



Dave Yost • Auditor of State



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor's Report .....	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Statement of Net Position – Major Enterprise Fund .....	11
Statement of Revenues, Expenses, and Changes in Net Position – Major Enterprise Fund.....	12
Statement of Cash Flows – Major Enterprise Fund.....	13
Statement of Net Position – Fiduciary Fund .....	14
Notes to the Basic Financial Statements .....	15
Schedule of Fringe Benefit Cost Rate .....	27
Schedule of Indirect Cost Rate .....	28
Schedule of Revenue and Expenses for US Department of Transportation Funds .....	29
Schedule of Federal Awards Expenditures .....	35
Notes to the Schedule of Federal Awards Expenditures .....	36
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	37
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 .....	39
Schedule of Findings.....	41
Board of Trustees - Officers .....	42

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Trustees:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the major enterprise fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio (TMACOG), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise TMACOG's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major enterprise fund and the aggregate remaining fund information of Toledo Metropolitan Area Council of Governments, Lucas County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Other Matters**

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2014, on our consideration of TMACOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMACOG's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive, flowing style.

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 17, 2014

**This page intentionally left blank.**



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

The discussion and analysis of the Toledo Metropolitan Area Council of Governments' (TMACOG) financial performance provides an overall review of TMACOG's financial activities for the year ended June 30, 2014. This information should be read in conjunction with the basic financial statements included in this report.

**FINANCIAL HIGHLIGHTS**

- Total Net Position decreased by \$7,486.
- Total expenses increased by \$109,788 to \$2,356,823 while total revenue increased by \$21,953 to \$2,349,337.
- Federal and state support decreased by \$19,666 to \$1,551,822 while local support increased by \$41,775 to \$796,383.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

**FINANCIAL ANALYSIS OF TMACOG**

The following tables provide a summary of TMACOG's financial positions and operations for 2014 and 2013, respectively:

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

	<u>2014</u>	<u>2013</u>	<u>Change</u> <u>Amount</u>	<u>%</u>
<b>Assets</b>				
Current Assets	\$1,681,639	\$1,640,736	\$40,903	2.49%
Noncurrent Assets	<u>2,414,653</u>	<u>2,949,043</u>	<u>-534,390</u>	-18.12%
<b>Total Assets</b>	4,096,292	4,589,779	-493,487	-10.75%
<b>Liabilities</b>				
Current Liabilities	1,151,185	1,083,574	67,611	6.24%
Noncurrent Liabilities	<u>2,459,775</u>	<u>3,013,387</u>	<u>-553,612</u>	-18.37%
<b>Total Liabilities</b>	<u>3,610,960</u>	<u>4,096,961</u>	<u>-486,001</u>	-11.86%
<b>Net Position</b>				
Invested in Capital Assets, Net of Related Debt	28,165	9,041	19,124	211.54%
Unrestricted	<u>457,167</u>	<u>483,777</u>	<u>-26,610</u>	-5.50%
<b>Total Net Position</b>	<u>\$485,332</u>	<u>\$492,818</u>	<u>\$-7,486</u>	-1.52%

During 2014, net position decreased by \$7,486. The increase was due primarily to the following:

- Cash and cash equivalents increased \$9,954.
- Total receivables increased by \$1,187. Federal and state receivables increased by \$86,967 while local receivables decreased by \$85,780. Receivables due from the Ohio Department of Transportation (ODOT) for federal and state funded transportation programs were \$52,159 higher on June 30, 2014 than on June 30, 2013. Federal receivable from Southeast Michigan Council of Governments (SEMCOG) for the transportation program increased by \$30,178 as a result of annual billing at year end rather than semi-annual billing. Federal and state receivables for grants to fund the environmental program increased by \$16,335 during this same period. Other federal receivables for various environmental programs decreased by \$11,704. The main causes of the decrease in local receivables were \$50,000 due from Lucas County for their contribution to the Regional Water Study and \$45,794 due from the City of Toledo for their transportation assessments.
- Noncurrent Assets decreased by \$534,390 mostly due to reduction in the long term balance due of \$553,514 on Note Receivable from the City of Toledo for SIB loan. An increase in the value of depreciable assets totaling \$19,124 accounts for the balance of the change.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

- Total liabilities decreased by \$486,001. Current liabilities increased by \$67,611. The largest component of this increase is attributable to unearned revenue of \$32,777. An early payment from OEPA for an environmental grant totaling \$10,500, five sponsorship payments for the Ohio Conference on Freight totaling \$16,500 and a \$6,000 payment from the Lucas County Sanitary Engineer for 2015 funding represent the majority of this increase. The current portion of the balance due on the Note Receivable from the City of Toledo for their SIB loan increased by \$16,240. The balance of the increase was the net result of decreases in Due to Other of \$6,500 and Deferred Membership Dues & Assessments of \$2,283 and an increase in general accounts payable of \$17,049, Accrued Compensation of \$7,600, and Compensated Absences Payable of \$2,727.
- Noncurrent liabilities decreased by \$553,612 due to reduction in the long term balance due on a Note Receivable from the City of Toledo for SIB loan and reduction in the Noncurrent Liability for Compensated Absences.

