TOLEDO METROPOLITAN AREA
COUNCIL OF GOVERNMENTS
LUCAS COUNTY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2012

Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditors' Report* of the Toledo Metropolitan Area Council of Governments, Lucas County, prepared by Weber O'Brien Ltd., for the audit period July 1, 2011 through June 30, 2012. 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.

Dave Yost

Dave Yost
Auditor of State

January 31, 2013

This page intentionally left blank.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

TABLE OF CONTENTS

TITLE	PAGE

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

BOARD OF TRUSTEES - OFFICERS
AS OF JUNE 30, 2012

OFFICER	POSITION	TERM OF OFFICE
Carol A. Contrada	Chair	1/25/12 - 1/29/13
Nelson D. Evans	Vice Chair	1/25/12 - 1/29/13
Don A. Nalley	Second Vice Chair	1/25/12 - 1/29/13

Certified Public Accountants · Strategic Business Advisors
weber · obrien ltd.

INDEPENDENT AUDITORS' REPORT

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

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, 2012, 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 of America 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, 2012, 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 of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2012, 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

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 should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 – 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Toledo Metropolitan Area Council of Governments' financial statements as a whole. The accompanying schedules of fringe benefit cost rate and of indirect cost rate on pages 29 and 30 and the schedule of revenues and expenses for U.S. Department of Transportation Funds on pages 31 through 34 are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards on page 35 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 also not a required part of the financial statements. Such additional information on pages 29 - 35 is the responsibility of TMACOG's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Weber O'Brien Ltd

December 20, 2012

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

The key financial highlights for 2012 are as follows:

- Total Net Assets increased by $64,034.
- Total expenses decreased by $330,031 to $2,237,189 while total revenue decreased by $222,956 to $2,301,223.
- Federal and state support decreased by $64,243 to $1,600,245 while local support decreased by $158,725 to $699,412.

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 2011 and 2012, respectively:

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Condensed Statement of Net Assets
June 30,

			Change	
	2012	2011	Amount	%
Assets				
Current Assets	$1,456,784	$1,489,691	-$32,907	-2.21%
Noncurrent Assets	3,490,553	4,009,532	-518,979	-12.94%
Total Assets	4,947,337	5,499,223	-551,886	-10.04%
Liabilities				
Current Liabilities	979,965	1,052,289	-72,324	-6.87%
Noncurrent Liabilities	3,554,904	4,098,500	-543,596	-13.26%
Total Liabilities	4,534,869	5,150,789	-615,920	-11.96%
Net Assets				
Invested in Capital Assets, Net of Related Debt	13,277	10,744	2,533	23.58%
Unrestricted	399,191	337,690	61,501	18.21%
Total Net Assets	$412,468	$348,434	$64,034	18.38%

During 2012, net assets increased by $64,034. The increase was due primarily to the following:

- Cash and cash equivalents increased $139,919.
- Total receivables decreased by $182,616. Federal and state receivables decreased by $106,962 while local receivables decreased by $75,654. Receivables due from the Ohio Department of Transportation (ODOT) for federal and state funded transportation programs were $11,060 lower on June 30, 2012 than on June 30, 2011. Federal and state receivables for grants to fund the environmental program decreased by $36,805 during this same period. Federal receivables connected to the Car Buy Program on June 30, 2011 totaled $60,477. These balances were $-0- on June 30, 2012 due to the elimination of the program. Other federal receivables for various programs increased by $1,381. The local receivable due from the City of Toledo on June 30, 2011 for membership dues totaled $59,334. Their dues were fully paid on June 30, 2012. Receivable balances for Car Buy program clients totaled $26,087 on June 30, 2011 and were $-0- at year-end. Miscellaneous local receivables increased by $9,790. Noncurrent Assets decreased by $518,979 mostly due to reduction in the long term balance due on Note Receivable from City of Toledo for SIB loan.
- Total liabilities decreased by $615,920. Current liabilities decreased by $72,324. The vast majority of this decrease is attributable to a June 30, 2011 year end payable to the State of Ohio totaling $63,516 established as the result of an audit conducted by ODOT that determined that contributions received to support planning projects should have been identified as program revenue resulting in a decrease in the claim for federal and state reimbursement. The balance of the decrease was the net result of decreases in general accounts payable of $31,840, Compensated Absences Payable of $6,844, Deferred Membership Dues of $929, increases in the current portion of Accrued Compensation Payable of $3,005, Due to Others of $12,500, and the current portion of the balance due on Note Receivable from City of Toledo for SIB loan of $15,300. Noncurrent liabilities decreased by $543,596 due to reduction in the long term balance due on Note Receivable from City of Toledo for SIB loan and reduction in the Noncurrent Liability for Compensated Absences.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

