



**CITY OF TORONTO  
JEFFERSON COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED DECEMBER 31, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CITY OF TORONTO  
JEFFERSON COUNTY**

**TABLE OF CONTENTS**

| <b>TITLE</b>  | <b>PAGE</b> |
|---|-------------|
| Report of Independent Accountants .....   | 1           |
| Combined Statement of Cash Receipts, Cash Disbursements and Changes<br>in Fund Cash Balances - All Governmental Fund Types<br>for the Year Ended December 31, 2000 .....                      | 3           |
| Combined Statement of Cash Receipts, Cash Disbursements and<br>Changes in Fund Cash Balances - All Proprietary and Similar Fiduciary<br>Fund Types for the Year Ended December 31, 2000 ..... | 4           |
| Combined Statement of Receipts - Budget and Actual<br>for The Year Ended December 31, 2000 .....  | 5           |
| Combined Statement of Disbursements and Encumbrances<br>Compared with Expenditure Authority for the Year<br>Ended December 31, 2000 .....   | 6           |
| Notes to the Financial Statements .....   | 7           |
| Report of Independent Accountants on Compliance and on<br>Internal Control Required by <i>Government Auditing Standards</i> .....   | 17          |
| Schedule of Findings .....  | 19          |
| Schedule of Prior Audit Findings .....  | 20          |

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## REPORT OF INDEPENDENT ACCOUNTANTS

City of Toronto  
Jefferson County  
308 North Sixth Street  
Toronto, Ohio 43964

To City Council:

We have audited the accompanying financial statements of City of Toronto, Jefferson County, Ohio, (the City) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes 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.

Ohio Administrative Code Section 117-6-01 requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the City, prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, can not be determined at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of City of Toronto, Jefferson County, Ohio, as of December 31, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated, May 25, 2001 on our consideration of the City of Toronto's internal control over 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.

This report is intended for the information and use of management, City Council, and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 25, 2001

**CITY OF TORONTO  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|   | <b>Governmental Fund Types</b> |                            |                         |                             | <b>Totals<br/>(Memorandum<br/>Only)</b> |
|---|--------------------------------|----------------------------|-------------------------|-----------------------------|---|
|   | <b>General</b>                 | <b>Special<br/>Revenue</b> | <b>Debt<br/>Service</b> | <b>Capital<br/>Projects</b> |   |
| <b>Cash Receipts:</b>   |                                |                            |                         |                             |   |
| Property Tax and Other Local Taxes  | \$921,848                      | \$280,007                  |                         | \$157,208                   | \$1,359,063                             |
| Intergovernmental Receipts  | 307,218                        | 463,117                    |                         |                             | 770,335                                 |
| Charges for Services  | 5,578                          | 44,735                     |                         |                             | 50,313                                  |
| Fines, Licenses, and Permits  | 56,552                         | 6,965                      |                         |                             | 63,517                                  |
| Revolving Loan Proceeds   |                                | 82,344                     |                         | 1,040                       | 83,384                                  |
| Miscellaneous   | 46,836                         | 25,777                     |                         | 174                         | 72,787                                  |
| <b>Total Cash Receipts</b>  | <b>1,338,032</b>               | <b>902,945</b>             |                         | <b>158,422</b>              | <b>2,399,399</b>                        |
| <b>Cash Disbursements:</b>  |                                |                            |                         |                             |   |
| Current:  |                                |                            |                         |                             |   |
| Security of Persons and Property  | 1,018,182                      | 188,754                    |                         |                             | 1,206,936                               |
| Public Health Services  | 31,984                         | 1,565                      |                         |                             | 33,549                                  |
| Leisure Time Activities   | 28,000                         | 97,071                     |                         |                             | 125,071                                 |
| Community Environment   | 18,947                         | 356,141                    |                         |                             | 375,088                                 |
| Transportation  |                                | 222,749                    |                         |                             | 222,749                                 |
| General Government  | 261,020                        |                            |                         |                             | 261,020                                 |
| Debt Service:   |                                |                            |                         |                             |   |
| Debt Service  |                                | 133,545                    |                         | 50,000                      | 183,545                                 |
| Interest Payments   |                                | 6,090                      | \$174                   | 2,351                       | 8,615                                   |
| Capital Outlay  |                                | 18,273                     |                         | 231,921                     | 250,194                                 |
| <b>Total Cash Disbursements</b>   | <b>1,358,133</b>               | <b>1,024,188</b>           | <b>174</b>              | <b>284,272</b>              | <b>2,666,767</b>                        |
| <b>Total Receipts Over/(Under) Disbursements</b>  | <b>(20,101)</b>                | <b>(121,243)</b>           | <b>(174)</b>            | <b>(125,850)</b>            | <b>(267,368)</b>                        |
| <b>Other Financing Receipts/(Disbursements):</b>  |                                |                            |                         |                             |   |
| Sale of Bonds or Notes  |                                | 18,273                     |                         | 19,795                      | 38,068                                  |
| Transfers-In  | 22,300                         |                            |                         |                             | 22,300                                  |
| Transfers-Out   | (48,600)                       | (7,300)                    |                         |                             | (55,900)                                |
| <b>Total Other Financing Receipts/(Disbursements)</b>   | <b>(26,300)</b>                | <b>10,973</b>              |                         | <b>19,795</b>               | <b>4,468</b>                            |
| <b>Excess of Cash Receipts and Other Financing<br/>Receipts Over/(Under) Cash Disbursements<br/>and Other Financing Disbursements</b> | <b>(46,401)</b>                | <b>(110,270)</b>           | <b>(174)</b>            | <b>(106,055)</b>            | <b>(262,900)</b>                        |
| Fund Cash Balances January 1  | 397,913                        | 818,510                    | 174                     | 189,763                     | 1,406,360                               |
| <b>Fund Cash Balances, December 31</b>  | <b>\$351,512</b>               | <b>\$708,240</b>           |                         | <b>\$83,708</b>             | <b>\$1,143,460</b>                      |