**Changes in Net Position** – The following table shows the changes in revenues and expenses for TMACOG for 2014 and 2013:

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

	<u>2014</u>	<u>2013</u>	<u>Change Amount</u>	<u>%</u>
Operating Revenue:				
Local Dues & Assessments	\$595,581	\$592,249	\$3,332	0.56%
Other Local Support	<u>200,802</u>	<u>162,359</u>	<u>38,444</u>	23.68%
<b>Total Operating Revenue</b>	796,383	754,608	41,776	5.54%
Operating Expenses:				
Total Personnel Costs	1,819,992	1,699,913	120,080	7.06%
Consultant/Contractual/Pass-through	24,885	20,432	4,453	21.79%
All Other Operating Expenses	<u>511,946</u>	<u>526,690</u>	<u>(14,744)</u>	-2.80%
<b>Total Operating Expenses</b>	<u>2,356,823</u>	<u>2,247,035</u>	<u>109,789</u>	4.89%
<b>Operating Loss</b>	(1,560,440)	(1,492,427)	(68,013)	4.56%
Non-Operating Revenue:				
Federal	1,342,307	1,367,319	(25,012)	-1.83%
State	209,515	204,169	5,346	2.62%
Investment Related	<u>1,132</u>	<u>1,289</u>	<u>(157)</u>	-12.18%
<b>Total Non-Operating Revenue</b>	<u>1,552,954</u>	<u>1,572,777</u>	<u>(19,823)</u>	-1.26%
<b>Change in Net Position</b>	(7,486)	80,350	(87,836)	-109.32%
<b>Net Position at July 1</b>	<u>492,818</u>	<u>412,468</u>	<u>80,350</u>	19.48%
<b>Net Position at June 30</b>	<u>\$485,332</u>	<u>\$492,818</u>	<u>\$(7,486)</u>	-1.52%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

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

- Operating Revenue increased by \$41,776 due to:
  - Revenue from event sponsorships and registrations increased by \$40,100.
  - Revenue for membership dues, transportation assessments and stormwater assessments increased by \$3,331.
  - Other local revenue decreased by \$1,656 in 2013.
- Personnel costs increased by \$60,815.
- Fringe benefit costs increased by \$59,265.
- Consultant/contractual/pass-through costs decreased by \$4,453.
- Other operating expenses decreased by \$14,744. Significant factors include:
  - Computer costs decreased by \$22,341 after significant expenditures in 2013 to upgrade the internet system.
  - A change in methodology used to offset internal copying costs against expenditures resulted in reduced printing costs of \$16,724, but an offsetting increase in equipment costs of \$19,860.
  - The purchase of new capital items in 2014 more than doubled depreciation expense from \$4,236 to \$10,077.
- Federal Revenue decreased by \$25,012 as a result of:
  - Total transportation funding from the United States Department of Transportation (USDOT) passed through ODOT increased by \$16,204.
    - Transportation funding planning work decreased by \$38,182
    - Funding for the Share-A-Ride, TIP Monitoring and Air Quality programs decreased in total by \$13,082
    - A FHWA/ODOT initiative to provide mentoring to a newly formed Regional Transportation Planning Organization (RTPO) provided \$67,468 in additional funding
  - Transportation funding from the USDOT passed through the Southeast Michigan Council of Governments (SEMCOG) increased by \$396.
  - Funding from USEPA for a variety of projects in support of the environmental planning program decreased by \$57,373 in FY 2014 when compared to the previous year.
  - A new program funded by the Department of the Interior through US Fish and Wildlife Service provided \$1,700 in federal funds.
  - New funding from the United States Department of Health and Human Services Administration for Community Living for a Coordinate Transportation Partnership Project being undertaken generated an additional \$14,061 in 2014.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

***Capital Assets***

At the end of 2014, TMACOG had \$28,165 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net increase of \$19,124 or 211.55% as compared to 2013. The following table shows fiscal year 2014 and 2013 historical cost balances:

<b>Capital Assets at June 30,</b>	<u>2014</u>	<u>2013</u>	<u>Change</u>
Equipment	\$26,589	\$26,589	\$0
Computers	63,980	34,779	29,202
Furniture	166,148	166,148	0
Vehicles	<u>20,291</u>	<u>20,291</u>	<u>0</u>
<b>Total Capital Assets</b>	<b>\$277,008</b>	<b>\$247,807</b>	<b>29,202</b>
<b>Less: Accumulated Depreciation</b>	<u>248,843</u>	<u>238,766</u>	<u>-10,078</u>
<b>Net Balance</b>	<u><b>\$28,165</b></u>	<u><b>\$9,041</b></u>	<u><b>\$19,124</b></u>

***Debt***

TMACOG is party to separate agreements with the City of Toledo and the Ohio Department of Transportation relating to a \$4.505 million loan from the State of Ohio State Infrastructure Bank Loan providing additional funding for the renovation and preservation of the Martin Luther King Jr. Memorial Bridge. The total principal amount due under this agreement also includes amounts paid for fees and unpaid interest. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. TMACOG is to repay eighty percent (80%) of the principal amount due on the loan from future City of Toledo Transportation Improvement Program (TIP) allocations. The City of Toledo is to pay the remaining twenty percent (20%) of the principal payment plus the loan interest at 3% on the entire loan balance as the payments become due.