Changes in Net Assets – The following table shows the changes in revenues and expenses for TMACOG for 2012 and 2011:

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

	2012	2011	Change Amount	%
Operating Revenue:				
Local Dues & Assessments	$592,367	$674,731	-$82,364	-12.21%
Other Local Support	107,045	183,406	-76,361	-41.63%
Total Operating Revenue	699,412	858,137	-158,725	-18.50%
Operating Expenses:				
Total Personnel Costs	1,703,421	1,770,041	-66,620	-3.76%
Consultant/Contractual/Pass-through	63,114	312,832	-249,718	-79.82%
All Other Operating Expenses	470,654	484,347	-13,693	-2.83%
Total Operating Expenses	2,237,189	2,567,220	-330,031	-12.86%
Operating Loss	(1,537,777)	(1,709,083)	171,306	-10.02%
Non-Operating Revenue:				
Federal	1,393,614	1,482,299	-88,685	-5.98%
State	206,631	182,189	24,442	13.42%
Investment Related	1,566	1,554	12	0.77%
Total Non-Operating Revenue	1,601,811	1,666,042	-64,231	-3.86%
Change in Net Assets	64,034	-43,041	107,075	-248.77%
Net Assets at July 1	348,434	391,475	-43,041	-10.99%
Net Assets at June 30	$412,468	$348,434	$64,034	18.38%

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

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

- Operating Revenue decreased by $158,725 due to:
    - Revenue from event sponsorships and registrations decreased by about $11,290.
    - There was no revenue from Car Buy clients because the last vehicles were delivered in 2011 and the program ended in 2012. This resulted in reduced revenue of $56,939.
    - The total revenue from membership fees, transportation assessments and stormwater assessments was reduced by $5,399 to $592,367 from 2011.
    - A special assessment for a study of the region's water system was collected in 2011 from interested jurisdictions that totaled $77,000. This was not needed in 2012.
    - Miscellaneous decreases in various local revenue categories totaling $8,132 account for the balance of the change in Operating Revenue.
- Personnel costs were reduced by $84,135 due to the elimination of three positions for which TMACOG lost funding. This was offset by a new position in the transportation program for which TMACOG had adequate funding.
- Fringe benefit costs increased by $17,515 even with a small staff due to increased health care costs and increased unemployment benefit costs.
- Consultant/contractual/pass-through costs decreased by $249,718. 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, decreased by $151,334 as the program was wrapping up in FY 2012.
    - TMACOG spent $76,375 under a consultant contract with Mannik & Smith to conduct a study of crash statistics and produce a Safety and Location Measures Report in FY 2011 that was not repeated in FY 2012.
    - TMACOG spent $37,133 under a consultant contract with Arcadis to conduct a regional water study for the TMACOG region in FY 2011 that was not repeated in FY 2012.
    - Consultant and Contract Services expenditures for various projects decreased by $9,224 from FY 2011 to FY 2012 to account for the balance of the change.
- A $24,000 payment was made to assist in the purchase of an abandoned rail line for project partners using money donated to TMACOG in 2008 from the Wal-Mart Corporation.
- Other operating expenses decreased by $13,693 and accounts for the balance of the total decrease.
- Federal Revenue decreased by $88,685 as a result of:
    - Transportation funding from the United States Department of Transportation (USDOT) passed through ODOT increased by $84,850.
    - Transportation funding from the USDOT passed through the Southeast Michigan Council of Governments (SEMCOG) decreased by $3,091.
    - Funding from USEPA provided through the Federal American Recovery and Reinvestment Act (ARRA) stimulus program totaled $44,450 in 2011. There was no ARRA funding in FY 2012 and the funding total reflects this decrease.
    - Funding from USEPA for a variety of projects in support of the environmental planning program increased by $143,647 in FY 2012 when compared to the previous year.
    - Projects funded in FY 2011 by the United States Department of Agriculture (USDA) and the National Atmospheric and Oceanographic Association (NAOA) for $42,700 were completed prior to the start of FY 2012 and total revenue reflects this reduction.
    - Revenue from Lucas County Department of Jobs & Family Services (LCDJFS) for the Car Buy program decreased by $144,927.
    - Revenue from USDOT passed through the Toledo Area Regional Transit Authority (TARTA) for the Car Buy program decreased by $82,013.

