows of Resources	83,200	988,783	(905,583)	-91.59%
Net Position				
Net Investment in Capital Assets	31,427	48,972	(17,545)	-35.82%
Unrestricted	<u>471,102</u>	<u>312,232</u>	158,870	50.88%
Total Net Position	\$502,529	\$361,204	\$141,325	39.13%

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

During 2023, net position related to operations, including the net pension and OPEB expense, increased by \$141,325. The increase was due primarily to the following:

- Cash and cash equivalents increased \$180,979.
- Total receivables increased by \$13,108. Local receivables increased by \$34,076. The local receivables increase is mostly attributable to outstanding dues invoices on 6/30/23 of \$197,143 versus an outstanding balance on 6/30/22 of \$163,067. The remainder of the change in local receivables is attributable to various sponsor, registration, project partner, and miscellaneous sources.
- Noncurrent Assets decreased by \$427,250 reflecting the decrease in the total value of depreciable capital assets totaling \$19,369 and a decrease in Net OPEB Assets of \$258,527. Finally, leased assets decreased \$149,354 to a total of \$272,432.
- Deferred Outflows increased by \$607,574.
- Total liabilities increased by \$1,136,967.
- Current liabilities decreased by \$2,990. This change is primarily the result of a decrease in Compensated Absences Payable of \$9,254 and an increase in Accrued Compensation Payable of \$8,667.
- Noncurrent liabilities increased by \$1,058,750 primarily due to an increase in the Net Pension Liability balance of \$1,164,959, a decrease in the Net Lease Liability balance of \$146,071 and an increase in Net OPEB Liability of \$47,169.
- Deferred Inflows decreased by \$905,583.

Net Pension and OPEB Liability

In prior years, 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 and GASB Statement 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pension,” which significantly revises accounting for other postemployment benefit (OPEB) costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of TMACOG’s actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and net OPEB asset to the reported net position and subtracting deferred outflows related to pension and OPEB.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension/OPEB costs, GASB 27 and GASB 45 focused on a funding approach. This approach limited pension/OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension/net OPEB asset*. GASB 68 and GASB 75 take an earnings approach to pension/OPEB accounting; however, the nature of Ohio’s statewide pension/OPEB systems and state law governing those systems requires additional explanation to properly understand the information presented in these statements.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

GASB 68 and GASB 75 require the net pension liability and net OPEB asset to equal 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 and OPEB 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/OPEB promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability/asset since they received the benefit of the exchange. However, TMACOG is not responsible for certain key factors affecting the balance of this liability/asset. 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 Ohio Revised Code permits, but does not require, the retirement systems to provide healthcare to eligible benefits recipients. The retirement systems may allocate a portion of the employer contributions to provide these OPEB benefits.

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/OPEB plan *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 retirement 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/OPEB benefits, contribution rates, and return on investments affect the balance of the net pension/OPEB liability/assets but are outside the control of the local government. If contributions, investment returns, and other changes are insufficient to keep up with required pension/OPEB payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension/OPEB liability/assets is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68 and GASB 75, TMACOG’s statements prepared on an accrual basis of accounting include an annual pension/OPEB expense for their proportionate share of each plan’s *change* in net pension liability not accounted for as deferred inflows/outflows.

Because of GASB 68 and GASB 75, TMACOG is reporting a net pension/OPEB liability/asset and deferred inflows/outflows of resources related to pension/OPEB on the accrual basis of accounting.

Changes in Net Position – The following table shows the changes in revenues and expenses for TMACOG for 2023 and 2022:

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

**Condensed Statement of Revenue, Expenses and Changes in Net Position
June 30, 2023**

	<u>2023</u>	<u>2022</u>	<u>Change</u> <u>Amount</u>	<u>% of 2023</u> <u>Change</u>
Operating Revenue:				
Local Dues & Assessments	\$876,622	\$847,764	\$28,858	3.40%
Other Local Support	<u>138,113</u>	<u>72,442</u>	<u>65,671</u>	90.65%
Total Operating Revenue	1,014,735	920,206	94,529	10.27%
Operating Expenses:				
Total Personnel Costs	1,814,302	1,266,438	547,864	43.26%
Consultant/Contractual/Pass-through	132,645	2,635	130,010	4933.97%
All Other Operating Expenses	<u>545,861</u>	<u>422,410</u>	<u>123,451</u>	29.23%
Total Operating Expenses	<u>2,492,808</u>	<u>1,691,483</u>	<u>801,325</u>	47.37%
Operating Loss	(1,478,073)	(771,277)	(706,796)	91.64%
Non-Operating Revenue:				
Federal	1,425,926	1,251,139	174,787	13.97%
State	180,488	202,650	(22,162)	-10.94%
Investment Related	<u>12,984</u>	<u>1,421</u>	<u>11,563</u>	813.75%
Total Non-Operating Revenue	<u>1,619,398</u>	<u>1,455,210</u>	<u>164,188</u>	11.28%
Change in Net Position	141,325	683,933	(542,608)	-79.33%
Net Position at July 1	<u>\$361,204</u>	<u>(\$322,729)</u>	<u>683,933</u>	-211.92%
Net Position at June 30	<u>\$502,529</u>	<u>\$361,204</u>	<u>\$141,325</u>	39.13%

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

- Operating Revenue increased by \$94,529 due to:
 - Clear Choice Coalition Dues increase of \$13,450.
 - Increase in event sponsorships and registrations of \$15,485.
 - Membership dues increased by \$10,790.
 - Revenue for transportation assessments increased by \$4,187.
 - Other local revenue increased by \$50,168.
- Personnel costs increased by \$22,177 and fringe benefit costs increased by \$525,687. The fringe benefit figure includes a increase of \$475,660 applicable to allocated pension and OPEB expense per GASB 68 & 75 requirements. The actual cost of benefits provided to TMACOG staff increased from \$421,346 to \$471,373. This is primarily due to additional employees on TMACOG's various insurance plans plus increased PERS and HSA contributions.
- Consultant and contractual costs increased by \$130,010.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

- Other operating expenses increased by \$123,451. The most significant factors include:
 - Increased computer costs of \$23,458.
 - Increased printing expenses of \$3,204.
 - Increased advertising costs of \$39,055.
 - Increased meeting expenses of \$12,718.
 - Increased expenditures for equipment and furniture of \$17,412.
 - Increased travel expenses of \$16,029.