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

**CITY OF TORONTO  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2000**

|  | <u>Proprietary<br/>Fund Type</u> | <u>Fiduciary<br/>Fund Type</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|--|----------------------------------|--------------------------------|---|
|  | <u>Enterprise</u>                | <u>Agency</u>                  |   |
| <b>Operating Cash Receipts:</b>  |                                  |                                |   |
| Charges for Services   | \$1,264,968                      |                                | \$1,264,968                             |
| Miscellaneous  | 6,501                            |                                | 6,501                                   |
| Total Operating Cash Receipts  | <u>1,271,469</u>                 |                                | <u>1,271,469</u>                        |
| <b>Operating Cash Disbursements:</b>   |                                  |                                |   |
| Personal Services  | 535,389                          |                                | 535,389                                 |
| Contractual Services   | 611,138                          | \$31,038                       | 642,176                                 |
| Supplies and Materials   | 65,554                           | 1,446                          | 67,000                                  |
| Capital Outlay   | 375,192                          |                                | 375,192                                 |
| Total Operating Cash Disbursements   | <u>1,587,273</u>                 | <u>32,484</u>                  | <u>1,619,757</u>                        |
| Operating Income/(Loss)  | <u>(315,804)</u>                 | <u>(32,484)</u>                | <u>(348,288)</u>                        |
| <b>Non-Operating Cash Receipts:</b>  |                                  |                                |   |
| Property Tax and Other Local Taxes   | 67,686                           | 1,122,112                      | 1,189,798                               |
| Proceeds from Notes and Bonds  | 114,205                          |                                | 114,205                                 |
| Other Non-Operating Receipts   | 251,470                          | 36,295                         | 287,765                                 |
| Total Non-Operating Cash Receipts  | <u>433,361</u>                   | <u>1,158,407</u>               | <u>1,591,768</u>                        |
| <b>Non-Operating Cash Disbursements:</b>   |                                  |                                |   |
| Debt Service   | 172,859                          |                                | 172,859                                 |
| Distribution to City Funds   |                                  | 1,150,642                      | 1,150,642                               |
| Distribution to Customers  | 11,815                           |                                | 11,815                                  |
| Other Non-Operating Disbursements  |                                  | 36,295                         | 36,295                                  |
| Total Non-Operating Cash Disbursements   | <u>184,674</u>                   | <u>1,186,937</u>               | <u>1,371,611</u>                        |
| Excess of Receipts Over/(Under) Disbursements<br>Before Interfund Transfers and Advances | (67,117)                         | (61,014)                       | (128,131)                               |
| Transfers-In   | 48,600                           |                                | 48,600                                  |
| Transfers-Out  | (15,000)                         |                                | (15,000)                                |
| Net Receipts Over/(Under) Disbursements  | (33,517)                         | (61,014)                       | (94,531)                                |
| Fund Cash Balances, January 1  | <u>301,732</u>                   | <u>62,649</u>                  | <u>364,381</u>                          |
| <b>Fund Cash Balances, December 31</b>   | <b><u>\$268,215</u></b>          | <b><u>\$1,635</u></b>          | <b><u>\$269,850</u></b>                 |