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2012

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2012, TMACOG had $13,277 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net increase of $2,533 or 23.58% as compared to 2011. The following table shows fiscal year 2012 and 2011 historical cost balances:

Capital Assets at June 30,	2012	2011	Change
Equipment	$26,589	$26,589	$0
Computers	34,779	26,017	8,762
Furniture	166,148	166,148	0
Vehicles	20,291	38,171	-17,880
Total Capital Assets	$247,807	$256,925	-$9,118
Less: Accumulated Depreciation	234,530	246,181	-11,651
Net Balance	$13,277	$10,744	$2,533

Debt

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

Operating Lease Commitments

At June 30, 2012, a lease for TMACOG's office space, an automobile and two copy machines represented future obligations totaling $620,058. These operating leases expire at various dates between 2014 and 2017.

ECONOMIC FACTORS

TMACOG ended fiscal year 2012 with a balanced budget and as we look ahead at fiscal year 2013 existing programs are on a solid financial footing. Tight fiscal management in 2012 was one strategy that put TMACOG in good shape to start the next year. In addition, several projects begun in 2012 will continue into 2013 and will provide adequate levels of funding. With tight management, a foundation of continuing programs, and the gradually improving national economy, TMACOG has cause for optimism in the coming months.

There were challenges in 2012 that led to difficult choices. The Car Buy Program cleared the last of the clients off its roster in June when the final vehicles were paid off. The end of the program meant the elimination of the final Car Buy staff position. The end of financial support provided through the federal stimulus program – American Recovery and Reinvestment Act (ARRA) – required that environmental programs identify alternative sources of funding. While transportation planning dollars were actually greater than anticipated, uncertainty over future funding made long term staffing decisions in that department challenging. Despite these factors TMACOG was able to provide a high level of service to its members and partners while continuing to strengthen its net asset balance.

The ongoing economic reality facing businesses and local governments in northwest Ohio and southeast Michigan did force seven members to withdraw from TMACOG membership while another was only able to pay a portion of its invoiced membership dues. This loss was offset by the gain of three new members and the return of two former members. The net result was that the local membership dues revenue for 2012 was within $900 of the amount budgeted for the year. We believe that a stable membership rate demonstrates that TMACOG members find value in their membership.

TMACOG expects that 2013 will be a strong year financially. TMACOG secured a Local Government Innovation Fund (LGIF) grant for $100,000 from the Ohio Department of Development to conduct a feasibility study on a regional water authority. The City of Toledo and Lucas County are matching this grant to bring the project total to $200,000. Transportation planning dollars are slightly smaller due to a statewide reallocation of funds after the 2010 census. However, unspent funds carried forward from 2012 result in a larger transportation budget than in 2012. In the Environmental Planning department, two new grants plus six small grants carried forward from 2012 provide ample funding for programs when combined with the federal and state money TMACOG receives for water quality planning. These factors all indicate that 2013 should be a financially stable year.