***Operating Lease Commitments***

At June 30, 2014, a lease for TMACOG's office space, an automobile and two copy machines represented future obligations totaling \$316,986. These operating leases expire at various dates between 2016 and 2017.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(Unaudited)**

**ECONOMIC FACTORS**

TMACOG relies on federal, state, and local grants and contracts, along with member dues, to fund its various programs. Some of these revenue sources are currently in a state of flux resulting in uncertainty as we plan for the future. After several years of positive financial results, TMACOG ended fiscal year 2014 with a small deficit. Management is taking steps to address the reasons for the shortfall and establish a secure financial foundation going forward.

The transportation funds received by TMACOG are allocated by the State of Ohio. That funding amount has decreased in each of the last three state fiscal years and further reductions are expected in each of the next two years. These reductions are the result of reduced federal money allocated to the state and changes to the distribution formula based on population distribution throughout the state. This trend is cause for concern and will necessitate innovative funding alternatives to maintain the transportation program at its current level.

The federal and state funds received in support of the environmental program remain unchanged from previous years and indications are that they will remain at current levels for the foreseeable future. However, the project-specific state and federal grants that TMACOG has relied on for significant program income for many years are becoming less of an option. Fewer grant opportunities with far greater competition means that TMACOG can no longer rely on grants to support the program. In an effort to reduce the reliance on outside grants, TMACOG has begun and will continue to engage in a process to review the structure of the environmental program with the intent to create a sustainable program with reliable funding sources that can be depended upon for many years to come.

Membership in TMACOG remains mostly stable. Local governments in northwest Ohio and southeast Michigan continue to experience very tight budgets due to reductions in federal, state, and local income. A few members decline to renew their membership each year, but recruitment of new members typically offsets these losses. TMACOG leadership continues to pursue opportunities to introduce TMACOG to new jurisdictions and organizations while at the same time nurturing existing member relationships. Property values in the region, a number that is a component of membership dues calculation, continue to slide. As a result of these factors, net membership dues revenue decreased by \$5,092 during 2014. This figure was still 2.3% higher than budgeted. Management continues to believe that long-term stable membership demonstrates that TMACOG members find value in their investment.

TMACOG remains committed to its role as the governmental partner of choice to coordinate regional assets, opportunities and challenges in northwest Ohio and southeast Michigan.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, creditors and members with a general overview of TMACOG's finances and to show TMACOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact William E. Best, Vice President of Finance & Administration for the Toledo Metropolitan Area Council of Governments, 300 Martin Luther King Jr. Dr., Suite 300, Toledo, Ohio 43604.

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

**STATEMENT OF NET POSITION - MAJOR ENTERPRISE FUND  
JUNE 30, 2014**

**ASSETS**

Current Assets		
Cash and Cash Equivalents	\$	630,163
Receivables:		
Federal		377,035
State		63,767
Local		19,906
Current Portion Long Term Note Receivable from City of Toledo		553,514
Prepaid Insurance		25,460
Prepaid Other		11,794
		<hr/>
Total Current Assets		1,681,639
Noncurrent Assets		
Long Term Portion of Note Receivable from City of Toledo		2,386,488
Depreciable Capital Assets, Net of Accumulated Depreciation		28,165
		<hr/>
Total Noncurrent Assets		2,414,653
		<hr/>
<b>TOTAL ASSETS</b>		<b>4,096,292</b>
		<hr/>

**LIABILITIES**

Current Liabilities		
Accounts Payable		65,346
Accrued Compensation Payable		32,401
Compensated Absences Payable		113,018
Unearned Revenue		123,620
Membership Dues and Transportation Assessments		263,286
Current Portion Long Term Note Payable to State of Ohio		553,514
		<hr/>
Total Current Liabilities		1,151,185
Noncurrent Liabilities		
Long Term Portion of Note Payable to State of Ohio		2,386,488
Compensated Absences Payable		72,287
Due to Others		1,000
		<hr/>
Total Noncurrent Liabilities		2,459,775
		<hr/>
<b>TOTAL LIABILITIES</b>		<b>3,610,960</b>
		<hr/>

**NET POSITION**

Net Investment in Capital Assets		28,165
Unrestricted		457,167
		<hr/>
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>485,332</b>
		<hr/> <hr/>

