

CITY OF TORONTO
JEFFERSON COUNTY, OHIO
REGULAR AUDIT
For the Year Ended December 31, 2023





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City Council
City of Toronto
P.O. Box 189
Toronto, Ohio 43964

We have reviewed the *Independent Auditor's Report* of the City of Toronto, Jefferson County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2023 through December 31, 2023. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The City of Toronto is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Keith Faber".

Keith Faber
Auditor of State
Columbus, Ohio

February 07, 2025

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**CITY OF TORONTO
JEFFERSON COUNTY
DECEMBER 31, 2023**

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INDEPENDENT AUDITOR'S REPORT

City of Toronto
Jefferson County
PO Box 189
Toronto, OH 43964

To the Members of the City Council:

Report on the Audit of the Financial Statements

Qualified and Unmodified Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Toronto, Jefferson County, Ohio (the City), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Governmental Activities	Qualified
Business-Type Activities	Qualified
General Fund	Unmodified
Street Maintenance and Repair Fund	Unmodified
Water Proprietary Fund	Qualified
Sewer Proprietary Fund	Qualified
Refuse Proprietary Fund	Qualified
Aggregate Remaining Fund Information	Unmodified

Qualified Opinions on Governmental Activities, Business-Type Activities, and Proprietary Funds Water, Sewer, and Refuse

In our opinion, except for the effects of the matter described in the *Basis for Qualified and Unmodified Opinions* section of our report, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities and the Proprietary Funds Water, Sewer and Refuse of the City as of December 31, 2023, and the respective changes in financial position and where applicable, cashflows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Unmodified Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the General Fund, Street Maintenance and Repair Fund, and the aggregate remaining fund information of the City of Toronto, Jefferson County, Ohio as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Street Maintenance and Repair funds for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Basis for Qualified and Unmodified Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified and unmodified audit opinions.

Matter Giving Rise to Qualified Opinions on Governmental Activities, Business-Type Activities, and Proprietary Funds Water, Sewer, and Refuse

The City has not maintained a capital asset listing to support the accuracy and completeness of reported capital assets, therefore, we are unable to rely on the beginning balances. The City does not have an accounting system in place to identify capital asset purchases, deletions, and depreciation expense and the City does not maintain an identification system for capitalized items. The amount by which this would affect the capital assets, net position, expenses and, where applicable, cash flows thereof, in the Governmental Activities, Business-Type Activities, Water Fund, Sewer Fund, and Refuse Fund cannot reasonably be determined. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

Capital Assets are reported in the financial statements as described in the following table:

2023	Governmental Activities	Business- Type Activities	Water Fund	Sewer Fund	Refuse Fund	Total Capital Assets
Reported						
Capital Assets	\$ 5,769,439	\$ 20,371,610	\$ 13,141,561	\$ 7,120,323	\$ 109,726	\$ 26,141,049
Percent of						
Total Assets	65%	82%	83%	83%	39%	78%

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and schedules of net pension and other post-employment benefit liabilities/assets and pension and other post-employment benefit contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2024 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Charles E. Harris & Associates, Inc.

Charles E. Harris & Associates, Inc.
November 18, 2024

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The discussion and analysis of the City of Toronto's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the City's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the City's financial performance.

Financial Highlights

Key financial highlights for 2023 are as follows:

- In total, net position increased \$2,349,573. Net position of governmental activities increased \$1,644,105. Net position of business-type activities increased \$705,468.
- Total capital assets increased \$1,174,519 during 2023. Capital assets of governmental activities increased \$556,441 and capital assets of business-type activities increased \$618,078.
- Outstanding debt decreased from \$8,854,306 to \$8,523,957.

Using this Annual Financial Report

This report is designed to allow the reader to look at the financial activities of the City of Toronto as a whole and is intended to allow the reader to obtain a summary view or a more detailed view of the City's operations, as they prefer.

The Statement of Net Position and the Statement of Activities provide information from a summary perspective showing the effects of the operations for the year 2023 and how they affected the operations of the City as a whole.

Reporting the City of Toronto as a Whole

Statement of Net Position and the Statement of Activities

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole City, presenting both an aggregate view of the City's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the City's most significant funds with all other nonmajor funds presented in total in one column. In the case of the City of Toronto, the general fund and the street maintenance and repair fund are by far the City's most significant governmental funds. Business-type major funds consist of the water, sewer and refuse funds.

A question typically asked about the City's finances is "How did we do financially during 2023?" The Statement of Net Position and the Statement of Activities answer this question. These statements include *all assets and deferred outflows of resources* and *liabilities and deferred inflows of resources* using the *accrual basis of accounting* similar to the accounting method used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

These two statements report the City's *net position* and *changes in net position*. This change in net position is important because it tells the reader that, for the City as a whole, the *financial position* of the City has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the City's property tax base, current property tax laws in Ohio which restrict revenue growth, facility conditions, and other factors.

In the Statement of Net Position and the Statement of Activities, the City is divided into two distinct kinds of activities:

- **Governmental Activities** - Most of the City's programs and services are reported here, including general government, security of persons and property, public health, community development, leisure time activities and transportation.
- **Business-Type Activities** - These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The City's water, sewer and refuse major funds are reported as business activities.

Reporting the City of Toronto's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been safeguarded for specific activities or objectives. The City uses many funds to account for financial transactions. However, these fund financial statements focus on the City's most significant funds. The City's major governmental funds are the general fund and the street maintenance and repair fund.

Governmental Funds Most of the City's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance future services. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds Proprietary funds use the same basis of accounting as business-type activities; therefore, these statements will essentially match, except for the internal service fund allocations.

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The City of Toronto as a Whole

Recall that the Statement of Net Position provides the perspective of the City as a whole. Table 1 provides a summary of the City's net position for 2023 compared to 2022:

Table 1
Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Assets						
Current & Other Assets	\$ 3,073,308	\$ 2,031,776	\$ 1,041,532	\$ 4,342,259	\$ 4,350,678	\$ (8,419)
Net Pension/OPEB Asset	-	116,206	(116,206)	-	181,756	(181,756)
Capital Assets	5,769,439	5,212,998	556,441	20,371,610	19,753,532	618,078
<i>Total Assets</i>	<i>8,842,747</i>	<i>7,360,980</i>	<i>1,481,767</i>	<i>24,713,869</i>	<i>24,285,966</i>	<i>427,903</i>
Deferred Outflows of Resources						
Pension & OPEB	1,983,845	1,266,331	717,514	789,148	299,636	489,512
Liabilities						
Current & Other Liabilities	289,268	502,913	(213,645)	207,029	189,705	17,324
Long-Term Liabilities:						
Due Within One Year	119,470	195,166	(75,696)	1,311,613	1,327,457	(15,844)
Due In More Than One Year:						
Net Pension Liability	4,976,993	2,876,555	2,100,438	1,614,482	503,498	1,110,984
Net OPEB Liability	315,062	448,203	(133,141)	34,048	-	34,048
Other Amounts	257,933	321,469	(63,536)	7,285,266	7,448,248	(162,982)
<i>Total Liabilities</i>	<i>5,958,726</i>	<i>4,344,306</i>	<i>1,614,420</i>	<i>10,452,438</i>	<i>9,468,908</i>	<i>983,530</i>
Deferred Inflows of Resources						
Property Taxes	202,398	214,104	(11,706)	-	-	-
Pension & OPEB	624,244	1,671,782	(1,047,538)	57,528	829,111	(771,583)
<i>Total Deferred Inflows of Resources</i>	<i>826,642</i>	<i>1,885,886</i>	<i>(1,059,244)</i>	<i>57,528</i>	<i>829,111</i>	<i>(771,583)</i>
Net Investment in Capital Assets	5,713,703	4,891,528	822,175	12,043,136	11,078,846	964,290
Restricted	436,776	429,957	6,819	-	-	-
Unrestricted	(2,109,255)	(2,924,366)	815,111	2,949,915	3,208,737	(258,822)
<i>Total Net Position</i>	<i>\$ 4,041,224</i>	<i>\$ 2,397,119</i>	<i>\$ 1,644,105</i>	<i>\$ 14,993,051</i>	<i>\$ 14,287,583</i>	<i>\$ 705,468</i>

The net pension liability (NPL) is one of the largest single liability reported by the City at December 31, 2023 and is reported pursuant to GASB Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*. In a prior year, the City adopted GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which significantly revised accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting net OPEB asset and deferred outflows related to pension and OPEB.

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. Prior accounting for pensions (GASB 27) and postemployment benefits (GASB 45) focused on a funding approach. This approach limited pension and OPEB costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability* or *net OPEB liability*. GASB 68 and GASB 75 take an earnings approach to pension and OPEB accounting; however, the nature of Ohio's statewide pension/OPEB plans and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

GASB 68 and GASB 75 require the net pension liability and the net OPEB liability/asset to equal the City's proportionate share of each plan's collective:

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

GASB notes that pension and OPEB obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension and other postemployment benefits. GASB noted that the unfunded portion of this promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the City is not responsible for certain key factors affecting the balance of these liabilities. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the retirement system. In Ohio, there is no legal means to enforce the unfunded liability of the pension/OPEB plan *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The retirement system is responsible for the administration of the pension and OPEB plans.

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

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

In accordance with GASB 68 and GASB 75, the City's statements prepared on an accrual basis of accounting include an annual pension expense and an annual OPEB expense for their proportionate share of each plan's *change* in net pension liability and net OPEB liability/asset, respectively, not accounted for as deferred inflows/outflows.

Capital assets include land, a work of art, buildings, land improvements, equipment, vehicles, infrastructure, water and sewer lines, and construction in progress. These capital assets are used to provide services to citizens and are not available for future spending. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the City's net position, represents resources that are subject to external restrictions on how they may be used. The balance of unrestricted net position is a deficit balance.

For both governmental and business-type activities, the changes reflected in NPL, NOL, and deferred outflows/inflows of resources related to pension and OPEB are based on estimates at the plan level. For additional details on GASB 68 and 75, see aforementioned discussion.

Current and other assets for governmental activities saw an increase in cash and cash equivalents due to an increase in income tax revenue, which primarily resulted from tax withholdings from residents who now work from home for employers located outside of the City.

The increase in pension and OPEB expense was primarily caused by market conditions of investments. Both retirement systems experienced a net loss from investing activity during the most current measurement period while in the prior measurement period, investing activity resulted in a gain. This was the most significant contributing factor to the increase in unfunded liability for both retirement plans and caused the OPERS' net OPEB asset to revert back to a net OPEB liability. These fluctuations are passed through to the City relative to their proportionate share of contributions of all members, which remained relatively constant from prior year for both retirement plans.

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City of Toronto
Jefferson County, Ohio
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For the Year Ended December 31, 2023
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2023 and 2022.

Table 2
Changes in Net Position

	Governmental Activities			Business-Type Activities		
	2023	2022	Change	2023	2022	Change
Revenues						
<i>Program Revenues</i>						
Charges for Services	\$ 199,680	\$ 203,346	\$ (3,666)	\$ 5,264,563	\$ 5,599,193	\$ (334,630)
Operating Grants	430,551	319,201	111,350	-	94,444	(94,444)
<i>Total Program Revenues</i>	<u>630,231</u>	<u>522,547</u>	<u>107,684</u>	<u>5,264,563</u>	<u>5,693,637</u>	<u>(429,074)</u>
<i>General Revenues</i>						
Property Taxes	211,646	210,942	704	-	-	-
Income Taxes	4,317,197	2,764,433	1,552,764	-	-	-
Grants & Entitlements	239,356	420,824	(181,468)	-	-	-
Miscellaneous	170,515	159,891	10,624	20,220	350	19,870
<i>Total General Revenues</i>	<u>4,938,714</u>	<u>3,556,090</u>	<u>1,382,624</u>	<u>20,220</u>	<u>350</u>	<u>19,870</u>
<i>Total Revenues</i>	<u>5,568,945</u>	<u>4,078,637</u>	<u>1,490,308</u>	<u>5,284,783</u>	<u>5,693,987</u>	<u>(409,204)</u>
Program Expenses						
General Government	813,178	571,258	241,920	-	-	-
Security of Persons and Property	2,651,476	2,148,389	503,087	-	-	-
Public Health	65,915	93,540	(27,625)	-	-	-
Leisure Time Activities	242,831	226,822	16,009	-	-	-
Community and Economic Development	3,807	85,173	(81,366)	-	-	-
Transportation	811,817	689,104	122,713	-	-	-
Interest and Fiscal Charges	4,025	7,456	(3,431)	-	-	-
Enterprise Operations						
Water	-	-	-	2,770,784	2,451,634	319,150
Sewer	-	-	-	1,331,037	1,129,303	201,734
Refuse	-	-	-	522,494	518,950	3,544
<i>Total Expenses</i>	<u>4,593,049</u>	<u>3,821,742</u>	<u>771,307</u>	<u>4,624,315</u>	<u>4,099,887</u>	<u>524,428</u>
<i>Increase (Decrease) in Net Position</i>	<u>975,896</u>	<u>256,895</u>	<u>719,001</u>	<u>660,468</u>	<u>1,594,100</u>	<u>(933,632)</u>
Special Item (See Note 17)	713,209	-	713,209	-	-	-
Transfers	(45,000)	115,000	(160,000)	45,000	(115,000)	160,000
<i>Change in Net Position</i>	<u>1,644,105</u>	<u>371,895</u>	<u>1,272,210</u>	<u>705,468</u>	<u>1,479,100</u>	<u>(773,632)</u>
<i>Net Position Beginning of Year</i>	<u>2,397,119</u>	<u>2,025,224</u>	<u>371,895</u>	<u>14,287,583</u>	<u>12,808,483</u>	<u>1,479,100</u>
<i>Net Position End of Year</i>	<u>\$ 4,041,224</u>	<u>\$ 2,397,119</u>	<u>\$ 1,644,105</u>	<u>\$ 14,993,051</u>	<u>\$ 14,287,583</u>	<u>\$ 705,468</u>

The City's saw a significant increase in income tax revenue due to an increase in the number of employee working from home, as previously discussed. The substantial increase in security of persons and property was caused by an increase in pension expense combined with an increase in the standard number of hours worked per week by fire department staff.

