TOLEDO METROPOLITAN AREA
COUNCIL OF GOVERNMENTS
LUCAS COUNTY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2007

Mary Taylor, CPA
Auditor of State

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

We have reviewed the Independent Auditors' Report of the Toledo Metropolitan Area Council of Governments, Lucas County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2006 through June 30, 2007. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

March 25, 2008

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

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TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

BOARD OF TRUSTEES - OFFICERS
AS OF JUNE 30, 2007

OFFICER	POSITION	TERM OF OFFICE
Barbara Sears	Chair	1/30/07 - 1/29/08
Tina Skeldon Wozniak	Vice Chair	1/30/07 - 1/29/08
Theodore Rutherford	Second Vice Chair	1/30/07 - 1/29/08

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Major Enterprise Fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") as of and for the year ended June 30, 2007, which collectively comprise TMACOG's basic financial statements as listed in the table of contents. These financial statements are the responsibility of TMACOG's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Major Enterprise Fund and the aggregate remaining fund information of TMACOG as of June 30, 2007, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards,* we have also issued a report dated February 8, 2008, on our consideration of TMACOG's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal

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

The management's discussion and analysis on pages 3 - 8 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Toledo Metropolitan Area Council of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards on page 27 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements of Toledo Metropolitan Area Council of Governments. Such additional information, which is the responsibility of TMACOG's management, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weber O'Brien Ltd.

February 8, 2008

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2007

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, 2007. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2007 are as follows:

- Total Net Assets increased by $87,342.
- Total expenses increased by $665 to $3,137,148 while total revenue increased by $366,856 to $3,224,490.
- Federal and state support increased by $935,735 to $2,457,228 while local grants decreased by $458,667 to $32,513.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF TMACOG

The following tables provide a summary of TMACOG's financial positions and operations for 2006 and 2007, respectively.

Condensed Statement of Net Assets
June 30,

	2007	(Restated) 2006	Change Amount	Change %
Assets				
Current Assets - Unrestricted	$860,521	$740,697	$119,824	16.18%
Capital Assets - Net	12,009	14,871	(2,862)	-19.25%
Total Assets	872,530	755,568	116,962	15.48%
Liabilities				
Current Liabilities - Unrestricted	640,789	621,241	19,548	3.15%
Noncurrent Liabilities - Unrestricted	74,803	64,731	10,072	15.56%
Total Liabilities	715,592	685,972	29,620	4.32%
Net Assets				
Invested in Capital Assets, Net of Related Debt	12,009	14,871	(2,862)	-19.25%
Unrestricted	144,929	54,725	90,204	165.83%
Total Net Assets	$156,938	$69,596	$87,342	125.50%

A prior period adjustment was recorded in 2007 for an overstatement of accounts receivable at June 30, 2006. Condensed financial information for 2006 has been restated to reflect this change.

During 2007, net assets increased by $87,342. The increase was due primarily to the following:

- Cash and cash equivalents increased $117,103;
- Total receivables increased by $7,178. Several factors account for this change. Receivables to ODOT for transportation planning activities were about $70,000 higher due to billings for unreimbursed expenses at year end. Receivables to Lucas County Department of Jobs & Family Services for the CommuterLINK and Car Buy programs at year end decreased by about $44,000 due to a reduction in program participants at year end thus reducing the amount of the monthly invoices. Receivables to OEPA and ODNR for water quality planning programs is approximately $17,000 higher at year end while the receivable due from SEMCOG is approximately $22,000 lower than last year. Both current and future receivables due from Car Buy Program clients are lower by a combined $29,000 due to the fact that there are fewer active participants in the program at year end. Changes in the value of other receivable accounts explains the remaining $15,000 change in the total receivables balance;
- Total accounts payable increased by $61,100. Balances at year end include $21,400 due to the Toledo-Lucas County Port Authority for a retroactive increase in office rent; expenses attributable to the Portage River Septic System Replacement program totaling $16,200 more than were outstanding in FY 2006; $12,800 due to Traffic Safety Analysis Systems and Services, Inc for consultant work being done to clean up crash data for the transportation department;
- Deferred Project Support decreased $38,075 from FY 2006 to FY 2007 resulting from the payment of money previously received for potential RAP projects being paid to Partners for Clean Streams at the direction of the RAP committee that was responsible for deciding the disposition of the money;
- Changes in the value of non-current assets, current liabilities and non-current liabilities account for the balance of the total increase in net assets.

