TOLEDO METROPOLITAN AREA
COUNCIL OF GOVERNMENTS
LUCAS COUNTY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2009

Mary Taylor, CPA
Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Toledo Metropolitan Area Council of Governments, Lucas County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2008 through June 30, 2009. 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 19, 2010

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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, 2009

OFFICER	POSITION	TERM OF OFFICE
Tina Skeldon Wozniak	Chair	1/29/09 - 1/26/10
Theodore Rutherford	Vice Chair	1/29/09 - 1/26/10
Carol Contrada	Second Vice Chair	1/29/09 - 1/26/10

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, 2009, 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, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 22, 2010, 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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The Board of Trustees
Toledo Metropolitan Area Council of Governments
Lucas County

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Toledo Metropolitan Area Council of Governments' basic financial statements. The accompanying schedule of expenditures of federal awards on page 31 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements of Toledo Metropolitan Area Council of Governments. The accompanying schedules of fringe benefit cost rate and of indirect cost rate on pages 29 and 30 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such additional information on pages 29 - 31, which is the responsibility of TMACOG's management, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Weber O'Brien Ltd.

January 22, 2010

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

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, 2009. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2009 are as follows:

- Total Net Assets increased by $58,113
- Total expenses decreased by $48,610 to $2,751,220 while total revenue decreased by $24,665 to $2,809,333
- Federal and state support decreased by $75,202 to $1,960,718 while local support increased by $52,291 to $848,027

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

FINANCIAL ANALYSIS OF TMACOG

The following tables provide a summary of TMACOG's financial positions and operations for 2008 and 2009, respectively:

Condensed Statement of Net Assets
June 30,

	2009	2008	Change Amount	Change %
Assets				
Current Assets - Unrestricted	$947,335	$826,574	$120,761	14.61%
Noncurrent Assets – Unrestricted	4,561,070	9,570	4,551,500	47560.08%
Total Assets	5,508,405	836,144	4,672,261	558.79%
Liabilities				
Current Liabilities - Unrestricted	634,479	576,841	57,638	9.99%
Noncurrent Liabilities - Unrestricted	4,624,707	68,197	4,556,510	6681.39%
Total Liabilities	5,259,186	645,038	4,614,148	715.33%
Net Assets				
Invested in Capital Assets, Net of Related Debt	13,770	9,570	4,200	43.89%
Unrestricted	235,449	181,536	53,913	29.70%
Total Net Assets	$249,219	$191,106	$58,113	30.41%

During 2009, net assets increased by $58,113. The increase was due primarily to the following:

- Cash and cash equivalents increased $365,303
- Total receivables decreased by $241,901. Federal and state receivables decreased by $163,014 while local receivables decreased by $78,887. Receivables due from the Ohio Department of Transportation (ODOT) for federal and state funded transportation programs were $101,072 lower on June 30, 2009 than on June 30, 2008. Federal receivables for grants to fund the environmental program decreased by $72,743 during this same period. There was a local receivable due from the City of Toledo on June 30, 2008 for membership dues and transportation assessments totaling $101,423. Unbilled receivables for future Car Buy client payments increased by $39,150 from 2008 to 2009.
- Noncurrent assets increased by $4,551,500. This increase is primarily due to a long term note receivable from the City of Toledo for an Ohio State Infrastructure Bank (SIB) loan of $4.5 million that TMACOG helped the City secure during fiscal year 2009.
- Total liabilities increased by $4,614,148. This increase is due primarily to an Ohio State Infrastructure Bank (SIB) loan made through TMACOG to the City of Toledo (Toledo) in the amount of $4,547,300. Proceeds from this loan were used by Toledo for repairs to the Martin Luther King Jr. Bridge. Repayment of the loan principal and interest are to be made by Toledo over the next ten years.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2009

Changes in Net Assets – The following table shows the changes in revenues and expenses for TMACOG for 2009 and 2008:

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

	2009	2008	Change Amount	%
Operating Revenue:				
Local Dues & Assessments	$612,304	$599,060	$13,244	2.21%
Other Local Support	235,723	196,676	39,047	19.85%
Total Operating Revenue	848,027	795,736	52,291	6.57%
Operating Expenses:				
Total Personnel Costs	1,698,851	1,782,043	(83,192)	-4.67%
Consultant/Contractual/Pass-through	461,816	495,481	(33,665)	-6.79%
All Other Operating Expenses	590,553	522,306	68,247	13.07%
Total Operating Expenses	2,751,220	2,799,830	(48,610)	-1.74%
Operating Loss	(1,903,193)	(2,004,094)	100,901	-5.03%
Non-Operating Revenue:				
Federal	1,795,934	1,933,338	(137,404)	-7.11%
State	164,784	102,582	62,202	60.64%
Investment Related	588	2,342	(1,754)	-74.89%
Total Non-Operating Revenue	1,961,306	2,038,262	(76,956)	-3.78%
Change in Net Assets	58,113	34,168	23,945	70.08%
Net Assets at July 1	191,106	156,938	34,168	21.77%
Net Assets at June 30	$249,219	$191,106	$58,113	30.41%

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

- Operating Revenue increased by $52,291 (6.57%) due to:
  - Revenue from event sponsorships and registrations increased by $24,960. This was attributable to increases for the second Ohio Conference on Freight, a statewide conference devoted to discussing freight related issues, sponsored by TMACOG in September, 2008.
  - Transportation Assessments increased by $14,957 as the full 12-month impact of the 20% increase in assessments, approved by the transportation membership and implemented with the November 2007 billing cycle, went into effect.
  - Revenue from Car Buy clients increased by $55,418 as a result of renewed interest, funding and activity in the program. Sixty vehicles were delivered during FY 2009 versus only 33 deliveries in FY 2008.
  - Small changes in the remainder of the revenue categories account for the balance of the revenue change in FY 2009.
- Total personnel costs decreased by $83,192 due to the elimination of three staff positions at the end of FY 2008.
- Consultant/contractual/pass-through costs decreased by $33,665. This significant change is a result of the following:
  - Pass-through payments made for the Car Buy program, for the purchase of cars from dealers, for car insurance costs and for car repair costs, increased by $91,281 from FY 2008 to FY 2009 due to a significant increase in the number of participants in the program.
  - Payments made to transportation providers for the CommuterLINK program decreased by almost $82,141 due to a continuing reduction in the number of participants in the program.
  - Payments made on behalf of land owners along the Portage River for replacement of failed septic systems under a grant from the USEPA increased by $31,716 as the program was completed.
  - Consultant and Contract Services expenditures for various projects decreased by $57,891 from FY 2008 to FY 2009.
- All other operating expenses increased by $68,247. This significant change is a result of the following:
  - Advertising and promotion expense increased by $28,662 due to increased promotion of the Share-A-Ride and Ozone Action programs.
  - Computer expense increased by $26,402 due to the purchase of traffic flow map automation software and related maintenance fees.
- Federal Revenue decreased by $137,404 as a result of:
  - Transportation funding from the United States Department of Transportation (USDOT) passed through ODOT decreased by $51,488.
  - The reductions in revenue from Lucas County Department of Jobs & Family Services (LCDJFS) for Car Buy and CommuterLINK of $173,763.
  - New funding from USDOT passed through the Toledo Area Regional Transit Authority (TARTA) for the Car Buy and Share-A-Ride programs totaling $131,715.
  - Funding from USEPA for a variety of projects in support of the environmental planning program decreased by $8,637 in FY 2009 when compared to the previous year.
  - Funding for a study of the Maumee Bay State Park shoreline from the National Oceanic and Atmospheric Administration ended in FY 2008. The amount was $35,231 and represents the final reduction in FY 2009 federal funding.
- State Revenue increased by $62,202 due to additional funding received for the Swan Creek Pilot Watershed Program.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2009, TMACOG had $13,770 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net increase of $4,200 or 30.50% as compared to 2008. The following table shows fiscal year 2009 and 2008 historical cost balances:

Capital Assets at June 30,	2009	2008	Change
Equipment	$26,589	$26,589	$0.00
Computers	20,088	20,088	0.00
Furniture	166,148	166,148	0.00
Vehicles	38,171	29,080	9,091
Total Capital Assets	$250,996	$241,905	$9,091
Less: Accumulated Depreciation	237,226	232,335	4,891
Net Balance	$13,770	$9,570	$4,200

Debt

At June 30, 2009, a lease for TMACOG's office space, an automobile and two copy machines represented future obligations totaling $974,189. These operating leases expire at various dates between 2010 and 2016.

ECONOMIC FACTORS

TMACOG has not been immune to the economic crisis faced by our nation and our region. As FY 2009 began, the agency was forced to reduce the size of staff to meet budget limitations. Expenses have been trimmed wherever possible and all available funding sources have been explored. TMACOG has worked hard during the past year to continue to show value to the membership all of whom are experiencing the same economic hardships TMACOG has faced. For a variety of reasons, including budget issues, nine members chose not to renew their membership in 2009. This resulted in a loss of over $11,000 in anticipated local revenue. However, two new members joined TMACOG and other local communities and organizations have expressed interest in working with TMACOG. This is an indication that TMACOG continues to work diligently to provide service, information, and networking opportunities while striving to be the governmental partner of choice to the members.

There was a small increase in base funding for the TMACOG transportation program in 2009. The existing federal transportation law expired on September 30, 2009. Continuing funding resolutions have been passed in Washington which will fund the program through FY 2011. There is much uncertainty regarding the method that will be used to fund transportation activities nationally and the level of federal funds available beyond that date. TMACOG leadership continues to work with federal and state leaders to obtain funding at levels adequate to provide the transportation services needed by TMACOG's constituents.

As FY 2009 came to a close, funding for the environmental program was very stable for the next two years. For several years, representatives of the six areawide planning organizations in Ohio have worked to obtain funding through the Ohio legislature to perform planning work in their various regions. The efforts were finally successful and funds were included in the state budget signed by Governor Strickland in early July. TMACOG will receive $75,000 per year during the state biennium for sewer planning work. In addition, there was federal stimulus money provided for environmental planning work. This will provide more than

$60,000 per year for two years to TMACOG for additional program activities. Combining these two new sources of money with the normal planning funds received annually and three small competitive grants obtained recently provides ample funding for the environmental planning department. Realizing though that there is no commitment for funding beyond FY 2011, staff will continue to be diligent in identifying additional sources of funding for the environmental program.

TMACOG entered into a contract during FY 2009 with TARTA to provide funding from the Federal Transit Administration (FTA) for the purchase of vehicles as part of the Car Buy program. This funding continues through FY 2010 and applications for funding for additional years will be solicited during FY 2010. Funding from the Lucas County Department of Job and Family Service (LCDJFS) was reduced in FY 2009 and has been slashed by 65% for FY 2010 due to state budget cuts. The CommuterLINK program was terminated at the end of FY 2009 and the Car Buy program has been greatly reduced. LCDJFS continues to see much merit in the program and wants to see the program continue. However, the money from TARTA is restricted to the purchase of vehicles only and the money from LCDJFS does not fully cover the operational costs of the program. Therefore, the program may be forced to close during FY 2010 unless additional funds are identified. The car donation program, begun in late FY 2008, has generated a small amount of money that will be used to further market the program. Future car donation revenue will supplement the federal money used to support the Car Buy program.

