

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

LUCAS COUNTY

Audit Report

For the Year Ended June 30, 2016





Dave Yost • Auditor of State

Board of Trustees
Toledo Metropolitan Area Council of Governments
300 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 Charles E. Harris & Associates, Inc., for the audit period July 1, 2015 through June 30, 2016. 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.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 27, 2017

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**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY
AUDIT REPORT
For the Year Ending June 30, 2016**

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Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

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

To the Board of Trustees:

Report on the Financial Statements

We have audited the accompanying financial statements of the major enterprise fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio (TMACOG), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise TMACOG's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the major enterprise fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, Ohio, as of June 30, 2016, and the respective changes in its financial position and where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

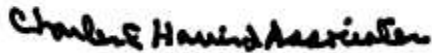
The Schedules of Fringe Benefit Cost Rate, Indirect Cost Rate, and Revenue and Expenses for U.S. Department of Transportation Funds present additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2016, on our consideration of TMACOG's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering TMACOG's internal control over financial reporting and compliance.



Charles E. Harris & Associates, Inc.
November 21, 2016

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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, 2016. This information should be read in conjunction with the basic financial statements included in this report.

FINANCIAL HIGHLIGHTS

- Total Net Position increased by \$16,192.
- Total expenses increased by \$196,452 to \$2,558,711 while total revenue increased by \$206,587 to \$2,574,903.
- Federal and state support decreased by \$10,462 to \$1,464,528 while local support increased by \$217,359 to \$1,109,474.
- After amortizing net pension expense due to net pension liability, TMACOG's net position on June 30, 2016 is -\$447,493.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

FINANCIAL ANALYSIS OF TMACOG

The following tables provide a summary of TMACOG's financial positions and operations for 2016 and 2015, respectively:

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

	<u>2016</u>	<u>2015</u>	<u>Change</u> <u>Amount</u>	<u>%</u>
Assets				
Current Assets	\$1,791,346	\$1,713,915	\$77,431	4.52%
Noncurrent Assets	<u>1,254,295</u>	<u>1,839,480</u>	<u>(585,185)</u>	(31.81%)
Total Assets	3,045,641	3,553,395	(507,754)	(14.29%)
Deferred Outflows of Resources				
Pension	<u>502,003</u>	<u>134,949</u>	<u>367,054</u>	271.99%
Total Deferred Outflows of Resources	502,003	134,949	367,054	271.99%
Liabilities				
Current Liabilities	1,145,320	1,128,944	16,376	1.45%
Net Pension Liability	1,434,373	1,123,762	310,611	27.64%
Noncurrent Liabilities	<u>1,297,299</u>	<u>1,884,121</u>	<u>(586,822)</u>	(31.15%)
Total Liabilities	3,876,992	4,136,827	(259,835)	(6.28%)
Deferred Inflows of Resources				
Pension	<u>118,145</u>	<u>15,202</u>	<u>102,943</u>	677.17%
Total Deferred Inflows of Resources	118,145	15,202	102,943	677.17%
Net Position				
Invested in Capital Assets, Net of Related Debt	25,530	23,236	2,294	9.87%
Unrestricted	<u>(473,023)</u>	<u>(486,921)</u>	<u>13,898</u>	2.85%
Total Net Position	(\$447,493)	(\$463,685)	\$16,192	3.49%

During 2016, net position related to operations, including the net pension liability, increased by \$16,192. The increase was due primarily to the following:

- Cash and cash equivalents decreased \$231,868.
- Total receivables increased by \$298,225. Federal and state receivables increased by \$110,711 while local receivables increased by \$187,514. Receivables due from the Ohio Auditor of State were \$126,361 higher at year end. This included \$86,468 for federal and state funded transportation programs, \$30,000 for the regional water study and \$9,893 for water quality programs. Federal receivable from SEMCOG for the transportation program was \$12,318 lower at year end at the end of 2016. The local receivable figure is elevated because of an outstanding invoice for membership dues, transportation assessments and stormwater assessments from a major member. Those bills were paid in July.
- Noncurrent Assets decreased by \$585,185 mostly due to reduction in the long term balance due

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

of \$587,479 on Note Receivable from City of Toledo for SIB loan. An increase in the value of depreciable assets totaling \$2,294 accounts for the balance of the change.

- Total liabilities decrease by \$259,835.
- Current liabilities increased by \$16,376. A decrease in the balance in the unearned revenue account of \$95,199 was offset by increase in general accounts payable of \$38,230 and deferred dues (due to the dues increase implements in 2016) of \$42,511. The current portion of the balance due on the note receivable from City of Toledo for their SIB loan increased by \$17,236. The balance of the change was the net result of increases in accrued compensation of \$9,175 and compensated absences payable of \$4,424.
- Noncurrent liabilities decreased by \$276,211 due to reduction in the long term balance due on Note Receivable from City of Toledo for SIB loan of \$587,479, and increase in the Net Pension Liability balance of \$310,611 and a \$657 increase in the Noncurrent Liability for Compensated Absences.