Governmental Activities

The funding for the governmental activities comes from several different sources, the most significant being the municipal income tax. Other prominent sources are property taxes, grants and entitlements and charges for services.

The City's income tax is at a rate of 2.0 percent. Both residents of the City and non-residents who work inside the City are subject to the income tax. However if residents work in a locality that has a municipal income tax, the City provides 100 percent credit up to 2.0 percent for those who pay income tax to another city. City Council could by Ordinance, choose to vary that income tax credit and create additional revenues for the City.

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Governmental revenue is comprised of program revenue and general revenue. General revenues include grants and entitlements, such as local government funds. Governmental activities are primarily funded with the combination of property tax, income tax and intergovernmental revenues. The City monitors its sources of revenues very closely for fluctuations.

Business-Type Activities

Business-type activities include water, sewer and refuse operations. The revenues are generated primarily from charges for services which in 2023 accounted for almost all of the business type revenues.

There were no significant changes to the business-type activities during 2023.

The City's Funds

Governmental Funds

As noted earlier, the City's governmental funds are accounted for using the modified accrual method of accounting. The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of the fund balance which has not yet been limited to use for a particular purpose by either an external party, the City itself, or a group or individual that has been delegated authority to assign resources for use for particular purposes by the City's Council.

The following table provides a summary of the City's fund balances by major fund for 2023 compared to 2022:

	Governmental Activities		
	Fund Balance	Fund Balance	Increase
	12/31/2023	12/31/2022	(Decrease)
General	\$ 1,432,067	\$ 528,630	\$ 903,437
Street Maintenance & Repair	99,368	80,245	19,123

The general fund is the chief operating fund of the City. The fund balance of the general fund increased during the current fiscal year primarily due to an increase in income taxes as previously discussed.

Proprietary Funds

The City's proprietary funds provide the same type of information found in the government-wide financial statements for the business-type activities, but in more detail.

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

The following table provides a summary of the City's net position by major proprietary fund for 2023 compared to 2022:

	Business-Type Activities		
	Net Position 12/31/2022	Net Position 12/31/2021	Increase (Decrease)
Water	\$ 10,428,713	\$ 10,079,285	\$ 349,428
Sewer	4,601,770	4,368,208	233,562
Refuse	6,642	(20,782)	27,424

Total change in net position for these funds was primarily due to normal operations. Other factors concerning the finances of these funds have already been addressed in the discussion of the business-type activities.

General Fund Budgeting Highlights

The City's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of 2023, the City amended its general fund budget on various occasions. All recommendations for appropriation changes come to Council from the City Auditor. The Finance Committee of Council reviews them, and they make their recommendation to the Council as a whole.

Original Budget Compared to Final Budget During the year, the most significant amendments to the City's budgeted revenues was to increase estimated income taxes, as previously discussed. There were no significant amendments to budgeted expenditures.

Final Budget Compared to Actual Results During the year, there were no significant variances between actual revenues and final budgeted revenues. A review of actual expenditures compared to the final budgeted appropriations yielded no significant variances in expenditures.

There were no significant variances to discuss within other financing sources and uses.

Capital Assets and Debt Administration

Capital Assets

The City's investment in capital assets for its governmental activities as of December 31, 2023, amounts to almost \$6 million (net of accumulated depreciation), an increase in comparison with the prior fiscal year-end. This decrease represents the current year acquisitions and transfers exceeded depreciation.

The City's investment in capital assets for its business-type activities as of December 31, 2023, amounts to approximately \$20.4 million (net of accumulated depreciation), an increase in comparison with the prior fiscal year-end. This increase represents an increase in construction in progress for the Nebo/Mara Drive water and sewer line extension project.

See Note 8 for detailed information about the capital assets of the City.

City of Toronto
Jefferson County, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2023
(Unaudited)

Debt

There were no significant changes in the City's debt for the governmental activities during 2023.

Debt for the business-type activities decreased slightly due to current year principal payments offset by current year loan additions.

See Note 14 for detailed information on the City's outstanding debt.

Current Financial Issues

The City had an unencumbered cash balance of \$932,012 at December 31, 2023 in the general fund.

The City has a 2 percent wage income tax, which when added together with revenue from grants, enabled the City to complete various capital improvements during the current year.

The City sells water to Jefferson County and the revenue from these water sales totaled \$1,545,238.

Contacting the City's Finance Department

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Kayla Whitlatch, Auditor of City of Toronto, 416 Clark Street, P.O. Box 189, Toronto, Ohio 43964, telephone 740-537-4505 or email tauditor@brdband.com.

City of Toronto
Jefferson County, Ohio
Statement of Net Position
December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,439,989	\$ 3,436,573	\$ 4,876,562
Cash and Cash Equivalents in Segregated Accounts	80,940	-	80,940
Cash and Cash Equivalents with Fiscal Agents	59,170	-	59,170
Accounts Receivable	-	747,536	747,536
Intergovernmental Receivable	252,933	-	252,933
Taxes Receivable	1,092,334	-	1,092,334
Internal Balances	44,074	(44,074)	-
Prepaid Items	30,025	74,739	104,764
Materials and Supplies Inventory	73,843	52,174	126,017
Restricted Assets			
Restricted Cash and Cash Equivalents	-	75,311	75,311
Non-Depreciable Capital Assets	880,784	3,879,416	4,760,200
Depreciable Capital Assets, net	<u>4,888,655</u>	<u>16,492,194</u>	<u>21,380,849</u>
<i>Total Assets</i>	<u>8,842,747</u>	<u>24,713,869</u>	<u>33,556,616</u>
Deferred Outflows of Resources			
Pension	1,705,124	685,136	2,390,260
OPEB	<u>278,721</u>	<u>104,012</u>	<u>382,733</u>
<i>Total Deferred Outflows of Resources</i>	<u>1,983,845</u>	<u>789,148</u>	<u>2,772,993</u>
Liabilities			
Accounts Payable	30,761	118,231	148,992
Intergovernmental Payable	31,150	13,487	44,637
Claims Payable	227,357	-	227,357
Customer Deposits	-	75,311	75,311
Long-Term Liabilities:			
Due Within One Year	119,470	1,311,613	1,431,083
Due In More Than One Year:			
Net Pension Liability	4,976,993	1,614,482	6,591,475
Net OPEB Liability	<u>315,062</u>	<u>34,048</u>	<u>349,110</u>
Other Amounts Due in More Than One Year	<u>257,933</u>	<u>7,285,266</u>	<u>7,543,199</u>
<i>Total Liabilities</i>	<u>5,958,726</u>	<u>10,452,438</u>	<u>16,411,164</u>
Deferred Inflows of Resources			
Property Taxes Levied for the Next Year	202,398	-	202,398
Pension	300,053	45,984	346,037
OPEB	<u>324,191</u>	<u>11,544</u>	<u>335,735</u>
<i>Total Deferred Inflows of Resources</i>	<u>826,642</u>	<u>57,528</u>	<u>884,170</u>
Net Position			
Net Investment in Capital Assets	5,713,703	12,043,136	17,756,839
Restricted for:			
Other Purposes	436,776	-	436,776
Unrestricted	<u>(2,109,255)</u>	<u>2,949,915</u>	<u>840,660</u>
<i>Total Net Position</i>	<u>\$ 4,041,224</u>	<u>\$ 14,993,051</u>	<u>\$ 19,034,275</u>

City of Toronto
Jefferson County, Ohio
Statement of Activities
For the Year Ended December 31, 2023

						Net (Expense) Revenue and Changes in Net Position	
	Program Revenues						
	Expenses	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities	Business-Type Activities	Total	
Governmental Activities							
General Government	\$ 813,178	\$ 35,334	\$ 18,695	\$ (759,149)	\$ -	\$ (759,149)	
Security of Persons and Property	2,651,476	19,219	121,614	(2,510,643)	-	(2,510,643)	
Public Health	65,915	42,773	-	(23,142)	-	(23,142)	
Leisure Time Activities	242,831	102,354	10,258	(130,219)	-	(130,219)	
Community and Economic Development	3,807	-	-	(3,807)	-	(3,807)	
Transportation	811,817	-	279,984	(531,833)	-	(531,833)	
Debt Service							
Interest and Fiscal Charges	4,025	-	-	(4,025)	-	(4,025)	
<i>Total Governmental Activities</i>	<u>4,593,049</u>	<u>199,680</u>	<u>430,551</u>	<u>(3,962,818)</u>	<u>-</u>	<u>(3,962,818)</u>	
Business-Type Activities							
Water	2,770,784	3,173,188	-	-	402,404	402,404	
Sewer	1,331,037	1,583,923	-	-	252,886	252,886	
Refuse	522,494	507,452	-	-	(15,042)	(15,042)	
<i>Total Business-Type Activities</i>	<u>4,624,315</u>	<u>5,264,563</u>	<u>-</u>	<u>-</u>	<u>640,248</u>	<u>640,248</u>	
<i>Total</i>	<u>\$ 9,217,364</u>	<u>\$ 5,464,243</u>	<u>\$ 430,551</u>	<u>(3,962,818)</u>	<u>640,248</u>	<u>(3,322,570)</u>	
General Revenues							
Property Taxes Levied for:							
General Purposes				158,093	-	158,093	
Parks and Recreation				12,313	-	12,313	
Police and Fire				41,240	-	41,240	
Income Taxes Levied for:							
General Purposes				4,317,197	-	4,317,197	
Grants and Entitlements not Restricted to Specific Programs				239,356	-	239,356	
Other Local Taxes				45,781	-	45,781	
Investment Earnings				18,747	-	18,747	
Miscellaneous				105,987	20,220	126,207	
<i>Total General Revenues</i>				<u>4,938,714</u>	<u>20,220</u>	<u>4,958,934</u>	
Special Item (See Note 17)				713,209	-	713,209	
Transfers				(45,000)	45,000	-	
<i>Total General Revenues, Special Item and Transfers</i>				<u>5,606,923</u>	<u>65,220</u>	<u>5,672,143</u>	
<i>Change in Net Position</i>				1,644,105	705,468	2,349,573	
<i>Net Position Beginning of Year</i>				<u>2,397,119</u>	<u>14,287,583</u>	<u>16,684,702</u>	
<i>Net Position End of Year</i>				<u>\$ 4,041,224</u>	<u>\$ 14,993,051</u>	<u>\$ 19,034,275</u>	

City of Toronto
Jefferson County, Ohio
Balance Sheet
Governmental Funds
December 31, 2023

	General	Street Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 1,023,721	\$ 3,147	\$ 173,121	\$ 1,199,989
Cash and Cash Equivalents in Segregated Accounts	18,940	-	62,000	80,940
Intergovernmental Receivable	98,586	146,961	7,386	252,933
Taxes Receivable	1,031,702	-	60,632	1,092,334
Prepaid Items	20,568	2,495	6,962	30,025
Materials and Supplies Inventory	-	73,843	-	73,843
<i>Total Assets</i>	<u>\$ 2,193,517</u>	<u>\$ 226,446</u>	<u>\$ 310,101</u>	<u>\$ 2,730,064</u>
Liabilities				
Accounts Payable	\$ 28,283	\$ 2,478	\$ -	\$ 30,761
Intergovernmental Payable	3,399	2,132	25,619	31,150
<i>Total Liabilities</i>	<u>31,682</u>	<u>4,610</u>	<u>25,619</u>	<u>61,911</u>
Deferred Inflows of Resources				
Property Taxes Levied for the Next Year	151,080	-	51,318	202,398
Unavailable Revenue	578,688	122,468	13,406	714,562
<i>Total Deferred Inflows of Resources</i>	<u>729,768</u>	<u>122,468</u>	<u>64,724</u>	<u>916,960</u>
Fund Balances				
Nonspendable	24,845	76,338	6,962	108,145
Restricted	-	23,030	228,925	251,955
Committed	106,378	-	-	106,378
Assigned	929,497	-	8,691	938,188
Unassigned	371,347	-	(24,820)	346,527
<i>Total Fund Balance</i>	<u>1,432,067</u>	<u>99,368</u>	<u>219,758</u>	<u>1,751,193</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u><u>\$ 2,193,517</u></u>	<u><u>\$ 226,446</u></u>	<u><u>\$ 310,101</u></u>	<u><u>\$ 2,730,064</u></u>

See accompanying notes to the basic financial statements.

City of Toronto
Jefferson County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
December 31, 2023

Total Governmental Fund Balances \$ 1,751,193

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial
 resources and therefore are not reported in the funds. 5,769,439

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Delinquent Property Taxes	\$ 18,607
Income Tax	485,301
Intergovernmental	<u>210,654</u>
	714,562

An internal service fund is used by management to charge the costs of insurance to individual funds.

The assets, liabilities, deferred outflows/inflows of resources of the internal service fund are included
 in governmental activities in the statement of net position. 115,887

The net pension liability and net OPEB liability are not due and payable in the current period, therefore,
 the liability and related deferred inflows/outflows are not reported in governmental funds.