Changes in Net Assets – The following table shows the changes in revenues and expenses for TMACOG for 2007 and 2007:

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

	2007	(Restated) 2006	Change Amount	%
Operating Revenue:				
Local Dues & Assessments	$561,551	$586,292	($24,741)	-4.22%
Other Local Support	201,785	745,682	(543,897)	-72.94%
Total Operating Revenue	763,336	1,331,974	(568,638)	-42.69%
Operating Expenses:				
Total Personnel Costs	1,776,971	1,754,678	22,293	1.27%
Consultant/Contractual/Pass-through	811,054	809,373	1,681	0.21%
All Other Operating Expenses	549,123	572,432	(23,309)	-4.07%
Total Operating Expenses	3,137,148	3,136,483	665	0.02%
Operating Loss	(2,373,812)	(1,804,509)	(569,303)	31.55%
Non-Operating Revenue:				
Federal	2,283,617	1,323,667	959,950	72.52%
State	173,611	197,826	(24,215)	-12.24%
Investment Related	3,926	4,167	(241)	-5.77%
Total Non-Operating Revenue	2,461,154	1,525,660	935,494	61.32%
Change in Net Assets	87,342	(278,849)	366,191	-131.32%
Net Assets at July 1	69,596	348,445	(278,849)	-80.03%
Net Assets at June 30	$156,938	$69,596	$87,342	125.50%

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

- Operating Revenue decreased by $568,638 (42.69%) due to:
    - In FY 2007, revenue for the CommuterLINK and Car Buy Programs came from federal grants which are classified by TMACOG as non-operating federal revenue. This differs from FY 2006 during which a portion of these programs were funded by local grants which are classified by TMACOG as operating revenue, resulting in a decrease of approximately $460,000 in operating revenue.
    - Revenue from the Lucas County Department of Jobs & Family Services for the CommuterLINK and Car Buy Programs was non-operating federal revenue in FY 2007. This was previously operating local contract revenue in FY 2006 and results in a decrease of approximately $460,000 in local grants.
    - Revenue from the Car Buy customers participating in the program decreased by approximately $45,000 due to a reduction in the number of participants in the program.
    - Special assessments decreased by approximately $35,000 because of a one-time assessment in FY 2006 that was used to pay a consultant to produce a Marketing Plan for Transportation, Logistics, & Supply Chain Development in our region.
    - Ongoing marketing efforts allowed event registration and sponsorships to experience a $15,000 increase from the prior year.
    - Fundraising efforts for RAP related programs ended during the year with the establishment of Partners for Clean Streams, a non-profit organization that is now handling funding for many RAP activities. This resulted in a decrease of about $46,000 in project contributions.
- Total personnel costs increased in FY 2007 by approximately $22,000 due to increased salary costs and staff changes totaling $12,000 and increased fringe benefit costs totaling $10,000
- Consultant/Contractual/Pass-through costs decreased by less than $2,000. However, the following significant changes combined to result in this minor net change:
    - Payments totaling almost $160,000 were made on behalf of land owners along the Portage River for replacement of failed septic systems under a grant from the USEPA
    - A payment of $33,000 was made to Partners for Clean Streams utilizing funds that had been accumulated over several years from contributions made to the RAP program
    - Consultant and Contract Services expenditures for various projects increased by just over $46,000 from FY 2006 to FY 2007. Included among these are four county health departments administering the Portage River Septic Replacement program with landowners, a traffic safety analysis for our transportation planning program, and a consultant performing work as part of a study of sediments within the Ottawa River
    - Pass-through payments made for the Car Buy program, for the purchase of cars from dealers, for car insurance costs and for car repair costs, decreased by almost $100,000 from FY 2006 to FY 2007 due to a reduction in the number of participants in the program
    - Payments made to transportation providers for the CommuterLINK program decreased by almost $135,000 due to a reduction in the number of participants in the program
- Federal Revenue increased by over $959,000 as a result of:
    - Transportation funding from USDOT passed through ODOT is increased by over $150,000.
    - The change in funds from Lucas County Department of Jobs & Family Services as federal funds totaling almost $580,000
    - A reduction in FTA funds for the Downtown Circulator Study which ended in FY 2006 totaling over $55,000
    - A new program funded by USEPA provided almost $250,000 to help replace failed septic systems along the Portage River
    - Funds from a variety of sources for other TMACOG Environmental programs were approximately $38,000 higher than in the previous year