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

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

**STATEMENT OF REVENUE, EXPENSES AND  
CHANGES IN NET POSITION - MAJOR ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Operating Revenue:</b>	
Membership Fees	\$ 350,664
Transportation Assessments	178,690
Event Registrations/Sponsorships	142,823
Stormwater Assessments	66,227
Other Local Revenue	57,979
<b>Total Operating Revenue</b>	<b><u>796,383</u></b>
 <b>Operating Expenses:</b>	
Personnel Services	1,332,698
Fringe Benefits	487,295
Building Rent	145,974
Advertising & Promotion	70,506
Printing & Graphics	61,902
Meetings	51,716
Auto & Travel	46,762
Computer	35,442
Contractual Services	24,885
Postage & Supplies	24,408
Professional Services	17,705
Insurance	12,945
Association Dues	10,818
Depreciation	10,077
Other	7,720
Telephone	5,105
Publications & Subscriptions	4,565
Equipment	4,257
Training & Seminars	2,043
<b>Total Operating Expenses</b>	<b><u>2,356,823</u></b>
 <b>Operating Loss</b>	 <b>(1,560,440)</b>
 <b>Non-Operating Revenue:</b>	
Federal	1,342,307
State	209,515
Investment Income	1,132
<b>Total Non-Operating Revenue</b>	<b><u>1,552,954</u></b>
 <b>Change in Net Position</b>	 <b>(7,486)</b>
 <b>Net Position at July 1</b>	 <b><u>492,818</u></b>
<b>Net Position at June 30</b>	<b>\$ <u><u>485,332</u></u></b>

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



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

**STATEMENT OF CASH FLOWS - MAJOR ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 868,641
Cash Paid to Suppliers	(972,890)
Cash Paid to Employees	(1,322,582)
Net Cash Used by Operating Activities	(1,426,831)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal/State Grants	1,464,855
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(29,202)
Cash Flows from Investing Activities:	
Investment Income	1,132
Net Increase in Cash and Cash Equivalents	9,954
Cash and Cash Equivalents, July 1	620,209
Cash and Cash Equivalents, June 30	\$ 630,163
 <b>Reconciliation of Operating Loss</b>	
<b>to Net Cash Used by Operating Activities:</b>	
Operating Loss	\$ (1,560,440)
Adjustments to Reconcile Operating Loss	
to Net Cash Used in Operating Activities	
Depreciation Expense	10,077
Changes in Assets and Liabilities:	
Decrease in Receivable	85,779
(Increase) in Prepaid Insurance	(2,869)
(Increase) in Prepaid Others	(10,767)
Decrease in Due From Others	114
Increase in Accounts Payable	17,049
(Decrease) in Membership Dues	(2,283)
(Decrease) in Due to Others	(6,500)
Increase in Unearned Revenue	32,778
Increase in Compensated Absences Payable	2,631
Increase in Accrued Compensation Payable	7,600
Total Adjustments	133,609
Net Cash Used by Operating Activities	\$ (1,426,831)

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, 2014

	<u>Agency Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ <u>3,391</u>
<b>TOTAL ASSETS</b>	<b>3,391</b>
<b>LIABILITIES</b>	
Due to Others	<u>3,391</u>
<b>TOTAL LIABILITIES</b>	<u>3,391</u>
<b>TOTAL NET POSITION</b>	<b>\$ <u><u>0</u></u></b>

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 FISCAL YEAR ENDED JUNE 30, 2014**

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

A. DESCRIPTION OF THE ENTITY

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

B. BASIS OF PRESENTATION

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

C. FUND ACCOUNTING

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

PROPRIETARY FUNDS

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

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

C. FUND ACCOUNTING (Continued)

FIDUCIARY FUNDS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of Toledo Metropolitan Area Council of Governments are prepared in conformity with generally accepted accounting principles (GAAP) for local government units as prescribed in statements and interpretations issued by the GASB and other recognized authoritative sources. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. There were no component units of TMACOG for the year ended June 30, 2014.

B. BASIS OF ACCOUNTING

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

C. MEASUREMENT FOCUS

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. ADOPTION OF NEW ACCOUNTING PRONOUNCEMENTS

For fiscal year 2014, TMACOG has implemented GASB Statement No. 70, "Accounting and Financial Reporting for Nonexchange Financial Guarantees".

GASB Statement No. 70 improves the recognition, measurement, and disclosures for state and local governments that have extended or received financial guarantees that are nonexchange transactions. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of TMACOG.

E. USE OF ESTIMATES

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

F. CASH AND INVESTMENTS

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

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments with STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on June 30, 2014.

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

G. CAPITAL ASSETS AND DEPRECIATION

Capital assets purchased with grant funds are charged directly to the project as reimbursable expenditures. Capital assets not purchased with grants are capitalized and recorded at cost and depreciated using the straight line method over a period of between 5 and 15 years.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. COMPENSATED ABSENCES

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

I. GRANTS

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

J. TRANSPORTATION ASSESSMENTS

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

K. REVENUE AND EXPENSES

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

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

L. TAX STATUS

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

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

At June 30, 2014 the carrying amount of all TMACOG deposits was \$623,984. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2014, \$250,000 of TMACOG's bank balance of \$628,409 was covered by Federal Deposit Insurance Corporation and the remaining \$378,409 was exposed to custodial risk.