Deferred Outflows - Pension	1,705,124
Deferred Outflows - OPEB	278,721
Net Pension Liability	(4,976,993)
Net OPEB Liability	(315,062)
Deferred Inflows - Pension	(300,053)
Deferred Inflows - OPEB	<u>(324,191)</u>
	(3,932,454)

Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds:

Installment Loans Payable	(55,735)
Compensated Absences	<u>(321,668)</u>
	(377,403)

Net Position of Governmental Activities \$ 4,041,224

City of Toronto
Jefferson County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General	Street Maintenance and Repair	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$ 157,508	\$ -	\$ 53,274	\$ 210,782
Income Taxes	4,192,778	-	-	4,192,778
Other Local Taxes	-	-	45,781	45,781
Charges for Services	-	-	145,127	145,127
Licenses and Permits	35,334	-	-	35,334
Fines and Forfeitures	19,219	-	-	19,219
Intergovernmental	178,620	301,539	189,797	669,956
Investment Income	18,744	-	130	18,874
Contributions and Donations	18,695	-	-	18,695
Miscellaneous	50,630	-	55,357	105,987
<i>Total Revenues</i>	<i>4,671,528</i>	<i>301,539</i>	<i>489,466</i>	<i>5,462,533</i>
Expenditures				
Current:				
General Government	689,078	-	137,960	827,038
Security of Persons and Property	2,153,399	-	279,782	2,433,181
Public Health	22,749	-	81,962	104,711
Leisure Time Activities	13,500	-	172,218	185,718
Community and Economic Development	-	-	274	274
Transportation	78,422	479,271	110,997	668,690
Capital Outlay	859	17,866	39,589	58,314
Debt Service:				
Principal Retirement	124,223	-	-	124,223
Interest and Fiscal Charges	4,025	-	-	4,025
<i>Total Expenditures</i>	<i>3,086,255</i>	<i>497,137</i>	<i>822,782</i>	<i>4,406,174</i>
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>1,585,273</i>	<i>(195,598)</i>	<i>(333,316)</i>	<i>1,056,359</i>
Other Financing Sources (Uses)				
Transfers In	-	214,721	422,115	636,836
Transfers Out	(681,836)	-	-	(681,836)
<i>Total Other Financing Sources (Uses)</i>	<i>(681,836)</i>	<i>214,721</i>	<i>422,115</i>	<i>(45,000)</i>
<i>Net Change in Fund Balances</i>	<i>903,437</i>	<i>19,123</i>	<i>88,799</i>	<i>1,011,359</i>
<i>Fund Balances Beginning of Year</i>	<i>528,630</i>	<i>80,245</i>	<i>130,959</i>	<i>739,834</i>
<i>Fund Balances End of Year</i>	<i>\$ 1,432,067</i>	<i>\$ 99,368</i>	<i>\$ 219,758</i>	<i>\$ 1,751,193</i>

City of Toronto
Jefferson County, Ohio
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2023*

Net Change in Fund Balances - Total Governmental Funds	\$ 1,011,359
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.	
Capital Asset Additions	\$ 873,613
Current Year Depreciation	<u>(317,172)</u>
	556,441
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Property Taxes	864
Income Tax	124,419
Intergovernmental	<u>(18,874)</u>
	106,409
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	
Loans Payable	54,570
Lease Purchase	<u>69,653</u>
	124,223
Contractually required pension/OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.	
Pension	338,751
OPEB	<u>6,188</u>
	344,939
Except for amount reported as deferred inflows/outflows, changes in the net pension/OPEB liability are reported as pension/OPEB expense in the statement of activities.	
Pension	(673,236)
OPEB	<u>9,846</u>
	(663,390)
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.	
	149,115
Some expenses reported in the statement of activities, do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	
Compensated Absences	<u>15,009</u>
<i>Change in Net Position of Governmental Activities</i>	<u><u>\$ 1,644,105</u></u>

See accompanying notes to the basic financial statements.

City of Toronto
Jefferson County, Ohio
*Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
General Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Property Taxes	\$ 124,749	\$ 153,692	\$ 157,508	\$ 3,816
Income Taxes	3,282,165	4,035,084	4,172,653	137,569
Licenses and Permits	27,985	42,410	35,334	(7,076)
Fines and Forfeitures	15,222	29,563	19,219	(10,344)
Intergovernmental	153,628	209,565	172,267	(37,298)
Investment Income	14,846	15,185	18,744	3,559
Contributions and Donations	14,807	18,231	18,695	464
Miscellaneous	38,720	2,891	48,888	45,997
<i>Total Revenues</i>	<i>3,672,122</i>	<i>4,506,621</i>	<i>4,643,308</i>	<i>136,687</i>
Expenditures				
Current:				
General Government	785,503	779,258	741,734	37,524
Security of Persons and Property	1,969,093	2,183,258	2,157,916	25,342
Public Health	20,000	20,000	22,749	(2,749)
Leisure Time Activities	-	14,000	13,500	500
Transportation	-	76,000	73,084	2,916
Capital Outlay	-	7,000	859	6,141
Debt Service:				
Principal Retirement	124,223	241,063	124,223	116,840
Interest and Fiscal Charges	4,241	5,812	4,025	1,787
<i>Total Expenditures</i>	<i>2,903,060</i>	<i>3,326,391</i>	<i>3,138,090</i>	<i>188,301</i>
<i>Excess of Receipts Over (Under) Expenditures</i>	<i>769,062</i>	<i>1,180,230</i>	<i>1,505,218</i>	<i>324,988</i>
Other Financing Sources (Uses)				
Transfers In	-	500	-	(500)
Transfers Out	(546,518)	(686,820)	(681,836)	4,984
<i>Total Other Financing Sources (Uses)</i>	<i>(546,518)</i>	<i>(686,320)</i>	<i>(681,836)</i>	<i>4,484</i>
<i>Net Change in Fund Balance</i>	<i>222,544</i>	<i>493,910</i>	<i>823,382</i>	<i>329,472</i>
<i>Fund Balance Beginning of Year</i>	<i>108,630</i>	<i>108,630</i>	<i>108,630</i>	<i>-</i>
<i>Fund Balance End of Year</i>	<i>\$ 331,174</i>	<i>\$ 602,540</i>	<i>\$ 932,012</i>	<i>\$ 329,472</i>

City of Toronto
Jefferson County, Ohio
*Statement of Receipts, Disbursements and Changes in
Fund Balance - Budget and Actual (Budget Basis)*
Street Maintenance & Repair Fund
For the Year Ended December 31, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Intergovernmental	\$ 297,498	\$ 298,296	\$ 300,605	\$ 2,309
Expenditures				
Current:				
Transportation	520,387	518,887	501,680	17,207
Capital Outlay	-	17,866	17,866	-
<i>Total Expenditures</i>	<u>520,387</u>	<u>536,753</u>	<u>519,546</u>	<u>17,207</u>
<i>Excess of Receipts Over (Under) Expenditures</i>	<u>(222,889)</u>	<u>(238,457)</u>	<u>(218,941)</u>	<u>19,516</u>
Other Financing Sources (Uses)				
Transfers In	212,502	247,881	214,721	(33,160)
<i>Net Change in Fund Balance</i>	<u>(10,387)</u>	<u>9,424</u>	<u>(4,220)</u>	<u>(13,644)</u>
<i>Fund Balance Beginning of Year</i>	<u>7,365</u>	<u>7,365</u>	<u>7,365</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ (3,022)</u>	<u>\$ 16,789</u>	<u>\$ 3,145</u>	<u>\$ (13,644)</u>

City of Toronto
Jefferson County, Ohio
Statement of Fund Net Position
Proprietary Funds
December 31, 2023

	Enterprise Funds					Governmental Activities	
	Water	Sewer	Refuse	Nonmajor Enterprise Fund	Total	Internal Service Fund	
Assets							
<i>Current Assets:</i>							
Equity in Pooled Cash and Investments	\$ 2,207,241	\$ 1,148,688	\$ 80,644	\$ -	\$ 3,436,573	\$ 240,000	
Cash and Investments with Fiscal Agents	-	-	-	-	-	59,170	
Accounts Receivable	395,485	261,593	90,458	-	747,536	-	
Prepaid Items	63,632	9,980	1,127	-	74,739	-	
Materials and Supplies Inventory	43,819	8,355	-	-	52,174	-	
<i>Total Current Assets</i>	2,710,177	1,428,616	172,229	-	4,311,022	299,170	
<i>Non-Current Assets:</i>							
Restricted Assets:							
Equity in Pooled Cash and Investments	-	-	-	75,311	75,311	-	
Non-Depreciable Capital Assets	1,792,516	2,086,900	-	-	3,879,416	-	
Depreciable Capital Assets, Net	11,349,045	5,033,423	109,726	-	16,492,194	-	
<i>Total Non-Current Assets</i>	13,141,561	7,120,323	109,726	75,311	20,446,921	-	
<i>Total Assets</i>	15,851,738	8,548,939	281,955	75,311	24,757,943	299,170	
Deferred Outflows of Resources							
Pension	320,211	239,521	125,404	-	685,136	-	
OPEB	49,414	35,225	19,373	-	104,012	-	
<i>Total Deferred Outflows of Resources</i>	369,625	274,746	144,777	-	789,148	-	
Liabilities							
<i>Current Liabilities:</i>							
Accounts Payable	94,614	15,927	7,690	-	118,231	-	
Intergovernmental Payable	6,873	3,850	2,764	-	13,487	-	
Claims Payable	-	-	-	-	-	227,357	
Compensated Absences Payable	12,589	6,762	4,567	-	23,918	-	
Lease Purchase Payable	-	-	31,623	-	31,623	-	
OPWC Loans Payable	6,500	-	-	-	6,500	-	
OWDA Loans Payable	1,026,621	222,951	-	-	1,249,572	-	
<i>Total Current Liabilities</i>	1,147,197	249,490	46,644	-	1,443,331	227,357	
<i>Long-Term Liabilities:</i>							
Refundable Deposits	-	-	-	75,311	75,311	-	
Compensated Absences Payable - Net of Current Portion	90,776	13,963	-	-	104,739	-	
Leases Purchase Payable - Net of Current Portion	-	-	24,413	-	24,413	-	
OPWC Loans Payable - Net of Current Portion	133,250	-	-	-	133,250	-	
OWDA Loans Payable - Net of Current Portion	3,617,655	3,405,209	-	-	7,022,864	-	
Net Pension Liability	780,333	538,161	295,988	-	1,614,482	-	
Net OPEB Liability	16,457	11,349	6,242	-	34,048	-	
<i>Total Long-Term Liabilities</i>	4,638,471	3,968,682	326,643	75,311	9,009,107	-	
<i>Total Liabilities</i>	5,785,668	4,218,172	373,287	75,311	10,452,438	227,357	
Deferred Inflows of Resources							
Pension	1,520	-	44,464	-	45,984	-	
OPEB	5,462	3,743	2,339	-	11,544	-	
<i>Total Deferred Inflows of Resources</i>	6,982	3,743	46,803	-	57,528	-	
Net Position							
Net Investment in Capital Assets	8,497,284	3,492,162	53,690	-	12,043,136	-	
Unrestricted	1,931,429	1,109,608	(47,048)	-	2,993,989	71,813	
<i>Total Net Position</i>	\$ 10,428,713	\$ 4,601,770	\$ 6,642	\$ -	\$ 15,037,125	\$ 71,813	

Some amounts reports for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.

Net Position of Business-Type Activities (44,074) \$ 14,993,051

City of Toronto
Jefferson County, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise					Governmental Activities	
				Nonmajor Enterprise Fund	Total	Internal Service Fund	
	Water	Sewer	Refuse				
Operating Revenues							
Charges for Services	\$ 3,173,188	\$ 1,583,923	\$ 507,452	\$ -	\$ 5,264,563	\$ 1,115,926	
Other	-	20,220	-	-	20,220	55,949	
<i>Total Operating Revenues</i>	<i>3,173,188</i>	<i>1,604,143</i>	<i>507,452</i>	<i>-</i>	<i>5,284,783</i>	<i>1,171,875</i>	
Operating Expenses							
Personal Services	866,666	603,411	223,597	-	1,693,674	-	
Contractual Services	919,414	448,254	260,926	-	1,628,594	228,778	
Materials and Supplies	525,040	59,735	5,642	-	590,417	-	
Claims	-	-	-	-	-	698,931	
Depreciation	393,695	192,601	33,230	-	619,526	-	
Other	-	20,221	-	-	20,221	-	
<i>Total Operating Expenses</i>	<i>2,704,815</i>	<i>1,324,222</i>	<i>523,395</i>	<i>-</i>	<i>4,552,432</i>	<i>927,709</i>	
<i>Operating Income (Loss)</i>	<i>468,373</i>	<i>279,921</i>	<i>(15,943)</i>	<i>-</i>	<i>732,351</i>	<i>244,166</i>	
Non-Operating Revenues (Expenses)							
Interest	-	-	-	-	-	3	
Interest and Fiscal Charges	(118,945)	(46,359)	(1,633)	-	(166,937)	-	
<i>Total Non-Operating Revenues (Expenses)</i>	<i>(118,945)</i>	<i>(46,359)</i>	<i>(1,633)</i>	<i>-</i>	<i>(166,937)</i>	<i>3</i>	
<i>Income (Loss) Before Transfers</i>	<i>349,428</i>	<i>233,562</i>	<i>(17,576)</i>	<i>-</i>	<i>565,414</i>	<i>244,169</i>	
Transfers In	-	-	45,000	-	45,000	-	
<i>Change in Net Position</i>	<i>349,428</i>	<i>233,562</i>	<i>27,424</i>	<i>-</i>	<i>610,414</i>	<i>244,169</i>	
<i>Net Position Beginning of Year</i>	<i>10,079,285</i>	<i>4,368,208</i>	<i>(20,782)</i>	<i>-</i>		<i>(172,356)</i>	
<i>Net Position End of Year</i>	<i>\$ 10,428,713</i>	<i>\$ 4,601,770</i>	<i>\$ 6,642</i>	<i>\$ -</i>		<i>\$ 71,813</i>	
Some amounts reports for business-type activities in the statement of net position are different because internal service fund assets and liabilities are included with business-type activities.							
Net Position of Business-Type Activities						95,054	
						<u><u>\$ 705,468</u></u>	

City of Toronto
Jefferson County, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2023