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, 2009

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	580,422
Receivables:		
Federal		263,159
State		7,702
Local		79,008
Prepaid Insurance		12,139
Prepaid Other		4,905
Total Current Assets		947,335
Noncurrent Assets		
Long Term Note Receivable from City of Toledo		4,547,300
Depreciable Capital Assets, Net of Accumulated Depreciation		13,770
Total Noncurrent Assets		4,561,070
TOTAL ASSETS		**5,508,405**
LIABILITIES		
Current Liabilities		
Accounts Payable		198,415
Accrued Compensation Payable		53,782
Compensated Absences Payable		104,593
Deferred Membership Dues		277,689
Total Current Liabilities		634,479
Noncurrent Liabilities		
Long Term Note Payable to State of Ohio		4,547,300
Compensated Absences Payable		76,407
Due to Others		1,000
Total Noncurrent Liabilities		4,624,707
TOTAL LIABILITIES		**5,259,186**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		13,770
Unrestricted		235,449
TOTAL NET ASSETS	$	**249,219**

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, 2009

Operating Revenue:		
Membership Fees	$	395,631
Transportation Assessments		161,845
Car Buy Revenue		108,073
Event Registrations/Sponsorships		105,325
Special Dues & Assessments		54,828
Other Local Revenue		22,325
Total Operating Revenue		**848,027**
Operating Expenses:		
Personnel Services		1,268,576
Fringe Benefits		430,275
Car Buy Direct Program Expenses		258,682
Building Rent & Utilities		131,910
Contractual Services		108,928
Pass Through - Portage River Septic System Upgrades		80,077
Advertising & Promotion		70,835
Computer		51,126
Meetings		50,784
Printing & Graphics		41,064
Auto & Travel		40,468
CommuterLINK Direct Program Expenses		40,162
Equipment		38,045
Postage & Supplies		30,458
Professional Services		19,126
Contract Personnel		16,410
Consultants		16,170
Insurance		14,129
Other		10,244
Telephone		8,386
Training & Seminars		7,512
Association Dues		7,330
Publications & Subscriptions		5,632
Depreciation		4,891
Total Operating Expenses		**2,751,220**
Operating Loss		**(1,903,193)**
Non-Operating Revenue:		
Federal		1,795,934
State		164,784
Investment Income		588
Total Non-Operating Revenue		**1,961,306**
Change in Net Assets		**58,113**
Net Assets at July 1		**191,106**
Net Assets at June 30	$	**249,219**

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF CASH FLOWS - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2009

Cash Flows from Operating Activities:		
Cash Received from Customers	$	929,555
Cash Paid to Suppliers		(1,426,106)
Cash Paid to Employees		(1,253,375)
Net Cash Used by Operating Activities		(1,749,926)
Cash Flows from Noncapital Financing Activities:		
Proceeds from Ohio Department of Transportation Loan		4,500,000
Cash Received from Federal/State Grants		2,123,732
Net Cash Received from Noncapital Financing Activities:		6,623,732
Cash Flows from Capital and Related Financing Activities:		
Purchase of Capital Assets		(9,091)
Net Cash Used by Capital and Related Financing Activities:		(9,091)
Cash Flows from Investing Activities:		
Loan to City of Toledo		(4,500,000)
Investment Income		588
Net Cash Used in Investing Activities:		(4,499,412)
Net Increase in Cash and Cash Equivalents		365,303
Cash and Cash Equivalents, July 1		215,119
Cash and Cash Equivalents, June 30	$	580,422
Reconciliation of Operating Loss to Net Cash Used in Operating Activities:		
Operating Loss	$	(1,903,193)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities		
Depreciation Expense		4,891
Changes in Assets and Liabilities:		
Decrease in Receivable		78,887
Decrease in Prepaid Insurance		7,046
(Increase) in Prepaid Others		(4,405)
Increase in Accounts Payable		53,463
(Decrease) in Deferred Membership Dues		(2,099)
Increase in Compensated Absences		13,554
Increase in Accrued Compensation		1,930
Total Adjustments		153,267
Net Cash Used by Operating Activities	$	(1,749,926)