Changes in Net Position – The following table shows the changes in revenues and expenses for TMACOG for 2016 and 2015:

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

	<u>2016</u>	<u>2015</u>	<u>Change Amount</u>	<u>%</u>
Operating Revenue:				
Local Dues & Assessments	\$681,737	\$659,202	\$22,535	3.42%
Other Local Support	<u>427,737</u>	<u>232,913</u>	<u>194,824</u>	83.65%
Total Operating Revenue	1,109,474	892,115	217,359	24.36%
Operating Expenses:				
Total Personnel Costs	1,739,009	1,773,330	(34,321)	(1.94%)
Consultant/Contractual/Pass-through	230,169	32,927	197,242	599.03%
All Other Operating Expenses	<u>589,533</u>	<u>556,002</u>	<u>33,531</u>	6.03%
Total Operating Expenses	<u>2,558,711</u>	<u>2,362,259</u>	<u>196,452</u>	8.32%
Operating Loss	(1,449,237)	(1,470,144)	20,907	(1.42%)
Non-Operating Revenue:				
Federal	1,170,627	1,263,335	(92,708)	(7.34%)
State	293,901	211,655	82,246	38.86%
Investment Related	<u>901</u>	<u>1,211</u>	<u>(310)</u>	(25.60%)
Total Non-Operating Revenue	<u>1,465,429</u>	<u>1,476,201</u>	<u>(10,772)</u>	(0.73%)
Change in Net Position	16,192	6,057	10,135	167.33%
Net Position at July 1	<u>(463,685)</u>	<u>(469,742)</u>	<u>6,057</u>	1.29%
Net Position at June 30	<u>(\$447,493)</u>	<u>(\$463,685)</u>	<u>\$16,192</u>	3.49%

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

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

- Operating Revenue increased by \$217,359 due to:
 - A special one-time contribution to support the environmental program totaling \$36,000 was received only in 2015.
 - Revenue from event sponsorships and registrations increased by \$119,128.
 - A membership dues increase was implemented in 2016 resulting in an increase of \$48,343.
 - Revenue for Stormwater and transportation assessments increased by \$10,192.
 - Project contributions increased by \$78,788 due mostly to support provided by the Regional Water Study.

- Personnel costs decreased by \$10,836 and fringe benefit costs decreased by \$23,485 due mostly to a vacated position. The fringe benefit figure includes a \$46,500 applicable to allocated pension expense per GASB 68 requirements. The actual cost of benefits provided to TMACOG staff decreased by \$21,044 from \$447,810 to \$426,766

- Consultant/contractual costs increased by \$197,242 due most significantly to the consultant contracts for the Regional Water Study.

- Other operating expenses increased by \$33,531. Significant factors include:
 - Meeting costs increased by \$34,970 with most of the increase the result of higher costs for the Ohio Conference on Freight.
 - Computer costs decreased by \$13,388. Only one \$10,000 payment was made for Rideshare software after making two in 2015. Maintenance costs decreased by over \$9,000 while expenses related to cloud services increase by over \$6,200.
 - Overall printing costs decreased by almost \$7,500 as the use of electronic communications increased.
 - Postage & supplies increased by \$8,375. This can be attributed to additional costs for mailing materials for the 2015 Ohio Conference on Freight to Cincinnati, addresses needed for a Train Day communication, and additional supplies purchased during the final month of the year.
 - Equipment costs increased by \$6,353. This increase is primarily the result of lower recouped costs for equipment leasing due to the decrease in printing costs.
 - Association dues decreased by \$3,339 after deciding to drop TMACOG membership in a national organization.
 - Advertising and promotion costs increased by \$5,910 as we reinstated some advertising for the air quality program after restoring some of the program funding.
 - Training costs jumped due to increase costs for continue education credit offered at various TMACOG events.
 - Recruitment costs were up due to the efforts related to filling the TMACOG President position.

- Federal Revenue decreased by \$92,708 as a result of:
 - Total transportation funding from the United States Department of Transportation (USDOT) passed through ODOT decreased by \$62,660.
 - Transportation funding for planning work decreased by \$75,174.
 - Funding for the STP and CMAQ funded projects increased in total by \$51,037.
 - Funding from FHWA/ODOT to provide Regional Transportation Planning Organization (RTPO) mentoring decreased by \$44,881.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

- New funding from the JARC program through TARTA provided \$9,931.
- Planning funds from FHWA/MDOT passed through SEMCOG decreased by \$3,573.
- Funding from USEPA for a variety of projects in support of the environmental planning program decreased by \$18,378 in FY 2016 when compared to the previous year.
- Funding from the Department of the Interior through US Fish and Wildlife Service ended after 2015 resulting in a \$23,450 decrease in total federal funding.
- A program funded by the Department of Commerce through the Ohio Department of Natural Resources provided \$11,780 in additional federal funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2016, TMACOG had \$25,530 net of accumulated depreciation invested in furniture, fixtures, equipment and automobiles. This amount represents a net increase of \$2,322 or 10.01% as compared to 2015. The following table shows fiscal year 2016 and 2015 historical cost balances:

Capital Assets at June 30,	<u>2016</u>	<u>2015</u>	<u>Change</u>
Equipment	\$26,589	\$26,589	\$0
Computers	58,970	58,970	0
Furniture	166,148	166,148	0
Vehicles	<u>12,690</u>	<u>9,091</u>	<u>3,599</u>
Total Capital Assets	\$264,397	\$260,798	3,599
Less: Accumulated Depreciation	<u>238,867</u>	<u>237,562</u>	<u>1,277</u>
Net Balance	<u>\$25,530</u>	<u>\$23,236</u>	<u>\$2,322</u>

See Note 4 of the financial statements for further information.

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, 2016, a lease for TMACOG’s office space, an automobile and two copy machines represented future obligations totaling \$928,020. These operating leases expire at various dates between 2017 and 2022. See Note 8 of the financial statements for further information of the TMACOG debt.

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

**MANAGEMENT’S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

Net Pension Liability

During 2015, TMACOG adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain clearer understanding of TMACOG’s actual condition by adding deferred inflows, net pension liability, and subtracting deferred outflows related to Governmental Accounting Standards Board standards, which are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals TMACOG’s proportionate share of each plan’s collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of TMACOG, part of a bargained-for benefit to the employee, and should accordingly be reported by TMACOG as a liability since they received the benefit of the exchange. However, TMACOG is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of TMACOG. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2016**

As a result of implementing GASB 68, TMACOG is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

ECONOMIC FACTORS

TMACOG relies on federal, state, and local grants and contracts, along with member dues, to fund its various programs. At present these revenue sources appear to be secure for the foreseeable future. TMACOG experienced positive financial results for for the second consecutive year.