B. Investments

As of June 30, 2014, TMACOG had the following investments:

<u>Investment Type</u>	<u>Amount</u>
STAR Ohio	<u>\$9,570</u>

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, TMACOG's investment policy limits investments to STAR Ohio; however, alternate investments with higher interest rates may be utilized as approved by TMACOG's Finance and Audit Committee.

Credit Risk: STAR Ohio must maintain the highest letter or municipal rating provided by at least one nationally recognized standard service. Standard & Poor's has assigned STAR Ohio an AAAM money market rating.

Concentration of Credit Risk: TMACOG's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by TMACOG at June 30, 2014.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$9,570</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported above to cash and investments as reported on the Statement of Net Position as of June 30, 2014:

<u>Cash and Investments per Sections A and B above</u>	
Carrying amount of deposits	\$ 623,984
Investments	<u>9,570</u>
Total	<u>\$ 633,554</u>
<u>Cash and Investments per Statements of Net Position</u>	
Proprietary Fund	\$ 630,163
Agency fund	<u>3,391</u>
Total	<u>\$ 633,554</u>

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

4. CAPITAL ASSETS

Capital Assets consist of the following:

*Cost*

<u>Class</u>	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Computer equipment and software	\$34,779	\$29,201	\$0	\$63,980
Furniture and fixtures	166,148	0	0	166,148
Machinery and equipment	26,589	0	0	26,589
Vehicles	<u>20,291</u>	<u>0</u>	<u>0</u>	<u>20,291</u>
Total	<u>\$247,807</u>	<u>\$29,201</u>	<u>\$0</u>	<u>\$277,008</u>

*Accumulated Depreciation*

<u>Class</u>	<u>June 30, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2014</u>
Computer equipment and software	(\$28,336)	(\$8,778)	\$0	(\$37,114)
Furniture and fixtures	(166,148)	0	0	(166,148)
Machinery and equipment	(26,589)	0	0	(26,589)
Vehicles	<u>(17,693)</u>	<u>(1,299)</u>	<u>0</u>	<u>(18,992)</u>
Total	<u>(\$238,766)</u>	<u>(\$10,077)</u>	<u>\$0</u>	<u>(\$248,843)</u>

Net Value	<u>\$9,041</u>	<u>\$19,124</u>	<u>\$0</u>	<u>\$28,165</u>
-----------	----------------	-----------------	------------	-----------------

Depreciation Expense  
Charged to Operating  
Expense

\$10,077

5. LONG TERM NOTE RECEIVABLE

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



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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

6. LOAN AGREEMENTS

TMACOG is party to separate agreements with the City of Toledo and the Ohio Department of Transportation relating to a \$4.505 million loan from the State of Ohio State Infrastructure Bank providing additional funding for renovation and preservation of the Martin Luther King Jr. Memorial Bridge. The total principal amount due under this agreement also includes amounts paid for fees and unpaid interest. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. The funds were to be made available to the City of Toledo on a reimbursement basis as needed upon request and submittal of properly executed documentation. TMACOG is to repay eighty percent (80%) of the principal payment due on the loan from future City of Toledo Transportation Improvement Program (TIP) allocations. The City of Toledo is to pay the remaining twenty percent (20%) of the principal payment plus the loan interest at 3% on the entire loan balance as the payments become due. The first payment was not due until thirty (30) months after the first draw from the loan. In fiscal year 2009, the full amount of the loan was borrowed and transferred to the City of Toledo under the terms of the agreements. At June 30, 2014, scheduled principal and interest loan payments are as follows:

Year Ending June 30	TMACOG		Toledo		Total	
	<u>Principal</u>		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2015	442,811		110,703	95,113	553,514	95,113
2016	456,195		114,049	78,383	570,244	78,383
2017	469,983		117,496	61,148	587,479	61,148
2018	484,189		121,047	43,391	605,236	43,391
2019	<u>498,823</u>		<u>124,706</u>	<u>25,098</u>	<u>623,529</u>	<u>25,098</u>
Total	<u>\$2,352,001</u>		<u>\$588,001</u>	<u>\$303,133</u>	<u>\$2,940,002</u>	<u>\$303,133</u>

7. LEASES

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

TMACOG currently leases the building it occupies, two copy machines and an automobile under agreements expiring at various dates through 2017. At June 30, 2014, scheduled lease payments were as follows:

Years Ending <u>June 30</u>	<u>Amount</u>
2015	166,691
2016	142,671
2017	<u>7,625</u>
Total	<u>\$316,986</u>

Lease expense under these agreements amounted to \$145,974 for the building, \$17,814 for the copiers and \$5,356 for the automobile for the year ended June 30, 2014.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