	Enterprise Funds					Governmental Activities	
	Water	Sewer	Refuse	Nonmajor Enterprise Fund	Total	Internal Service Fund	
Cash Flows from Operating Activities							
Cash Received from Customers	\$ 3,212,329	\$ 1,589,157	\$ 502,296	\$ -	\$ 5,303,782	\$ 1,115,926	\$ -
Cash Received from Other Operating Receipts	- -	20,220	- -	13,000	33,220	55,949	- -
Cash Payments to Suppliers for Goods and Services	(529,416)	(61,445)	(5,642)	- -	(596,503)	- -	- -
Cash Payments to Employees for Services and Benefits	(826,958)	(553,951)	(210,913)	- -	(1,591,822)	- -	- -
Cash Payments for Contractual Services	(936,510)	(441,082)	(245,980)	(10,559)	(1,634,131)	(228,778)	- -
Cash Payments for Claims	- -	- -	- -	- -	- -	(687,580)	- -
<i>Net Cash Provided by Operating Activities</i>	<u>919,445</u>	<u>552,899</u>	<u>39,761</u>	<u>2,441</u>	<u>1,514,546</u>	<u>255,517</u>	- -
Cash Flows from Noncapital Financing Activities							
Transfers In	- -	- -	45,000	- -	45,000	- -	- -
Cash Flows from Capital and Related Financing Activities							
Proceeds of OWDA Loans	657,913	630,086	- -	- -	1,287,999	- -	- -
Acquisition of Capital Assets	(642,951)	(594,653)	- -	- -	(1,237,604)	- -	- -
Principal Payments on Debt	(1,129,396)	(333,444)	(31,285)	- -	(1,494,125)	- -	- -
Interest Payments on Debt	(118,944)	(46,359)	(1,633)	- -	(166,936)	- -	- -
<i>Net Cash (Used for) Capital and Related Financing Activities</i>	<u>(1,233,378)</u>	<u>(344,370)</u>	<u>(32,918)</u>	<u>- -</u>	<u>(1,610,666)</u>	<u>- -</u>	- -
Cash Flows from Investing Activities							
Interest	- -	- -	- -	- -	- -	- -	3
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	<u>(313,933)</u>	<u>208,529</u>	<u>51,843</u>	<u>2,441</u>	<u>(51,120)</u>	<u>255,520</u>	- -
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>2,521,174</u>	<u>940,159</u>	<u>28,801</u>	<u>72,870</u>	<u>3,563,004</u>	<u>43,650</u>	- -
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 2,207,241</u></u>	<u><u>\$ 1,148,688</u></u>	<u><u>\$ 80,644</u></u>	<u><u>\$ 75,311</u></u>	<u><u>\$ 3,511,884</u></u>	<u><u>\$ 299,170</u></u>	- -
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities							
Operating Income (Loss)	\$ 468,373	\$ 279,921	\$ (15,943)	\$ -	\$ 732,351	\$ 244,166	- -
Adjustments:	- -	- -	- -	- -	- -	- -	- -
Depreciation	393,695	192,601	33,230	- -	619,526	- -	- -
(Increase) Decrease in Assets and Deferred Outflows:	- -	- -	- -	- -	- -	- -	- -
Accounts Receivable	39,141	25,455	(5,156)	- -	59,440	- -	- -
Prepaid Items	(39,411)	4,351	15,885	- -	(19,175)	- -	- -
Materials and Supplies Inventory	12,333	(245)	- -	- -	12,088	- -	- -
Net OPEB Asset	83,429	53,633	44,694	- -	181,756	- -	- -
Deferred Outflows - Pension/OPEB	(255,131)	(174,034)	(60,347)	- -	(489,512)	- -	- -
Increase (Decrease) in Liabilities and Deferred Inflows:	- -	- -	- -	- -	- -	- -	- -
Accounts Payable	9,480	5,230	(939)	- -	13,771	- -	- -
Intergovernmental Payable	1,436	665	(989)	- -	1,112	- -	- -
Refund Payable	- -	- -	- -	2,441	2,441	- -	- -
Claims Payable	- -	- -	- -	- -	- -	11,351	- -
Compensated Absences Payable	20,215	6,816	268	- -	27,299	- -	- -
Deferred Inflows - Pension/OPEB	(379,791)	(242,431)	(149,361)	- -	(771,583)	- -	- -
Net Pension Liability	549,219	389,588	172,177	- -	1,110,984	- -	- -
Net OPEB Liability	16,457	11,349	6,242	- -	34,048	- -	- -
<i>Net Cash Provided by Operating Activities</i>	<u><u>\$ 919,445</u></u>	<u><u>\$ 552,899</u></u>	<u><u>\$ 39,761</u></u>	<u><u>\$ 2,441</u></u>	<u><u>\$ 1,514,546</u></u>	<u><u>\$ 255,517</u></u>	- -

See accompanying notes to the basic financial statements.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

NOTE 1 - REPORTING ENTITY AND BASIS OF PRESENTATION

The City of Toronto (the "City") 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 of the City over which the City has the ability to exercise direct operating control.

Reporting Entity

In evaluating how to define the City for financial reporting purposes, management has considered all agencies, departments, and organizations making up the City (the primary government) and its potential component units consistent with Government Accounting Standards Board Statements No. 14, *The Financial Reporting Entity*, No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14*, and No. 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB Statements No. 14 and No. 34*.

The City provides various services including police, parks and recreation, planning, zoning, street construction, maintenance and repair, water, sewer and refuse services, and general administrative services. The operation of these activities is directly controlled by Council through the budgetary process. None of these services are provided by a legally separate organization; therefore these operations are included in the primary government.

Component units are legally separate organizations for which the City is financially accountable. The City is financially accountable for an organization if the City appoints a voting majority of the organization's governing board and (1) the City is able to significantly influence the programs or services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; the City is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the City is obligated for the debt of the organization. Component units may also include organizations for which the City approves the budget, the levying of taxes or the issuance of debt. The City has no component units.

The City is involved with the following jointly governed organizations.

Ohio Mid-Eastern Governments Association

Ohio Mid-Eastern Governments Association (OMEGA) is a ten-county regional council of governments comprised of Belmont, Carroll, Coshocton, Columbiana, Guernsey, Harrison, Holmes, Jefferson, Muskingum, and Tuscarawas counties. OMEGA was formed to aid and assist the participating counties and political subdivisions within the counties in the application for Appalachian Regional Commission and Economic Development grant monies. OMEGA is governed by a sixteen member executive board comprised of members appointed from each participating county and cities within each county. City membership is voluntary. The Mayor of the City of Toronto serves as the City's representative on the board; however, the City is not active. Each member currently pays a per capita membership fee based upon the most recent United States census. The continued existence of OMEGA is not dependent on the City's continued participation and no equity interest exists.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Jefferson-Belmont Joint Solid Waste Authority

Jefferson-Belmont Joint Solid Waste Authority (the Authority) was established by State statutes and is operated to provide solid waste services to Jefferson and Belmont counties. The Authority is governed by a fourteen member board of directors of which the Mayor of the City of Toronto is a member. The Authority is not dependent on the City of Toronto for its continued existence, no debt exists, and the City does not maintain an equity interest.

The City also participates the Jefferson Health Plan, a risk sharing, claims servicing and insurance purchasing pool. Additional information concerning the Jefferson Health Plan is presented in Note 12.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The most significant of the City's accounting policies are described below.

A. Basis of Presentation

The City's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-wide Financial Statements The statement of net position and the statement of activities display information about the City as a whole. These statements include the financial activities of the primary government. The activity of the internal service fund is also eliminated to avoid “doubling up” revenues and expenses. The statements distinguish between those activities of the City that are governmental and those that are considered business-type.

The statement of net position presents the financial condition of the governmental and business-type activities of the City at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the City's governmental activities and for the business-type activities of the City. Direct expenses are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the City, with certain limitations. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the City.

Fund Financial Statements During the year, the City segregates transactions related to certain City functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the City at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

B. Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds: governmental and proprietary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as fund balance. The following are the City's major governmental funds:

General Fund - The general fund accounts 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.

Street Maintenance & Repair Fund – The street maintenance and repair special revenue fund is required by the Ohio Revised Code to account for state gasoline tax and motor vehicle registration fees designated for maintenance of streets within the City.

The other governmental funds of the City account for grants and other resources to which the City is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position, and cash flows. The following are the City's proprietary fund types:

Enterprise Funds Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The water, sewer and refuse funds are the City's major enterprise funds.

Water Fund – The water fund accounts for the provision of water service to the residents and commercial users located within the City.

Sewer Fund – The sewer fund accounts for the provision of sanitary sewer service to the residents and commercial users located within the City.

Refuse Fund – The refuse fund accounts for the provision of trash disposal for the residents and commercial users located within the City.

The other enterprise fund of the City accounts for activity related to customer utility deposits.

Internal Service Fund – Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the City on a cost-reimbursement basis. The City's internal service fund accounts for the City's self-insurance program providing medical, surgical and dental insurance to its employees. The City participates in the Jefferson Health Plan, as described in Note 12.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the City are included on the Statement of Net Position. The Statement of Activities presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows of resources and current liabilities and deferred inflows of resources generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (e.g. revenues and other financing sources) and uses (e.g. expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and deferred outflows of resources and all liabilities and deferred inflows of resources associated with the operation of these funds are included on the statement of fund net position. The statement of revenues, expenses and changes in fund net position presents increases (e.g. revenues) and decreases (e.g. expenses) in total net position. The statement of cash flows provides information about how the City finances and meets the cash flow needs of its proprietary fund activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide and proprietary financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, in the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the year in which the resources are measurable and become available. Available means that the resources will be collected within the current year, or are expected to be collected soon enough thereafter to be used to pay liabilities of the current year. For the City, available means expected to be received within thirty-one days of the year-end.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements, and donations. On an accrual basis, revenue from income taxes is recognized in the period in which the income is earned. Revenue from property taxes is recognized in the year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the year in which all eligibility requirements have been satisfied.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the City must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: income tax, state-levied locally shared taxes (including gasoline tax and motor vehicle license fees), fines and forfeitures, interest, and grants and entitlements.

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, deferred outflows of resources are reported on the government-wide statement of net position for pension and OPEB. The deferred outflows of resources related to pension and OPEB are explained in Notes 10 and 11.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes, pension, OPEB and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2023, but which were levied to finance 2024 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue may include delinquent property taxes, income taxes, intergovernmental grants, and miscellaneous revenues. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. The details of these unavailable revenues are identified on the reconciliation of total governmental fund balances to net position of governmental activities. Deferred inflows of resources related to pension and OPEB plans are reported on the government-wide statement of net position. (See Notes 10 and 11).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the City is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through City records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents."

Investments with an original maturity of three months or less at the time they are purchased by the City and investments of the City's cash management pool are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

Investments are reported at fair value, with the exception of nonparticipating certificates of deposit and repurchase agreements, which are reported at cost. Investment procedures are restricted by the provisions of the Ohio Revised Code.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the City are presented on the financial statements as “equity in pooled cash and cash equivalents.” Investments with an original maturity of more than three months that are not made from the pool are reported as “investments.” The City has no investments.

The City has segregated bank accounts for monies held separate from the City’s central bank account. These interest bearing depository accounts are presented on the statement of net position, the balance sheet, and the statement of fund net position - proprietary funds as “Cash and Cash Equivalents in Segregated Accounts” since they are not required to be deposited into the City’s treasury.

Investment procedures are restricted by the provisions of the Ohio Revised Code. Interest revenue credited to the general fund during 2023 amounted to \$18,744, which includes \$16,632 assigned from other City funds.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond the current year are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the payment and an expenditure/expense is reported in the year in which services are consumed.

G. Materials and Supplies Inventory

Inventories are presented at the lower of cost or market on a first-in, first-out basis and are expended/expensed when used.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Customer deposits have been restricted in the enterprise funds because the deposit remains the property of the customer. The restricted asset account is balanced by a customer deposits liability account.

I. Capital Assets

General capital assets are capital assets which are associated with and generally arise from governmental activities. They generally result from expenditures in the governmental funds. General capital assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. Donated capital assets received prior to the implementation of GASB 72 are recorded at fair value. The City maintains a capitalization threshold of \$5,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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All reported capital assets, except for land, construction in progress and works of art, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacement. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activities Estimated Lives</u>
Buildings	25-50 Years	50 Years
Land Improvements	15-50 Years	15-50 Years
Equipment	10-25 Years	10-25 Years
Vehicles	8-40 Years	10-20 Years
Infrastructure	25 Years	50-100 Years

The City's infrastructure consists of roads, bridges, curbs and gutters, sidewalks, drainage systems, lighting systems and water and sewer lines. The City did not record general infrastructure assets in governmental activities prior to December 31, 2002. Improvements to infrastructure that extends the life of the asset will be capitalized and depreciation expense will be recorded after December 31, 2002.

J. Interfund Balances

On fund financial statements, outstanding interfund loans and unpaid amounts for interfund services are reported as "interfund receivables/payables." Interfund balance amounts are eliminated in the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as internal balances.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. The City records a liability for all accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the City has identified as probable of receiving payment in the future (employees with ten or more years of service). The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the City's termination policy.

L. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements; and all payables, accrued liabilities, and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Net pension/OPEB liability/asset should be recognized in the governmental funds to the extent that benefit payments are due and payable and the pension/OPEB plan's fiduciary net position is not sufficient for payment of those benefits.

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M. Pensions/Other Post Employment Benefits (OPEB)

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

N. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the City classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance or resolution, as both are equally binding) of City Council. Those committed amounts cannot be used for any other purpose unless Council removes or changes the specified use by taking the same type of action (ordinance or resolution, as both are equally binding) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by City Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned – Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the City. The City has by resolution authorized the Auditor to assign fund balance. The City may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget. State statute authorizes the City Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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The City applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

O. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions, enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The City applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position applies.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the City, these revenues are charges for services for water, sewer and refuse services and self-insurance programs. Operating expenses are necessary costs incurred to provide the goods or service that is the primary activity of the fund. All revenues and expenses not meeting this definition are reported as non-operating.

Q. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues/expenses in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the City Administration and that are either unusual in nature or infrequent in occurrence. Governmental activities includes a special item in relation to the transfer of the Knox Township Volunteer Fire Department operations. See notes 8 and 17 for additional information.

S. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

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T. Budgetary Data

All funds are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Council may appropriate. The appropriations resolution is Council's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by Council. The legal level of control has been established by Council at the object level within each department in the general fund and at the object level for all other funds. Budgetary modifications may only be made by resolution of the City Council at the legal level of control.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the City Auditor. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time the final appropriations were enacted by Council.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by Council during the year.

U. Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from governmental activities or outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, of grants or outside contributions of resources restricted to capital acquisition and construction.

V. Implementation of New Accounting Principles

For the year ended December 31, 2023, the City has implemented GASB Statement No. 93, paragraphs 13 and 14, *Replacement of Interbank Offered Rates*, GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Available Payment Arrangements*, GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, and certain provisions of GASB Statement No. 99, *Omnibus 2022*.

GASB Statement No. 93, paragraphs 13 and 14, provide an exception to the lease modifications guidance in GASB Statement No. 87, as amended, for certain lease contracts that are amended solely to replace an IBOR as the rate upon which variable payments depend. The implementation of GASB Statement No. 93 paragraphs 13 and 14, did not have an effect on the financial statements of the City.