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



**CITY OF TORONTO  
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE YEAR ENDED DECEMBER 31, 2000**

| <b>Fund Types/ Funds</b> | <b>Budget</b>             | <b>Actual</b>             | <b>Variance<br/>Favorable<br/>(Unfavorable)</b> |
|--------------------------|---------------------------|---------------------------|---|
| Governmental Fund Types: |                           |                           |   |
| General Fund             | \$1,250,055               | \$1,360,332               | \$110,277                                       |
| Special Revenue Funds    | 993,202                   | 921,218                   | (71,984)  |
| Debt Service Funds       |                           |                           |   |
| Capital Projects Funds   | 269,000                   | 178,217                   | (90,783)  |
| Proprietary Fund Types:  |                           |                           |   |
| Enterprise Fund          | 1,968,613                 | 1,753,430                 | (215,183)                                       |
| <b>Totals</b>            | <b><u>\$4,480,870</u></b> | <b><u>\$4,213,197</u></b> | <b><u>(\$267,673)</u></b>                       |

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

CITY OF TORONTO  
JEFFERSON COUNTY

**COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES  
BUDGET AND ACTUAL COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE YEAR ENDED DECEMBER 31, 2000**

| Fund Types/ Funds        | Prior Year<br>Carryover<br>Appropriations | 2000<br>Appropriations    | Totals                    | Actual<br>Disbursements   | Encumbrances<br>Outstanding<br>At 12/31/00 | Totals                    | Variance<br>Favorable<br>(Unfavorable) |
|--------------------------|---|---------------------------|---------------------------|---------------------------|--|---------------------------|--|
| Governmental Fund Types: |   |                           |                           |                           |  |                           |  |
| General Fund             | \$46,207                                  | \$1,549,600               | \$1,595,807               | \$1,406,733               | \$31,735                                   | \$1,438,468               | \$157,339                              |
| Special Revenue Funds    |   | 1,713,599                 | 1,713,599                 | 1,031,488                 | 44,905                                     | 1,076,393                 | 637,206                                |
| Debt Service Funds       |   | 174                       | 174                       | 174                       |  | 174                       |  |
| Capital Projects Funds   | 5,292                                     | 453,471                   | 458,763                   | 284,272                   | 69,121                                     | 353,393                   | 105,370                                |
| Proprietary Fund Types:  |   |                           |                           |                           |  |                           |  |
| Enterprise Fund          |   | 2,194,600                 | 2,194,600                 | 1,786,947                 |  | 1,786,947                 | 407,653                                |
| <b>Totals</b>            | <b><u>\$51,499</u></b>                    | <b><u>\$5,911,444</u></b> | <b><u>\$5,962,943</u></b> | <b><u>\$4,509,614</u></b> | <b><u>\$145,761</u></b>                    | <b><u>\$4,655,375</u></b> | <b><u>\$1,307,568</u></b>              |

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

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of Entity**

The City of Toronto is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The City Council is composed of eight members, four of whom are elected by their respective electors within their designated wards. Three councilmen at large and a council president are elected by the City at large. The City provides the following services: police and fire protection, water, wastewater and sanitation utilities, parks and recreation, health services, street maintenance, building inspection and development.

Management believes the financial statements included in this report represent all of the funds over which the City has the ability to exercise direct operating control.