- Federal Revenue increased by \$174,787 due primarily to:
 - Total transportation funding from the United States Department of Transportation (USDOT) passed through ODOT increased by \$68,496.
 - Funding from USEPA for projects that support the water quality planning program increased by \$72,196.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2023, TMACOG had \$31,427 net of accumulated depreciation invested in furniture, fixtures, equipment, and automobiles. This amount represents a net decrease of \$19,369 or 38.13% as compared to 2022. The following table shows fiscal year 2023 and 2022 historical cost balances:

Capital Assets at June 30, 2023	<u>2023</u>	<u>2022</u>	<u>Change</u>
Equipment	\$72,682	\$72,682	\$0
Computers	83,220	83,220	0
Furniture	172,516	172,516	0
Vehicles	12,690	12,690	0
Leasehold Improvement	<u>19,986</u>	<u>19,986</u>	<u>0</u>
Total Capital Assets	\$361,094	\$361,094	0
Less: Accumulated Depreciation	<u>329,667</u>	<u>310,297</u>	<u>19,370</u>
Net Balance	<u>\$31,427</u>	<u>\$50,797</u>	<u>(\$19,370)</u>

See Note 4 of the financial statements for further information.

Lease Commitments

At June 30, 2023, a lease for TMACOG’s office space, and two copy machines represented future obligations totaling \$277,539. These leases expire at various dates between 2022 and 2025. See Note 6 of the financial statements for further information on TMACOG leases. This calculation has been updated with the implementation of GASB 87 in fiscal year 2022.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2023**

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 for the foreseeable future.

The transportation funds received by TMACOG are allocated by the state of Ohio. The funding level was unchanged in 2023. The federal transportation funding law, known as FAST Act, indicates MPOs will continue to see funding stability throughout its 5-year life.

The federal and state funds received in support of the water quality 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. Partnering with members on regional projects has proven to be the most effective method to successful grant applications and TMACOG will continue to look for these opportunities.

Membership retention remained strong in 2023 as only four members chose not to renew while four new entities were welcomed in to TMACOG membership resulting in a net increase in dues revenue of \$10,789. 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 - ENTERPRISE FUND
JUNE 30, 2023**

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 1,575,985
Receivables:	
Federal	405,750
State	74,760
Local	197,143
Prepaid Insurance	3,305
Total Current Assets	2,256,943
Noncurrent Assets	
Depreciable Capital Assets, Net of Accumulated Depreciation	31,427
GASB 87 Leased Assets	272,432
Total Noncurrent Assets	303,859

TOTAL ASSETS **2,560,802**

Deferred Outflows of Resources related to Pension Activity	660,553
Deferred Outflows of Resources related to OPEB Activity	139,751

TOTAL DEFERRED OUTFLOWS OF RESOURCES **800,304**

LIABILITIES

Current Liabilities	
Accounts Payable	108,227
Accrued Compensation Payable	31,217
Compensated Absences Payable	143,009
Due to Others	9,035
Membership Dues and Transportation Assessments	390,593
Total Current Liabilities	682,081
Noncurrent Liabilities	
Net Pension Liability (See Note 7)	1,722,482
Net OPEB Liability (See Note 8)	47,169
GASB 87 Lease Liability	277,539
Compensated Absences Payable net of current portion	46,106
Total Noncurrent Liabilities	2,093,296

TOTAL LIABILITIES **2,775,377**

Deferred Inflows of Resources related to Pension Activity	66,175
Deferred Inflows of Resources related to OPEB Activity	17,025

TOTAL DEFERRED INFLOWS OF RESOURCES **83,200**

NET POSITION

Net Investment in Capital Assets	31,427
Unrestricted	471,102

TOTAL NET POSITION **\$ 502,529**

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 - ENTERPRISE FUND
YEAR ENDED JUNE 30, 2023**

Operating Revenue:	
Membership Fees	\$ 557,505
Transportation Assessments	213,547
Stormwater Assessments	91,688
Other Local Revenue	102,265
Clear Choice Coalition Dues	13,450
Event Registrations/Sponsorships	36,280
Total Operating Revenue	<u>1,014,735</u>
 Operating Expenses:	
Personnel Services	1,385,427
Fringe Benefits	428,875
Building Rent	146,400
Computer	101,533
Advertising & Promotion	72,539
Equipment	34,678
Contractual Services	132,645
Professional Services	21,186
Depreciation	19,369
Printing & Graphics	34,094
Insurance	13,265
Association Dues	12,635
Postage & Supplies	12,874
Auto & Travel	25,503
Publications & Subscriptions	3,706
Training & Seminars	3,334
Telephone	2,265
Other	6,096
Meetings	22,696
Recruitment & Public Notice	3,187
Total Operating Expenses	<u>2,482,308</u>
 Operating Loss	 (1,467,573)
 Non-Operating Revenue:	
Federal	1,425,926
State	180,488
Lease Interest - GASB 87	(10,500)
Investment Income	12,984
Total Non-Operating Revenue	<u>1,608,898</u>
 Change in Net Position	 141,325
 Net Position at July 1	 <u>361,204</u>
 Net Position at June 30	 \$ <u><u>502,529</u></u>

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 - ENTERPRISE FUND
YEAR ENDED JUNE 30, 2023**

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 999,074
Cash Paid to Suppliers	(919,973)
Cash Paid to Employees	<u>(1,376,829)</u>
Net Cash Used by Operating Activities	(1,297,727)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal/State Grants	<u>1,622,293</u>
Net Cash Received from Noncapital Financing Activities	1,622,293
Cash Flows from Capital and Related Financing Activities:	
Interest for Leases	(10,500)
Principal payment related to Lease Obligations	<u>(146,071)</u>
Net Cash Used by Capital and Related Financing Activities	<u>(156,571)</u>
Cash Flows from Investing Activities:	
Investment Income	<u>12,984</u>
Net Cash Received from Investing Activities	<u>12,984</u>
Net Increase in Cash and Cash Equivalents	180,979
Cash and Cash Equivalents, July 1	<u>1,395,006</u>
Cash and Cash Equivalents, June 30	<u>\$ 1,575,985</u>
Reconciliation of Operating Loss	
to Net Cash Used by Operating Activities:	
Operating Loss	\$ (1,467,573)
Adjustments to Reconcile Operating Loss	
to Net Cash Used in Operating Activities	
Depreciation Expense/Amortization	29,869
(Increase) Decrease in Assets:	
Accounts Receivable	13,108
Prepaid Insurance	(1,088)
Prepaid Other	7,379
Net OPEB Asset	258,527
Net Leased Asset	3,283
Deferred Outflows	(607,574)
Increase (Decrease) in Liabilities:	
Accounts Payable	9,835
Membership Dues	10,133
Compensated Absences Payable	(16,562)
Net Pension Liability	1,164,959
Net OPEB Liability	47,169
Deferred Inflows	(905,581)
Accrued Compensation Payable	8,667
Due to Others	1,650
Net Leased Liability	<u>146,071</u>
Total Adjustments	<u>169,845</u>
Net Cash Used by Operating Activities	<u>\$ (1,297,727)</u>

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, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>2,889</u>
TOTAL ASSETS	<u>2,889</u>
LIABILITIES	
Due to Others	<u>2,889</u>
TOTAL LIABILITIES	\$ <u>2,889</u>

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR FISCAL YEAR ENDED JUNE 30, 2023

	<u>Custodial</u>
Additions:	
Amounts received as fiscal agent	\$ 147
Deductions:	
Distributions as fiscal agent	<u>0</u>
Changes in Net Position	147
Net position at beginning of year	<u>2,742</u>
Net position at end of year	\$ <u><u>2,889</u></u>

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

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. Federal, state, and investment income is recorded as non-operating revenue. 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.