The transportation funds received by TMACOG are allocated by the state of Ohio. The funding level rose in 2016 after three years of declines. The federal transportation funding law, known as FAST Act, indicates MPOs will continue to see funding growth throughout its 5-year life.

The federal and state funds received in support of the environmental program remain unchanged from previous years and indications are that they will remain near current levels. TMACOG continues to pursue additional competitive grants whenever possible. Partnering with members on regional projects has proven to be the most effective method to successful grant applications and TMACOG will continue to look for these opportunities

In spite of a significant membership dues increase implemented in 2016, membership retention remained strong in 2016. Ten members chose not to renew while two new entities were welcomed in to TMACOG membership. Management continues to believe that long-term stable membership demonstrates that TMACOG members find value in their investment.

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

REQUESTS FOR INFORMATION

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

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

**STATEMENT OF NET POSITION - MAJOR ENTERPRISE FUND
JUNE 30, 2016**

ASSETS

Current Assets	
Cash and Cash Equivalents	\$ 623,884
Receivables:	
Federal	265,720
State	86,176
Local	203,181
Current Portion Long Term Note Receivable from City of Toledo	587,479
Prepaid Insurance	20,191
Prepaid Other	4,715
	1,791,346

Total Current Assets 1,791,346

Noncurrent Assets	
Long Term Portion of Note Receivable from City of Toledo	1,228,765
Depreciable Capital Assets, Net of Accumulated Depreciation	25,530
	1,254,295

Total Noncurrent Assets 1,254,295

TOTAL ASSETS **3,045,641**

TOTAL DEFERRED OUTFLOWS OF RESOURCES **502,003**

LIABILITIES

Current Liabilities	
Accounts Payable	93,029
Accrued Compensation Payable	43,461
Compensated Absences Payable	103,406
Membership Dues and Transportation Assessments	317,945
Current Portion Long Term Note Payable to State of Ohio	587,479
	1,145,320

Total Current Liabilities 1,145,320

Noncurrent Liabilities	
Long Term Portion of Note Payable to State of Ohio	1,228,765
Net Pension Liability (See Note 9)	1,434,373
Compensated Absences Payable	68,534
	2,731,672

Total Noncurrent Liabilities 2,731,672

TOTAL LIABILITIES **3,876,992**

TOTAL DEFERRED INFLOWS OF RESOURCES **118,145**

NET POSITION

Net Investment in Capital Assets	25,530
Unrestricted	(473,023)
	(447,493)

TOTAL NET POSITION **\$ (447,493)**

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

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

**STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN NET POSITION - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2016**

Operating Revenue:	
Membership Fees	\$ 407,571
Event Registrations/Sponsorships	276,732
Transportation Assessments	185,908
Other Local Revenue	151,005
Stormwater Assessments	88,258
Total Operating Revenue	<u>1,109,474</u>
 Operating Expenses:	
Personnel Services	1,265,743
Fringe Benefits	473,266
Consultant	197,520
Building Rent	149,633
Meetings	103,078
Computer	60,604
Advertising & Promotion	56,614
Printing & Graphics	53,424
Auto & Travel	37,178
Contractual Services	32,649
Postage & Supplies	30,028
Equipment	24,495
Professional Services	19,394
Insurance	13,013
Depreciation	10,396
Association Dues	10,212
Recruitment & Public Notice	4,825
Training & Seminars	4,800
Other	4,339
Telephone	3,864
Publications & Subscriptions	3,636
Total Operating Expenses	<u>2,558,711</u>
 Operating Loss	 (1,449,237)
 Non-Operating Revenue:	
Federal	1,170,627
State	293,901
Investment Income	901
Total Non-Operating Revenue	<u>1,465,429</u>
 Change in Net Position	 16,192
 Net Position at July 1	 <u>(463,685)</u>
 Net Position at June 30	 \$ <u><u>(447,493)</u></u>

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

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

**STATEMENT OF CASH FLOWS - MAJOR ENTERPRISE FUND
YEAR ENDED JUNE 30, 2016**

Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 928,122
Cash Paid to Suppliers	(1,250,530)
Cash Paid to Employees	(1,251,487)
Net Cash Used by Operating Activities	<u>(1,573,895)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Federal/State Grants	<u>1,353,816</u>
Net Cash Received from Noncapital Financing Activities	1,353,816
Cash Flows from Capital and Related Financing Activities:	
Purchase of Capital Assets	<u>(12,690)</u>
Net Cash Used by Capital and Related Financing Activities	(12,690)
Cash Flows from Investing Activities:	
Investment Income	<u>901</u>
Net Cash Received from Investing Activities	901
Net Increase in Cash and Cash Equivalents	(231,868)
Cash and Cash Equivalents, July 1	<u>855,752</u>
Cash and Cash Equivalents, June 30	<u>\$ 623,884</u>

**Reconciliation of Operating Loss
to Net Cash Used by Operating Activities:**

Operating Loss	\$ (1,449,237)
Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities	
Depreciation Expense	10,396
Changes in Assets and Liabilities:	
(Increase) in Receivable	(187,514)
Decrease in Prepaid Insurance	1,007
Decrease in Prepaid Others	5,155
Increase in Accounts Payable	38,230
Increase in Membership Dues	42,511
(Decrease) in Unearned Revenue	(95,199)
Increase in Compensated Absences Payable	5,082
Increase in Net Pension Liability	46,500
Increase in Accrued Compensation Payable	<u>9,174</u>
Total Adjustments	<u>(124,658)</u>
Net Cash Used by Operating Activities	<u>\$ (1,573,895)</u>