GASB Statement No. 94 improves financial reporting by establishing the definitions of public-private and public-public partnership arrangements and availability payment arrangements as well as provides uniform guidance on accounting and financial reporting for transactions that meet the definitions. The implementation of GASB Statement No. 94 did not have an effect on the financial statements of the City.

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GASB Statement No. 96 improves financial reporting by establishing a definition for subscription-based information technology arrangements (SBITAs) and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The statement also enhances the relevance and reliability of the financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and discloses essential information about the arrangement. The note disclosures also allow the users to understand the scale and important aspects of the SBITA activities and evaluate the obligations and assets resulting from the SBITAs. The implementation of GASB Statement No. 96 did not have an effect on the financial statements of the City.

GASB Statement No. 99 enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. The implementation of certain provisions of GASB Statement No. 99 that relate to extension of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, and pledges of future revenues by pledging governments, did not have an effect on the financial statements of the City.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund and street maintenance and repair fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures/expenses are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP),
3. Some funds are included in the general fund, (GAAP basis), but have separate legally adopted budgets (budget basis).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund and the street maintenance and repair fund.

Net Change in Fund Balance

	General Fund	Street Maintenance and Repair Fund
GAAP Basis	\$ 903,437	\$ 19,123
Net Adjustment for Revenue Accruals	(26,478)	(934)
Net Adjustment for Expenditure Accruals	(51,835)	(22,409)
Budget Basis	<u>\$ 823,382</u>	<u>\$ (4,220)</u>

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* As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes unclaimed monies, police severance and fire severance funds.

NOTE 4 - DEPOSITS AND INVESTMENTS

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 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 the City's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, or by the financial institutions participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial 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 or interest by the United States;
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;

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6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers acceptances and commercial paper notes for a period not to exceed one hundred and eighty days and two hundred and seventy days, respectively, from the purchase date in any amount not to exceed forty percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate note interests noted 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 specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits with Financial Institutions

Deposits - At year-end, \$4,783,414 of the City's bank balance of \$5,114,354 was exposed to custodial credit risk. Although the securities were held by the pledging financial institutions' trust department in the City's name and all statutory requirements for the investment of money had been followed, noncompliance with Federal requirements could potentially subject the City to a successful claim by the FDIC.

Custodial Credit Risk Custodial credit risk for deposits is the risk that in the event of a bank failure, the City will not be able to recover deposits or collateral securities that are in possession of an outside party.

The City has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by:

- Eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured; or
- Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS required the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Segregated Cash and Cash with Fiscal Agents

The housing loan and July 4th Committee accounts are maintained separately from the City's deposits. The carrying amounts of the deposits are reported as "Cash and Cash Equivalents in Segregated Accounts."

The City participates in the Jefferson Health Plan for employee benefits. The amount held at fiscal year-end for the employee benefit self-insurance fund was \$59,170 and is reported as "Cash and Cash Equivalents with Fiscal Agents." All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

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NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real and public utility property located in the City. Property tax revenue received during 2023 for real and public utility property taxes represents collections of the 2022 taxes.

2023 real property taxes were levied after October 1, 2023 on the assessed value as of January 1, 2023, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2023 real property taxes are collected in and intended to finance 2024.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2023 public utility property taxes which became a lien December 31, 2022, are levied after October 1, 2023, and are collected in 2024 with real property taxes.

The full tax rate for all City operations for the year ended December 31, 2023, was \$3.40 per \$1,000 of assessed valuation. The assessed values of real property and public utility tangible property upon which 2022 property tax receipts were based are as follows:

Category	Assessed Value
Real Property	\$ 70,373,200
Public Utilities - Real	27,450
Public Utilities - Personal	<u>6,749,120</u>
Total Assessed Value	<u>\$ 77,149,770</u>

The County Treasurer collects property taxes on behalf of all taxing districts within the County, including the City. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real and public utility property taxes and outstanding delinquencies which were measurable as of December 31, 2023, and for which there was an enforceable legal claim. In governmental funds, the portion of the receivable not levied to finance 2023 operations is offset to deferred inflows of resources – property taxes levied for the next year. On the accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on the modified accrual basis the revenue has been reported as deferred inflows of resources – unavailable revenue.

NOTE 6 - RECEIVABLES

Receivables at December 31, 2023 consisted of taxes, accounts (billings for user charged services including unbilled utility services), and intergovernmental receivables arising from grants and shared revenues. All receivables are deemed collectible in full.

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NOTE 7 – INCOME TAX

The City levies a municipal income tax of 2.0 percent on gross salaries, wages and other personal service compensation earned by residents of the City and on the earnings of nonresidents working within the City. This tax also applies to the net income of businesses operating within the City. Residents of the City are granted a credit up to 2.0 percent for taxes paid to other municipalities.

Employers within the City are required to withhold income tax on employee compensation and remit the tax to the City either monthly or quarterly. Corporations and other individuals are required to pay their estimated tax quarterly and file a declaration annually. Income tax revenues are credited to the General Fund, monies are then transferred to the Street Maintenance and Repair, Police Pension, Fire Pension, Cemetery and Recreation Special Revenue Funds and the Refuse Enterprise Fund.

NOTE 8 – CAPITAL ASSETS

A summary of changes in capital assets during 2023 follows:

	Balance 12/31/2022	Additions	Deletions	Transfer	Balance 12/31/2023
Governmental Activities:					
<i>Capital Assets Not Being Depreciated:</i>					
Land	\$ 192,000	\$ -	\$ -	\$ -	\$ 192,000
Work of Art	17,500	-	-	-	17,500
Construction in Progress	663,978	18,478	(11,172)	-	671,284
<i>Total Capital Assets Not Being Depreciated</i>	<u>873,478</u>	<u>18,478</u>	<u>(11,172)</u>	<u>-</u>	<u>880,784</u>
<i>Capital Assets, Being Depreciated:</i>					
Buildings	1,750,624	-	-	-	1,750,624
Land Improvements	1,602,187	59,725	-	-	1,661,912
Equipment	833,834	12,145	-	-	845,979
Vehicles	2,386,303	10,000	-	961,575	3,357,878
Infrastructure	3,214,866	71,228	-	-	3,286,094
<i>Total Capital Assets, Being Depreciated</i>	<u>9,787,814</u>	<u>153,098</u>	<u>-</u>	<u>961,575</u>	<u>10,902,487</u>
<i>Less Accumulated Depreciation:</i>					
Buildings	(853,798)	(40,148)	-	-	(893,946)
Land Improvements	(1,289,664)	(29,421)	-	-	(1,319,085)
Equipment	(600,188)	(52,834)	-	-	(653,022)
Vehicles	(1,404,017)	(64,646)	-	(248,366)	(1,717,029)
Infrastructure	(1,300,627)	(130,123)	-	-	(1,430,750)
<i>Total Accumulated Depreciation</i>	<u>(5,448,294)</u>	<u>(317,172)</u>	<u>-</u>	<u>(248,366)</u>	<u>(6,013,832)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>4,339,520</u>	<u>(164,074)</u>	<u>-</u>	<u>713,209</u>	<u>4,888,655</u>
<i>Total Governmental Activities Capital Assets, Net</i>	<u>\$ 5,212,998</u>	<u>\$ (145,596)</u>	<u>\$ (11,172)</u>	<u>\$ 713,209</u>	<u>\$ 5,769,439</u>

During 2023, the City received vehicles from the Knox Township Volunteer Fire Department valued at \$713,209. The City has recorded this as a special item in governmental activities. See note 17 for additional information.

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*Depreciation expense was charged to governmental functions as follows:

General Government	\$ 27,733
Leisure Time Services	45,102
Security of Persons and Property	92,017
Transportation	148,921
Community and Economic Development	3,399
Total	<u>\$ 317,172</u>

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Business-Type Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land	\$ 43,904	\$ -	\$ -	\$ 43,904
Construction in Progress	3,036,476	1,119,163	(320,127)	3,835,512
<i>Total Capital Assets Not Being Depreciated</i>	<u>3,080,380</u>	<u>1,119,163</u>	<u>(320,127)</u>	<u>3,879,416</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings	14,886,260	36,650	-	14,922,910
Improvements	1,902,640	-	-	1,902,640
Equipment	2,875,981	111,791	-	2,987,772
Vehicles	1,265,481	-	-	1,265,481
Infrastructure				
Water Lines	4,870,751	-	-	4,870,751
Sewer Lines	1,370,546	290,127	-	1,660,673
<i>Total Capital Assets, Being Depreciated</i>	<u>27,171,659</u>	<u>438,568</u>	<u>-</u>	<u>27,610,227</u>
<i>Less Accumulated Depreciation:</i>				
Buildings	(4,681,811)	(299,768)	-	(4,981,579)
Improvements	(476,640)	(34,323)	-	(510,963)
Equipment	(2,442,166)	(83,881)	-	(2,526,047)
Vehicles	(946,085)	(78,832)	-	(1,024,917)
Infrastructure				
Water Lines	(1,547,763)	(97,415)	-	(1,645,178)
Sewer Lines	(404,042)	(25,307)	-	(429,349)
<i>Total Accumulated Depreciation</i>	<u>(10,498,507)</u>	<u>(619,526)</u>	<u>-</u>	<u>(11,118,033)</u>
<i>Total Capital Assets Being Depreciated, Net</i>	<u>16,673,152</u>	<u>(180,958)</u>	<u>-</u>	<u>16,492,194</u>
<i>Total Business-Type Activities Capital Assets, Net</i>	<u>\$ 19,753,532</u>	<u>\$ 938,205</u>	<u>\$ (320,127)</u>	<u>\$ 20,371,610</u>

NOTE 9 - RISK MANAGEMENT

The City is exposed to various risks of property and casualty losses, and injuries to employees.

The City pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs to provide coverage to employees for job and other related injuries.

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Risk Pool Membership

The City is a member of the Public Entities Pool of Ohio (The Pool). The Pool assumes the risk of loss up to the limits of the City's policy. The Pool covers the risks of general liability and casualty, public official's liability, cyber, law enforcement liability, automobile liability, vehicles, property, and equipment breakdown.

The Pool reported the following summary of assets and actuarially-measured liabilities available to pay those liabilities as of December 31:

	<u>2023</u>
Cash and Investments	\$ 43,996,442
Actuarial Liabilities	19,743,401

NOTE 10 - DEFINED BENEFIT PENSION PLANS

The Statewide retirement systems provide both pension benefits and other postemployment benefits (OPEB).

Net Pension Liability/Net OPEB Liability (Asset)

Pensions and OPEB are a component of exchange transactions between an employer and its employees of salaries and benefits for employee services. Pensions are provided to an employee on a deferred-payment basis as part of the total compensation package offered by an employer for employee services each financial period.

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

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

GASB 68/75 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires funding to come from these employers. All pension contributions to date have come solely from these employers (which also includes pension costs paid in the form of withholdings from employees). The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits. In addition, health care plan enrollees pay a portion of the health care costs in the form of a monthly premium. State statute requires the retirement systems to amortize unfunded pension liabilities within 30 years. If the pension amortization period exceeds 30 years, each retirement system's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension/OPEB liability (asset). Resulting adjustments to the net pension/OPEB liability (asset) would be effective when the changes are legally enforceable. The Ohio Revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients.

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The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* and *net OPEB liability (asset)* on the accrual basis of accounting. Any liability for the contractually-required pension/OPEB contributions outstanding at the end of the year is included in intergovernmental payable on both the accrual and modified accrual bases of accounting.

The remainder of this note includes the pension disclosures. See Note 11 for the OPEB disclosures.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer public employee retirement system which administers three separate pension plans. The traditional pension plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan and the combined plan is a combination cost-sharing, multiple-employer defined benefit/defined contribution pension plan. Effective January 1, 2022, new members may no longer select the Combined Plan, and current members may no longer make a plan change to this plan. Participating employers are divided into state, local, law enforcement and public safety divisions. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the traditional plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

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

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount. The amount of a member's pension benefit vests upon receipt of the initial benefit payment.

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

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

	<u>State and Local</u>
2023 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2023 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	0.0
<hr/>	
Total Employer	<u>14.0 %</u>
<hr/>	
Employee	<u>10.0 %</u>

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's contractually required contribution was \$203,024 for 2023. Of this amount, \$19,460 is reported as an intergovernmental payable.

Plan Description – Ohio Police & Fire Pension Fund (OP&F)

Plan Description – Full-time police and firefighters participate in Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan administered by OP&F. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OP&F fiduciary net position. The report that may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted

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and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OP&F Annual Comprehensive Financial Report referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits).

Under normal service retirement, retired members who are at least 55 years old and have been receiving OP&F benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, statutory survivors and annuity beneficiaries. Members participating in the DROP program have separate eligibility requirements related to COLA.

The COLA amount for members who have 15 or more years of service credit as of July 1, 2013, and members who are receiving a pension benefit that became effective before July 1, 2013, will be equal to 3.0 percent of the member's base pension benefit.

The COLA amount for members who have less than 15 years of service credit as of July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will be equal to a percentage of the member's base pension benefit where the percentage is the lesser of 3.0 percent or the percentage increase in the consumer price index, if any, over the twelve-month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Members who retired prior to July 24, 1986, or their surviving beneficiaries under optional plans are entitled to cost-of-living allowance increases. The annual increase is paid on July 1st of each year. The annual COLA increase is \$360 under a Single Life Annuity Plan with proportional reductions for optional payment plans.

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

	<u>Police</u>	<u>Firefighters</u>
2023 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2023 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50	0.50
<hr/>		
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
<hr/>		
Employee	<u>12.25 %</u>	<u>12.25 %</u>

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Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$257,542 for 2023. Of this amount, \$24,592 is reported as an intergovernmental payable.