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, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues, and expenses as appropriate.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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

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 Custodial Fund, is recorded in the Enterprise Fund.

Fiduciary Funds

Custodial Funds - Fiduciary fund reporting focuses on net position and changes in net position. TMACOG's only Fiduciary Fund is a Custodial Fund that is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. TMACOG's Custodial Fund is comprised of the Wabash Cannonball Coordinating Committee funds held by TMACOG on behalf of the committee members to be used at the discretion of the committee members.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

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.

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, 2023.

Basis of Accounting

Proprietary Fund and Fiduciary (or Custodial) Fund transactions are recorded on the accrual basis of accounting; revenues are recognized when earned and measurable and expenses are recognized as incurred.

Measurement Focus

Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets, deferred outflows, liabilities, and deferred inflows 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 position. The statement of cash flows provides information about how TMACOG finances and meets the cash flow needs of its enterprise activity.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 and OPEB are explained in Note 7 and Note 8.

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 and OPEB are reported on the statement of net position (See Note 7 and Note 8).

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, deferred outflows, liabilities, and deferred inflows 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.

Cash and Investments

TMACOG's investment in the State Treasury Asset Reserve of Ohio (STAR Ohio) is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company and is recognized as an external investment pool by TMACOG. TMACOG measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

For the fiscal year 2023, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$100 million. STAR Ohio reserves the right to limit the transaction to \$250 million, requiring the excess amount to be transacted the following business day(s), but only to the \$250 million limit. All accounts of the participant will be combined for these purposes.

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. TMACOG is reporting an intangible right to use assets related to leased buildings, structures, and improvements. These intangible assets are being amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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.

Grants

Grant support is recognized at the time reimbursable expenses 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 statement of net position date.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Membership Dues

TMACOG invoices members a general membership fee in accordance with the budget approved by the Board of Trustees to meet the local matching requirements of the budget. Amounts not collected are written off and the non-paying entity is dropped from TMACOG membership rolls.

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 transportation 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.

Prepaid Assets

Prepaid assets account for payments made in the current year for expenses that will occur in a subsequent year.

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.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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).

Tax Status

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

Pensions/OPEB

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

Contributed In-Kind Service

TMACOG has entered into a contract with USEPA to provide monetary assistance to local farmers and landowners who are implementing Best Management Practices (BMPs). As part of this contract, the farmers and landowners are providing in-kind service with their costs for implementing the BMPs beyond the monetary assistance provided by the grant. This in-kind service is shown on the Statement of Revenue, Expenses, and Changes in Net Position as both a revenue and an expense of equal value.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

3. DEPOSITS AND INVESTMENTS

Deposits with Financial Institutions

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

At June 30, 2023, the carrying amount of all TMACOG deposits was \$1,568,199.

Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2023, \$250,000 of TMACOG’s bank balance of \$1,622,272 was covered by Federal Deposit Insurance Corporation. The remaining \$1,372,272 was deposited under an Insured Cash Sweep program to other financial institutions so that the balance in any one financial institution did not exceed the standard maximum deposit insurance amount of \$250,000.

Investments

As of June 30, 2023, TMACOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>
STAR Ohio	<u>\$10,675</u>

The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2023 is 39 days.

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 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, 2023.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

3. DEPOSITS AND INVESTMENTS – (Continued)

<u>Investment Type</u>	<u>Net Asset Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$10,675</u>	<u>100.00%</u>

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, 2023:

<u>Cash and Investments per above,</u>	
Carrying amount of deposits	\$ 1,568,199
Investments	<u>10,675</u>
Total	<u>\$ 1,578,874</u>
 <u>Cash and Investments per Statements of Net Position</u>	
Proprietary Fund	\$ 1,575,985
Custodial Fund	<u>2,889</u>
Total	<u>\$ 1,578,874</u>

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

<u>Class</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Computer equipment and software	\$83,220	\$0	0	\$83,220
Furniture and fixtures	172,516	0	0	172,516
Machinery and equipment	72,682	0	0	72,682
Vehicles	12,690	0	0	12,690
Leasehold Improvement	19,986	<u>0</u>	<u>0</u>	19,986
Lease Intangible	<u>451,293</u>	<u>0</u>	<u>0</u>	<u>451,293</u>
Total	<u>\$812,387</u>	<u>0</u>	<u>\$0</u>	<u>\$812,387</u>

Accumulated Depreciation

<u>Class</u>	<u>June 30, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2023</u>
Computer equipment and software	(\$71,681)	(\$6,602)	\$0	(\$78,283)
Furniture and fixtures	(169,969)	(637)	0	(170,606)
Machinery and equipment	(45,964)	(9,632)	0	(55,596)
Vehicles	(12,690)	0	0	(12,690)
Leasehold Improvement	(9,993)	(2,498)	0	(12,491)
Lease Depreciation	<u>(29,507)</u>	<u>(149,354)</u>	<u>0</u>	<u>(178,861)</u>
Total	<u>(\$339,804)</u>	<u>(\$168,723)</u>	<u>\$0</u>	<u>(\$508,527)</u>
Net Value	<u>\$472,882</u>	<u>(\$168,723)</u>	<u>\$0</u>	<u>\$303,859</u>

Depreciation Expense
Charged to Operating
Expense \$19,369

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

5. CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Amount Outstanding June 30, 2022	Additions	(Reductions)	Amount Outstanding June 30, 2023	Due Within One Year
<u>Governmental Activities</u>					
Net Pension Liabilities	\$557,523	\$1,164,959	\$0	\$1,722,482	\$0
Net OPEB Liability	0	47,169	0	47,169	0
Net Lease Liability	423,610	0	(146,071)	277,539	150,455
Compensated Absences	<u>205,677</u>	<u>124,119</u>	<u>(140,681)</u>	<u>189,115</u>	<u>143,009</u>
Total Government	<u>\$1,186,810</u>	<u>\$1,336,247</u>	<u>(\$286,752)</u>	<u>\$2,236,305</u>	<u>\$293,464</u>

6. LEASES

On May 1st, 2022, TMACOG entered into a lease with the Toledo Lucas County Port Authority for a term of 3 years with a monthly lease payment of \$12,454.17. The lease contains no adjustment agreement and no option. Under the lease agreement, the Port Authority is responsible for paying for all utilities, maintenance, repairs and property taxes. In addition to the building lease, TMACOG also leases two copy machines from US Bank. This lease also comes due in FY25.