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2007, TMACOG had $12,009 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net decrease of $2,862 or 19.25% as compared to 2006. The following table shows fiscal year 2007 and 2006 historical cost balances:

Capital Assets at June 30,	2007	2006	Change
Equipment	$91,692	$94,368	($2,676)
Computers	153,857	153,857	0
Furniture	176,321	176,321	0
Vehicles	32,500	32,500	0
Total Capital Assets	$454,370	$457,046	($2,676)
Less: Accumulated Depreciation	442,361	442,175	186
Net Balance	$12,009	$14,871	($2,862)

Debt

At June 30, 2007, a lease for TMACOG's office space, an automobile and two copy machines represented future obligations totaling $1,170,992. These operating leases expire at various dated between 2008 and 2016.

ECONOMIC FACTORS

TMACOG again achieved a membership retention rate of over 95% by providing value to the members in the form of service, information and networking opportunities. In addition to maintaining existing membership, four new members joined TMACOG because of the many benefits members receive by participating in TMACOG's regional collaboration. There was a small increase in funding for the TMACOG's transportation program. The increase was adequate to offset the ever-increasing costs to operate the program. It is anticipated that this trend will continue for the next two years until the existing federal transportation funding law expires. While funding is expecting to continue at current or even higher levels, there is no way of knowing what decisions Congress will make at that time. The environmental department continues to work actively with a multitude of volunteers to help improve the many waterways in the region. Several projects are underway utilizing funding from a variety of sources that have granted project funds to TMACOG due to the extensive grant writing efforts of the staff. The staff will continue to look for similar funding opportunities in the future. There is an effort underway to work with other similar agencies throughout Ohio, the state legislature and the Ohio Environmental Protection Agency to identify and establish a consistent funding mechanism for the facility planning efforts in the region for which TMACOG is responsible. If successful, this process will provide significant stability to future funding for the environmental program. Funding for the Commuter Services department is still a concern. Funding from Lucas County Department of Jobs & Family Services has decreased for both the CommuterLINK and Car Buy programs as their funding is reduced from the State. Staff has worked extensively with the staff of the Toledo Area Regional Transit Authority (TARTA) to establish a plan for the community which was needed before Federal Transit Administration funding could be utilized. It is anticipated that TARTA will soon begin accepting funding proposals and that TMACOG will be eligible for many of the available dollars to continue and expand on existing programs. Finally, the Commuter Services staff will continue to pursue alternative sources of funds to support the program as has been done in the past.

REQUESTS FOR INFORMATION

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - MAJOR ENTERPRISE FUND
JUNE 30, 2007

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	348,169
Receivables:		
Federal		418,649
State		22,935
Local		53,879
Prepaid Insurance		16,889
Total Current Assets		860,521
Noncurrent Assets		
Depreciable Capital Assets, Net of Accumulated Depreciation		12,009
TOTAL ASSETS		**872,530**
LIABILITIES		
Current Liabilities		
Accounts Payable		244,484
Accrued Compensation Payable		47,461
Compensated Absences Payable		87,016
Deferred Membership Dues		261,828
Total Current Liabilities		640,789
Noncurrent Liabilities		
Compensated Absences Payable		74,803
TOTAL LIABILITIES		**715,592**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		12,009
Unrestricted		144,929
TOTAL NET ASSETS	**$**	**156,938**

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET ASSETS - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2007

Operating Revenue:		
Membership Fees	$	386,563
Transportation Assessments		133,285
Project Contributions		57,050
Car Buy Revenue		53,961
Event Registrations/Sponsorships		45,466
Special Dues & Assessments		41,703
Local Grants		32,513
Miscellaneous		12,795
Total Operating Revenue		**763,336**
Operating Expenses:		
Personnel Services		1,354,797
Fringe Benefits		422,174
Car Buy Direct Program Expenses		240,136
CommuterLINK Direct Program Expenses		180,141
Contractual Services		177,686
Pass Through - Portage River Septic System Upgrades		159,490
Building Rent & Utilities		131,150
Advertising & Promotion		58,169
Equipment		48,449
Auto & Travel		46,258
Meetings		44,155
Printing & Graphics		42,922
Postage & Supplies		40,675
Contract Personnel		37,463
Pass Through - Partners for Clean Streams		33,201
Computer		22,530
Consultants		20,400
Other		16,880
Professional Services		13,192
Insurance		13,140
Telephone		10,039
Association Dues		9,204
Recruitment & Public Notice		8,106
Depreciation		6,791
Total Operating Expenses		**3,137,148**
Operating Loss		**(2,373,812)**
Non-Operating Revenue:		
Federal		2,283,617
State		173,611
Investment Income		3,926
Total Non-Operating Revenue		**2,461,154**
Change in Net Assets		**87,342**
Net Assets at July 1		
As Previously Reported		431,684
Prior Period Restatement		(362,088)
As Restated		69,596
Net Assets at June 30	**$**	**156,938**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF CASH FLOWS - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2007