8. DEFINED BENEFIT PENSION PLANS

A. Pension Benefit Obligation

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

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

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the TP Plan and CO Plan. Members of the MD Plan do not qualify for ancillary benefits. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Ohio Public Employees Retirement System issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS at 277 East Town Street, Columbus, Ohio 43215-4642 or by calling 614-222-6701 or 800-222-7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2013, member and employer contribution rates were consistent across all three plans. The employee contribution rate was 10.0%. The 2013 employer contribution rate for local government employer units was 14.00% of covered payroll. The contribution requirements of plan members and TMACOG are established and may be amended by the Public Employees Retirement Board. TMACOG's contributions to OPERS for the years ending June 30, 2014, 2013 and 2012 were \$184,926, \$177,149 and \$186,234, respectively. 91.504 percent has been contributed for 2014 and 100 percent has been contributed for 2013 and 2012. The unpaid balance for 2014, in the amount of \$15,711 is recorded as a liability within the proprietary fund.

B. Other Postemployment Benefits

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

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

8. DEFINED BENEFIT PENSION PLANS (Continued)

B. Other Postemployment Benefits (Continued)

Plan Description

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

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

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

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

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, writing to OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2013, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post-employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 1.0% during calendar year 2013. The portion of employer contributions allocated to health care for members in the Combined Plan was 1.0% during calendar year 2013. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

8. DEFINED BENEFIT PENSION PLANS (Continued)

TMACOG Contributions

The portion of the TMACOG's contribution used to fund OPEB for fiscal years 2014, 2013, and 2012 was \$13,204, \$50,612, and \$53,207, respectively.

OPERS Board implements its Health Care Preservation Plan

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

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

9. COMPENSATED ABSENCES

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

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

Employees hired before January 1, 2009

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

Employees hired on or after January 1, 2009

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

Annual leave may accrue to an amount equal to three times the employee's annual accrual amount. Upon leaving TMACOG, employees receive unused annual leave at their current rate of pay, if they have completed 6 months of continuous employment. An additional 3 days accrues if no more than 5 sick days are taken within the previous calendar year. These 3 days are subtracted from the current fiscal year's sick leave and added to the next fiscal year's annual leave.

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

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(CONTINUED)

9. COMPENSATED ABSENCES (Continued)

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

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

The current liability for these compensated absences at June 30, 2014 was \$113,018 and the total liability was \$185,305. The following table provides detail in support of this liability: Accrued Leave Liability:

	<u>Total Liability</u>			<u>Current Liability</u>		
	<u>Annual</u>	<u>Sick</u>	<u>Total</u>	<u>Annual</u>	<u>Sick</u>	<u>Total</u>
June 30, 2013	\$115,436	\$67,239	\$182,675	\$74,014	\$36,277	\$110,291
Additions	104,326	44,792	149,118	108,308	40,90	149,213
Deletions	<u>(108,707)</u>	<u>(37,780)</u>	<u>(146,488)</u>	<u>(108,707)</u>	<u>(37,780)</u>	<u>(146,487)</u>
June 30, 2014	<u>\$111,055</u>	<u>\$74,251</u>	<u>\$185,305</u>	<u>\$73,615</u>	<u>\$39,403</u>	<u>\$113,018</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 2014 was \$206,868.

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

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014  
(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, 2014.

**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.

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

**SCHEDULE OF FRINGE BENEFIT COST RATE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Fringe Benefit Costs:</b>	<b>Budget</b>	<b>Actual</b>
Annual Leave	\$ 95,311	\$ 108,707
Sick Leave	58,350	37,780
Holiday Leave	53,488	54,837
Bereavement Leave	0	1,615
Civil Leave	0	1,143
Administrative Leave	0	0
Personal Time	4,863	3,948
Medicare Tax	17,327	16,706
Health Insurance	200,147	207,036
Worker's Comp Insurance	11,225	19,689
Life Insurance	554	562
Dental Insurance	18,089	18,783
Vision Insurance	2,723	2,615
HSA Contribution	25,350	25,013
PERS Contributions	179,112	184,926
Employee Assistance Program	1,220	1,164
Education Reimbursement	2,500	0
Unemployment Compensation	0	10,801
<b>Total Fringe Benefit Costs</b>	<b>\$ <u>670,259</u></b>	<b>\$ <u>695,326</u></b>
<b>Allocation Base: Direct and Indirect Personnel</b>	<b>\$ <u>1,067,363</u></b>	<b>\$ <u>1,124,667</u></b>
<b>Fringe Benefit Cost Rate:</b>	<b><u>62.80%</u></b>	<b><u>61.82%</u></b>