Due to the implementation of GASB Statement 87, these leases have met the criteria of leases thus requiring them to be recorded by TMACOG. The future lease payments were discounted based on the interest rate implicit in the leases and using the organizations incremental borrowing rate. This discount is being amortized over the life of the lease. At June 30, 2023, scheduled lease payments were as follows:

Year ending June 30	Principal	Interest	Total
2024	\$150,455	\$6,043	\$156,498
2025	127,084	1,566	128,650
Total	\$277,539	\$7,609	\$285,148

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN

NET PENSION/OPEB LIABILITY: The net pension/OPEB liability reported on the statement of net position represents a liability to employees for pensions. Pensions/OPEB 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/OPEB liability represents TMACOG’s proportionate share of the pension/OPEB plan’s collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension/OPEB plan’s fiduciary net position. The net pension/OPEB 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.

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

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.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

The proportionate share of the plan’s unfunded benefits is presented as a long-term *net pension/OPEB liability* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contribution outstanding at the end of the year is included in *accrued compensation payable* on the accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

TMACOG employees participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (TMACOG employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS’ traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS’ fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS ACFR referenced above for additional information):

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

Group A	Group B	Group C
Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with five years of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with five years of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30 years	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35 years

Final average Salary (FAS) represents the average of the three highest years of earnings over a member’s career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member’s career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a traditional plan benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those who retired prior to January 7, 2013, current law provides for a 3% simple annual cost-of-living adjustment. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, current law provides that the adjustment will be based on the average percentage increase in the Consumer Price Index, capped at 3%. A death benefit of \$500-\$2,500, determined by the number of years of service credit of the retiree, is paid to the beneficiary of a deceased retiree or disability benefit recipient under the Traditional Pension Plan and Combined Plan. Death benefits are not available to beneficiaries of Member-Directed Plan participants.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
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7. DEFINED BENEFIT PENSION PLAN – (Continued)

Defined contribution plan benefits are established in the plan documents, which may be amended by the Board. Member-directed plan and combined plan members who have met the retirement eligibility requirements may apply for retirement benefits. The amount available for defined contribution benefits in the combined plan consists of the member's contributions plus or minus the investment gains or losses resulting from the member's investment selections. Combined plan members wishing to receive benefits must meet the requirements for both the defined benefit and defined contribution plans. Member-directed participants must have attained the age of 55, have money on deposit in the defined contribution plan and have terminated public service to apply for retirement benefits. The amount available for defined contribution benefits in the member-directed plan consists of the members' contributions, vested employer contributions and investment gains or losses resulting from the members' investment selections. Employer contributions and associated investment earnings vest over a five-year period, at a rate of 20 percent each year. At retirement, members may select one of several distribution options for payment of the vested balance in their individual OPERS accounts. Options include the annuitization of their benefit account (which includes joint and survivor options and will continue to be administered by OPERS), partial lump-sum payments (subject to limitations), a rollover of the vested account balance to another financial institution, receipt of entire account balance, net of taxes withheld, or a combination of these options. When a member chooses to annuitize his/her defined contribution benefit, the annuitized portion of the benefit is reclassified to a defined benefit.

Funding Policy

The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

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**NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

	State and Local
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2023 Actual Contribution Rates	
Employer :	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. TMACOG’s contractually required contribution was \$195,178 for the year ending June 30, 2023. Of this amount, \$16,992 is reported as an accrued compensation payable.

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

The net pension liability for OPERS was measured as of December 31, 2022, 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:

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**NOTES TO THE FINANCIAL STATEMENTS
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7. DEFINED BENEFIT PENSION PLAN – (Continued)

	OPERS
Proportionate Share of the Net Pension Liability	\$1,722,482
Proportion of the Net Pension Liability - 2023	0.005831%
Proportion of the Net Pension Liability - 2022	0.006408%
Change in Proportionate Share Pension Expense	-0.000577%
	\$250,298

At June 30, 2023, TMACOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	OPERS
Deferred Outflows of Resources	
TMACOG contributions subsequent to the measurement date	\$ 94,183
Change in Assumptions	18,197
Differences between expected and actual experience	57,213
Net difference between projected and actual earnings on pension plan investments	490,960
Total Deferred Outflows of Resources	\$660,553
 Deferred Inflows of Resources	
Changes in proportionate and differences	\$ 66,175
Total Deferred Inflows of Resources	\$66,175

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

\$94,183 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, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	OPERS
2023	\$20,154
2024	95,019
2025	144,514
2026	240,508
Total	\$500,195

Actuarial Methods and Assumptions - OPERS

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification 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. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 67. Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of December 31, 2022 are presented as follows:

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

Wage Inflation		2.75 percent
Projected Salary Increases	2.75 percent to 10.75 percent	(Includes wage inflation of 2.75%)
COLA or Ad Hoc COLA		Pre 1/7/2013 Retirees: 3 percent Simple
		Post 1/7/13 Retirees: 3% simple through 2022, then 2.05% simple
Investment Rate of Return		6.90 percent
Actuarial Cost Method		Individual Entry Age

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

Discount Rate

The discount rate used to measure the total pension liability was 6.9% for the Traditional Pension Plan, Combined Plan and Member-Directed 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 contractually required rates, as actuarially determined. 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 for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

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

The following table presents the TMACOG’s proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the TMACOG’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

	1% Decrease	Discount Rate	1% Increase
TMACOG's proportionate share	5.90%	6.90%	7.90%
of the net pension liability	\$2,580,217	\$1,722,482	\$1,008,996

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2022 and the long-term expected real rates of return:

Asset Class	Allocation	Real Rate of Return
Fixed Income	22.00 %	2.62 %
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other Investments	5.00	2.27
Total	100.00 %	4.50%

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023
(CONTINUED)**

7. DEFINED BENEFIT PENSION PLAN – (Continued)

The long-term expected rate of return on defined benefit investments 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 real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

8. DEFINED BENEFIT OPEB PLAN

See Note 7 for a description of the net OPEB liability.