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 926,980
Cash Paid to Supplies	(1,751,242)
Cash Paid to Employees	(1,351,295)
Net Cash Used by Operating Activities	(2,175,557)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal/State Grants	2,290,863
Cash Flows Used by Capital and Related Financing Activities:	
Purchase of Capital Assets	(3,929)
Sale of Capital Asset	1,800
Net Cash Flows Used by Capital and Related Financing Activities:	(2,129)
Cash Flows from Investing Activities:	
Investment Income	3,926
Net Decrease in Cash and Cash Equivalents	117,103
Cash and Cash Equivalents, July 1	231,066
Cash and Cash Equivalents, June 30	$ 348,169
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:	
Operating Loss	$ (2,373,812)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	6,791
Gain on Disposal of Fixed Assets	(1,800)
Changes in Assets and Liabilities:	
Decrease in Receivable	157,964
(Increase) in Prepaid Insurance	(2,043)
Decrease in Prepaid Others	6,500
Decrease in Due From Others	1,223
Increase in Accounts Payable	61,110
(Decrease) in Deferred Project Support	(38,075)
Increase in Deferred Membership Dues	3,807
Increase in Compensated Absences	3,598
(Decrease) in Accrued Compensation	(820)
Total Adjustments	198,255
Net Cash Used by Operating Activities	$ (2,175,557)

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2007

		Agency Fund
ASSETS		
Cash and Cash Equivalents	$	3,279
TOTAL ASSETS		**3,279**
LIABILITIES		
Due to Others		3,279
TOTAL LIABILITIES		**3,279**
TOTAL NET ASSETS	**$**	**0**

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2007

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

A. DESCRIPTION OF THE ENTITY

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

B. BASIS OF PRESENTATION

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

C. FUND ACCOUNTING

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. There were no component units of TMACOG for the year ended June 30, 2007.

B. BASIS OF ACCOUNTING

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

C. MEASUREMENT FOCUS

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

D. USE OF ESTIMATES

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

E. CASH AND INVESTMENTS

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

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments with STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on June 30, 2007.

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

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

F. CAPITAL ASSETS AND DEPRECIATION

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

G. COMPENSATED ABSENCES

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

H. GRANTS

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

I. TRANSPORTATION ASSESSMENTS

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

J. REVENUE AND EXPENSES

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

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

K. TAX STATUS

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

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2007 the carrying amount of all TMACOG deposits was $342,397. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2007, $253,571 of the TMACOG's bank balance of $348,816 was exposed to custodial risk as discussed below, while $95,245 was covered by Federal Deposit Insurance Corporation.

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

B. Investments

As of June 30, 2007, TMACOG had the following investments:

Investment type	Amount
STAR Ohio	$ 9,051

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

Credit Risk: 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, 2007.

Investment type	Fair Value	% of Total
STAR Ohio	$9,051	100%

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

The following is a reconciliation of cash and investments as reported above to cash and investments as reported on the Statement of Net Assets as of June 30, 2007:

Cash and Investments per Sections A and B above	
Carrying amount of deposits	$ 342,397
Investments	9,051
Total	$ 351,448
Cash and Investments per Statements of Net Assets	
Proprietary Fund	$ 348,169
Agency fund	3,279
Total	$ 351,448

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2007

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

Class	June 30, 2006	Additions	Deletions	June 30, 2007
Computer equipment and software	$153,857	$0	$0	$153,857
Furniture and fixtures	176,321	0	0	176,321
Machinery and equipment	94,368	3,929	(6,605)	91,692
Vehicles	32,500	0	0	32,500
Total	$457,046	$3,929	($6,605)	$454,370