However, TMACOG will have to continue to be diligent in our efforts to secure future funding. The LGIF-funded project will likely be completed in 2013. The current environmental grants all anticipate that work will be completed during 2013 and 2014. And even though a new federal transportation law has recently been passed, there are still concerns over the possibility of future funding reductions for this program.

TMACOG has been industrious in its efforts to maintain financial stability. Staff members continue to identify and pursue grant opportunities that match member priorities. TMACOG works with its members and partners to obtain funding for projects that fill a need, take advantage of an opportunity, or align with long term goals. TMACOG anticipates that several applications for environmental and transportation projects will be submitted during 2013 for potential funding in 2014 or 2015.

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

REQUESTS FOR INFORMATION

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - MAJOR ENTERPRISE FUND
JUNE 30, 2012

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	593,767
Receivables:		
Federal		274,287
State		38,625
Local		5,569
Current Portion Long Term Note Receivable from City of Toledo		521,512
Prepaid Insurance		21,052
Prepaid Other		1,055
Due From Individuals		917
Total Current Assets		1,456,784
Noncurrent Assets		
Long Term Portion of Note Receivable from City of Toledo		3,477,276
Depreciable Capital Assets, Net of Accumulated Depreciation		13,277
Total Noncurrent Assets		3,490,553
TOTAL ASSETS		**4,947,337**
LIABILITIES		
Current Liabilities		
Accounts Payable		49,740
Accrued Compensation Payable		24,737
Compensated Absences Payable		106,911
Due to Others		12,500
Deferred Membership Dues		264,565
Current Portion Long Term Note Payable to State of Ohio		521,512
Total Current Liabilities		979,965
Noncurrent Liabilities		
Long Term Portion of Note Payable to State of Ohio		3,477,276
Compensated Absences Payable		76,628
Due to Others		1,000
Total Noncurrent Liabilities		3,554,904
TOTAL LIABILITIES		**4,534,869**
NET ASSETS		
Invested in Capital Assets, Net of Related Debt		13,277
Unrestricted		399,191
TOTAL NET ASSETS	**$**	**412,468**

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, 2012

Operating Revenue:		
Membership Fees	$	358,440
Transportation Assessments		171,619
Event Registrations/Sponsorships		86,915
Stormwater Assessments		62,308
Other Local Revenue		20,130
Total Operating Revenue		**699,412**
Operating Expenses:		
Personnel Services		1,249,151
Fringe Benefits		454,270
Building Rent		137,207
Advertising & Promotion		57,649
Meetings		40,288
Contractual Services		35,502
Equipment		35,202
Printing & Graphics		33,174
Computer		30,696
Auto & Travel		27,225
Grant Expense		24,000
Postage & Supplies		21,691
Professional Services		18,388
Insurance		13,094
Car Buy Direct Program Expenses		10,662
Publications & Subscriptions		10,579
Association Dues		10,071
Other		9,076
Telephone		7,506
Depreciation		6,229
Contract Personnel		3,613
Training & Seminars		1,916
Total Operating Expenses		**2,237,189**
Operating Loss		**(1,537,777)**
Non-Operating Revenue:		
Federal		1,393,614
State		206,631
Investment Income		1,566
Total Non-Operating Revenue		**1,601,811**
Change in Net Assets		**64,034**
Net Assets at July 1		**348,434**
Net Assets at June 30	**$**	**412,468**

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, 2012

Cash Flows from Operating Activities:	
Cash Received from Customers	$ 780,076
Cash Paid to Suppliers	(1,065,057)
Cash Paid to Employees	(1,275,111)
Net Cash Used by Operating Activities	(1,560,092)
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal/State Grants	1,707,207
Net Cash Received from Noncapital Financing Activities	1,707,207
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	(8,762)
Net Cash Used by Capital and Related Financing Activities	(8,762)
Cash Flows from Investing Activities:	
Investment Income	1,566
Net Cash Received from Investing Activities	1,566
Net Increase in Cash and Cash Equivalents	139,919
Cash and Cash Equivalents, July 1	453,848
Cash and Cash Equivalents, June 30	$ 593,767
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:	
Operating Loss	$ (1,537,777)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	6,229
Changes in Assets and Liabilities:	
Decrease in Receivable	75,654
Decrease in Prepaid Insurance	1,254
Decrease in Prepaid Others	4,636
(Increase) in Due From Others	(380)
(Decrease) in Accounts Payable	(95,356)
(Decrease) in Deferred Membership Dues	(929)
Increase in Due to Others	12,500
(Decrease) in Compensated Absences Payable	(28,928)
Increase in Accrued Compensation Payable	3,005
Total Adjustments	(22,315)
Net Cash Used by Operating Activities	$ (1,560,092)