Plan Description – Ohio Public Employees Retirement System (OPERS)

The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of another Post Employment Benefit (OPEB) as described in GASB Statement 75. See OPERS' ACFR referenced below for additional information.

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**NOTES TO THE FINANCIAL STATEMENTS
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8. DEFINED BENEFIT OPEB PLAN – (continued)

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, 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 Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In fiscal year 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2020 is 0% for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2022 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. TMACOG's contractually required contribution was \$0 for fiscal year 2023.

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**NOTES TO THE FINANCIAL STATEMENTS
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8. DEFINED BENEFIT OPEB PLAN – (continued)

***OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and
Deferred Inflows of Resources Related to OPEB***

The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payments, and interest accruals during the year. Additional information on the changes in net OPEB liability and contribution information can be found in the Required Supplementary Information in the Financial Section of the annual report. Following is information related to the proportionate share and OPEB expense:

Proportion of the Net OPEB Liability - 2022	0.007481%
Proportion of the Net OPEB Liability - 2021	<u>0.008254%</u>
Change in Proportionate Share	<u>0.000773%</u>
Proportionate Share of the Net OPEB Liability (Asset)	<u>\$47,169</u>
OPEB Expense	<u>(\$82,568)</u>

At June 30, 2023, TMACOG reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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**NOTES TO THE FINANCIAL STATEMENTS
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(CONTINUED)**

8. DEFINED BENEFIT OPEB PLAN – (continued)

	<u>OPERS</u>
Deferred Outflows of Resources	
Changes in assumptions	\$46,071
Net difference between projected and actual earnings on pension plan investments	93,680
Total Deferred Outflows of Resources	<u>\$139,751</u>
 Deferred Inflows of Resources	
Differences between expected and actual experience	\$11,767
Changes of assumptions	3,791
Changes in proportionate and differences	1,467
Total Deferred Inflows of Resources	<u>\$17,025</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	<u>OPERS</u>
Fiscal Year Ending June 30:	
2023	\$ 14,185
2024	34,072
2025	29,212
2026	45,257
Total	<u>\$122,726</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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8. DEFINED BENEFIT OPEB PLAN – (continued)

Actuarial Assumptions – OPERS

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and cost trends. Actuarially determined amounts are subject to continual review or modification as actual results are compared with past expectations and new estimates are made about the future.

Projections of health care costs 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 coverage provided at the time of each valuation and the historical pattern of sharing of costs between the System and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Actuarial Valuation Date	December 31, 2021
Rolled-Forward Measurement Date	December 31, 2022
Experience Study	5-Year Period Ended December 31, 2020
Actuarial Cost Method	Individual entry age
Actuarial Assumptions	
Single Discount Rate	5.22%
Investment Rate of Return	6.00%
Municipal Bond Rate	4.05%
Wage Inflation	2.75%
Projected Salary Increases	2.75%-10.75%
	(includes wage inflation at 2.75%)
Health Care Cost Trend Rate	5.5% initial, 3.50% ultimate in 2036

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8. DEFINED BENEFIT OPEB PLAN – (continued)

Pre-retirement mortality rates are based on 130% of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions and 170% of the Pub-2010 Safety Employee Mortality tables (males and females) for the Public Safety and Law Enforcement divisions. Post-retirement mortality rates are based on 115% of the PubG-2010 Retiree Mortality Tables (males and females) for all divisions. Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females) for all divisions. For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The allocation of investment assets within the Health Care portfolio is approved by the Board as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. The System's primary goal is to achieve and maintain a fully funded status for benefits provided through the defined benefit pension plans. Health care is a discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future 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 rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of arithmetic rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

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**NOTES TO THE FINANCIAL STATEMENTS
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8. DEFINED BENEFIT OPEB PLAN – (continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	34.00 %	2.56 %
Domestic Equities	26.00	4.10
Real Estate	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
 Total	 <u>100.00 %</u>	 <u>3.84%</u>

Discount Rate

A single discount rate of 5.22% was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6.00%. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00% and a municipal bond rate of 4.05%. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the OPEB plan's fiduciary net position and future contributions were sufficient to finance the health care costs through the year 2054. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

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(CONTINUED)**

8. DEFINED BENEFIT OPEB PLAN – (continued)

Sensitivity of TMACOG’s Proportionate Share of Net OPEB Liability to Changes in Discount Rate

The following table presents TMACOG’s proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what TMACOG’s proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (4.22 percent) or one percentage point higher (6.22 percent) than the current rate:

	Single Discount Rate		
	1% Decrease ▼ (4.22%)	Discount Rate ▼ (5.22%)	1% Increase ▼ (6.22%)
TMACOG's proportionate share of the net OPEB liability	\$160,542	\$47,169	(\$46,382)

Sensitivity of TMACOG’s Proportionate Share of Net OPEB Liability to Changes in Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

	Health Care Cost Trend Rate		
	1% Decrease	Assumption	1% Increase
TMACOG's proportionate share of the net OPEB liability	\$44,213	\$47,169	\$50,497

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**NOTES TO THE FINANCIAL STATEMENTS
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8. DEFINED BENEFIT OPEB PLAN – (continued)

Retiree health care valuations use a health care cost trend assumption with changes over several years built into that assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50%. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health care cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50% in the most recent valuation.

9. COMPENSATED ABSENCES

TMACOG has five forms of compensated absences: holidays (12 days each year), annual leave, personal (2 day each year), compensatory time, and sick leave.

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

Years of Service	Hours Accrued per Pay Period	Maximum Accrued per Year
Less than 4 years	3.07	10 days
4 but less than 9 years	4.60	15 days
9 but less than 14 years	6.13	20 days
14 but less than 19 years	6.77	22 days
19 but less than 24 years	7.66	25 Days
24 years or more	9.23	30 Days

Annual leave may accrue to an amount equal to three times the employee’s annual accrual amount. Upon leaving TMACOG, employees receive unused annual leave at their current rate of pay, if they have completed 6 months of continuous employment.

Certain non-supervisory employees of TMACOG receive payment for overtime hours worked in excess of 40 for any single work week. Overtime hours are paid on a one-to-one and one-half basis during the subsequent payroll processing cycle.

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(CONTINUED)**

9. COMPENSATED ABSENCES – (Continued)

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.