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-6-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the City chooses to prepare its financial statements on the basis accounting formerly prescribed or permitted by the Auditor of State. The basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts, gains or losses at the time of sales are recorded as receipts or disbursements accordingly.

**D. Fund Accounting**

The City 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 which stands separate from the activities reported in other funds. The restrictions associated with each type of funds are as follows:

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**1. Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the City are financed. The following are the City's governmental fund types:

**General Fund**

The General Fund is the operating fund of the City and is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available to the City for any purpose provided it is expended or transferred according to the general laws of Ohio.

**Special Revenue Funds**

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Funds**

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. According to governmental accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of the long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For purposes of this report, these funds have been classified into the proper groups, if practicable.

**Capital Projects Funds**

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**2. Proprietary Funds**

Proprietary funds are used to account for the City's ongoing activities which are similar to those found in the private sector. The following is the City's proprietary fund type:

**Enterprise Fund**

Enterprise funds are used to account for City activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**3. Fiduciary Fund Type:**

Fiduciary fund types are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The City's fiduciary funds include agency funds.

**E. Budgetary Process**

**Budget**

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year.

**Estimated Resources**

The County budget commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources which states the projected receipts of each fund. On or about January 1, this certificate is amended to include any unencumbered balances from the preceding year.

Prior to December 31, the City must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include January 1, 2000, unencumbered fund balances. However, those fund balances are available for appropriations.

**Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January 1 to March 31.

An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**Encumbrances**

The City is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

**F. Property, Plant and Equipment**

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund-type eliminations have not been made in the aggregation of this data.

**2. POOLED CASH AND INVESTMENTS**

The City maintains a cash and investment pool used by all funds.

**Legal Requirements**

State statutes classify monies held by the City into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the City Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the City has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the City, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specific dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualifies trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At year-end, the carrying amount of the City's deposits was \$1,413,310 and the bank balance was \$1,475,157. The bank balance includes all department clearing accounts and all accounts for which the City acts as fiscal agent. Of the bank balance, \$200,000 was covered by federal depository insurance, \$1,275,157 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the City to a successful claim by the Federal Deposit Insurance Corporation.

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

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

At December 31, 2000, the City had no investments.

**3. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by City Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due by December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the City.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting and distributing all property taxes on behalf of the City.

**4. DEBT OBLIGATIONS**

Debt outstanding at December 31, 2000, consisted of the following:

|   |           |
|---|-----------|
| Equipment Acquisition Bonds             |           |
| Principal Outstanding                   | \$48,900  |
| Interest Rates                          | 4.95%     |
| O.W.D.A. Loan                           |           |
| Principal Outstanding                   | \$559,842 |
| Interest Rates                          | 9.9%      |
| Accrued Police & Fire Pension Liability |           |
| Principal Outstanding                   | \$151,502 |
| Interest Rate                           | 2.25%     |

Bonded debt was issued for the purchase of two trucks, one for the sewer department and a garbage compactor. Revenue from the utility facilities are used to repay this debt.

Ohio Water Development Authority loans were for wastewater treatment facility projects. Property and revenue of the utility facilities have been pledged to pay this debt.

Accrued police and fire pension liability was incurred when the State of Ohio established the statewide pension system for police and fire personnel in 1967. This is paid semiannually from revenue received in the Police Pension Fund and the Fire Pension Fund.



**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**4. DEBT OBLIGATIONS (Continued)**

The annual requirements to amortize all general obligation debt outstanding as of December 31, 2000, including interest payments are as follows:

| Year ending<br>December 31: | Equipment<br>Acquisition<br>Bonds | OWDA<br>Loan      | Police and<br>Fire Pension<br>Liability |
|-----------------------------|-----------------------------------|-------------------|---|
| 2001                        | \$ 21,800                         | \$ 97,170         | \$ 8,415                                |
| 2002                        | 20,902                            | 97,170            | 8,415                                   |
| 2003                        | 7,806                             | 97,170            | 8,415                                   |
| 2004                        | 0                                 | 97,170            | 8,415                                   |
| 2005                        | 0                                 | 97,170            | 8,415                                   |
| Subsequent                  | 0                                 | 418,518           | 247,865                                 |
| Total                       | <u>\$ 50,508</u>                  | <u>\$ 904,368</u> | <u>\$ 289,940</u>                       |

**5. LEASE OBLIGATIONS**

The City is a party in the following leases:

The City entered into a lease purchase agreement with Municipal Services Group, Inc. for the purchase of four vehicles. Repayment will be made from tax receipts, local government monies and utility receipts.