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET ASSETS - FIDUCIARY FUND
JUNE 30, 2012

	Agency Fund
ASSETS	
Cash and Cash Equivalents	$ 3,418
TOTAL ASSETS	**3,418**
LIABILITIES	
Due to Others	3,418
TOTAL LIABILITIES	**3,418**
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, 2012

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, 2012.

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, 2012.

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.

3. DEPOSITS AND INVESTMENTS

A. Deposits with Financial Institutions

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

At June 30, 2012 the carrying amount of all TMACOG deposits was $587,624. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2012, $525,254 of TMACOG's bank balance of $632,951 was covered by Federal Deposit Insurance Corporation and the remaining $107,697 was exposed to custodial risk.

B. Investments

As of June 30, 2012, TMACOG had the following investments:

Investment Type	Amount
STAR Ohio	$9,561
Total	$9,561

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

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

Concentration of Credit Risk: TMACOG's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by TMACOG at June 30, 2012.

Investment Type	Fair Value	% of Total
STAR Ohio	$9,561	100.00%
Total	$9,561	100.00%

C. Reconciliation of Cash and Investments 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, 2012:

Cash and Investments per Sections A and B above	
Carrying amount of deposits	$ 587,624
Investments	9,561
Total	$ 597,185

Cash and Investments per Statements of Net Assets	
Proprietary Fund	$ 593,767
Agency fund	3,418
Total	$ 597,185

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

Class	June 30, 2011	Additions	Deletions	June 30, 2012
Computer equipment and software	$26,017	$8,762	$0	$34,779
Furniture and fixtures	166,148	0	0	166,148
Machinery and equipment	26,589	0	0	26,589
Vehicles	38,171	0	(17,880)	20,291
Total	$256,925	$8,762	($17,880)	$247,807

Accumulated Depreciation

Class	June 30, 2011	Additions	Deletions	June 30, 2012
Computer equipment and software	($20,467)	($4,931)	$0	($25,398)
Furniture and fixtures	(166,148)	0	0	(166,148)
Machinery and equipment	(26,589)	0	0	(26,589)
Vehicles	(32,977)	(1,298)	17,880	(16,395)
Total	($246,181)	($6,229)	$17,880	($234,530)
Net Value	$10,744	$2,533	$0	$13,277
Depreciation Expense Charged to Operating Expense		$6,229		

5. LONG TERM NOTE RECEIVABLE

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

6. LOAN AGREEMENTS

TMACOG is party to separate agreements with the City of Toledo and the Ohio Department of Transportation relating to a $4.505 million loan from the State of Ohio State Infrastructure Bank providing additional funding for renovation and preservation of the Martin Luther King Jr. Memorial Bridge. The total principal amount due under this agreement also includes amounts paid for fees and unpaid interest. The loan is secured with future TMACOG administered Surface Transportation Program (STP) funds. The funds were to be made available to the City of Toledo on a reimbursement basis as needed upon request and submittal of properly executed documentation. TMACOG is to repay eighty percent (80%) of the principal payment due on the loan from future City of Toledo Transportation Improvement Program (TIP) allocations. The City of Toledo is to pay the remaining twenty percent (20%) of the principal payment plus the loan interest at 3% on the entire loan balance as the payments become due. The first payment was not due until thirty (30) months after the first draw from the loan. In fiscal year 2009, the full amount of the loan was borrowed and transferred to the City of Toledo under the terms of the agreements. At June 30, 2012, scheduled principal and interest loan payments are as follows:

	TMACOG	Toledo		Total	
Year Ending June 30	Principal	Principal	Interest	Principal	Interest
2013	417,210	104,302	127,115	521,512	127,115
2014	429,820	107,454	111,352	537,274	111,352
2015	442,811	110,703	95,113	553,514	95,113
2016	456,195	114,049	78,383	570,244	78,383
2017	469,983	117,496	61,148	587,479	61,148
2018-2019	983,012	245,753	68,489	1,228,765	68,489
Total	$3,199,031	$799,757	$541,600	$3,998,788	$541,600

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
(CONTINUED)
YEAR ENDED JUNE 30, 2012

7. LEASES

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

TMACOG currently leases the building it occupies, two copy machines and an automobile under agreements expiring at various dates through 2017. At June 30, 2012, scheduled lease payments were as follows:

Years Ending June 30	Amount
2013	$162,502
2014	160,919
2015	157,754
2016	134,430
2017	4,453
Total	$620,058

Lease expense under these agreements amounted to $137,207 for the building, $14,553 for the copiers and $5,143 for the automobile for the year ended June 30, 2012.

8. DEFINED BENEFIT PENSION PLANS

A. Pension Benefit Obligation

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

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

CO Plan is a cost-sharing multiple-employer defined benefit pension plan. Under the CO Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the TP Plan. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the MD Plan.

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

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2011, member and employer contribution rates were consistent across all three plans. The employee contribution rate was 10.0%. The 2011 employer contribution rate for local government employer units was 14.00% of covered payroll. The contribution requirements of plan members and TMACOG are established and may be amended by the Public Employees Retirement Board. TMACOG's contributions to OPERS for the years ending June 30, 2012, 2011 and 2010 were $186,234, $196,029 and $188,851, respectively. 92.408 percent has been contributed for 2012 and 100 percent has been contributed for 2011 and 2010. The unpaid balance for 2012, in the amount of $14,139 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 visiting https://www.opers.org/investments/cafr.shtml, writing to OPERS, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

Funding Policy

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

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2011, state and local employers contributed at a rate of 14.00% of covered payroll, and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 4.0% during calendar year 2011. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2011. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

TMACOG Contributions

The portion of the TMACOG's contribution used to fund OPEB for 2012, 2011, and 2010 was $53,207, $70,002, and $74,200, respectively.

OPERS Board implements its Health Care Preservation Plan

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

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

9. COMPENSATED ABSENCES

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

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

Employees hired before January 1, 2009

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

Employees hired on or after January 1, 2009

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

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

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

Sick leave accumulates at the rate of 3.7 hours per pay period for each full-time employee, to a maximum of 12 days per year, and to part-time employees on a pro-rated basis. Sick leave may be taken by employees up to the full amounts on their sick leave records, but employees may not develop negative sick leave or use sick leave that has not yet been accumulated. Employees with more than five years 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, 2012 was $106,911 and the total liability was $183,539. 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, 2011	$135,360	$77,107	$212,467	$81,267	$32,488	$113,755
Additions	89,085	44,086	133,171	96,878	58,377	155,255
Deletions	(105,504)	(56,595)	(162,099)	(105,504)	(56,595)	(162,099)
June 30, 2012	$118,941	$64,598	$183,539	$72,641	$34,270	$106,911

10. RISK MANAGEMENT

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

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

TMACOG has a premium based PPO for employee health insurance coverage. TMACOG pays a portion of the employees' deductible. Premium expense for 2012 was $193,208.

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, 2012.