Accumulated Depreciation

Class	June 30, 2006	Additions	Deletions	June 30, 2007
Computer equipment and software	($149,077)	($1,992)	$0	($151,069)
Furniture and fixtures	(174,377)	(1,029)	0	(175,406)
Machinery and equipment	(91,021)	(2,170)	6,605	(86,586)
Vehicles	(27,700)	(1,600)	0	(29,300)
Total	($442,175)	($6,791)	$6,605	($442,361)
Net Value	$14,871	($2,862)	($0)	$12,009
Depreciation Expense Charged to Operating Expense		$6,791		

5. LOAN AGREEMENTS

TMACOG has entered into separate agreements with the City of Toledo and the Ohio Department of Transportation to secure a $4.50 million loan from the State of Ohio State Infrastructure Bank Loan to provide additional funding for renovation and preservation of the Martin Luther King Jr. Memorial Bridge. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. The funds will be made available to the City of Toledo on a reimbursement basis as needed upon request and submittal of properly executed documentation. TMACOG will repay eighty percent (80%) of the principal payment due on the loan from future City of Toledo Transportation Improvement Program (TIP) allocations. The City of Toledo will pay the remaining twenty percent (20%) of the principal payment plus the loan interest as the payments become due. The first payment will not be due until two (2) years after the first draw from the loan. As of June 30, 2007, no funds had transferred under the terms of the agreements.

6. LEASES

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

TMACOG currently leases the building it occupies, two copy machines and an automobile under agreements expiring at various dates through 2016. At June 30, 2007, scheduled lease payments were as follows:

Years Ending June 30	
2008	$142,680
2009	138,045
2010	138,045
2011	133,072
2012	128,100
2013-2016	491,050
Total	$1,170,992

Lease expense under these agreements amounted to $131,500 for the building, $9,945 for the copiers and $5,562 for the automobile for the year ended June 30, 2007.

7. DEFINED BENEFIT PENSION PLANS

A. Pension Benefit Obligation

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

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

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

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 9.0%. The 2006 employer contribution rate for local government employer units was 13.70% of covered payroll, 9.55% to fund the pension and 4.5% to fund health care. The contribution requirements of plan members and TMACOG are established and may be amended by the Public Employees Retirement Board. TMACOG's contributions to OPERS for the years ending June 30, 2007, 2006 and 2005 were $192,097, $194,396 and $190,786, respectively. 88.20 percent has been contributed for 2007 and 100 percent has been contributed for 2006 and 2005. The unpaid balance for 2007, in the amount of $22,696 is recorded as a liability within the proprietary fund.

B. Other Postemployment Benefits

OPERS provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. The portion of the 2006 employer contribution rate (identified above) that was used to fund health care for the year 2006 was 4.5% of covered payroll which amounted to $62,755.

The significant actuarial assumptions and calculations relating to postemployment health care benefits were based on the Ohio Public Employees Retirement System's latest actuarial review performed as of December 31, 2005. An entry age normal actuarial cost method of valuation is used in determining the present value of OPEB. The difference between assumed and actual experience (actuarial gains and losses) becomes part of unfunded actuarial accrued liability. All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Under this approach assets are adjusted annually to reflect 25% of unrealized market appreciation or depreciation on investment assets. The investment assumption rate for 2005 was 6.5%. An annual increase of 4.0% compounded annually, is the base portion of the individual pay increase assumption. This assumes no change in the number of active employees. Additionally, annual pay increases, over and above the 4.0% base increase, were assumed to range from 0.5% to 6.3%. Health care costs were assumed to increase 4.0% annually plus an additional factor ranging from 1% to 6% for the next 8 years. In subsequent years (9 and beyond) health care costs were assumed to increase 4% (the projected wage inflation rate).

Benefits are advance funded on an actuarially determined basis. The number of active contributing participants was 369,214. The actuarial value of the OPERS net assets available for OPEB at December 31, 2005 is $11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability, based on the actuarial cost method used, were $31.3 billion and $20.2 billion, respectively.

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

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

8. COMPENSATED ABSENCES

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

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

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

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

The current liability for these compensated absences at June 30, 2007 was $87,016 and the total value was $161,819. The following table provides detail in support of this liability:

Accrued Leave Liability:

	Total Liability			Current Liability		
	Annual	Sick	Total	Annual	Sick	Total
June 30, 2006	$104,907	$53,314	$158,221	$66,673	$26,816	$93,490
Additions	96,531	49,536	146,067	89,861	46,135	135,995
Deletions	(95,716)	(46,753)	(142,469)	(95,716)	(46,753)	(142,469)
June 30, 2007	$105,722	$56,097	$161,819	$60,818	$26,198	$87,016

9. RISK MANAGEMENT

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

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

TMACOG has a premium based HMO for employee health insurance coverage. TMACOG pays a portion of the employees' deductible. Premium expense for 2007 was $188,097.