The total liability for these compensated absences at June 30, 2023 was \$189,115 while the current liability at June 30, 2023 was \$143,009. The following table provides detail in support of this liability:

Accrued Leave Liability:

	<u>Annual</u>	<u>Sick</u>	<u>Total</u>	<u>Annual</u>	<u>Sick</u>	<u>Total</u>
June 30, 2022	\$ 140,368	\$ 65,308	\$ 205,677	\$ 112,091	\$ 40,173	\$ 152,264
Additions	105,148	18,971	124,119	96,200	35,225	131,425
Deletions	<u>(107,216)</u>	<u>(33,464)</u>	<u>(140,680)</u>	<u>(107,216)</u>	<u>(33,464)</u>	<u>(140,680)</u>
June 30, 2023	<u>\$ 138,300</u>	<u>\$ 50,815</u>	<u>\$ 189,115</u>	<u>\$ 101,075</u>	<u>\$ 41,934</u>	<u>\$ 143,009</u>

10. RISK MANAGEMENT

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

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

TMACOG has a premium based PPO for employee health insurance coverage. TMACOG pays a portion of the employees' deductible. Premium expense for 2023 was \$164,811.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
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(CONTINUED)**

11. CONTINGENT LIABILITIES

TMACOG receives substantial financial assistance from federal, state and local agencies in the form of grants. Grants are generally awarded on an annual basis, and there is no assurance as to their future continuance or the amounts to be awarded. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Proprietary Fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the Proprietary Fund included herein or on the overall financial position of TMACOG at June 30, 2023.

12. FRINGE BENEFIT AND INDIRECT COST RATE CALCULATION

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

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

	Traditional Plan <u>2022</u>	Traditional Plan <u>2021</u>	Traditional Plan <u>2020</u>	Traditional Plan <u>2019</u>	Traditional Plan <u>2018</u>
TMACOG's Proportion of the Net Pension Liability	0.005831%	0.006408%	0.006556%	0.006941%	0.007035%
TMACOG's Proportionate Share of Net Pension Liability	\$1,722,482	\$577,523	\$970,801	\$1,371,936	\$1,926,744
TMACOG's Covered Payroll	\$1,385,427	\$1,363,250	\$1,322,683	\$1,312,371	\$1,323,985
TMACOG's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	124.33%	42.36%	73.40%	104.54%	145.53%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%	74.70%
	Traditional Plan <u>2017</u>	Traditional Plan <u>2016</u>	Traditional Plan <u>2015</u>	Traditional Plan <u>2014</u>	
TMACOG's Proportion of the Net Pension Liability	0.007640%	0.008125%	0.008281%	0.009525%	
TMACOG's Proportionate Share of Net Pension Liability	\$1,198,568	\$1,845,049	\$1,434,373	\$1,123,762	
TMACOG's Covered Payroll	\$1,240,586	\$1,296,918	\$1,265,743	\$1,180,685	
TMACOG's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered Payroll	96.61%	142.26%	113.32%	95.18%	
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	84.66%	77.25%	81.08%	86.45%	

(1) Information prior to 2013 is not available.
The years above indicate the measurement date.
See notes to required supplemental information for additional information.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$195,178	\$185,018	\$179,809	\$178,350	\$182,964
Contributions in Relation to the Contractually Required Contribution	\$195,178	\$185,018	\$179,809	\$178,350	\$182,964
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TMACOG Covered Payroll	 \$1,385,427	 \$1,363,250	 \$1,322,683	 \$1,312,371	 \$1,323,985
 Contributions as a Percentage of Covered Payroll	 14.00%	 14.00%	 14.00%	 14.00%	 14.00%
	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>
Contractually Required Contribution	\$165,843	\$166,474	\$149,886	\$153,489	\$171,722
Contributions in Relation to the Contractually Required Contribution	\$165,843	\$166,474	\$149,886	\$153,489	\$171,722
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TMACOG Covered Payroll	 \$1,240,586	 \$1,296,918	 \$1,265,743	 \$1,276,579	 \$1,332,698
 Contributions as a Percentage of Covered Payroll	 13.00%	 12.00%	 12.00%	 13.00%	 12.00%

See notes to required supplemental information for additional information.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF TMACOG'S PROPORTIONATE SHARE OF NET OPEB LIABILITY/(ASSET)
OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM
LAST SIX YEARS (1)**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
TMACOG's Proportion of the Net OPEB Liability/(Asset)	0.007481%	0.008254%	0.008422%	0.008645%	0.008702%	0.008970%
TMACOG's Proportionate Share of Net OPEB Liability/(Asset)	\$47,169	(\$258,527)	(\$150,045)	\$1,194,099	\$1,134,536	\$974,076
TMACOG's Covered Payroll	\$1,385,427	\$1,363,250	\$1,322,683	\$1,312,371	\$1,323,985	\$1,275,715
TMACOG's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Its Covered Payroll	3.40%	-18.96%	-11.34%	90.99%	85.69%	76.36%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/Asset	94.79%	128.23%	115.57%	47.80%	46.33%	54.14%

(1) Information prior to 2016 is not available.
The years above indicate the measurement date.
See notes to required supplemental information for additional information.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contributions in Relation to the Contractually Required Contribution	\$0	\$0	\$0	\$0	\$0
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TMACOG Covered Payroll	 \$1,385,427	 \$1,363,250	 \$1,322,683	 \$1,312,371	 \$1,323,985
 Contributions as a Percentage of Covered Payroll	 0.00%	 0.00%	 0.00%	 0.00%	 0.00%
	 <u>2018</u>	 <u>2017</u>	 <u>2016</u>	 <u>2015</u>	 <u>2014</u>
Contractually Required Contribution	\$6,120	\$20,061	\$24,979	\$13,204	\$50,612
Contributions in Relation to the Contractually Required Contribution	\$6,120	\$20,061	\$24,979	\$13,204	\$50,612
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TMACOG Covered Payroll	 \$1,240,586	 \$1,296,918	 \$1,265,743	 \$1,276,579	 \$1,332,698
 Contributions as a Percentage of Covered Payroll	 1.00%	 2.00%	 2.00%	 1.00%	 2.00%

See notes to required supplemental information for additional information.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO THE REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2023**

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

RSI Note 1 - Changes in Assumptions – OPERS Pension

Amounts reported for fiscal year 2017 (Measurement Period 2016) incorporate changes in assumptions used by OPERS in calculating the total pension liability / asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2016 (Measurement Period 2015) and prior are presented below:

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a reduction of the discount rate from 8.0% to 7.5%, a reduction in the wage inflation rate from 3.75% to 3.25%, and transition from RP-2000 mortality tables to the RP-2014 mortality tables.

There are no changes in actuarial valuation for measurement period 2017 versus measurement period 2016.

Key Methods and Assumptions Used in Valuation of Total Pension Liability / Asset		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	7.20%	7.50%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 8.25% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2018, then 2.15% Simple

Changes for the period 2018 versus the measurement period 2017 included a reduction of the discount rate from 7.5% to 7.2%.

There were no significant changes for the measurement period 2019 versus the measurement period 2018.