12. FRINGE BENEFIT AND INDIRECT COST RATE CALCULATION

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FRINGE BENEFIT COST RATE
YEAR ENDED JUNE 30, 2012

Fringe Benefit Costs:	**Budget**	**Actual**
Annual Leave	$ 99,583	$ 105,504
Sick Leave	60,906	56,595
Holiday Leave	55,831	52,536
Bereavement Leave	0	2,790
Civil Leave	0	112
Personal Time	5,076	5,512
Medicare Tax	18,117	16,389
Health Insurance	238,680	193,208
Worker's Comp Insurance	2,729	655
Life Insurance	0	913
Dental Insurance	0	16,583
Vision Insurance	0	2,973
HSA Contribution	0	9,585
PERS Contributions	198,245	186,234
Employee Assistance Program	1,275	1,220
Education Reimbursement	2,500	1,165
Unemployment Compensation	10,062	25,344
Total Fringe Benefit Costs	**$ 693,004**	**$ 677,318**
Allocation Base: Direct and Indirect Personnel	**$ 1,109,578**	**$ 1,026,102**
Fringe Benefit Cost Rate:	**62.46%**	**66.01%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF INDIRECT COST RATE
YEAR ENDED JUNE 30, 2012

		Budget		Actual
Indirect Costs:				
Revenues				
Sponsorship	$	0	$	1,400
Total Revenues		**0**		**1,400**
Expenses				
Personnel Services		385,370		337,443
Fringe Benefits		240,689		222,742
Advertising		2,000		350
Audit		17,000		17,066
Automobiles		15,000		3,560
Conferences		8,000		0
Contractual Services		5,000		10,033
Data Processing		8,000		13,153
Depreciation		5,000		6,229
Dues		7,500		4,691
Equipment		19,500		22,171
Equipment Maintenance		25,000		7,639
Graphics		1,500		(273)
Insurance		15,000		13,094
Legal		3,000		1,321
Meetings		8,000		3,707
Office Supplies		5,000		3,166
Other Expenses		3,000		498
Other Supplies		500		506
Periodicals		4,000		4,028
Postage		6,000		1,090
Printing		2,000		(19,029)
Recruitment		500		0
Rent		137,878		136,207
Telephone		6,000		5,028
Training		2,000		405
Travel		1,000		1,378
Prior Year Rate Adjustment		0		0
Total Operating Expenses		**933,437**		**796,203**
Total Indirect Costs	**$**	**933,437**	**$**	**794,803**
Allocation Base: Direct Personnel plus Fringe Benefits	**$**	**1,176,525**	**$**	**1,143,236**
Indirect Cost Rate Applied		**79.34%**		**69.52%**

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
YEAR ENDED JUNE 30, 2012

	Federal Highway Administration/Ohio Department of Transportation PID 87637 Consolidated Planning Grant FY 11	Federal Highway Administration/Ohio Department of Transportation PID 90319 Consolidated Planning Grant FY 12
Revenues:		
Federal	$ 184,252	$ 762,777
State	$ 23,032	$ 95,347
Local	$ 23,032	$ 95,347
TOTAL REVENUES	$ 230,316	$ 953,471
Expenditures		
Salaries	$ 74,394	$ 331,636
Benefits	$ 46,467	$ 221,549
Other Direct	$ 13,564	$ 27,566
Indirect Costs	$ 95,891	$ 372,720
TOTAL EXPENDITURES	$ 230,316	$ 953,471

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
YEAR ENDED JUNE 30, 2012

	Federal Highway Administration/Ohio Department of Transportation PID 84330 TIP Management FY 11	Federal Highway Administration/Ohio Department of Transportation PID 90605 TIP Management FY 12
Revenues:		
Federal	$ 54,930	$ 24,951
State	$ -	$ -
Local	$ 13,733	$ 6,238
TOTAL REVENUES	$ 68,663	$ 31,189
Expenditures		
Salaries	$ 22,483	$ 11,736
Benefits	$ 14,043	$ 8,545
Other Direct	$ 3,158	$ 395
Indirect Costs	$ 28,979	$ 10,513
TOTAL EXPENDITURES	$ 68,663	$ 31,189

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
YEAR ENDED JUNE 30, 2012

		Federal Highway Administration/Ohio Department of Transportation PID 84326 Rideshare Program FY 11
Revenues:		
Federal	$	9,948
State	$	-
Local	$	-
TOTAL REVENUES	$	9,948
Expenditures		
Salaries	$	3,321
Benefits	$	2,192
Other Direct	$	602
Indirect Costs	$	3,833
TOTAL EXPENDITURES	$	9,948