10. CONTINGENT LIABILITIES

TMACOG receives financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Proprietary Fund. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the Proprietary Fund included herein or on the overall financial position of TMACOG at June 30, 2007.

11. PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2007, TMACOG determined that accounts receivables were overstated as of June 30, 2006 due to grant receivables that were incorrectly recorded. Accordingly, TMACOG recorded a prior period adjustment of $362,088 as of July 1, 2006, which decreased net assets as previously reported at June 30, 2006 from $431,684 to $69,596, and decreased the change in net assets as previously reported from $83,239 to ($278,849) for the year then ended.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Disbursements
UNITED STATES DEPARTMENT OF TRANSPORTATION			
Passed Through Ohio Department of Transportation:			
Highway Planning and Construction		**20.205**	
Transportation Planning	714976/715872		$897,923
Share-A-Ride	714981/715895		94,388
TIP Monitoring	714982/715893		83,892
Transportation Air Quality	714980/715894		51,977
TMACOG's Database Integration Project	714983		44,991
Passed Through Michigan Department of Transportation and SEMCOG:			
Highway Planning and Construction		**20.205**	
Transportation Planning	96-0956		57,491
			1,230,662
Total United States Department of Transportation			**1,230,662**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Great Lakes Program - Direct Assistance		**66.469**	
Ottawa River Remediation Projects Design	GL96550601-0		112,000
Construction Site Stormwater Control Education Project	12/5/2027		9,725
			121,725
Passed Through National Fish and Wildlife Foundation			
Great Lakes Program	2005-0321-015	**66.469**	
Ottawa River Habitat Restoration Inventory			7,666
			129,391
Passed Through Ohio Environmental Protection Agency:			
Nonpoint Source Implementation Grants		**66.460**	
RAP Coordinator	02(h)EPA-16		23,200
Portage River Watershed Action Plan			17,500
Portage River Watershed Home Sewage Treatment Systems Replacement Prograr	C9975500005-0		247,000
			287,700
Water Quality Management Planning		**66.454**	
TMACOG Areawide Water Quality Management Plan			33,197
Total United States Environmental Protection Agency			**450,288**
NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION			
Passed Through Ohio Department of Natural Resources:			
Coastal Zone Management Administration Awards		**11.419**	
Portage River Watershed Action Plan	L768 306-11		17,460
Maumee Bay State Part Shoreline & Restoration Plan	M363 306-07		5,530
Total National Oceanic and Atmospheric Administration			**22,990**
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed Though Lucas County Department of Jobs and Family Services			
Temporary Assistance for Needy Families		**93.558**	
CAR BUY	48-07-OP-22		344,500
COMMUTERLINK	48-07-OP-28		235,177
Total United States Department of Health and Human Services			**579,677**
Total			**$2,283,617**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2007

NOTE A – General

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

NOTE B - Basis of Accounting

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

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

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

We have audited the financial statements of the Major Enterprise Fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") as of and for the year ended June 30, 2007, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated February 8, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TMACOG's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of TMACOG's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of TMACOG's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects TMACOG's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of TMACOG's financial statements that is more than inconsequential will not be prevented or detected by TMACOG's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by TMACOG's internal control.

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

Compliance and Other Matters

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

We noted certain matters that we reported to the management of TMACOG, in a separate letter dated February 8, 2008.

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

Weber · O'Brien Ltd.

February 8, 2008

Certified Public Accountants · Strategic Business Advisors

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

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

Compliance

We have audited the compliance of Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2007. TMACOG's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of TMACOG's management. Our responsibility is to express an opinion on TMACOG's compliance based on our audit.

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

In our opinion, TMACOG complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

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

Internal Control Over Compliance

The management of TMACOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered TMACOG's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of TMACOG's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Weber O'Brien Ltd.

February 8, 2008

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2007

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	____yes	X no
Control deficiency(ies) identified not considered to be material weaknesses?	____yes	X none reported
Noncompliance material to financial statements noted?	____yes	X no

Federal Awards

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

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs:		$300,000
Auditee qualified as low risk auditee?	X yes	____no

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2007

NONE

Mary Taylor, CPA
Auditor of State

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 8, 2008

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