



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

TABLE OF CONTENTS

TITLE	PAGE
Schedule of Federal Awards Expenditures	1
Notes to Schedule of Federal Awards Expenditures	2
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	3
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	5
Schedule of Findings	7

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE PERIOD ENDED JUNE 30, 2000**

FEDERAL GRANTOR	Pass Through	Federal	
Pass Through Grantor	Entity	CFDA	
Program Title	Number	Number	Disbursements
UNITED STATES HIGHWAY ADMINISTRATION			
<i>Passed through Ohio Department of Transportation:</i>			
Federal Highway Planning and Construction Program		20.205	
Transportation Planning FY 00	165991		\$630,135
Share-A-Ride FY 00	23870		100,946
TIP Monitoring	548031		22,998
Wood County Model Update	-		1,618
Expressway Needs Study	131974		14,875
Ozone Action Days	132555		80,138
Downtown Circulator Study	-		4,476
Intelligent Transportation System	131945		12,615
<i>Passed through Michigan Department of Transportation and SEMCOG</i>			
Federal Highway Planning and Construction Program		20.205	
Transportation Planning FY 00	97797		<u>47,817</u>
Total - United States Highway Administration			<u>915,618</u>
UNITED STATES TRANSPORTATION ADMINISTRATION			
Federal Transit - Formula Grants		20.507	
CommuterLink	-		<u>324,192</u>
UNITED STATES ENVIRONMENTAL PROTECTION AGENCY			
Water Pollution Control		66.419	
Great Lakes National Program Office	-		<u>51,851</u>
Total Federal Assistance			<u><u>\$1,291,661</u></u>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - GENERAL

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

NOTE B - BASIS OF ACCOUNTING

The accompanying schedule of federal financial assistance has been prepared in conformity with generally accepted accounting principles.

NOTE C - ALLOCATION OF EXPENDITURES

The amounts in the Schedule of Federal Awards Expenditures have been included in TMACOG's statement of support, revenues and expenses and changes in retained earnings for the twelve months ended June 30, 2000 as follows:

Salary	\$281,884
Fringe Benefits	82,528
Contractual Services and Other Direct Costs	526,390
Indirect Costs	<u>399,406</u>
Total	<u><u>\$1,290,208</u></u>



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Toledo Metropolitan Area Council of Governments
Lucas County
300 Central Union Plaza
P.O. Box 9508
Toledo, Ohio 43697-9508

To the Board of Trustees:

We have audited the financial statements of Toledo Metropolitan Area Council of Governments, Lucas County, (TMACOG) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 9, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered TMACOG's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Toledo Metropolitan Area Council of Governments
Lucas County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

January 9, 2001



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Toledo Metropolitan Area Council of Governments
Lucas County
300 Central Union Plaza
P.O. Box 9508
Toledo, Ohio 43697-9508

To the Board of Trustees:

Compliance

We have audited the compliance of Toledo Metropolitan Area Council of Governments, Lucas County, (TMACOG) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. TMACOG's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the TMACOG's management. Our responsibility is to express an opinion on TMACOG's compliance based on our audit.

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

In our opinion, TMACOG complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of TMACOG is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered TMACOG's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

Schedule of Federal Awards Expenditures

We have audited the general-purpose financial statements of TMACOG as of and for the year ended June 30, 2000, and have issued our report thereon dated January 9, 2001. Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Jim Petro
Auditor of State

January 9, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Federal Transit Formula Grants CFDA #20.507
(d)(1)(viii)	Dollar Threshold: Type AIB Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**REPORT
OF
EXAMINATION**

SINGLE AUDIT

**TOLEDO METROPOLITAN AREA
COUNCIL OF GOVERNMENTS**



JULY 1, 1999 THROUGH JUNE 30, 2000

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

**BOARD OF TRUSTEES - OFFICERS
AS OF JUNE 30, 2000**

<u>OFFICER</u>	<u>POSITION</u>	<u>TERM OF OFFICE</u>
Thomas Brown	Chair	1/1/00 - 12/31/00
James Bailey	Vice Chair	1/1/00 - 12/31/00
Edward Snyder	Second Vice Chair	1/1/00 – 12/31/00

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

**REPORT OF EXAMINATION
JULY 1, 1999 THROUGH JUNE 30, 2000**

TABLE OF CONTENTS

	Page
Board of Trustees - Officers.....	i
Table of Contents.....	ii
Report of Independent Accountants	
Combined Balance Sheet - All Fund Types.....	1
Statement of Support and Revenue and Expenses and Changes in retained Earnings - Proprietary Fund Type	2
Statement of Cash Flows - Proprietary Fund Type.....	3
Notes to Financial Statements.....	4-14



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REPORT OF INDEPENDENT ACCOUNTANTS

Toledo Metropolitan Area Council of Governments
Lucas County
300 Central Union Plaza
P.O. Box 9508
Toledo, Ohio 43697-9508

To the Board of Trustees:

We have audited the accompanying general-purpose financial statements of the Toledo Metropolitan Area Council of Governments, Lucas County, (TMACOG) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of TMACOG's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of TMACOG as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

January 9, 2001

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

COMBINED BALANCE SHEET-ALL FUND TYPES
JUNE 30, 2000

	Proprietary Funds Enterprise	Fiduciary Funds Agency	Totals (Memorandum Only)
Assets			
Current assets:			
Cash and Cash Equivalents	\$ 193,757	\$ 2,916	\$ 196,673
Receivables:			
Federal	394,139	0	394,139
State	89,103	0	89,103
Local	<u>534,268</u>	<u>0</u>	<u>534,268</u>
Total current assets	1,211,267	2,916	1,214,183
Fixed assets:			
Furniture and equipment, at cost	539,162	0	539,162
Accumulated depreciation	<u>(329,913)</u>	<u>0</u>	<u>(329,913)</u>
Fixed assets (net of accumulated depreciation)	<u>209,249</u>	<u>0</u>	<u>209,249</u>
Total assets	\$ <u>1,420,516</u>	\$ <u>2,916</u>	\$ <u>1,423,432</u>
 LIABILITIES AND FUND EQUITY			
Current liabilities:			
Accounts payable	\$ 523,283	\$ 0	\$ 523,283
Accrued compensation payable	19,999	0	19,999
Due to Others	0	2,916	2,916
Deferred project support	446,312	0	446,312
Deferred membership dues	<u>253,300</u>	<u>0</u>	<u>253,300</u>
Total current liabilities	1,242,894	2,916	1,245,810
Non-current liabilities			
Compensated Absences payable	62,014	0	62,014
Capital lease payable	<u>70,811</u>	<u>0</u>	<u>70,811</u>
Total non-current liabilities	<u>132,825</u>	<u>0</u>	<u>132,825</u>
Total Liabilities	1,375,719	2,916	1,378,635
Retained Earnings	<u>44,797</u>	<u>0</u>	<u>44,797</u>
Total liabilities and fund equity	\$ <u>1,420,517</u>	\$ <u>2,916</u>	\$ <u>1,423,433</u>

The notes to the financial statements are an integral part of this statement.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

STATEMENT OF SUPPORT AND REVENUE AND EXPENSES
AND CHANGES IN RETAINED EARNINGS-PROPRIETARY FUND

YEAR ENDING JUNE 30,2000

	Enterprise Fund
Operating Support and revenue:	
Operating Support:	
Local	\$ 1,720,524
Membership Fees	321,297
Transportation Assessments	133,135
Special Assessments	18,055
Project Contributions	72,591
Operating Revenue:	
ISC/Directory Sales	2,375
Registrations	21,069
In Kind Service	6,269
Internal Cost Centers	153,881
Miscellaneous	14,264
Total operating support and revenue	\$ <u>2,463,460</u>
 Operating Expenses:	
Personnel services	\$ 1,028,881
Fringe benefits	303,444
Consultants	144,141
Contractual services	36,862
Legal	59,957
Audit	12,595
Building rent and utilities	98,356
Postage and supplies	71,012
Depreciation expense	61,542
Printing	94,943
Computer	22,766
Insurance	7,145
Lease Interest	9,787
Advertising & Promotion	64,493
CommuterLink Transportation Providers	1,729,019
Other expenses	538,827
Total operating expenses	\$ <u>4,283,770</u>
 Operating Loss	 \$ (1,820,310)
 Non-Operating Support and revenue:	
Non-Operating Support:	
Federal	\$ 1,290,208
State	460,214
Non-Operating Revenue:	
Investment Income	18,529
Total non-operating support and revenue	\$ <u>1,768,951</u>
 Net Loss	 (51,359)
Retained Earnings, July 1	96,156
Retained Earnings, June 30	\$ <u><u>44,797</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-PROPRIETARY FUND
YEAR ENDED JUNE 30, 2000

	Enterprise Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,614,835
One Time increase in Petty Cash Account	100
Cash Paid to Suppliers	(2,727,920)
Cash Paid to Employees	(1,048,330)
Net cash (Used) by Operating Activities	<u>(1,161,315)</u>
 Cash Flows from Noncapital Financing activities:	
Cash Received from Federal/State Grants	<u>1,267,180</u>
 Cash Flows from Capital and Related Financing Activities:	
Purchase of Fixed Assets	<u>(158,170)</u>
 Cash Flows from Investing Activities:	
Investment Income	<u>18,529</u>
 Net (Decrease) in Cash and Cash Equivalents	(33,776)
 Cash and Cash Equivalents, July 1	<u>227,533</u>
 Cash and Cash Equivalents, June 30	\$ <u><u>193,757</u></u>
 Reconciliation of Operating (Loss) to Net Cash Used in Operating Activities:	
 Operating (Loss)	\$ (1,820,310)
 Adjustments to Reconcile Operating (Loss) to Net Cash Used in Operating Activities	
 Depreciation expense	61,542
(Increase) in Accounts Receivable	(120,597)
Increase in Accounts Payable	366,953
(Decrease) in Accrued Leave Expenses	(27,979)
Increase in Accrued Compensation	8,486
Increase in Deferred dues & assessments	25,023
Increase in Deferred revenues	<u>345,567</u>
 Total adjustments	<u>658,995</u>
 Net cash (Used) by operating activities	\$ <u><u>(1,161,315)</u></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
JUNE 30, 2000

1. **DESCRIPTION OF THE ENTITY AND BASIS OF PRESENTATION**
(As Required by Various Statutes)

A. **DESCRIPTION OF THE ENTITY**

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

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

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

(As Required by Various Statutes)

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.

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. Those included in this report are Agency Funds and are comprised of the Wabash Cannonball Coordinating Committee.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(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. TMACOG also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the TMACOG's accounting policies are described below.

A. **BASIS OF ACCOUNTING**

All financial transactions for Agency Funds are reported on a modified accrual basis of accounting. Under this accounting method, revenues are recognized in the accounting period in which they become susceptible to accrual - that is when they become both measurable and available to finance expenditures of the current period. Proprietary Fund transactions are recorded on the accrual basis of accounting: revenues are recognized when earned and measurable: expenses are recognized as incurred.

B. **MEASUREMENT FOCUS**

Proprietary Funds are accounted for on a cost of services, or "capital maintenance", measurable focus. Proprietary Fund Type income statements represent increases and decreases in net total assets.

C. **GRANTS**

Grant support is recognized at the time reimbursable expenditures are made by TMACOG. Federal, state, and local grant receivables represent the excess of support recognized over cash received from the grantor at the balance sheet date.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**(Continued)

D. **TRANSPORTATION ASSESSMENTS**

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

E. **SHORT TERM INVESTMENTS**

TMACOG maintains a written investment policy that designates STAROhio as the primary depository for excess funds. Income derived from investments is returned to the agency's operating fund, a proprietary fund type. STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with rule 2a7 of the Investment Company Act of 1940. Investments with STAROhio are valued at STAROhio's share price that is the price the investment could be sold for on June 30, 2000.

TMACOG also maintains an interest bearing checking account that makes automatic overnight deposits in repurchase agreements for all funds in excess of required compensating balances. Investments in repurchase agreements are recorded at fair market value for reporting purposes as of June 30, 2000.

F. **FIXED ASSETS AND DEPRECIATION**

Fixed assets purchased with grant funds are charged directly to the project as reimbursable expenditures. Fixed assets purchased from local funds prior to July 1, 1996 are recorded at cost, and depreciated over a period of between three and seven years using the straight line method. Fixed assets purchased after June 30, 1996 are recorded at cost and depreciated over a period of between five and fifteen years. Depreciation expense of \$61,542 for the twelve months ended June 30, 2000, was allocated to projects as a component of indirect costs.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

G. **TAX STATUS**

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

H. **FINANCIAL STATEMENT TOTALS**

Amounts in the "Totals (Memorandum Only)" columns of the financial statements represent a summation of the financial statements line items of the fund types. These amounts are presented for analytical purposes only. The summation includes fund types that use different bases of accounting. Amounts shown in the "Totals (Memorandum Only)" columns are not comparable to a consolidation and do not represent the total resources available or total revenues and expenses of TMACOG.

3. **POOLED CASH AND INVESTMENTS**

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

Legal Requirements

There are no statutory requirements for the classification of monies held by TMACOG that apply. However, TMACOG maintains an investment policy that states that funds will normally be invested in the State Treasury Asset Reserve of Ohio (STAROHIO). When funds may be available for extended periods of time, investment opportunities with higher interest rates may be investigated. For Fiscal Year ending June 30, 2000, investments were made in repurchase agreements.

Deposits

At June 30, 2000, the carrying amount of TMACOG's deposits was (\$131,116) and the bank balance was \$61,229. Of the bank balance, \$61,229 was covered by federal depository insurance

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

3. **POOLED CASH AND INVESTMENTS (Continued)**

Investments

TMACOG investments are categorized below to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by TMACOG. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the TMACOG name. Category 3 includes uninsured or unregistered investments for which the securities are held by the broker or dealer or by its trust department but not in the TMACOG name.

	Category of Risk			<u>Fair Value</u>
	1	2	3	
Repurchase Agreement Not Subject to Categorization			\$145,293	\$153,495
Investment in State Treasurer's Investment Pool	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>\$174,294</u>
Total Investments	<u>N/A</u>	<u>N/A</u>	<u>\$145,293</u>	<u>\$327,789</u>

- (a) TMACOG's investment in the State Treasurer's Investment Pool is not categorized because they are not evidenced by securities that exist in physical or book entry form.

The classification of cash and cash equivalents and investments on the combined financial statement is based on the criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows":

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

3. **POOLED CASH AND INVESTMENTS (Continued)**

	<u>Pooled Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 196,673	
Repurchase Agreements	(153,495)	\$ 153,495
Investments of the Cash Management Pool:		
State Treasurer's Investment Pool	<u>(174,294)</u>	<u>174,294</u>
GASB Statement No. 3	<u>\$ (131,116)</u>	<u>\$ 327,789</u>

4. **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, an automobile and a copier under agreements expiring at various dates through 2006. At June 30, 2000, scheduled lease payments were as follows:

	2001	104,536
	2002	100,668
	2003	97,600
	2004	97,600
	2005	97,600
	2006	<u>81,333</u>
Total		<u>\$ 579,336</u>

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

4. LEASES (Continued)

TMACOG has previously entered into four new capital leases for the purchase of a printing press, new furniture, a new telephone system and a t-head for the printing press. A fifth capital lease was entered into during 2001 for the purchase of additional furniture for our commuter services department. All of these leases have been recorded as capital leases on the financial records.

At June 30, 2000 minimum future lease payments under these agreements were as follows:

	2001	47,351
	2002	18,404
	2003	10,249
	2004	<u>2,361</u>
Total		\$ 78,365
Less: Amount Representing Interest		<u>-7,554</u>
Present Value of Net Minimum Lease Payments		\$ <u>70,811</u>

Lease expense under these agreements amounted to \$45,688 and interest expenses amounted to \$9,787 for the twelve months ended 6/30/00.

5. DEFINED BENEFIT PENSION PLANS

1. Pension Benefit Obligation

All employees of TMACOG participate in the Public Employees Retirement System of Ohio (PERS of Ohio), a cost-sharing multiple-employer defined benefit pension plan. The PERS of Ohio provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Chapter 145 of the Ohio Revised Code provides statutory authority to establish and amend benefits. The Public Employees Retirement System of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the PERS of Ohio. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, Ohio 43215-4642 or by calling (614) 466-2085 or 1-800-222-7377.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

5. **PENSION OBLIGATIONS AND OTHER POST EMPLOYMENT BENEFITS** (Continued)

The Ohio Revised Code provides statutory authority for employee and employer contributions. The employee contribution rate is 8.5 percent. For 1999 the employer contribution rate for local government employer units was 13.55 percent of covered payroll, 9.35 percent to fund pension benefit obligation and 4.20 percent to fund health care. The contribution requirements of plan members and TMACOG are established and may be amended by the Public Employees retirement Board. TMACOG's contribution to the PERS of Ohio for the years ending June 30, 2000, 1999 and 1998 were \$133,621, \$133,435 and \$103,749, respectively; 92.72 percent has been contributed for 2000 and 100 percent has been contributed for 1999 and 1998. The unpaid balance for 2000, in the amount of \$9,734 is recorded as a liability within the proprietary fund.

2. **Other Postemployment Benefits**

In addition to the pension benefit obligation described above, the PERS of Ohio provides postemployment health care benefits to age and service retirees with ten or more years of qualifying Ohio service credit and to primary survivor recipients of such retirants. Health care coverage for disability recipients is also available. A portion of each employer's contribution to PERS is set aside for the funding of post retirement health care. The Ohio Revised Code provides statutory authority requiring public employers to fund postemployment health care through their contributions to the PERS of Ohio. The portion of the 1999 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.20 percent of covered payroll that amounted to \$41,418.

Other Postemployment Benefits (OPEB) are financed through employer contributions and investment earnings thereon. Funding and accounting were on a pay-as-you-go basis. The contributions allocated to retiree health care, along with investment income on allocated assets and periodic adjustments in health care provisions are expected to be sufficient to sustain the program indefinitely. Expenditures for other postemployment benefits during 1999 were \$523,599,349. As of December 31, 1999, the unaudited estimated net assets available for future OPEB payments were \$9,870,285,641. The number of benefit recipients eligible for OPEB at December 31, 1999 was 118,062.

During 1997, the Retirement Board adopted a new calculation method for determining employer contributions applied to OPEB. Under the new method, effective January 1, 1998, employers contributions, equal to 4.2% of member covered payroll, are used to fund health care expenses. Under the prior method, accrued liabilities and normal cost rates were determined for retiree health care coverage.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

6. **COMPENSATED ABSENCES**

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

Annual leave accrues to each permanent full-time employee with fewer than 4 years of service at the rate of 3.1 hours per pay period, to a maximum of 10 days per year, and to part-time employees on a pro-rated basis. After 4 years of service, the rate for permanent full-time employees is 4.6 hours per pay period, to a maximum of 15 days per year and after 8 years of service, the rate is 6.2 hours per pay period to a maximum of 20 days per year. Annual leave may accrue to an amount equal to three times the employee's annual accrual amount. Upon leaving TMACOG, employees receive unused annual leave at their current rate of compensation, if they have completed 6 months of continuous employment. An additional 3 days accrues if no more than 5 sick days are taken within the previous December 31 fiscal year. These 3 days are subtracted from the current fiscal year's sick leave and added to the next fiscal year's annual leave.

Certain non-supervisory employees of TMACOG qualify for compensatory time or trade time. No employees receive payment for overtime hours worked; rather, overtime hours are traded on a one-for-one basis in trade time off with certain limitations when the trade time is taken within the same work week. Overtime hours are traded on a one-to-one and one half basis in trade time when the trade time is taken in a subsequent workweek. Eligible employees are permitted to accumulate a maximum of 16 hours of trade time to be used at any time, subject to approval by the Executive Director.

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

The total liability for these compensated absences at June 30, 2000 was approximately \$62,014.

TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS
LUCAS COUNTY

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2000

(Continued)

7. **CONTINGENT LIABILITIES**

A. Grants

TMACOG receives financial assistance from federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Enterprise 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 enterprise fund included herein or on the overall financial position of TMACOG at June 30, 2000.

B. Litigation

As of the balance sheet date, TMACOG was a defendant in various litigation. Although the outcome of this litigation is not presently determinable, in the opinion of TMACOG's legal counsel the resolution of these matters will not have a material adverse effect on the financial conditions of TMACOG.



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OFFICE OF THE AUDITOR

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TOLEDO METROPOLITAN COUNCIL OF GOVERNMENTS

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 01, 2001**