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
YEAR ENDED JUNE 30, 2012

	Federal Highway Administration/Ohio Department of Transportation PID 84327 Air Quality Planning Grant FY 11		Federal Highway Administration/Ohio Department of Transportation PID 90603 Air Quality Planning Grant FY 12	
Revenues:				
Federal	$	40,467	$	64,453
State	$	-	$	-
Local	$	-	$	-
TOTAL REVENUES	$	40,467	$	64,453
Expenditures				
Salaries	$	4,053	$	8,865
Benefits	$	2,532	$	5,995
Other Direct	$	28,658	$	39,909
Indirect Costs	$	5,224	$	9,684
TOTAL EXPENDITURES	$	40,467	$	64,453

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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	719969/721832		$947,030
Share-A-Ride	719952		9,948
TIP Monitoring	719950/721809		79,882
Transportation Air Quality	719951		104,920
Passed Through Michigan Department of Transportation and SEMCOG:			
Highway Planning and Construction		**20.205**	
Transportation Planning	96-0956		51,297
			1,193,077
Passed Through Toledo Area Regional Transit Authority:			
Job Access - Reverse Commute		**20.516**	
Car Buy Program			5,299
Total United States Department of Transportation			**1,198,376**
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Passed Through Ohio Environmental Protection Agency:			
Nonpoint Source Implementation Grants		**66.460**	
Portage River Watershed Action Plan			35,000
Passed Through Ohio Environmental Protection Agency to Toledo Botanical Gardens			
Nonpoint Source Implementation Grants		**66.460**	
Hill Ditch Stream Restoration & Dam Removal at Toledo Botanical Gardens	11(h)EPA-21		11,457
Passed Through Ohio Environmental Protection Agency to University of Toledo			
Nonpoint Source Implementation Grants		**66.460**	
Multifaceted Urban Stream Restoration Project for the Ottawa River at the University of Toledo	C9975500009		11,971
			58,428
Passed Through City of Toledo			
Great Lakes Program		**66.469**	
Ottawa River Watershed Scrap Yard Program	4500009424		30,134
Passed Through University of Toledo			
Great Lakes Program		**66.469**	
Maumee AOC-Wolf Creek: Passive Treatment Wetland to Improve Nearshore Health and Reduce NPS	GL-00E00823-0		219
			30,353
Passed Through Ohio Environmental Protection Agency			
Water Quality Management Planning		**66.454**	
TMACOG Areawide Water Quality Management Plan	TMACOG60410		66,120
Total United States Environmental Protection Agency			**154,901**
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 Program	48-12-TANF-05		40,337
Total United States Department of Health and Human Services			**40,337**
Total			**$1,393,614**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2012

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 Martin Luther King Jr. Drive Suite 300
Toledo, Ohio 43604

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, 2012, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated December 20, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of TMACOG is responsible for establishing and maintaining effective 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

5580 Monroe Street • Sylvania, OH 43560 • p 419 885 8338 • f 419 885 8182 • www.weberobrien.com

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

December 20, 2012

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON 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 Martin Luther King Jr. Drive Suite 300
Toledo, Ohio 43604

Compliance

We have audited Toledo Metropolitan Area Council of Governments, Lucas County, ("TMACOG") compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of TMACOG's major federal programs for the year ended June 30, 2012. 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 of America; 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 compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

5580 Monroe Street • Sylvania, OH 43560 • p 419 885 8338 • f 419 885 8182 • www.weberobrien.com

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

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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 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

December 20, 2012

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2012

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
Significant 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
Significant 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, 2012

NONE

Dave Yost • 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
FEBRUARY 14, 2013

88 East Broad Street, Fourth Floor, Columbus, Ohio 43215-3506
Phone: 614-466-4514 or 800-282-0370 Fax: 614-466-4490
www.ohioauditor.gov