There were also no significant changes for the measurement period 2020 versus the measurement period 2019.

RSI Note 1 - Changes in Assumptions – OPERS Pension (continued)

Amounts reported for fiscal year 2022 (Measurement Period 2021) incorporate changes in assumptions used by OPERS in calculating the total pension liability / asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) and prior are presented below:

Key Methods and Assumptions Used in Valuation of Total Pension Liability / Asset		
Actuarial Information	Traditional Pension Plan	Traditional Pension Plan
Valuation Date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Investment Rate of Return	6.90%	7.20%
Wage Inflation	2.75%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Cost-of-Living Adjustments	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 3.00% Simple through 2022, then 2.05% Simple	Pre - 1/7/2013 Retirees: 3.00% Simple; Post - 1/7/2013 Retirees: 0.50% Simple through 2021, then 2.15% Simple

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a reduction of the discount rate from 7.2% to 6.9%, a reduction in the wage inflation rate from 3.25% to 2.75%, and transition from RP-2014 mortality tables to the Pub-2010 mortality tables.

RSI Note 2 - Changes in Assumptions – OPERS OPEB

Amounts reported for fiscal year 2019 (measurement period 2018) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability / asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2018 (Measurement Period 2017) are presented below:

RSI Note 2 - Changes in Assumptions – OPERS Pension (continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability / Asset		
Actuarial Information		
Valuation Date	December 31, 2017	December 31, 2016
Rolled-forward measurement date	December 31, 2018	December 31, 2017
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.96%	3.85%
Investment Rate of Return	6.00%	6.50%
Municipal Bond Rate	3.71%	3.31%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10% initial, 3.25% ultimate in 2029	7.5% initial, 3.25% ultimate in 2028

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included an increase of the discount rate from 3.85% to 3.96%, a reduction in the investment rate of return from 6.50% to 6.00%, and an increase in the bond rate from 3.31% to 3.71%.

Amounts reported for fiscal year 2020 (measurement period 2019) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability / asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2019 (measurement period 2018) are presented below:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability / Asset		
Actuarial Information		
Valuation Date	December 31, 2018	December 31, 2017
Rolled-forward measurement date	December 31, 2019	December 31, 2018
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	3.16%	3.96%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.75%	3.71%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	10.5% initial, 3.50% ultimate in 2030	10.0% initial, 3.25% ultimate in 2029

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included a decrease of

RSI Note 2 - Changes in Assumptions – OPERS Pension (continued)

the discount rate from 3.96% to 3.16% and a decrease in bond rate from 3.71% to 2.75%. There is also a change in the Health Care Cost Trend Rates.

Amounts reported for fiscal year 2021 (measurement period 2020) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability / asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2020 (Measurement Period 2019) are presented below:

Key Methods and Assumptions Used in Valuation of Total OPEB Liability / Asset		
Actuarial Information		
Valuation Date	December 31, 2019	December 31, 2018
Rolled-forward measurement date	December 31, 2020	December 31, 2019
Experience Study	5 Year Period Ended December 31, 2015	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	6.00%	3.16%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	2.00%	2.75%
Wage Inflation	3.25%	3.25%
Projected Salary Increases	3.25% to 10.75% (Includes wage inflation of 3.25%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	8.5% initial, 3.50% ultimate in 2035	10.5% initial, 3.50% ultimate in 2030

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2015. Significant changes included an increase of the discount rate from 3.16% to 6.00% and a decrease in the municipal bond rate from 2.75% to 2.00%. There is also a change in the Health Care Cost Trend Rates.

Amounts reported for fiscal year 2022 (measurement period 2021) incorporate changes in assumptions used by OPERS in calculating the total OPEB liability / asset in the latest actuarial valuation. These new assumptions compared with those used in fiscal year 2021 (Measurement Period 2020) are presented below:

RSI Note 2 - Changes in Assumptions – OPERS Pension (continued)

Key Methods and Assumptions Used in Valuation of Total OPEB Liability / Asset		
Actuarial Information		
Valuation Date	December 31, 2020	December 31, 2019
Rolled-forward measurement date	December 31, 2021	December 31, 2020
Experience Study	5 Year Period Ended December 31, 2020	5 Year Period Ended December 31, 2015
Actuarial Cost Method	Individual entry age	Individual entry age
Actuarial Assumptions:		
Single Discount Rate	6.00%	6.00%
Investment Rate of Return	6.00%	6.00%
Municipal Bond Rate	1.84%	2.00%
Wage Inflation	2.75%	3.25%
Projected Salary Increases	2.75% to 10.75% (Includes wage inflation of 2.75%)	3.25% to 10.75% (Includes wage inflation of 3.25%)
Health Care Cost Trend Rate	5.5% initial, 3.50% ultimate in 2034	8.5% initial, 3.50% ultimate in 2035

Changes in assumptions were made based upon an updated experience study that was completed for the five-year period ended December 31, 2020. Significant changes included a decrease of the municipal bond rate from 2.00% to 1.84% and a decrease in the minimum projected salary increases from 3.25% to 2.75%. There is also a change in the Health Care Cost Trend Rates.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF FRINGE BENEFIT COST RATE
YEAR ENDED JUNE 30, 2023**

Fringe Benefit Costs:	Budget	Actual
Annual Leave	\$ 116,616	\$ 107,216
Sick Leave	46,466	33,464
Holiday Leave	69,699	62,980
Bereavement Leave	0	6,625
Personal Time	11,617	11,607
Medicare Tax	22,210	19,412
Education Reimbursement	10,000	1,472
Health Insurance	216,896	194,268
Worker's Comp Insurance	13,063	11,351
Life Insurance	875	865
PERS Contributions	214,445	195,178
Employee Assistance Program	1,276	1,164
HSA Contribution	28,275	24,788
Vision Insurance	2,815	2,388
Dental Insurance	19,741	13,537
Auto Allowance	6,000	5,750
Cell Phone Allowance	1,200	1,200
Total Fringe Benefit Costs	\$ <u>781,194</u>	\$ <u>693,264</u>
Allocation Base: Direct and Indirect Personnel	\$ <u>1,287,353</u>	\$ <u>1,163,536</u>
Fringe Benefit Cost Rate:	<u>60.68%</u>	<u>59.58%</u>

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF INDIRECT COST RATE
YEAR ENDED JUNE 30, 2023**