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

**SCHEDULE OF INDIRECT COST RATE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

<b>Indirect Costs:</b>	<b>Budget</b>	<b>Actual</b>
<b>Revenues</b>		
Sponsorship	\$ 10,000	\$ 6,233
<b>Total Revenues</b>	<b>10,000</b>	<b>6,233</b>
<b>Expenses</b>		
Personnel Services	371,812	385,314
Fringe Benefits	233,482	238,220
Consultant/Contractual Services	5,000	1,175
Audit	18,000	17,705
Legal	2,000	0
Advertising/Marketing	1,000	768
Insurance	13,000	12,945
Depreciation	5,000	10,077
Postage	6,500	2,590
Rent	140,821	144,774
Telephone	5,000	3,533
Automobiles	2,500	5,893
Mileage & Travel	6,000	1,484
Conferences Expenses	1,000	6,837
Meetings	4,000	7,478
Printing	2,000	9,522
Graphics	1,000	(184)
Office Supplies	5,000	4,038
Other Supplies	500	1,953
Equipment	5,500	(7,104)
Equipment Maintenance	7,000	2,079
Training	1,000	141
Periodicals	4,000	3,763
Recruitment	500	41
Dues	6,000	5,014
Data Processing	8,000	23,421
Other Expenses	1,000	547
<b>Total Operating Expenses</b>	<b>856,616</b>	<b>882,024</b>
<b>Total Indirect Costs</b>	<b>\$ 846,616</b>	<b>\$ 875,791</b>
<b>Allocation Base: Direct Personnel plus Fringe Benefits</b>	<b>\$ 1,132,327</b>	<b>\$ 1,196,458</b>
<b>Indirect Cost Rate Applied</b>	<b>74.77%</b>	<b>73.20%</b>



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

**SCHEDULE OF REVENUES AND EXPENSES  
FOR US DEPARTMENT OF TRANSPORTATION FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Federal Highway Administration/Ohio Department of Transportation PID 92736 Consolidated Planning Grant FY 13	Federal Highway Administration/Ohio Department of Transportation PID 95219 Consolidated Planning Grant FY 14
Revenues:		
Federal	\$ 110,869	\$ 814,317
State	13,859	101,790
Local	13,859	101,790
	<hr/>	<hr/>
TOTAL REVENUES	<u>\$ 138,587</u>	<u>\$ 1,017,897</u>
Expenditures		
Salaries	\$ 63,296	\$ 345,425
Benefits	39,750	212,942
Other Direct	(41,507)	52,433
Indirect Costs	77,048	407,097
	<hr/>	<hr/>
TOTAL EXPENDITURES	<u>\$ 138,587</u>	<u>\$ 1,017,897</u>

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

**SCHEDULE OF REVENUES AND EXPENSES  
FOR US DEPARTMENT OF TRANSPORTATION FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Federal Highway Administration/Ohio Department of Transportation PID 90608 TIP Management FY 13	Federal Highway Administration/Ohio Department of Transportation PID 90612 TIP Management FY 14
Revenues:		
Federal	\$ 29,152	\$ 50,848
Local	7,288	15,165
	36,440	66,013
TOTAL REVENUES	\$ 36,440	\$ 66,013
Expenditures		
Salaries	\$ 12,507	\$ 23,136
Benefits	7,854	14,182
Other Direct	855	1,698
Indirect Costs	15,224	26,996
	36,440	66,013
TOTAL EXPENDITURES	\$ 36,440	\$ 66,013

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

**SCHEDULE OF REVENUES AND EXPENSES  
FOR US DEPARTMENT OF TRANSPORTATION FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Highway  
Administration/Ohio  
Department of Transportation  
PID 84326  
Rideshare Program FY 11

Revenues:		
Federal	\$	6,450
Local		805
		<hr/>
TOTAL REVENUES	\$	7,255
		<hr/> <hr/>
Expenditures		
Salaries	\$	2,447
Benefits		1,513
Other Direct		396
Indirect Costs		2,899
		<hr/>
TOTAL EXPENDITURES	\$	7,255
		<hr/> <hr/>

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

**SCHEDULE OF REVENUES AND EXPENSES  
FOR US DEPARTMENT OF TRANSPORTATION FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

	Federal Highway Administration/Ohio Department of Transportation PID 90603 Air Quality Planning Grant FY 12		Federal Highway Administration/Ohio Department of Transportation PID 90610 Air Quality Planning Grant FY 14
Revenues:			
Federal	\$ 4,704	\$	85,000
Local			4,609
TOTAL REVENUES	\$ 4,704	\$	89,609
Expenditures			
Salaries	\$ 660	\$	10,567
Benefits	414		6,526
Other Direct	2,827		60,025
Indirect Costs	803		12,495
TOTAL EXPENDITURES	\$ 4,704	\$	89,613

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

**SCHEDULE OF REVENUES AND EXPENSES  
FOR US DEPARTMENT OF TRANSPORTATION FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Highway  
Administration/Ohio  
Department of Transportation  
PID 95422  
Rural Transportation Planning  
Program FY 14

Revenues:		
Federal	\$	67,468
State		16,867
		<hr/>
TOTAL REVENUES	\$	84,334
		<hr/> <hr/>
Expenditures		
Salaries	\$	29,330
Benefits		18,133
Other Direct		2,129
Indirect Costs		34,742
		<hr/>
TOTAL EXPENDITURES	\$	84,334
		<hr/> <hr/>