Supplemental Disclosure of Noncash Investing, Capital and Financing Activities:

During the year ended June 30, 2009, TMACOG entered into an agreement with ODOT to secure a $4,500,000 loan. Loan processing fees of $47,300 were incurred. No fees were paid before year end.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2009

		Agency Fund
ASSETS		
Cash and Cash Equivalents	$	3,436
TOTAL ASSETS		**3,436**
LIABILITIES		
Due to Others		3,436
TOTAL LIABILITIES		**3,436**
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, 2009

1. DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION

A. DESCRIPTION OF THE ENTITY

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

B. BASIS OF PRESENTATION

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

C. FUND ACCOUNTING

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 14 is the "primary government." A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. There were no component units of TMACOG for the year ended June 30, 2009.

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, 2009.

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

F. CAPITAL ASSETS AND DEPRECIATION

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

G. COMPENSATED ABSENCES

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

H. GRANTS

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

I. TRANSPORTATION ASSESSMENTS

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

J. REVENUE AND EXPENSES

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

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

K. TAX STATUS

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

L. CHANGE IN ACCOUNTING POLICY

For fiscal year 2009, TMACOG has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of TMACOG; however, certain disclosures related to postemployment benefits (see Note 8) have been modified to conform to the new reporting requirements.

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

At June 30, 2009 the carrying amount of all TMACOG deposits was $574,323. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, $368,083 of the TMACOG's bank balance of $618,083 was exposed to custodial risk as discussed below, while $250,000 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 at 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, 2009, TMACOG had the following investments:

Investment type	Amount
STAR Ohio	$ 9,535

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, 2009.

Investment type	Fair Value	% of Total
STAR Ohio	$9,535	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, 2009:

Cash and Investments per Sections A and B above	
Carrying amount of deposits	$ 574,323
Investments	9,535
Total	$ 583,858
Cash and Investments per Statements of Net Assets	
Proprietary Fund	$ 580,422
Agency fund	3,436
Total	$ 583,858

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2009

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Computer equipment and software	$20,088	$0	$0	$20,088
Furniture and fixtures	166,148	0	0	166,148
Machinery and equipment	26,589	0	0	26,589
Vehicles	29,080	9,091	0	38,171
Total	$241,905	$9,091	$0	$250,996

Accumulated Depreciation

Class	June 30, 2008	Additions	Deletions	June 30, 2009
Computer equipment and software	($12,118)	($1,992)	$0	($14,110)
Furniture and fixtures	(166,148)	0	0	(166,148)
Machinery and equipment	(26,589)	0	0	(26,589)
Vehicles	(27,480)	(2,899)	0	(30,379)
Total	($232,335)	($4,891)	$0	($237,226)
Net Value	$9,570	$4,200	$0	$13,770
Depreciation Expense Charged to Operating Expense		$4,891		

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2009

5. LONG TERM NOTE RECEIVABLE

TMACOG has entered into an agreement with the City of Toledo ("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 is to pay the remaining twenty percent (20%) of the principal plus interest directly to ODOT as invoiced.

6. LOAN AGREEMENTS

TMACOG has entered into separate agreements with the City of Toledo and the Ohio Department of Transportation to secure a $4.50 million loan from the State of Ohio State Infrastructure Bank Loan to provide additional funding for renovation and preservation of the Martin Luther King Jr. Memorial Bridge. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. The funds were to be made available to the City of Toledo on a reimbursement basis as needed upon request and submittal of properly executed documentation. TMACOG is to repay eighty percent (80%) of the principal payment due on the loan from future City of Toledo Transportation Improvement Program (TIP) allocations. The City of Toledo is to pay the remaining twenty percent (20%) of the principal payment plus the loan interest at 3% on the entire loan balance as the payments become due. The first payment will not be due until two (2) years after the first draw from the loan. As of June 30, 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, 2009, scheduled principal and interest loan payments are as follows:

	TMACOG	Toledo		Total	
Years Ending June 30	Principal	Principal	Interest	Principal	Interest
2011	$ 421,371	$105,343	$140,512	$ 526,714	$140,512
2012	434,013	108,503	124,710	542,516	124,710
2013	447,033	111,758	108,435	558,791	108,435
2014	460,444	115,111	91,671	575,555	91,671
2015-2018	1,984,114	496,029	188,759	2,480,143	188,759
Total	$3,746,975	$936,744	$654,087	$4,683,719	$654,087

7. LEASES

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

TMACOG currently leases the building it occupies, two copy machines and an automobile under agreements expiring at various dates through 2016. At June 30, 2009, scheduled lease payments were as follows:

Years Ending June 30	
2010	150,933
2011	150,133
2012	146,133
2013	146,133
2014	139,022
2015-2016	241,835
Total	$974,189

Lease expense under these agreements amounted to $131,910 for the building, $10,899 for the copiers and $4,800 for the automobile for the year ended June 30, 2009.

8. DEFINED BENEFIT PENSION PLANS

A. Pension Benefit Obligation

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

All employees of TMACOG participate in one of three pension plans administered by OPERS: the Traditional Pension Plan (TP), the Member-Directed Plan (MD), and the Combined Plan (CO). The TP Plan is a cost-sharing multiple employer defined benefit pension plan. The MD Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the MD Plan members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings thereon. The CO Plan is a cost-sharing multiple-employer defined benefit pension plan 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 10.0%. The 2008 employer contribution rate for local government employer units was 14.00% of covered payroll, 7.00% to fund the pension and 7.00% to fund health care. 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, 2009, 2008 and 2007 were $187,000, $198,487 and $192,097, respectively. 91.97% has been contributed for 2009 and 100% has been contributed for 2008 and 2007. The unpaid balance for 2009, in the amount of $15,019 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).

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 writing OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2008, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 17.40%. The Ohio

Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2008, the employer contribution allocated to the health care plan was 7.0% of covered payroll. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

TMACOG Contributions

The portion of the TMACOG's contribution used to fund OPEB for 2009, 2008, and 2007 was $93,500, $71,653, and $63,104, respectively.

OPERS Board implements its Health Care Preservation Plan

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which allowed additional funds to be allocated to the health care plan

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

9. COMPENSATED ABSENCES

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

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

Employees hired before January 1, 2009

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

Employees hired on or after January 1, 2009

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

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

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

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

The current liability for these compensated absences at June 30, 2009 was $104,593 and the total value was $181,000. 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, 2008	$111,126	$56,320	$167,446	$70,433	$29,816	$100,249
Additions	103,106	42,765	145,871	98,967	37,693	136,660
Deletions	(94,928)	(37,388)	(132,316)	(94,928)	(37,388)	(132,316)
June 30, 2009	$119,304	$61,697	$181,001	$74,472	$30,121	$104,593

10. RISK MANAGEMENT

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

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

TMACOG has a premium based HMO for employee health insurance coverage. TMACOG pays a portion of the employees' deductible. Premium expense for 2009 was $183,757.

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, 2009.

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 net receivable or payable is recorded as appropriate. Indirect costs and fringe benefits in the Statement of Revenues, Expenses, and Changes in Net Assets represent the application of actual indirect and fringe benefit rates.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF FRINGE BENEFIT COST RATE
YEAR ENDED JUNE 30, 2009

