



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

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**STATE OF OHIO**



**TOLEDO AREA SANITARY DISTRICT  
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**REPORT OF INDEPENDENT ACCOUNTANTS**

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

To the Director:

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, 1999. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statement 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 statement are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 statement 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 statement referred to above present fairly, in all material respects, the cash balances of the District as of December 31, 1999, 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 June 9, 2000 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.

This report is intended solely for the information and use of the audit committee, management, 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.

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**Jim Petro**  
Auditor of State

June 9, 2000

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**TOLEDO AREA SANITARY DISTRICT  
STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN CASH BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<b>General</b>
<b>Cash Receipts:</b>	
Maintenance Assessments	\$1,412,114
Interest Earned on Investments	45,806
Sale of Equipment and Supplies	7,703
Sale of Scrap	75
Miscellaneous	2,425
Total Cash Receipts	1,468,123
<b>Cash Disbursements:</b>	
Office and Administration	
Salaries - Permanent	199,464
Salaries - Temporary	9,264
Equipment	3,621
Utilities and Communication	17,725
Legal and Consultation	7,423
Pension and Insurance	347,124
Travel and Conference	3,324
Supplies	4,934
Education	5,004
R.E. Improv., Maint. and Rental	17,254
Assessment Roll and Taxes	14,780
Workers' Compensation and State Examination	21,569
Adjustments	100
Total Office and Administration	651,586
Field Program	
Salaries - Permanent	657,281
Salaries - Temporary	25,716
New Vehicle and Power Equipment	495
Vehicle and Equipment Replacement	53,011
Larvicides and Insecticides	125,555
Fuel and Lubricants	15,688
Equipment Maintenance and Shop	16,358
Field Supplies and Hand Tools	6,680
Miscellaneous and Contingencies	9,156
Drainage Equipment Maintenance	15,389
Vehicle and Equipment Rental	7,494
Total Field Program	932,823
Total Cash Disbursements	1,584,409
Total Disbursements Over Receipts	(116,286)
Cash Balances, January 1	843,359
<b>Cash Balances, December 31</b>	<b>\$727,073</b>

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

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**TOLEDO AREA SANITARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999**

**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. 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 type:

**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.

**E. Budgetary Process**

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

**TOLEDO AREA SANITARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

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

**E. Budgetary Process**(continued)

**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). The County Budget Commission must also approve estimated resources.

**3. Encumbrances**

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

A summary of 1999 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**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.

**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>1999</b>
Demand deposits	\$13,260
Certificates of deposit	631,144
Cash on Hand	100
Total deposits	644,504
Repurchase Agreement	82,569
Total deposits and investments	\$727,073

**TOLEDO AREA SANITARY DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 1999  
(Continued)**

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

**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 and Certificates of Deposit 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 years ending December 31, 1999 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,440,360	\$1,468,123	\$27,763

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,682,100	\$1,584,409	\$97,691

**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.

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.

**TOLEDO AREA SANITARY DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 1999**  
**(Continued)**

**5. RETIREMENT SYSTEMS (Continued)**

Contribution rates are also prescribed by the Ohio Revised Code. For 1999, 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, 1999.

**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 and life insurance and dental, vision, short-term disability coverage to all 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 Director:

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, 1999, and have issued our report thereon dated June 9, 2000. 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 statement is 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 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 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 statement 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 statement 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.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

June 9, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**TOELDO 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  
JULY 13, 2000**