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS  
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES  
FOR US DEPARTMENT OF TRANSPORTATION FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014

Federal Highway  
Administration/Ohio  
Department of Transportation  
PID 95737  
Ohio Conference on Freight  
Support FY 14

Revenues:		
Federal	\$	8,000
State		2,000
		<hr/>
TOTAL REVENUES	\$	10,000
		<hr/> <hr/>
Expenditures		
Other Direct	\$	10,000
		<hr/> <hr/>

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
<b><u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u></b>			
<i>Passed Through Ohio Department of Transportation:</i>			
<b>Highway Planning and Construction</b>		<b>20.205</b>	
Transportation Planning	723447/725165		\$925,186
Share-A-Ride	719952/721811		6,450
TIP Monitoring	723432/725133		80,000
Transportation Air Quality	721810/725134		89,704
Ohio Conference of Freight	725135		8,000
Regional Transportation Planning Mentorship	725173		67,468
<i>Passed Through Michigan Department of Transportation and SEMCOG:</i>			
<b>Highway Planning and Construction</b>		<b>20.205</b>	
Transportation Planning	96-0956		61,286
Total United States Department of Transportation			<u>1,238,095</u>
<b><u>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</u></b>			
<i>Passed Through Ohio Environmental Protection Agency:</i>			
<b>Nonpoint Source Implementation Grants</b>		<b>66.460</b>	
Swan Creek River and Floodplain Implementation Program	C9975500012		9,836
<i>Passed Through Ohio Environmental Protection Agency to Toledo Botanical Gardens:</i>			
<b>Nonpoint Source Implementation Grants</b>		<b>66.460</b>	
Hill Ditch Stream Restoration & Dam Removal at Toledo Botanical Gardens	11(h)EPA-21		298
<i>Passed Through Ohio Environmental Protection Agency to University of Toledo:</i>			
<b>Nonpoint Source Implementation Grants</b>		<b>66.460</b>	
Multifaceted Urban Stream Restoration Project for the Ottawa River at the University of Toledo	C9975500009		3,384
Total 66.460			<u>13,518</u>
<i>Passed Through University of Toledo:</i>			
<b>Great Lakes Program</b>		<b>66.469</b>	
Maumee AOC-Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce NPS	GL-00E00823-0		18,636
<i>Passed Through Ohio Environmental Protection Agency:</i>			
<b>Water Quality Management Planning</b>		<b>66.454</b>	
TMACOG Areawide Water Quality Management Plan	TMACOG-FD60412		53,600
Total United States Environmental Protection Agency			<u>85,754</u>
<b><u>UNITED STATES DEPARTMENT OF THE INTERIOR</u></b>			
<i>Passed Through U.S. Fish and Wildlife Service:</i>			
<b>Great Lakes Restoration Initiative</b>		<b>15.662</b>	
Swan Creek River and Floodplain restoration in the Maumee AOC	F12AC00873		1,700
Total United States Department of the Interior			<u>1,700</u>
<b><u>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES ADMINISTRATION FOR COMMUNITY LIVING</u></b>			
<i>Passed Through Community Transportation Association of America:</i>			
<b>Special Programs for the Aging Title IV and Title II Discretionary Projects</b>		<b>93.048</b>	
Inclusive Coordinated Transportation Partnership Project	CTAA/ACL 90TC0001/01		16,758
Total United States Department of Health and Human Services Administration for Community Living			<u>16,758</u>
<b>Total</b>			<u><u>\$1,342,307</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A – General

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

NOTE B - Basis of Accounting

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





# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the Major Enterprise Fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio, (TMACOG) as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated December 17, 2014.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

Columbus, Ohio

December 17, 2014



# Dave Yost • Auditor of State

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

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

To the Board of Trustees:

### ***Report on Compliance for the Major Federal Program***

We have audited the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio's (TMACOG) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Toledo Metropolitan Area Council of Government's major federal program for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies TMACOG's major federal program.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to opine on TMACOG's compliance for TMACOG's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about TMACOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on TMACOG's major program. However, our audit does not provide a legal determination of TMACOG's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Toledo Metropolitan Area Council of Governments complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the year ended June 30, 2014.

***Report on Internal Control Over Compliance***

TMACOG's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered TMACOG's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of TMACOG's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



**Dave Yost**  
Auditor of State

Columbus, Ohio

December 17, 2014

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2014**

**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 control weaknesses 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 internal control weaknesses 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 § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA # 20.205, Highway Planning and Construction
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None

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

**BOARD OF TRUSTEES - OFFICERS  
AS OF JUNE 30, 2014**

<u>OFFICER</u>	<u>POSITION</u>	<u>TERM OF OFFICE</u>
James M. Sass	Chair	1/29/14 - 1/29/15
Angela J. Kuhn	Vice Chair	1/29/14 - 1/29/15



# Dave Yost • Auditor of State

**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENT**

**LUCAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 8, 2015**