The City entered into a lease purchase agreement with Public-Finance Incorporated for the purchase of water meters. Repayment will be made from utility receipts.

The annual requirements to amortize all lease debt outstanding as of December 31, 2000, including interest payments are as follows:

| Year ending<br>December 31: | Vehicle Lease     | Water Meter<br>Lease |
|-----------------------------|-------------------|----------------------|
| 2001                        | \$ 67,345         | \$ 68,633            |
| 2002                        | 33,672            | 68,633               |
| 2003                        | 33,672            | 68,633               |
| 2004                        | 33,672            | 68,633               |
| 2005                        | 0                 | 16,121               |
| Total                       | <u>\$ 168,361</u> | <u>\$ 290,653</u>    |

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**6. RISK MANAGEMENT**

The City is a member of the Public Entities Pool of Ohio. The Pool assumes the risk of loss up to the limits of the City's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

General Liability and Casualty  
Public Officials Liability  
Vehicle

The City also provides health insurance and dental coverage to full-time employees through a private carrier.

**7. DEFINED BENEFIT PENSION PLANS**

**A. Public Employees Retirement System**

All full-time employees, other than non-administrative full-time police officers and firefighters, participate in the Public Employees Retirement System of Ohio (PERS), a cost-sharing multiple-employer public employee retirement system administered by the Public Employees Retirement Board. PERS provides basic retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Benefits are established by Chapter 145 of the Ohio Revised Code. PERS issues a stand-alone financial report which may be obtained by writing to the Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642.

Plan members are required to contribute 8.5 percent of their annual covered salary to fund pension obligations. For calendar year 2000, PERS instituted a temporary employer rate rollback for state and local governments. The 2000 employer pension contribution rate for the City was 6.54 percent of covered payroll, reduced from 9.35 percent in 1999. Contributions are authorized by State statute. The contribution rates are determined actuarially. The City's required contributions to PERS for the years ended December 31, 2000, 1999, and 1998 were \$80,834, \$98,068, and \$85,001, respectively. The full amount has been contributed for 1999 and 1998. 92 percent has been contributed for 2000 with the remainder being reported as a liability in the general long-term obligations account group.

**B. Ohio Police and Fire Pension Fund**

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer public employee retirement system administered by the OP&F's Board of Trustees. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and by Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215 - 5164.

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**7. DEFINED BENEFIT PENSION PLANS (Continued)**

Police and firefighters are required to contribute 10 percent of their annual covered salary to fund pension obligations and the City is required to contribute 12.25 percent for police and 16.75 percent for firefighters. For 1999, the City contributions were 12.5 percent for police and 17 percent for firefighters. Contributions are authorized by State statute. The City's contributions to the OP&F for police and firefighters were \$63,528 and \$87,728 for the year ended December 31, 2000, \$60,400 and \$83,410 for the year ended December 31, 1999, \$58,570 and \$80,482 for the year ended December 31, 1998. The full amount has been contributed for 1999 and 1998. 75.33 percent and 74.82 percent, respectively, have been contributed for 2000.

In addition to current contributions, the City pays installments on the accrued liability incurred when the State of Ohio established the statewide pension system for police and fire fighters in 1967. As of December 31, 2000, the unfunded liability of the City was \$151,502 payable in semi-annual payments through the year 2035. This is an accounting liability of the City which will not vary.

**8. POSTEMPLOYMENT BENEFITS**

**A. Public Employees Retirement System**

The Public Employees Retirement System of Ohio (PERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit. Health care coverage for disability recipients and primary survivor recipients is available. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12. A portion of each employer's contribution to PERS is set aside for the funding of postretirement health care based on authority granted by State statute. The 2000 employer contribution rate was 10.84 percent of covered payroll; 4.30 percent was the portion that was used to fund health care for 2000. For 1999, the contribution rate was 13.55 percent of covered payroll; 4.20 percent was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal cost method. Significant actuarial assumptions, based on PERS's latest actuarial review performed as of December 31, 1999, include a rate of return on investments of 7.75 percent, an annual increase in active employee total payroll of 4.75 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .54 percent and 5.1 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.75 percent annually

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets.

**CITY OF TORONTO  
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2000  
(Continued)**

**8. POSTEMPLOYMENT BENEFITS (Continued)**

The number of active contributing participants was 401,339. The City's actual contributions for 2000 which were used to fund postemployment benefits were \$2,556. The actual contribution and the actuarially required contribution amounts are the same. PERS's net assets available for payment of benefits at December 31, 1999, (the latest information available) were \$10,805.5 million. The actuarially accrued liability and the unfunded actuarial accrued liability were \$12,473.6 million and \$1,668.1 million, respectively.

For 2000, PERS elected to return to an actuarially pre-funded type of disclosure because it is a better presentation of PERS's actual funding methodology. Since 1997, disclosures had been based on a pay-as-you-go funding basis.

**B. Ohio Police and Fire Pension Fund**

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in GASB Statement No. 12. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund's board of trustees to provide health care coverage and states that health care costs paid from the Ohio Police and Fire Pension Fund shall be included in the employer's contribution rate. Health care funding and accounting is on a pay-as-you-go basis. The total police employer contribution is 19.5 percent of covered payroll and the total firefighter employer contribution rate is 24 percent of covered payroll, of which 7.25 percent of covered payroll was applied to the postemployment health care program during 2000. For 1999 the percent used to fund healthcare was 7 percent. In addition, since July 1, 1992, most retirees have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

The City's actual contributions for 2000 that were used to fund postemployment benefits were \$21,176 for police and \$29,243 for fire. The OP&F's total health care expenses for the year ended December 31, 1999, (the latest information available) were \$95,004,633, which was net of member contributions of \$5,518,098. The number of OP&F participants eligible to receive health care benefits as of December 31, 1999, was 12,467 for police and 9,807 for firefighters.



STATE OF OHIO  
OFFICE OF THE AUDITOR

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

City of Toronto  
Jefferson County  
308 North Sixth Street  
Toronto, Ohio 43964

To City Council:

We have audited the financial statements of City of Toronto, Ohio, as of and for the year ended December 31, 2000, and have issued our report thereon dated May 25, 2001 which noted that the City prepares its financial statements on a comprehensive basis of accounting other than generally accepted accounting principles, which is further described in Note 1. We conducted our audit in accordance with auditing standard generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether City of Toronto'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 an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 2000-21241-001. We also noted certain immaterial instances on noncompliance, which we have reported to management of City of Toronto in a separate letter dated May 25, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered City of Toronto'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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the City of Toronto in a separate letter dated May 25, 2001.

This report is intended for the information and use of the management and City Council and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

May 25, 2001

CITY OF TORONTO  
JEFFERSON COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2000

|  |
|--|
| <b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |
|--|

|                       |
|-----------------------|
| <i>Finding Number</i> |
|-----------------------|

|                       |
|-----------------------|
| <b>2000-21241-001</b> |
|-----------------------|

**Ohio Administrative Code § 117-6-01** requires the City to prepare its annual financial report in accordance with generally accepted accounting principles. The City prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The City's financial statements omit assets, liabilities, fund equities, and disclosures that, while material, can not be determined at this time. The City can be fined and various other administrative remedies may be taken against the City.

**CITY OF TORONTO  
JEFFERSON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2000**

| Finding Number | Finding Summary   | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain: |
|----------------|---|------------------|---|
| 1999-1         | ORC § 5705.(D), purchases not properly certified  | No               | Partially corrected   |
| 1999-2         | ORC § 138.18 - balances exceed pledged collateral amounts   | Yes              |   |
| 1999-3         | OAC § 117-6-01 Annual report was not filed in accordance with generally accepted accounting procedures. | No               | Not corrected   |





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CITY OF TORONTO**

**JEFFERSON 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  
JULY 19, 2001**