Fringe Benefit Costs:	Budget	Actual
Annual Leave	$ 85,037	$ 95,391
Sick Leave	56,171	37,501
Holiday Leave	51,490	52,273
Bereavement Leave	0	1,840
Civil Leave	0	1,186
Personal Time	4,681	5,568
Medicare Tax	16,930	13,356
Health Insurance	191,480	183,757
Worker's Comp Insurance	6,561	2,029
Life Insurance	0	1,184
PERS Contributions	186,491	187,000
Employee Assistance Program	1,772	1,663
Unemployment Compensation	45,344	25,372
Health Savings Account Contribution	5,000	12,770
Total Fringe Benefit Costs	**$ 650,957**	**$ 620,890**
Allocation Base: Direct and Indirect Personnel	**$ 1,049,695**	**$ 1,074,817**
Fringe Benefit Cost Rate:	**62.01%**	**57.77%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF INDIRECT COST RATE
YEAR ENDED JUNE 30, 2009

		Budget		Actual
Indirect Costs:				
Revenues				
Registration Fees	$	0	$	9,185
Trade Show Display Table		0		150
Sponsorship		0		4,500
Miscellaneous		0		(1,357)
Total Revenues		**0**		**12,478**
Expenses				
Personnel Services		343,222		380,044
Fringe Benefits		212,846		219,540
Advertising		2,500		915
Audit		15,000		17,664
Automobiles		15,000		13,972
Conferences		8,000		8,131
Contractual Services		2,000		9,328
Data Processing		2,000		9,158
Depreciation		10,000		4,891
Dues		10,000		3,748
Equipment		22,500		12,544
Equipment Maintenance		25,000		17,767
Graphics		4,000		764
Insurance		16,000		14,129
Legal		2,500		1,463
Meetings		15,000		16,784
Office Supplies		7,500		3,581
Other Expenses		5,000		1,842
Other Supplies		500		1,247
Periodicals		4,000		5,147
Postage		20,000		12,062
Printing		26,000		(2,235)
Recruitment		500		67
Rent		133,889		131,910
Telephone		5,000		5,706
Training		4,000		1,590
Travel		1,000		602
Total Operating Expenses		**912,957**		**892,360**
Total Indirect Costs	$	**912,957**	$	**879,882**
Allocation Base: Direct Personnel plus Fringe Benefits	$	**1,144,585**	$	**1,096,124**
Indirect Cost Rate Applied		**79.76%**		**80.27%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2009

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	716782/717997		$838,155
Share-A-Ride	716803/717658		109,428
TIP Monitoring	716801/717656		79,980
Transportation Air Quality	715894		36,648
TMACOG's Database Integration Project	715896		8,216
Passed Through Michigan Department of Transportation and SEMCOG:			
Highway Planning and Construction		**20.205**	
Transportation Planning	96-0956		57,491
			1,129,918
Passed Through Toledo Area Regional Transit Authority:			
Job Access - Reverse Commute		**20.516**	
Car Buy			125,715
Share-A-Ride Acquisition of Intelligent Transportation Technology			6,000
			131,715
Total United States Department of Transportation			**1,261,633**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed Through National Fish and Wildlife Foundation			
Great Lakes Program		**66.469**	
Ottawa River Habitat Restoration Inventory	2005-0321-015		5,919
			5,919
Passed Through Ohio Environmental Protection Agency:			
Nonpoint Source Implementation Grants		**66.460**	
Ottawa River Dam Removal & Stream Restoration Program	#06(h)EPA-10		67,727
Portage River Watershed Action Plan			34,550
Portage River Watershed Home Sewage Treatment Systems Replacement Program	C9975500005-0		39,138
			141,415
Water Quality Management Planning		**66.454**	
TMACOG Areawide Water Quality Management Plan			25,797
Total United States Environmental Protection Agency			**173,131**
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	48-09-OP-06		279,170
COMMUTERLINK	48-09-OWF-07		82,000
Total United States Department of Health and Human Services			**361,170**
Total			**$1,795,934**

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, 2009

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, 2009, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated January 22, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A 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

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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*.

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

Weber O'Brien Ltd.

January 22, 2010

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, 2009. TMACOG's major federal program is 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, 2009.

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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

January 22, 2010

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2009

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
20.205	Highway Planning and Construction

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, 2009

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 1, 2010