Indirect Costs:	Budget	Actual
Revenues		
Registration Fees	\$ 9,000	\$ 11,030
Display Table Rental	3,400	2,050
Sponsorship	2,600	9,500
Total Revenues	<u>15,000</u>	<u>22,580</u>
Expenses		
Personnel Services	479,408	449,556
Fringe Benefits	290,915	267,857
Consultant/Contractual Services	2,000	1,073
Audit	16,460	16,039
Legal	500	0
Advertising/Marketing	1,000	0
Payroll Processing	2,600	5,147
Insurance	13,500	14,019
Depreciation	20,000	19,369
Postage	2,500	720
Rent	145,200	145,200
Telephone	2,400	2,025
Security Monitoring	600	723
Mileage & Travel	4,200	7,513
Conferences Expenses	4,400	3,814
Meetings	10,600	11,411
Printing	8,000	6,826
Graphics	1,000	1,293
Office Supplies	2,500	1,055
Other Supplies	1,000	534
Equipment	7,000	2,860
Training	500	2,692
Periodicals	4,000	3,706
Recruitment	250	2,258
Dues	2,000	870
Computer Expense	50,000	41,530
Other Expenses	1,950	917
Total Operating Expenses	<u>1,074,484</u>	<u>1,009,006</u>
Total Indirect Costs	\$ 1,059,484	\$ 986,426
Allocation Base: Direct Personnel plus Fringe Benefits	\$ <u>1,298,223</u>	\$ <u>1,139,387</u>
Indirect Cost Rate Applied	<u>81.61%</u>	<u>86.58%</u>

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2023**

	Federal Highway Administration/Ohio Department of Transportation PID 114262 Consolidated Planning Grant FY 22	Federal Highway Administration/Ohio Department of Transportation PID 116044 Consolidated Planning Grant FY 23
Revenues:		
Federal	\$ 207,649	\$ 826,615
State	\$ 25,956	\$ 103,327
Local	\$ <u>25,956</u>	\$ <u>103,327</u>
 TOTAL REVENUES	 \$ <u>259,562</u>	 \$ <u>1,033,269</u>
Expenditures		
Salaries	\$ 85,207	\$ 314,173
Benefits	\$ 51,703	\$ 186,257
Other Direct	\$ 10,919	\$ 92,784
Indirect Costs	\$ <u>111,732</u>	\$ <u>440,055</u>
 TOTAL EXPENSES	 \$ <u>259,562</u>	 \$ <u>1,033,269</u>

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2023**

Federal Highway
Administration/Ohio
Department of Transportation
PID 111330
TIP Management FY 23

Revenues:			
Federal	\$	79,957	
State	\$	-	
Local	\$	<u>19,989</u>	
TOTAL REVENUES	\$	<u>99,946</u>	
Expenditures			
Salaries	\$	33,069	
Benefits	\$	19,703	
Other Direct	\$	1,484	
Indirect Costs	\$	45,689	
TOTAL EXPENSES	\$	<u>99,946</u>	

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2023**

Federal Highway
Administration/Ohio
Department of Transportation
PID 106711
Rideshare Program FY 23

Revenues:			
Federal	\$	15,709	
State	\$	-	
Local	\$	-	
TOTAL REVENUES	\$	<u>15,709</u>	
Expenditures			
Salaries	\$	1,868	
Benefits	\$	1,113	
Other Direct	\$	10,148	
Indirect Costs	\$	2,580	
TOTAL EXPENSES	\$	<u>15,709</u>	

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2023**

Federal Highway
Administration/Ohio
Department of Transportation
PID 106709
Air Quality Planning Grant FY 23

Revenues:			
Federal		\$	103,616
State		\$	-
Local		\$	-
			<hr/>
TOTAL REVENUES		\$	<u>103,616</u>
Expenditures			
Salaries		\$	13,950
Benefits		\$	8,312
Other Direct		\$	62,079
Indirect Costs		\$	19,274
			<hr/>
TOTAL EXPENSES		\$	<u>103,616</u>

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023
PREPARED BY MANAGEMENT**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	20.205		
Transportation Planning		114262/116044	\$ 1,034,264
Ride Share Program		106711	15,598
TIP Monitoring		111330	79,919
Transportation Air Quality		106709	103,616
			1,233,397
<i>Passed Through Michigan Department of Transportation and SEMCOG:</i>			
Highway Planning and Construction	20.205		
Transportation Planning		20003	52,373
			52,373
Total all Highway Planning and Construction			1,285,770
Total United States Department of Transportation			1,285,770
<u>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct Program</i>			
Water Workforce Grant	66.445		
Water Workforce Training Program			
- Training Program in Conjunction with Owens CC		84034601	67,500
			67,500
<i>Passed Through Ohio Environmental Protection Agency:</i>			
Water Quality Management Planning	66.454		
TMACOG Areawide Water Quality Management Plan		TMACOG-FD60421	51,657
			51,657
Total United States Environmental Protection Agency			119,157
Total Expenditures of Federal Awards			\$ 1,404,927

The accompanying notes are an integral part of this schedule.

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED JUNE 30, 2023
PREPARED BY MANAGEMENT**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Toledo Metropolitan Area Council of Governments (TMACOG's) under programs of the federal government for the year ended June 30, 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TMACOG, it is not intended to and does not present the financial position, changes in net position, or cash flows of TMACOG.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

TMACOG has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. TMACOG has an approved Indirect Cost Plan with the Ohio Department of Transportation for the fiscal year ended June 30, 2023, and the Indirect Cost Rate was 86.58%.

NOTE D- MATCHING REQUIREMENTS

Certain Federal programs require TMACOG to contribute non-Federal funds (matching funds) to support the Federally-funded programs. TMACOG has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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

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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the 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, 2023, and the related notes to the financial statements, which collectively comprise the TMACOG's basic financial statements, and have issued our report thereon dated December 27, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the TMACOG's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the TMACOG's internal control. Accordingly, we do not express an opinion on the effectiveness of the TMACOG's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the TMACOG's financial statements will not be prevented, or detected and corrected on a timely basis. 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 deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the TMACOG's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the TMACOG's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the TMACOG's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
December 27, 2023

Charles E. Harris & Associates, Inc.

Certified Public Accountants

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Phone - (216) 575-1630

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

Opinion on the Major Federal Program

We have audited the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio's (TMACOG) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the TMACOG's major federal program for the year ended June 30, 2023. The TMACOG's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings.

In our opinion, the TMACOG complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the TMACOG and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the TMACOG's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The TMACOG's management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the TMACOG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the TMACOG's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the TMACOG's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the TMACOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the TMACOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the TMACOG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

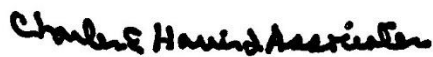
Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program 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 *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.

December 27, 2023

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Highway Planning and Construction - CFDA # 20.205
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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OHIO AUDITOR OF STATE KEITH FABER



TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS

LUCAS COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 3/21/2024

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov