



**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

**REGULAR AUDIT**

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



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

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**STATE OF OHIO**



**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Toledo Area Sanitary District  
Lucas County  
5015 Stickney Avenue  
Toledo, Ohio 43612-3718

To the Board of Directors:

We have audited the accompanying financial statement of the Toledo Area Sanitary District, Lucas County, Ohio, (the District) as of and for the year ended December 31, 2000. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these 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 audits 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.

As discussed in Note 1, the District prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances of the District as of December 31, 2000, and its cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2001 on our consideration of the District'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.

This report is intended solely for the information and use of the audit committee, management, the Board of Directors, and other officials authorized to receive this report under § 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

April 24, 2001

**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

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

**Cash Receipts:**

Maintenance Assessments	\$1,440,391
Interest Earned on Investments	44,634
Sale of Scrap	402
Adjustments and Refunds	<u>18,270</u>
 Total Cash Receipts	 <u>1,503,697</u>

**Cash Disbursements:**

<b>Office and Administration:</b>	
Salaries - Permanent	245,644
Salaries - Temporary	12,212
Equipment	2,376
Utilities and Communications	23,311
Legal and Consultation	6,791
Pension and Insurance	360,736
Travel and Conference	4,694
Supplies	8,453
Education	5,902
Real Estate Improvements, Maintenance and Rental	37,448
Assessment Roll and Taxes	14,333
Worker's Compensation and State Examiners	7,570
Adjustments	<u>13</u>
 Total Office and Administration	 <u>729,483</u>

**Field Program:**

Salaries - Permanent	690,327
Salaries - Temporary	31,203
New Vehicle and Power Equipment	490
Vehicle and Equipment Replacement	980
Larvicides and Insecticides	176,143
Fuel and Lubricants	26,149
Equipment Maintenance and Shop	28,782
Field Supplies and Hand Tools	7,370
Miscellaneous and Contingencies	598
Drainage Equipment Maintenance	7,516
Vehicle and Equipment Rental	<u>8,790</u>
 Total Field Program	 <u>978,348</u>

Total Cash Disbursements	<u>1,707,831</u>
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Total Disbursements Over Receipts	(204,134)
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Cash Balances, January 1	<u>727,073</u>
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<b>Cash Balances, December 31</b>	<b><u><u>\$522,939</u></u></b>
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*The notes to the financial statements are an integral part of this statement.*

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**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

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

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

Under Authority of the Sanitary District Act of Ohio, the Toledo Area Sanitary District (the District) was established September 27, 1945 by the Common Pleas Court of Lucas County following petition to the court for the establishment of the District for the abatement and control of mosquitoes. It became operational in 1946. Actual control operations began in 1947. In accordance with the statute, responsibility for policy determination for the District resides in the Director appointed by the judges of the Common Pleas Court. Although not provided for in statutes, a volunteer citizens advisory committee has been appointed by the Director. The General Manager, who is appointed by the Director, administers the District's operations.

The District's management believes the financial statement presents all activities for which the District is financially accountable.

**B. Basis of Accounting**

The financial statement follows the basis of accounting prescribed or permitted by the Auditor of State, which 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).

The statement includes adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

Certificates of deposit and Repurchase Agreements 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. Except, gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

**D. Fund Accounting**

The District uses fund accounting to segregate cash and investments that are restricted as to use. The District classifies its fund into the following types:

**General Fund**

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

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

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

**E. Budgetary Process**

The Ohio Revised Code requires that each fund be budgeted annually.

**1. Appropriations**

Budgetary expenditures (that is, disbursements) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The District must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

The Ohio Revised Code requires the District to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year.

A summary of 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the District.

**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

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

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The District maintains a cash and investments pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	<b>2000</b>
Demand deposits	\$2,444
Certificates of deposit	311,729
Cash on hand	100
Total deposits	314,273
Repurchase Agreement	208,666
Total deposits and investments	\$522,939

**Deposits:** Deposits are either insured by the Federal Depository Insurance Corporation, or collateralized by the financial institution's public entity deposit pool.

**Investments:** Overnight Repurchase Agreements are valued at cost. The financial institution maintains records identifying the District as owner of securities subject to repurchase agreements.

**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2000 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,457,914	\$1,503,697	\$45,783

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,790,100	\$1,707,831	\$82,269

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the District. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

**TOLEDO AREA SANITARY DISTRICT  
LUCAS COUNTY**

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

**4. PROPERTY TAX (continued)**

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 District.

**5. RETIREMENT SYSTEMS**

The District's full-time, permanent employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2000, PERS members contributed 8.5% of their gross salaries. The District contributed an amount equal to 13.55% of participants' gross salaries. The District has paid all contributions required through December 31, 2000.

**6. RISK MANAGEMENT**

The District maintains comprehensive coverage with private carriers for real property, building contents, vehicles and employee dishonesty. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are co-insured at 90%.

The District also provides health insurance, life insurance and dental, vision, short-term disability coverage to full-time, permanent employees through a private carrier.

**7. CONTINGENT LIABILITIES**

The District is not a party to any litigation proceedings.



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

Toledo Area Sanitary District  
Lucas County  
5015 Stickney Avenue  
Toledo, Ohio 43612-3718

To the Board of Directors:

We have audited the accompanying financial statement of the Toledo Area Sanitary District, Lucas County, Ohio (the District ), as of and for the year ended December 31, 2000, and have issued our report thereon dated April 24, 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 the District'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 the District'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 Area Sanitary District  
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, and the Board of Directors, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

April 24, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**TOLEDO AREA SANITARY DISTRICT**

**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  
JUNE 7, 2001**