**Schedule of Non-Cash Capital and related
Financing Activities**

Payment made on TMACOG's behalf for SIB loan principal	\$ 570,244
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THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2016

	<u>Agency Fund</u>
ASSETS	
Cash and Cash Equivalents	\$ <u>3,294</u>
TOTAL ASSETS	3,294
LIABILITIES	
Due to Others	<u>3,294</u>
TOTAL LIABILITIES	<u>3,294</u>
TOTAL NET POSITION	\$ <u>0</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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. Federal, state, and investment income is recorded as non-operating revenue. Local governments pay dues (membership fees) that are used by TMACOG to meet local matching requirements for a number of federal and state programs. The by-laws of the Council stipulate that the budget year would be July 1 through June 30. The budget is adopted by the Board of Trustees annually on or before the first day of the fiscal year. Upon adoption of the budget, the Board of Trustees fixes the membership fees and assessments for all members in amounts sufficient to provide the funds required by the budget. This policy provides the required assurance to grantor agencies as to the availability of local matching funds and local funding for program costs that are non-reimbursable under grantor directives and regulations.

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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

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

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016 (CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

A. REPORTING ENTITY

The nucleus of the financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) Statement No. 61 is the “primary government.” A fundamental characteristic of a primary government is that it is a fiscally independent entity. In evaluating how to define the financial reporting entity, management has considered all potential component units. A component unit is a legally separate entity for which the primary government is financially accountable. The criterion of financial accountability is the ability of the primary government to impose its will upon the potential component unit. This criterion was considered in determining the reporting entity. There were no component units of TMACOG for the year ended June 30, 2016.

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, deferred outflows, liabilities, and deferred inflows associated with the operation of these funds are included on the statement of net position. The statement of changes in net position presents increases (revenues) and decreases (expenses) in net position. The statement of cash flows provides information about how TMACOG finances and meets the cash flow needs of its enterprise activity.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expenses) until then. The deferred outflows of resources related to pension is explained in Note 9.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (expense) until that time. Deferred inflows of resources related to pension are reported on the statement of net position (See Note 9).

E. USE OF ESTIMATES

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

F. CASH AND INVESTMENTS

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

For the fiscal year 2016, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

G. CAPITAL ASSETS AND DEPRECIATION

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

H. COMPENSATED ABSENCES

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

I. GRANTS

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

J. MEMBERSHIP DUES

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

K. TRANSPORTATION ASSESSMENTS

TMACOG assesses transportation planning members in accordance with the budget approved by the Board of Trustees to meet the local matching requirements of the transportation budget. Amounts not collected are re-billed in the subsequent year or can be billed to other transportation planning members on a pro-rata basis.

If billed to other members and subsequently collected from the owing member, each transportation planning member is credited on a pro-rata basis.

L. PREPAID ASSETS

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

M. 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).

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

N. TAX STATUS

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

O. PENSIONS

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

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, 2016 the carrying amount of all TMACOG deposits was \$617,574. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2016, \$250,000 of TMACOG’s bank balance of \$632,587 was covered by Federal Deposit Insurance Corporation. The remaining \$385,587 was deposited under an Insured Cash Sweep program to other financial institutions so that the balance in any one financial institution did not exceed the standard maximum deposit insurance amount of \$250,000.

B. Investments

As of June 30, 2016, TMACOG had the following investment:

<u>Investment Type</u>	<u>Amount</u>
STAR Ohio	<u>\$9,604</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

3. DEPOSITS AND INVESTMENTS – (Continued)

TMACOG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The above chart identifies the TMACOG's recurring fair value measurements as of June 30, 2016. All of the TMACOG's investments measured at fair value are valued using quoted market prices (Level 1 inputs).

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

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

Concentration of Credit Risk: TMACOG's investment policy places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by TMACOG at June 30, 2016.

<u>Investment Type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	<u>\$9,604</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported above to cash and investments as reported on the Statement of Net Position as of June 30, 2016:

<u>Cash and Investments per Sections A and B above</u>	
Carrying amount of deposits	\$ 617,574
Investments	<u>9,604</u>
Total	<u>\$ 627,178</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

3. DEPOSITS AND INVESTMENTS – (Continued)

Cash and Investments per Statements of Net Position

Proprietary Fund	\$ 623,884
Agency fund	<u>3,294</u>
Total	<u>\$ 627,178</u>

4. CAPITAL ASSETS

Capital Assets consist of the following:

Cost

<u>Class</u>	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Computer equipment and software	\$58,970	\$0	0	\$58,970
Furniture and fixtures	166,148	0	0	166,148
Machinery and equipment	26,589	0	0	26,589
Vehicles	<u>9,091</u>	<u>12,690</u>	<u>(9,091)</u>	<u>12,690</u>
Total	<u>\$260,798</u>	<u>\$12,690</u>	<u>(\$9,091)</u>	<u>\$264,397</u>

Accumulated Depreciation

<u>Class</u>	<u>June 30, 2015</u>	<u>Additions</u>	<u>Deletions</u>	<u>June 30, 2016</u>
Computer equipment and software	(\$35,734)	(\$8,583)	\$0	(\$44,317)
Furniture and fixtures	(166,148)	0	0	(166,148)
Machinery and equipment	(26,589)	0	0	(26,589)
Vehicles	<u>(9,091)</u>	<u>(1,813)</u>	<u>9,091</u>	<u>(1,813)</u>
Total	<u>(\$237,562)</u>	<u>(\$10,396)</u>	<u>\$9,091</u>	<u>(\$238,867)</u>

Net Value	<u>\$23,236</u>	<u>\$2,294</u>	<u>\$0</u>	<u>\$25,530</u>
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Depreciation Expense Charged to Operating Expense	<u>\$10,396</u>
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**TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

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, 2016, scheduled principal and interest loan payments are as follows:

Year Ending	TMACOG	Toledo		Total	
	<u>Principal</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
June 30					
2017	\$469,983	\$117,496	\$61,148	\$587,479	\$61,148
2018	484,189	121,047	43,391	605,236	43,391
2019	<u>498,823</u>	<u>124,706</u>	<u>25,098</u>	<u>623,529</u>	<u>25,098</u>
Total	<u>\$1,452,995</u>	<u>\$363,249</u>	<u>\$129,637</u>	<u>\$1,816,244</u>	<u>\$129,637</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

7. CHANGES IN LONG TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2016 was as follows:

	Amount Outstanding June 30, 2015	Additions	(Reductions)	Amount Outstanding June 30, 2016	Due Within One Year
<u>Governmental Activities</u>					
Net Pension Liabilities	\$1,123,762	\$310,611	\$0	\$1,434,373	\$0
Loan Agreement	2,386,468	0	(570,244)	1,816,224	587,479
Compensated Absences	<u>166,859</u>	<u>147,720</u>	<u>(142,639)</u>	<u>171,940</u>	<u>103,406</u>
Total Government	<u>\$3,677,089</u>	<u>\$458,331</u>	<u>(\$712,883)</u>	<u>\$3,422,537</u>	<u>\$690,885</u>

8. 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 2022. At June 30, 2016, scheduled lease payments were as follows:

Years Ending <u>June 30</u>	<u>Amount</u>
2017	\$166,273
2018	163,499
2019	163,499
2020	163,499
2021	149,250
2022	<u>122,000</u>
Total	<u>\$928,020</u>

Lease expense under these agreements amounted to \$149,633 for the building, \$18,628 for the copiers and \$4,757 for the automobile for the year ended June 30, 2016.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN

PLAN DESCRIPTION – Ohio Public Employees Retirement System (OPERS)

NET PENSION LIABILITY: The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents TMACOG's proportionate share of the pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of the pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

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

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

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

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

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

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

	State and Local	
2015 Statutory Maximum Contribution Rates		
Employer	14.0 %	
Employee	10.0 %	
2015 Actual Contribution Rates		
Employer:		
Pension	12.0 %	
Post-employment Health Care Benefits	2.0	
Total Employer	<u>14.0 %</u>	
Employee	<u>10.0 %</u>	

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. TMACOG's contractually required contribution was \$149,886 for the year ending June 30, 2016. Of this amount, \$13,529 is reported as an intergovernmental payable.

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

The net pension liability was measured as of December 31, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. TMACOG's proportion of the net pension liability was based on TMACOG'S share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

	OPERS
Proportionate Share of the Net	
Pension Liability	\$1,434,373
Proportion of the Net Pension	
Liability	0.008281%
Pension Expense	\$201,542

At June 30, 2016, TMACOG reported deferred outflows of resources and deferred inflows of resources related to pensions from the following source:

	OPERS
Deferred Outflows of Resources	
Net difference between projected and actual earnings on pension plan investments	\$427,620
TMACOG contributions subsequent to the measurement date	74,383
Total Deferred Outflows of Resources	\$502,003
Deferred Inflows of Resources	
Differences between expected and actual experience	\$29,136
Changes in proportionate and differences	89,009
Total Deferred Inflows of Resources	\$118,145

\$74,383 reported as deferred outflows of resources related to pension resulting from TMACOG contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

	<u>OPERS</u>
Fiscal Year Ending June 30:	
2017	(\$51,927)
2018	(59,681)
2019	(102,455)
2020	(95,412)
Total	<u>(\$309,475)</u>

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability in the December 31, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Wage Inflation	3.75 percent
Future Salary Increases, including inflation	4.25 to 10.05 percent including wage inflation
COLA or Ad Hoc COLA	3 percent, simple
Investment Rate of Return	8 percent
Actuarial Cost Method	Individual Entry Age

Mortality rates were based on the RP-2000 Mortality Table projected 20 years using Projection Scale AA. For males, 105 percent of the combined healthy male mortality rates were used. For females, 100 percent of the combined healthy female mortality rates were used.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

The mortality rates used in evaluating disability allowances were based on the RP-2000 mortality table with no projections. For males 120 percent of the disabled female mortality rates were used set forward two years. For females, 100 percent of the disabled female mortality rates were used.

The most recent experience study was completed for the five year period ended December 31, 2010.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

OPERS manages investments in four investment portfolios: the Defined Benefits portfolio, the Health Care portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The Defined Benefit portfolio includes the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan, the annuitized accounts of the Member-Directed Plan and the VEBA Trust. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The money weighted rate of return, net of investments expense, for the Defined Benefit portfolio is 0.40 percent for 2015.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The table below displays the Board-approved asset allocation policy for 2015 and the long-term expected real rates of return:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

Asset Class	Target		Weighted Average		
	Allocation		Long-Term Expected		
				Real Rate of Return	
Fixed Income	23.00	%		2.31	%
Domestic Equities	20.70			5.84	
Real Estate	10.00			4.25	
Private Equity	10.00			9.25	
International Equities	18.30			7.40	
Other Investments	18.00			4.59	
Total	100.00	%		5.27%	

Discount Rate

The discount rate used to measure the total pension liability was 8 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following table presents the TMACOG's proportionate share of the net pension liability calculated using the current period discount rate assumption of 8 percent, as well as what the TMACOG's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (7 percent) or one-percentage-point higher (9 percent) than the current rate:

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

		Current	
	1% Decrease	Discount Rate	1% Increase
	(7.00%)	(8.00%)	(9.00%)
TMACOG's proportionate share of the net pension liability	\$2,285,308	\$1,434,373	\$716,638

OTHER POST – EMPLOYMENT BENEFITS (OPEB)

A. 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 two cost-sharing multiple-employer defined benefit post-employment health care trusts, which fund multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage.

In order to qualify for health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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. Please see the Plan Statement in the OPERS 2015 CAFR for details.

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

9. DEFINED BENEFIT PENSION PLAN – (Continued)

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

B. Funding Policy

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

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2015, State and Local employers contributed at a rate of 14.0% of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care. OPERS maintains three health care trusts. The two cost-sharing, multiple-employer trusts, the 401(h) Health Care Trust and the 115 Health Care Trust, work together to provide health care funding to eligible retirees of the Traditional Pension and Combined plans. The third trust is a Voluntary Employee's Beneficiary Association (VEBA) that provides funding for a Retiree Medical Account for Member-Directed Plan members.

Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2015. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2016 remained at 2.0% for both plans. The Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited to the VEBA for participants in the Member-Directed Plan for 2015 was 4.5%.

TMACOG's contributions allocated to fund post-employment health care benefits for the years ended June 30, 2016, 2015 and 2014 were \$24,969, \$25,570, and \$13,204 respectively; 92 percent has been contributed for 2016 and 100 percent has been contributed for 2015 and 2014.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

10. 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.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

10. COMPENSATED ABSENCES – (Continued)

Overtime hours are traded on a one-to-one and one half basis in trade time when the trade time is taken in a subsequent work week. Eligible employees are permitted to accumulate a maximum of 40 hours of trade time to be used at any time, subject to approval by the President. Compensatory time on the books at the end of the fiscal year is paid to the employee at their current rate of pay.

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

The current liability for these compensated absences at June 30, 2016 was \$103,406 and the total liability was \$171,940. The following table provides detail in support of this liability:

Accrued Leave Liability:

	<u>Total Liability</u>			<u>Current Liability</u>		
	<u>Annual</u>	<u>Sick</u>	<u>Total</u>	<u>Annual</u>	<u>Sick</u>	<u>Total</u>
June 30, 2015	<u>\$97,487</u>	<u>\$69,372</u>	<u>\$166,859</u>	<u>\$66,737</u>	<u>\$32,245</u>	<u>\$98,982</u>
Additions	100,257	47,463	147,720	102,664	44,399	147,063
Deletions	<u>(103,461)</u>	<u>(39,178)</u>	<u>(142,639)</u>	<u>(103,461)</u>	<u>(39,178)</u>	<u>(142,639)</u>
June 30, 2016	<u>\$94,283</u>	<u>\$77,657</u>	<u>\$171,940</u>	<u>\$65,940</u>	<u>\$37,466</u>	<u>\$103,406</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

11. 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 2016 was \$181,993.

12. 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, 2016.

13. FRINGE BENEFIT AND INDIRECT COST RATE CALCULATION

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016
(CONTINUED)

14. CHANGE IN ACCOUNTING PRINCIPLE

TMACOG implemented the following GASB statements during fiscal year 2016:

- GASB 72 Fair Value Measurement and Application
- GASB 73 Accounting and Financial Reporting for Pension and Related Assets that are not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

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

	Traditional Plan <u>2015</u>	Traditional Plan <u>2014</u>	Traditional Plan <u>2013</u>
TMACOG's Proportion of the Net Pension Liability	0.008281%	0.009525%	0.009525%
TMACOG's Proportionate Share of Net Pension Liability	\$1,434,373	\$1,123,762	\$1,143,722
TMACOG's Covered-Employee Payroll	\$1,265,743	\$1,276,579	\$1,332,698
TMACOG's Proportionate Share of the Net Pension Liability as a Percentage of Its Covered-Employee Payroll	113.32%	88.03%	85.82%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	81.08%	86.45%	86.36%

(1) Information prior to 2013 is not available.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

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

	2016	2015	2014	2013	2012
Contractually Required Contribution	\$149,886	\$153,489	\$171,722	\$126,538	\$133,027
Contributions in Relation to the Contractually Required Contribution	\$149,886	\$153,489	\$171,722	\$126,538	\$133,027
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TMACOG Covered-Employee Payroll	 \$1,265,743	 \$1,276,579	 \$1,332,698	 \$1,271,883	 \$1,249,151
 Contributions as a Percentage of Covered-Employee Payroll	 12%	 12%	 12%	 10%	 10%
	2011	2010	2009	2008	2007
Contractually Required Contribution	\$126,027	\$114,652	\$93,500	\$126,833	\$128,993
Contributions in Relation to the Contractually Required Contribution	\$126,027	\$114,652	\$93,500	\$126,833	\$128,993
Contribution Deficiency (Excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
 TMACOG Covered-Employee Payroll	 \$1,333,286	 \$1,290,067	 \$1,268,576	 \$1,359,467	 \$1,354,797
 Contributions as a Percentage of Covered-Employee Payroll	 9%	 8%	 7%	 7%	 8.5%

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

**SCHEDULE OF FRINGE BENEFIT COST RATE
YEAR ENDED JUNE 30, 2016**

Fringe Benefit Costs:	Budget	Actual
Annual Leave	\$ 94,295	\$ 103,461
Sick Leave	58,254	39,178
Holiday Leave	53,400	52,070
Bereavement Leave	0	2,145
Civil Leave	0	62
Administrative Leave	0	0
Personal Time	4,855	5,888
Medicare Tax	17,347	15,977
Unemployment Compensation	10,868	(46)
Education Reimbursement	2,500	643
Health Insurance	214,902	181,934
Worker's Comp Insurance	15,075	12,281
Life Insurance	554	547
PERS Contributions	179,832	174,855
Employee Assistance Program	1,164	1,164
HSA Contribution	22,750	21,750
Vision Insurance	2,747	2,349
Dental Insurance	15,944	15,312
Total Fringe Benefit Costs	\$ <u>694,487</u>	\$ <u>629,570</u>
Allocation Base: Direct and Indirect Personnel	\$ <u>1,073,709</u>	\$ <u>1,062,940</u>
Fringe Benefit Cost Rate:	<u>64.68%</u>	<u>59.23%</u>

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

**SCHEDULE OF INDIRECT COST RATE
YEAR ENDED JUNE 30, 2016**

Indirect Costs:	Budget	Actual
Revenues		
Registration Fees	\$ 4,000	\$ 6,655
Sponsorship	2,500	2,250
Total Revenues	<u>6,500</u>	<u>8,905</u>
Expenses		
Personnel Services	382,749	377,298
Fringe Benefits	247,566	223,470
Consultant/Contractual Services	1,500	900
Audit	18,000	17,425
Legal	1,500	1,969
Advertising/Marketing	1,000	50
Insurance	13,500	13,013
Depreciation	10,000	10,396
Postage	2,500	1,452
Rent	151,342	148,433
Telephone	4,000	3,608
Automobiles	5,500	4,678
Mileage & Travel	5,500	3,210
Conferences Expenses	2,500	1,379
Meetings	6,500	9,124
Printing	12,000	12,736
Graphics	0	(1,044)
Office Supplies	4,000	5,312
Other Supplies	1,000	446
Equipment	1,500	7,505
Training	500	489
Periodicals	4,500	3,616
Recruitment	500	2,929
Dues	5,000	5,012
Data Processing	20,000	36,762
Other Expenses	750	(44)
Total Operating Expenses	<u>903,407</u>	<u>890,124</u>
Total Indirect Costs	\$ 896,907	\$ 881,219
Allocation Base: Direct Personnel plus Fringe Benefits	\$ <u>1,137,881</u>	\$ <u>1,091,741</u>
Indirect Cost Rate Applied	<u>78.82%</u>	<u>80.72%</u>

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

	Federal Highway Administration/Ohio Department of Transportation PID 97401 Consolidated Planning Grant FY 15	Federal Highway Administration/Ohio Department of Transportation PID 99476 Consolidated Planning Grant FY 16
Revenues:		
Federal	\$ 68,664	\$ 731,622
State	8,583	91,453
Local	<u>8,583</u>	<u>91,453</u>
 TOTAL REVENUES	 <u>\$ 85,830</u>	 <u>\$ 914,528</u>
Expenditures		
Salaries	\$ 54,093	\$ 319,432
Benefits	34,988	186,248
Other Direct	(73,465)	(1,011)
Indirect Costs	<u>70,214</u>	<u>409,859</u>
 TOTAL EXPENSES	 <u>\$ 85,830</u>	 <u>\$ 914,528</u>

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

	Federal Highway Administration/Ohio Department of Transportation PID 90616 TIP Management FY 15	Federal Highway Administration/Ohio Department of Transportation PID 99771 TIP Management FY 16
Revenues:		
Federal	\$ 6,604	\$ 68,414
State	-	-
Local	<u>1,651</u>	<u>17,104</u>
 TOTAL REVENUES	 <u>\$ 8,255</u>	 <u>\$ 85,518</u>
Expenditures		
Salaries	\$ 2,757	\$ 28,925
Benefits	1,783	16,982
Other Direct	137	2,470
Indirect Costs	<u>3,578</u>	<u>37,141</u>
 TOTAL EXPENSES	 <u>\$ 8,255</u>	 <u>\$ 85,518</u>

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

	Federal Highway Administration/Ohio Department of Transportation PID 90614 Rideshare Program FY 15	Federal Highway Administration/Ohio Department of Transportation PID 90607 Rideshare Program FY 16
Revenues:		
Federal	\$ 5,025	\$ 24,133
State	-	-
Local	-	-
	<hr/>	<hr/>
TOTAL REVENUES	<u>\$ 5,025</u>	<u>\$ 24,133</u>
Expenditures		
Salaries	\$ 1,688	\$ 6,323
Benefits	1,092	3,653
Other Direct	55	6,052
Indirect Costs	2,190	8,105
	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 5,025</u>	<u>\$ 24,133</u>

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

Federal Highway
Administration/Ohio
Department of Transportation
PID 90606
Air Quality Planning Grant FY 16

Revenues:		
Federal	\$	85,000
State		-
Local		<u>183.54</u>
 TOTAL REVENUES	 \$	 <u>85,184</u>
 Expenditures		
Salaries	\$	10,820
Benefits		6,409
Other Direct		54,049
Indirect Costs		<u>13,906</u>
 TOTAL EXPENSES	 \$	 <u>85,184</u>

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

	Federal Highway Administration/Ohio Department of Transportation PID 95422 Rural Transportation Planning Program FY 16	Federal Highway Administration/Ohio Department of Transportation PID 99720 Rural Transportation Planning Program FY 16
Revenues:		
Federal	\$ 2,935	\$ 3,075
State	734	769
Local	-	-
	<hr/>	<hr/>
TOTAL REVENUES	<u>\$ 3,669</u>	<u>\$ 3,844</u>
Expenditures		
Salaries	\$ 1,246	\$ 983
Benefits	806	514
Other Direct	-	1,100
Indirect Costs	1,617	1,247
	<hr/>	<hr/>
TOTAL EXPENSES	<u>\$ 3,669</u>	<u>\$ 3,844</u>

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

Federal Highway
Administration/Ohio
Department of Transportation
PID 100091
Ohio Conference on Freight Support
FY 16

Revenues:			
Federal		\$	8,000
State			2,000.00
Local			-
			<hr/>
TOTAL REVENUES		\$	10,000
Expenditures			
Salaries		\$	-
Benefits			-
Other Direct			10,000
Indirect Costs			-
			<hr/>
TOTAL EXPENSES		\$	10,000

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

**SCHEDULE OF REVENUES AND EXPENSES FOR US DEPARTMENT OF TRANSPORTATION FUNDS
JUNE 30, 2016**

Federal Highway
Administration/Ohio
Department of Transportation
PID 98010
ITS Architecture Update FY 2015

Revenues:		
Federal	\$	12,322
State		3,081
Local		-
		<hr/>
TOTAL REVENUES	\$	<u>15,403</u>
Expenditures		
Salaries	\$	-
Benefits		-
Other Direct		15,403
Indirect Costs		-
		<hr/>
TOTAL EXPENSES	\$	<u>15,403</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2016**

<u>FEDERAL GRANTOR</u>	Federal	Pass Through	Disbursements
<i>Pass Through Grantor</i>	CFDA	Entity Identifying	
<u>Program Title</u>	<u>Number</u>	<u>Number</u>	
<u>UNITED STATES DEPARTMENT OF TRANSPORTATION</u>			
<i>Passed Through Ohio Department of Transportation:</i>			
Highway Planning and Construction	20.205		
Transportation Planning		97401/99476	\$800,286
Share-A-Ride		90614/90607	29,158
TIP Monitoring		90616/99771	75,018
Transportation Air Quality		90606	85,000
Ohio Conference of Freight		100091	8,000
Regional Transportation Planning Mentorship		95422/99720	6,011
Intelligent Transportation System (ITS) Architecture Update		98010	<u>12,322</u>
			1,015,795
<i>Passed Through Michigan Department of Transportation and SEMCOG:</i>			
Highway Planning and Construction	20.205		
Transportation Planning		16003	<u>57,713</u>
			57,713
<i>Passed Through Toledo Area Regional Transit Authority:</i>			
Job Access - Reverse Commute	20.516		
Car Buy Program		N/A	<u>9,931</u>
			<u>9,931</u>
Total United States Department of Transportation			1,083,439
<u>UNITED STATES ENVIRONMENTAL PROTECTION AGENCY</u>			
<i>Direct Program</i>			
Urban Waters Small Grant	66.440		
Working with Residents to Plan for Green Infrastructure		N/A	<u>20,000</u>
			20,000
<i>Passed Through Ohio Environmental Protection Agency:</i>			
Water Quality Management Planning	66.454		
TMACOG Areawide Water Quality Management Plan		TMACOG-FD60413	6,666
TMACOG Areawide Water Quality Management Plan		TMACOG-FD60414	<u>33,000</u>
			39,666
<i>Passed Through Ohio Environmental Protection Agency:</i>			
Great Lakes Program	66.469		
Belmont-Forest Urban Stormwater Bioretention		TMACOG-FDSedm14	<u>8,890</u>
			<u>8,890</u>
Total United States Environmental Protection Agency			68,556
<u>United States Department of Commerce</u>			
<i>Passed Through Ohio Department of Natural Resources Office of Coastal Management:</i>			
Coastal Zone Management Administration Awards	11.419		
Watershed Septic System Education		DNRFH017 306-12	<u>18,632</u>
Total United States Department of Commerce			<u>18,632</u>
Total Expenditures of Federal Awards			<u><u>\$1,170,627</u></u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)**

FOR THE YEAR ENDED JUNE 30, 2016

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Toledo Metropolitan Area Council of Governments (TMACOG) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of TMACOG, it is not intended to and does not present the financial position, changes in net position, or cash flows of TMACOG.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. TMACOG has an approved Indirect Cost Plan with the Ohio Department of Transportation for the fiscal year ended June 30, 2016 and the Indirect Cost Rate was 80.72%.

NOTE C - MATCHING REQUIREMENTS

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

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Trustees:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the major enterprise fund and the aggregate remaining fund information of the Toledo Metropolitan Area Council of Governments, Lucas County, (TMACOG) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise TMACOG's basic financial statements and have issued our report thereon dated November 21, 2016.

Internal Control Over Financial Reporting

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

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


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

Compliance and Other Matters

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

Purpose of this Report

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



Charles E. Harris & Associates, Inc.
November 21, 2016

Rockefeller Building
614 W Superior Ave Ste 1242
Cleveland OH 44113-1306
Office phone - (216) 575-1630
Fax - (216) 436-2411

Charles E. Harris & Associates, Inc.
Certified Public Accountants

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

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

To the Board of Trustees:

Report on Compliance for the Major Federal Program

We have audited the Toledo Metropolitan Area Council of Governments' (TMACOG) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect TMACOG's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies TMACOG's major federal program.

Management's Responsibility

TMACOG's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on TMACOG's compliance for TMACOG's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about TMACOG's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Toledo Metropolitan Area Council of Governments complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

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

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

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

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



Charles E. Harris & Associates, Inc.
November 21, 2016

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

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2016**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

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

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)**

JUNE 30, 2016

The prior audit report, for the year ending June 30, 2015, reported no material citations or recommendations.

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Dave Yost • Auditor of State

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENT

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 23, 2017