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

The net pension liability for OPERS was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2022, and was determined by rolling forward the total pension liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the Net Pension Liability:			
Current Measurement Period	0.009109%	0.0410639%	
Prior Measurement Period	0.009487%	0.0408912%	
Change in Proportion	<u>-0.000378%</u>	<u>0.0001727%</u>	
Proportionate Share of the Net			
Pension Liability	\$ 2,690,803	\$ 3,900,672	\$ 6,591,475
Pension Expense	\$ 447,639	\$ 478,662	\$ 926,301

Other than contributions made subsequent to the measurement date and differences between projected and actual earnings on investments; deferred inflows/outflows of resources are recognized in pension expense beginning in the current period, using a straight line method over a closed period equal to the average of the expected remaining service lives of all employees that are provided with pensions, determined as of the beginning of the measurement period. Net deferred inflows/outflows of resources pertaining to the differences between projected and actual investment earnings are similarly recognized over a closed five year period. At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred Outflows of Resources			
Net Difference between Projected and Actual Earnings on Pension Plan Investments	\$ 766,961	\$ 567,890	\$ 1,334,851
Differences between Expected and Actual Experience	89,377	58,512	147,889
Changes of Assumptions	28,427	351,829	380,256
Changes in Proportionate Share and Differences in Contributions	50,397	16,301	66,698
City Contributions Subsequent to the Measurement Date	203,024	257,542	460,566
Total Deferred Outflows of Resources	\$ 1,138,186	\$ 1,252,074	\$ 2,390,260
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ -	\$ 88,871	\$ 88,871
Changes of Assumptions	-	76,062	76,062
Changes in Proportionate Share and Differences in Contributions	51,886	129,218	181,104
Total Deferred Inflows of Resources	\$ 51,886	\$ 294,151	\$ 346,037

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\$460,566 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ending December 31:	OPERS	OP&F	Total
2024	\$ 115,497	\$ 43,194	\$ 158,691
2025	166,313	164,864	331,177
2026	225,753	191,822	417,575
2027	375,713	307,029	682,742
2028	-	(6,528)	(6,528)
Total	<u>\$ 883,276</u>	<u>\$ 700,381</u>	<u>\$ 1,583,657</u>

Actuarial Assumptions – OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2022, using the following key actuarial assumptions and methods applied to all periods included in the measurement in accordance with the requirements of GASB 67:

OPERS Traditional Plan	
Wage Inflation	2.75 percent
Future Salary Increases, including inflation	2.75 to 10.75 percent including wage inflation
COLA or Ad Hoc COLA:	
Pre-January 7, 2013 Retirees	3.00 percent, simple
Post-January 7, 2013 Retirees	3.00 percent, simple through 2023, then 2.05 percent, simple
Investment Rate of Return	6.90 percent
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

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During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was a loss of 12.10 percent for 2022.

The allocation of investment assets with the Defined Benefit portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans. The long-term expected rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major class that is included in the Defined Benefit portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized below:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	22.00%	2.62%
Domestic Equities	22.00	4.60
Real Estate	13.00	3.27
Private Equity	15.00	7.53
International Equities	21.00	5.51
Risk Parity	2.00	4.37
Other investments	5.00	3.27
Total	100.00%	

Discount Rate The discount rate used to measure the total pension liability for the current year was 6.9 percent. The discount rate for the prior year was 7.2 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 6.9 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (5.9 percent) or one-percentage-point higher (7.9 percent) than the current rate:

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	Current		
	1% Decrease	Discount Rate	
City's Proportionate Share of the Net Pension Liability	\$ 4,030,733	\$ 2,690,803	\$ 1,576,221

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future. Assumptions considered are: withdrawal rates, disability retirement, service retirement, DROP elections, mortality, percent married and forms of the payment, DROP interest rate, CPI-based COLA, investment returns, salary increases and payroll growth.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, prepared as of January 1, 2022, are presented below.

Valuation Date	January 1, 2022, with actuarial liabilities rolled forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 percent
Projected Salary Increases	3.75 percent to 10.50 percent
Payroll Growth	3.25 percent per annum, compounded annually, consisting of Inflation rate of 2.75 percent plus productivity increase rate of 0.50 percent
Cost of Living Adjustments	2.20 percent simple per year

For 2022, the mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted to 96.20 percent for males and 98.70 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, Mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

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For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five-year period ended December 31, 2021.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The assumption is intended to be a long-term assumption (30 to 50 years) and is not expected to change absent a significant change in the asset allocation, a change in the underlying inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
 Total	 125.00 %	

Note: Assumptions are geometric.

* levered 2.5x

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OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on their relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.25 times due to the application of leverage in certain fixed income asset classes.

Discount Rate The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return of 7.50 percent. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact, the following table presents the net pension liability calculated using the discount rate of 7.50 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	Current		
	1% Decrease	Discount Rate	1% Increase
City's Proportionate Share of the Net Pension Liability	\$ 5,145,740	\$ 3,900,672	\$ 2,865,648

NOTE 11 - DEFINED BENEFIT OPEB PLANS

Net OPEB Liability

See Note 10 for a description of the net OPEB liability.

Ohio Public Employees Retirement System (OPERS)

Plan Description – The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. Substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust. The 115 Health Care Trust (115 Trust or Health Care Trust) was established in 2014, under Section 115 of the Internal Revenue Code (IRC). The purpose of the 115 Trust is to fund health care. Medicare-enrolled retirees may have an allowance deposited into a health reimbursement arrangement (HRA) account to be used toward the health care program of their choice selected with the assistance of an OPERS vendor. Non-Medicare retirees have converted to an arrangement similar to the Medicare-enrolled retirees, and are no longer participating in OPERS provided self-insured group plans.

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With one exception, OPERS-provided health care coverage is neither guaranteed nor statutorily required. Ohio law currently requires Medicare Part A equivalent coverage or Medicare Part A premium reimbursement for eligible retirees and their eligible dependents.

OPERS offers a health reimbursement arrangement (HRA) allowance to benefit recipients meeting certain age and service credit requirements. The HRA is an account funded by OPERS that provides tax free reimbursement for qualified medical expenses such as monthly post-tax insurance premiums, deductibles, co-insurance, and co-pays incurred by eligible benefit recipients and their dependents.

OPERS members retiring with an effective date of January 1, 2022, or after must meet the following health care eligibility requirements to receive an HRA allowance:

Medicare Retirees Medicare-eligible with a minimum of 20 years of qualifying service credit

Non-Medicare Retirees Non-Medicare retirees qualify based on the following age-and-service criteria:

Group A 30 years of qualifying service credit at any age;

Group B 32 years of qualifying service credit at any age or 31 years of qualifying service credit and minimum age 52;

Group C 32 years of qualifying service credit and minimum age 55; or,

A retiree from groups A, B or C who qualifies for an unreduced pension, but a portion of their service credit is not health care qualifying service, can still qualify for health care at age 60 if they have at least 20 years of qualifying health care service credit.

Retirees who don't meet the requirement for coverage as a non-Medicare participant can become eligible for coverage at age 65 if they have at least 20 years of qualifying service.

Members with a retirement date prior to January 1, 2022, who were eligible to participate in the OPERS health care program will continue to be eligible after January 1, 2022.

Eligible retirees may receive a monthly HRA allowance for reimbursement of health care coverage premiums and other qualified medical expenses. Monthly allowances, based on years of service and the age at which the retiree first enrolled in OPERS coverage, are provided to eligible retirees, and are deposited into their HRA account.

Retirees will have access to the OPERS Connector, which is a relationship with a vendor selected by OPERS to assist retirees participating in the health care program. The OPERS Connector may assist retirees in selecting and enrolling in the appropriate health care plan.

When members become Medicare-eligible, recipients enrolled in OPERS health care programs must enroll in Medicare Part A (hospitalization) and Medicare Part B (medical).

OPERS reimburses retirees who are not eligible for premium-free Medicare Part A (hospitalization) for their Part A premiums as well as any applicable surcharges (late-enrollment fees). Retirees within this group must enroll in Medicare Part A and select medical coverage, and may select prescription coverage, through the OPERS Connector. OPERS also will reimburse 50 percent of the Medicare Part A premium and any applicable surcharges for eligible spouses. Proof of enrollment in Medicare Part A and confirmation that the retiree is not receiving reimbursement

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or payment from another source must be submitted. The premium reimbursement is added to the monthly pension benefit.

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

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides the statutory authority allowing public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, OPERS no longer allocated a portion of its employer contributions to health care.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2023, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. For 2023, OPERS did not allocate any employer contribution to health care for members. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City's had no contractually required contribution for 2023.

Ohio Police & Fire Pension Fund (OP&F)

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment health care plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. On January 1, 2019, OP&F implemented a new model for health care. Under this new model, OP&F provides eligible retirees with a fixed stipend earmarked to pay for health care and Medicare Part B reimbursements.

OP&F contracted with a vendor who assists eligible retirees in choosing health care plans that are available where they live (both Medicare-eligible and pre-65 populations). A stipend funded by OP&F is available to these members through a Health Reimbursement Arrangement and can be used to reimburse retirees for qualified health care expenses.

Regardless of a benefit recipient's participation in the health care program, OP&F is required by law to pay eligible recipients of a service pension, disability benefit and spousal survivor benefit for their Medicare Part B insurance premium, up to the statutory maximum provided the benefit recipient is not eligible to receive reimbursement from any other source. Once OP&F receives the necessary documentation, a monthly reimbursement is included as part of the recipient's next benefit payment. The stipend provided by OP&F meets the definition of an Other Post

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Employment Benefit (OPEB) as described in Governmental Accounting Standards Board (GASB) Statement No. 75.

OP&F maintains funds for health care in two separate accounts: one account for health care benefits and one account for Medicare Part B reimbursements. A separate health care trust accrual account is maintained for health care benefits under IRS Code Section 115 trust. IRS Code Section 401(h) account is maintained for Medicare Part B reimbursements.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy – The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

The Board of Trustees is authorized to allocate a portion of the total employer contributions for retiree health care benefits. For 2023, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded.

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contractually required contribution to OP&F was \$6,188 for 2023. Of this amount, \$585 is reported as an intergovernmental payable.

Net OPEB Liability (Asset), OPEB Expense, and Deferred Outflows/Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2022, and was determined by rolling forward the total OPEB liability as of January 1, 2022, to December 31, 2022. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

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	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the Net OPEB Liability:			
Current Measurement Period	0.009000%	0.0410639%	
Prior Measurement Period	0.009513%	0.0408912%	
Change in Proportion	<u>-0.000513%</u>	<u>0.0001727%</u>	
Proportionate Share of the Net OPEB Liability	\$ 56,747	\$ 292,363	\$ 349,110
OPEB Expense	\$ (102,596)	\$ 27,193	\$ (75,403)

At December 31, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Deferred Outflows of Resources			
Net Difference between Projected and Actual Earnings on OPEB Plan Investments	\$ 112,702	\$ 25,076	\$ 137,778
Differences between Expected and Actual Experience	-	17,446	17,446
Changes of Assumptions	55,426	145,700	201,126
Changes in Proportionate Share and Differences in Contributions	5,909	14,286	20,195
City Contributions Subsequent to the Measurement Date	-	6,188	6,188
Total Deferred Outflows of Resources	<u>\$ 174,037</u>	<u>\$ 208,696</u>	<u>\$ 382,733</u>
Deferred Inflows of Resources			
Differences between Expected and Actual Experience	\$ 14,154	\$ 57,645	\$ 71,799
Changes of Assumptions	4,560	239,128	243,688
Changes in Proportionate Share and Differences in Contributions	385	19,863	20,248
Total Deferred Inflows of Resources	<u>\$ 19,099</u>	<u>\$ 316,636</u>	<u>\$ 335,735</u>

\$6,188 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction/addition of the net OPEB liability in 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31:	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
2024	\$ 24,259	\$ (1,849)	\$ 22,410
2025	41,092	(613)	40,479
2026	35,144	(15,954)	19,190
2027	54,443	(9,457)	44,986
2028	-	(26,285)	(26,285)
Thereafter	-	(59,970)	(59,970)
Total	<u>\$ 154,938</u>	<u>\$ (114,128)</u>	<u>\$ 40,810</u>

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Actuarial Assumptions – OPERS

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

Projections of health care costs for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2021, rolled forward to the measurement date of December 31, 2022. The actuarial valuation used the following key actuarial assumptions and methods applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Wage Inflation	2.75 percent	2.75 percent
Projected Salary Increases,	2.75 to 10.75 percent including wage inflation	2.75 to 10.75 percent including wage inflation
Single Discount Rate	5.22 percent	6.00 percent
Investment Rate of Return	6.00 percent	6.00 percent
Municipal Bond Rate	4.05 percent	1.84 percent
Health Care Cost Trend Rate	5.50 percent, initial 3.50 percent, ultimate in 2036	5.50 percent, initial 3.50 percent, ultimate in 2034
Actuarial Cost Method	Individual Entry Age	Individual Entry Age

Pre-retirement mortality rates are based on 130 percent of the Pub-2010 General Employee Mortality tables (males and females) for State and Local Government divisions. Post-retirement mortality rates are based on 115 percent of the PubG-2010 Retiree Mortality Tables (males and females). Post-retirement mortality rates for disabled retirees are based on the PubNS-2010 Disabled Retiree Mortality Tables (males and females). For all of the previously described tables, the base year is 2010 and mortality rates for a particular calendar year are determined by applying the MP-2020 mortality improvement scales (males and females) to all of these tables.

The most recent experience study was completed for the five-year period ended December 31, 2020.

During 2022, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for eligible members. Within the Health Care portfolio, if any contributions are made into the plans, the contributions are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made. Health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio was a loss of 15.6 percent for 2022.

The allocation of investment assets within the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a

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discretionary benefit. The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future rates of return by the target asset allocation percentage, adjusted for inflation. Best estimates of geometric rates of return were provided by the Board's investment consultant. For each major asset class that is included in the Health Care's portfolio's target asset allocation as of December 31, 2022, these best estimates are summarized in the following table:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Geometric)
Fixed Income	34.00%	2.56%
Domestic Equities	26.00	4.60
Real Estate Investment Trust	7.00	4.70
International Equities	25.00	5.51
Risk Parity	2.00	4.37
Other Investments	6.00	1.84
Total	100.00%	

Discount Rate A single discount rate of 5.22 percent was used to measure the OPEB liability on the measurement date of December 31, 2022; however, the single discount rate used at the beginning of the year was 6 percent. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.00 percent and a municipal bond rate of 4.05 percent (Fidelity Index's "20-Year Municipal GO AA Index"). The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2054. As a result, the actuarial assumed long-term expected rate of return on health care investments was applied to projected costs through the year 2054, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 5.22 percent, as well as what the City's proportionate share of the net OPEB liability (asset) would be if it were calculated using a discount rate that is one-percentage-point lower (4.22 percent) or one-percentage-point higher (6.22 percent) than the current rate:

	Current		
	1% Decrease	Discount Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 193,140	\$ 56,747	\$ (55,800)

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Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability or asset. The following table presents the net liability or asset calculated using the assumed trend rates, and the expected net OPEB liability or asset if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2023 is 5.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.50 percent in the most recent valuation.

	1% Decrease	Current Trend Rate	1% Increase
City's Proportionate Share of the Net OPEB Liability	\$ 53,190	\$ 56,747	\$ 60,750

Actuarial Assumptions – OP&F

OP&F's total OPEB liability as of December 31, 2022, is based on the results of an actuarial valuation date of January 1, 2022, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F's actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases, actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in the latest actuarial valuation, reflecting experience study results, are presented below.

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Valuation Date	January 1, 2022, with Actuarial Liabilities
	Rolled Forward to December 31, 2022
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	7.50 Percent
Projected Salary Increases	3.75 Percent to 10.50 Percent
Payroll Growth	3.25 Percent
Blended Discount Rate:	
Current Measurement Date	4.27 Percent
Prior Measurement Date	2.84 Percent
Cost of Living Adjustments	2.20 Percent Simple per Year
Projected Depletion Year of OPEB Assets	2036

For 2022, mortality for service retirees is based on the Pub-2010 Below-Median Safety Amount-Weighted Healthy Retiree mortality table with rates adjusted by 96.2 percent for males and 98.7 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for disabled retirees is based on the Pub-2010 Safety Amount-Weighted Disabled Retiree mortality table with rates adjusted by 135 percent for males and 97.9 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for contingent annuitants is based on the Pub- 2010 Below-Median Safety Amount-Weighted Contingent Annuitant Retiree mortality table with rates adjusted by 108.9 percent for males and 131 percent for females. All rates are projected using the MP-2021 Improvement Scale.

For 2022, mortality for active members is based on the Pub-2010 Below-Median Safety Amount-Weighted Employee mortality table. All rates are projected using the MP- 2021 Improvement Scale.

For 2021, mortality for non-disabled participants is based on the RP-2014 Total Employee and Healthy Annuitant Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale. Rates for surviving beneficiaries are adjusted by 120 percent.

Age	Police	Fire
67 or less	77 %	68 %
68-77	105	87
78 and up	115	120

For 2021, mortality for disabled retirees is based on the RP-2014 Disabled Mortality Tables rolled back to 2006, adjusted according to the rates in the following table, and projected with the Buck Modified 2016 Improvement Scale.

Age	Police	Fire
59 or less	35 %	35 %
60-69	60	45
70-79	75	70
80 and up	100	90

The most recent experience study was completed for the five-year period ended December 31, 2021.

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The long-term expected rate of return on OPEB plan investments was determined using a building-block approach and assumes a time horizon, as defined in the Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expected. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate and adding the expected return from rebalancing uncorrelated asset classes.

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2022, are summarized below:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	18.60 %	4.80 %
Non-US Equity	12.40	5.50
Private Markets	10.00	7.90
Core Fixed Income *	25.00	2.50
High Yield Fixed Income	7.00	4.40
Private Credit	5.00	5.90
U.S. Inflation Linked Bonds*	15.00	2.00
Midstream Energy Infrastructure	5.00	5.90
Real Assets	8.00	5.90
Gold	5.00	3.60
Private Real Estate	12.00	5.30
Commodities	2.00	3.60
 Total	 <u>125.00 %</u>	

Note: Assumptions are geometric.

* levered 2.5x

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return, and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.2 times due to the application of leverage in certain fixed income asset classes.

Discount Rate For 2022, the total OPEB liability was calculated using the discount rate of 4.27 percent. For 2021, the total OPEB liability was calculated using the discount rate of 2.84 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return of 7.5 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, for 2022, the long-term assumed rate of return on investments of 7.50 percent was applied to periods before December 31, 2035, and the Municipal Bond Index Rate of 3.65 percent was applied to periods on and after December 31, 2035, resulting in a discount rate of 4.27 percent. For 2021, a municipal bond rate of 2.05 percent at December 31, 2021, was blended with the long-term rate of 7.5 which resulted in a blended discount rate of 2.84. The municipal bond rate was determined using the Bond Buyers General Obligation 20-year Municipal Bond Index Rate.

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Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 4.27 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.27 percent), or one percentage point higher (5.27 percent) than the current rate.

	Current		\$	292,363	\$	235,245
	1% Decrease	Discount Rate				
City's Proportionate Share of the Net OPEB Liability	\$ 360,018	\$				

NOTE 12 - OTHER EMPLOYEE BENEFITS

A. Additional Insurance

The City provides life insurance and accidental death and dismemberment insurance to full time employees. The policy is in the amount of \$15,000 life insurance and \$15,000 accidental death and dismemberment. All employees can purchase life insurance from the City up to \$65,000.

Medical, surgical and dental insurance is offered to all employees through a self-insurance internal service fund. The City is a member of the Jefferson Health Plan, a public entity risk management, insurance, and claims servicing pool, consisting of cities and other public entities across the state, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the City's behalf. The claims liability of \$227,357 reported in the internal service fund at December 31, 2023, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Change in fund's claims liability for 2023 is as follows:

	Balance at		\$	687,580	\$	227,357
	Beginning of Year	Current Year Claims				
2023	\$ 216,006	\$ 698,931				
2022	\$ 168,915	\$ 947,531	\$ 900,440			\$ 216,006

B. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Employees earn vacation time based on the length of service. Typically, vacation cannot be carried over, however, unforeseen circumstances may come into play and the mayor may elect to permit an employee to carryover minimal vacation time. Sick leave is accumulated at a rate of 4.6 hours per each 80 hours worked. For employees that work less than a 40 hour work week, the sick leave accumulation is prorated based on 4.6 hours per 80 hours worked. All accumulated, unused vacation time and personal days are paid upon separation if the employee has acquired at least one year of service with the City. Upon separation, AFSCME members are paid for a maximum of 180 days of accumulated sick time provided they have ten years of service with the City. Police are paid one-half of accumulated sick time with no maximum provided they have ten years of service with the City. Upon separation, firefighters are paid for half of all accumulated sick time provided they have ten years of service with the City.

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NOTE 13 – INTERFUND TRANSFERS

The City made the following transfers during 202:

	Transfers In	Transfers Out
General	\$ -	\$ 681,836
Street Maintenance & Repair	214,721	-
Nonmajor Governmental Funds:		
Cemetery	36,715	-
Police Pension	120,453	-
Recreation	69,238	-
Fire Pension	90,302	-
Capital Improvement	91,500	-
Alexander Street Bridge	13,907	-
Total Governmental Funds	<u>636,836</u>	<u>681,836</u>
Enterprise Funds:		
Refuse	45,000	-
Total	<u>\$ 681,836</u>	<u>\$ 681,836</u>

The General Fund transferred \$576,429 to various other funds to distribute income tax revenue, \$91,500 to the capital improvement fund for operating expenses to the Alexander Street Bridge fund, respectively, for project expenses.

NOTE 14 - LONG-TERM OBLIGATIONS

Changes in long-term obligations during the year ended December 31, 2023, consisted of the following:

	Outstanding Balance	Additions	Reductions	Outstanding 12/31/2023	Amounts Due In One Year
Governmental Activities					
<i>Direct Borrowings:</i>					
Installment Loan-City Building	\$ 110,305	\$ -	\$ (54,570)	\$ 55,735	\$ 55,735
Lease Purchase	69,653	-	(69,653)	-	-
<i>Total Direct Borrowings</i>	<u>179,958</u>	<u>-</u>	<u>(124,223)</u>	<u>55,735</u>	<u>55,735</u>
<i>Other Long-Term Obligations:</i>					
Compensated Absences	336,677	56,846	(71,855)	321,668	63,735
Net Pension/OPEB Liability	3,324,758	1,967,297	-	5,292,055	-
<i>Total Other Long-Term Obligations</i>	<u>3,661,435</u>	<u>2,024,143</u>	<u>(71,855)</u>	<u>5,613,723</u>	<u>63,735</u>
<i>Total Governmental Activities</i>	<u>\$ 3,841,393</u>	<u>\$ 2,024,143</u>	<u>\$ (196,078)</u>	<u>\$ 5,669,458</u>	<u>\$ 119,470</u>

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Business-Type Activities	Outstanding				Outstanding	Amounts Due		
	Balance	Additions	Reductions	12/31/2023		In One Year		
Direct Borrowings:								
OWDA Loans:								
Water Treatment Plant	\$ 2,720,564	\$ -	\$ (877,692)	\$ 1,842,872	\$ 906,539			
Water Treatment Plant Lagoons	128,099	-	(42,275)	85,824	42,698			
Waterline Replacement	469,360	-	(18,185)	451,175	18,550			
Combined Sewer Separation	105,571	-	(13,624)	91,947	13,761			
NEBO Drive Water & Sewer Lines	1,613,371	-	(39,835)	1,573,536	41,821			
Water Asset Management Plan	1,017	-	(1,017)	-	-			
Euclid Avenue Water Line	687,291	-	(37,106)	650,185	37,924			
NEBO Drive Phase II	245,433	1,474	(246,907)	-	-			
NEBO/Mara Drive Phase II	-	1,258,698	-	1,258,698	-			
Waste Water Treatment Plant	2,121,428	-	(129,945)	1,991,483	138,497			
Pump Station, 5th, 6th, and 7th								
Street Improvements	117,018	-	(40,694)	76,324	38,162			
Walton Acres Water Line Phase I	95,742	-	-	95,742	-			
E 5th/Myers St Water Line	74,533	27,827	-	102,360	-			
North Pump Station	58,100	-	(5,810)	52,290	11,620			
Total OWDA loans	<u>8,437,527</u>	<u>1,287,999</u>	<u>(1,453,090)</u>	<u>8,272,436</u>	<u>1,249,572</u>			
OPWC Loan:								
Waterline Replacement OPWC Loan	149,500	-	(9,750)	139,750	6,500			
Lease Purchase	87,321	-	(31,285)	56,036	31,623			
<i>Total Direct Borrowings</i>	<u>8,674,348</u>	<u>1,287,999</u>	<u>(1,494,125)</u>	<u>8,468,222</u>	<u>1,287,695</u>			
<i>Other Long-Term Obligations:</i>								
Compensated Absences	101,357	53,832	(26,532)	128,657	23,918			
Net Pension/OPEB Liability	503,498	1,145,032	-	1,648,530	-			
<i>Total Other Long-Term Obligations</i>	<u>604,855</u>	<u>1,198,864</u>	<u>(26,532)</u>	<u>1,777,187</u>	<u>23,918</u>			
Total Business-Type Activities	<u>\$ 9,279,203</u>	<u>\$ 2,486,863</u>	<u>\$ (1,520,657)</u>	<u>\$ 10,245,409</u>	<u>\$ 1,311,613</u>			

The installment loan and the governmental lease purchase were paid from the general fund. In the business-type activities, the OWDA loans and OPWC loan will be paid from revenues derived from charges for services in the water and sewer funds. The garbage packer lease purchase will be paid from the refuse fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. The City pays obligations related to employee compensation from the fund benefitting from their service.

Governmental Activities

Direct Borrowings

In 2007, the City entered into an installment loan agreement with Consumers National Bank for the purchase of the new City building (secured asset). The principal amount of the loan was \$894,981 and the interest rate is currently 1.25 percent. The loan will mature in December 2024. In the event of default, the Lender may declare the entire unpaid principal balance and all accrued unpaid interest immediately due.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

In 2016, the City entered into a lease purchase agreement for a fire truck in the amount of \$452,026. The lease carries an interest rate of 2.6 percent and matured on November 30, 2023. In the event of default, the lessor may retake possession of the fire truck, which is collateral in the agreement.

Business-Type Activities

Direct Borrowings

In 2007, the City entered into contractual agreements with the Ohio Water Development Authority (OWDA) to construct a new water treatment plant. The City had drawn down the full amount of \$13,534,834. The City had also incurred capitalized interest of \$479,344. The City began to repay the loan in 2007.

In 2005 the City was awarded a new loan from the Ohio Water Development Authority (OWDA) in the amount of \$781,822. The proceeds of this loan are being used to construct water treatment plant lagoons. The City had drawn down the full amount \$781,822 from OWDA. In addition to the draw down, the City had incurred capitalized interest of \$4,020. The City began to repay this loan in July 2006.

During 2010, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan to begin a project mandated by the U.S. EPA and the Ohio EPA to eliminate sanitary sewer overflows into the Ohio River. As of December 31, 2014, the City had drawn down the full amount of \$264,886. In addition to this loan, the City was awarded proceeds of \$468,882 as part of the American Recovery and Reinvestment Act (ARRA) and an equal amount of debt was forgiven. The OWDA loan has an interest rate of 1 percent and the City made the first payment in December 2010. The loan matures on July 1, 2030.

During 2013, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan to begin a waterline replacement project. The total award amount of the loan was \$877,906, which includes \$260,635 that was forgiven as part of the American Recovery and Reinvestment Act (ARRA). In 2013, the City drew down \$328,957, of which \$200,498 was forgiven. In 2014, the City drew down an additional \$375,784, of which \$30,347 was forgiven. In 2015, the City drew down an additional \$143,375, of which \$29,791 was forgiven. The OWDA loan has an interest rate of 2 percent and the City made the first payment in July 2014. The loan matures on January 1, 2044.

Additional funding for the waterline project was provided by the Ohio Public Water Commission (OPWC) in the amount of a \$195,000 loan with no interest. The City made the first payment in June 2015. The loan matures on January 1, 2044.

During 2014, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan, in the amount of \$2,886,904 for waste water treatment plant improvements. The City made the first payment on this loan on January 1, 2016. The loan matures on July 1, 2037.

During 2018, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan for a water asset management plan with no interest in the amount of \$20,170, of which \$10,000 was forgiven. The loan matured on July 1, 2023.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

During 2019, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$1,655,859 for the Nebo Drive water and sewer extension project. The City made the first payment on this loan on December 16, 2019. The loan matures on July 1, 2049.

During 2019, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$425,757 for a pump station and multiple street area improvements. This loan matures on January 1, 2025.

During 2019, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$814,576 for the Euclid Avenue waterline replacement project. The City made the first payment on this loan on December 16, 2019. The loan matures on July 1, 2039.

During 2019, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$386,826 for the Nebo Drive phase II project. As of December 31, 2023, \$261,867 had been drawn down by the City. This loan was paid in full during 2023.

During 2022, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$217,092 for the Walton Acres Phase I project. As of December 31, 2023, only \$95,742 has been drawn down by the City. This loan is not fully disbursed and there is no amortization schedule available. Therefore, it is not included in the following amortization table.

During 2022, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$180,211 for the East 5th/Myers Street project. As of December 31, 2023, only \$102,360 has been drawn down by the City. This loan is not fully disbursed and there is no amortization schedule available. Therefore, it is not included in the following amortization table.

During 2022, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$89,250 for the North Pump Station sewer project. As of December 31, 2023, only \$58,100 has been drawn down by the City. The City made the first payment on this loan on December 28, 2023. This loan matures on July 1, 2028.

During 2023, the City entered into a contractual agreement with the Ohio Water Development Authority (OWDA) for a loan in the amount of \$1,892,734 for the Nebo/Mara Drive phase II project. As of December 31, 2023, only \$1,258,698 has been drawn down by the City. This loan is not fully disbursed and there is no amortization schedule available. Therefore, it is not included in the following amortization table.

In 2020, the City entered into a lease purchase agreement for a garbage truck in the amount of \$155,658. The lease carries an interest rate of 2.15 percent and a maturity date of August 5, 2025. In the event of default, the lessor may retake possession of the fire truck, which is collateral in the agreement.

In the event of default, as defined by the OPWC loan agreement, the amount of default will be subject to 8 percent interest on all amounts due from date of default. Additionally, the Lender may declare all amounts immediately due and payable or require the County treasurer to pay the amounts due from funds appropriated to the county's undivided local government fund. The lender will also be entitled to collect any cost incurred in the event of default. In the event of default, as defined by each OWDA loan agreement, the lender may declare the full amount of the unpaid Project Participation Principal amount immediately due and payable and require the County to pay any fines or penalties incurred with interest.

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There are no repayment schedules for the net pension liability and net OPEB liability; however, employer pension and OPEB contributions are primarily made from the general fund and water, sewer, and refuse funds. For additional information related to the net pension liability and net OPEB liability see Notes 10 and 11.

Principal and interest requirements to retire long-term obligations outstanding at December 31, 2023 are as follows:

Governmental Activities							
Year	Installment Loan-City Building						
	Principal	Interest					
2024	<u>\$ 55,735</u>	<u>\$ 350</u>					
Business-Type Activities							
Year	OWDA Loans*	Interest	OPWC Loan	Principal	Lease Purchase	Principal	Total
Year	Principal	Interest	Principal	Principal	Interest	Principal	Interest
2024	\$ 1,249,572	\$ 87,457	\$ 6,500	\$ 31,623	\$ 1,294	\$ 1,287,695	\$ 88,751
2025	1,283,479	48,851	6,500	24,413	438	1,314,392	49,289
2026	269,610	33,294	6,500	-	-	276,110	33,294
2027	273,433	30,812	6,500	-	-	279,933	30,812
2028	271,519	28,300	6,500	-	-	278,019	28,300
2029-2033	1,337,538	103,495	26,000	-	-	1,363,538	103,495
2034-2038	1,182,818	40,584	32,500	-	-	1,215,318	40,584
2039-2043	500,698	7,423	32,500	-	-	533,198	7,423
2044-2048	403,239	-	16,250	-	-	419,489	-
2049	<u>43,731</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>43,731</u>	<u>-</u>
	<u>\$ 6,815,637</u>	<u>\$ 380,216</u>	<u>\$ 139,750</u>	<u>\$ 56,036</u>	<u>\$ 1,732</u>	<u>\$ 7,011,423</u>	<u>\$ 381,948</u>

*Excludes \$1,456,799 in outstanding OWDA loans since there is no amortization schedule.

NOTE 15 - CONTINGENCIES

A. Grants

The City received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on the overall financial position of the City at December 31, 2023.

B. Litigation

The City of Toronto is party to various legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The City's management is of the opinion that the ultimate disposition of various claims and legal proceedings will not have a material effect, if any, on the financial condition of the City.

NOTE 16 – FUND BALANCE

Fund balance can be classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in governmental funds.

City of Toronto
Jefferson County, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2023

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented as follows:

	General	Street Maintenance and Repair	Other Governmental Funds	Total
Nonspendable for:				
Inventory	\$ -	\$ 73,843	\$ -	\$ 73,843
Prepays	20,568	2,495	6,962	30,025
Unclaimed Monies	4,277	-	-	4,277
Total Nonspendable	24,845	76,338	6,962	108,145
Restricted for:				
Street Maintenance and City Improvement	-	23,030	6,582	29,612
Public Safety and Law Enforcement	-	-	103,533	103,533
Community Development	-	-	117,199	117,199
Recreation	-	-	695	695
Public Health	-	-	916	916
Total Restricted	-	23,030	228,925	251,955
Committed for:				
Severance Payments	106,378	-	-	106,378
Assigned for:				
Subsequent Year Appropriations	929,497	-	-	929,497
Capital Projects	-	-	8,691	8,691
Total Assigned	929,497	-	8,691	938,188
Unassigned				
	371,347	-	(24,820)	346,527
Total Fund Balance	\$ 1,432,067	\$ 99,368	\$ 219,758	\$ 1,751,193

Fund balances at December 31, 2023 included deficits of \$12,346 and \$12,474 in the police pension and fire pension funds, respectively. The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and will provide transfers when cash is required, not when accruals occur.

NOTE 17 – TRANSFER OF OPERATIONS

Under an intergovernmental agreement between the City of Toronto and the Knox Township Board of Trustees, the City agreed to provide fire protection services to Township citizens. In October 2023, the Knoxville Volunteer Fire Department was dissolved and assets were transferred to the City in accordance with the agreement. As a result of the transfer, the City recognized capital assets with a carrying value of \$713,209. The City will also receive the Township's fire protection tax levy monies for the duration of the agreement.

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City of Toronto
Jefferson County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Last Ten Years

	2023	2022	2021	2020
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net Pension Liability	0.009109%	0.009487%	0.008407%	0.008647%
City's Proportionate Share of the Net Pension Liability	\$ 2,690,803	\$ 825,407	\$ 1,244,894	\$ 1,709,138
City's Covered Payroll	\$ 1,411,579	\$ 1,376,907	\$ 1,184,100	\$ 1,216,579
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	190.62%	59.95%	105.13%	140.49%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	75.74%	92.62%	86.88%	82.17%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net Pension Liability	0.041064%	0.040891%	0.043001%	0.042873%
City's Proportionate Share of the Net Pension Liability	\$ 3,900,672	\$ 2,554,646	\$ 2,931,431	\$ 2,888,181
City's Covered Payroll	\$ 1,258,619	\$ 946,784	\$ 1,083,173	\$ 1,048,113
City's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	309.92%	269.82%	270.63%	275.56%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.90%	75.03%	70.65%	69.89%

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

2019	2018	2017	2016	2015	2014
0.009008%	0.008854%	0.009029%	0.008364%	0.007545%	0.007545%
\$ 2,467,109	\$ 1,388,966	\$ 2,050,371	\$ 1,448,750	\$ 910,011	\$ 889,457
\$ 1,216,736	\$ 1,176,014	\$ 1,167,200	\$ 941,300	\$ 925,042	\$ 700,923
202.76%	118.11%	175.67%	153.91%	98.38%	126.90%
74.70%	84.66%	77.25%	81.08%	86.45%	86.36%
0.044877%	0.044838%	0.043790%	0.045441%	0.045885%	0.045885%
\$ 3,663,149	\$ 2,751,912	\$ 2,773,599	\$ 2,923,251	\$ 2,377,040	\$ 2,234,748
\$ 1,042,390	\$ 1,011,549	\$ 972,417	\$ 949,388	\$ 936,300	\$ 751,774
351.42%	272.05%	285.23%	307.91%	253.88%	297.26%
63.07%	70.91%	68.36%	66.77%	72.20%	73.00%

See accompanying notes to the required supplementary information.

City of Toronto
Jefferson County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - Pension
Last Ten Years

	2023	2022	2021	2020
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ 203,024	\$ 197,621	\$ 192,767	\$ 165,774
Contributions in Relation to the Contractually Required Contribution	<u>(203,024)</u>	<u>(197,621)</u>	<u>(192,767)</u>	<u>(165,774)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,450,171	\$ 1,411,579	\$ 1,376,907	\$ 1,184,100
Contributions as a Percentage of Covered Payroll	14.00%	14.00%	14.00%	14.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 257,542	\$ 258,616	\$ 194,934	\$ 222,503
Contributions in Relation to the Contractually Required Contribution	<u>(257,542)</u>	<u>(258,616)</u>	<u>(194,934)</u>	<u>(222,503)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,237,645	\$ 1,258,619	\$ 946,784	\$ 1,083,173
Contributions as a Percentage of Covered Payroll	20.81%	20.55%	20.59%	20.54%

See accompanying notes to the required supplementary information.

2019	2018	2017	2016	2015	2014
\$ 170,321	\$ 170,343	\$ 152,882	\$ 140,064	\$ 112,956	\$ 111,005
<u>(170,321)</u>	<u>(170,343)</u>	<u>(152,882)</u>	<u>(140,064)</u>	<u>(112,956)</u>	<u>(111,005)</u>
<u>\$ -</u>					
\$ 1,216,579	\$ 1,216,736	\$ 1,176,014	\$ 1,167,200	\$ 941,300	\$ 925,042
14.00%	14.00%	13.00%	12.00%	12.00%	12.00%
\$ 215,118	\$ 213,414	\$ 207,145	\$ 199,135	\$ 194,942	\$ 192,026
<u>(215,118)</u>	<u>(213,414)</u>	<u>(207,145)</u>	<u>(199,135)</u>	<u>(194,942)</u>	<u>(192,026)</u>
<u>\$ -</u>					
\$ 1,048,113	\$ 1,042,390	\$ 1,011,549	\$ 972,417	\$ 949,388	\$ 936,300
20.52%	20.47%	20.48%	20.48%	20.53%	20.51%

See accompanying notes to the required supplementary information.

City of Toronto
Jefferson County, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net OPEB Liability (Asset)
Last Seven Years (1)

	2023	2022	2021	2020
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
City's Proportion of the Net OPEB Liability (Asset)	0.009000%	0.009513%	0.008502%	0.008854%
City's Proportionate Share of the Net OPEB Liability (Asset)	\$ 56,747	\$ (297,962)	\$ (151,470)	\$ 1,222,967
City's Covered Payroll	\$ 1,411,579	\$ 1,376,907	\$ 1,184,100	\$ 1,216,579
City's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	4.02%	-21.64%	-12.79%	100.53%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	94.79%	128.23%	115.57%	47.80%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
City's Proportion of the Net OPEB Liability	0.041064%	0.040891%	0.043001%	0.042873%
City's Proportionate Share of the Net OPEB Liability	\$ 292,363	\$ 448,203	\$ 455,605	\$ 423,492
City's Covered Payroll	\$ 1,258,619	\$ 946,784	\$ 1,083,173	\$ 1,048,113
City's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	23.23%	47.34%	42.06%	40.41%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	52.59%	46.86%	45.42%	47.08%

(1) Although this schedule is intended to reflect information for ten years, information prior to 2017 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date, which is the prior fiscal year.

	2019	2018	2017
	0.009207%	0.009059%	0.009201%
\$	1,200,375	\$ 983,792	\$ 929,332
\$	1,216,736	\$ 1,176,014	\$ 1,167,200
	98.66%	83.65%	79.62%
	46.33%	54.14%	54.04%
	0.044877%	0.044838%	0.043790%
\$	408,674	\$ 2,540,453	\$ 2,078,613
\$	1,042,390	\$ 1,011,549	\$ 972,417
	39.21%	251.14%	213.76%
	46.57%	14.13%	15.96%

See accompanying notes to the required supplementary information.

City of Toronto
Jefferson County, Ohio
Required Supplementary Information
Schedule of the City's Contributions - OPEB
Last Ten Years

	2023	2022	2021	2020
<i>Ohio Public Employees' Retirement System (OPERS)</i>				
Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contributions in Relation to the Contractually Required Contribution	\$ -	\$ -	\$ -	\$ -
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll (1)	\$ 1,450,171	\$ 1,411,579	\$ 1,376,907	\$ 1,184,100
Contributions as a Percentage of Covered Payroll	0.00%	0.00%	0.00%	0.00%
<i>Ohio Police and Fire Pension Fund (OPF)</i>				
Contractually Required Contribution	\$ 6,188	\$ 6,293	\$ 4,734	\$ 5,416
Contributions in Relation to the Contractually Required Contribution	\$ (6,188)	\$ (6,293)	\$ (4,734)	\$ (5,416)
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's Covered Payroll	\$ 1,237,645	\$ 1,258,619	\$ 946,784	\$ 1,083,173
Contributions as a Percentage of Covered Payroll	0.50%	0.50%	0.50%	0.50%

(n/a) Beginning in 2016, OPERS used one trust fund as the funding vehicle for all health care plans; therefore, information prior to 2016 is not presented.

(1) The OPEB plan includes the members from the traditional plan, the combined plan and the member directed plan.

2019	2018	2017	2016	2015	2014
\$ -	\$ -	\$ 11,760	\$ 23,344	n/a	n/a
<u>\$ -</u>	<u>\$ -</u>	<u>(11,760)</u>	<u>(23,344)</u>	<u>n/a</u>	<u>n/a</u>
<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>n/a</u></u>	<u><u>n/a</u></u>
\$ 1,216,579	\$ 1,216,736	\$ 1,176,014	\$ 1,167,200	n/a	n/a
0.00%	0.00%	1.00%	2.00%	n/a	n/a
 \$ 5,241	 \$ 5,212	 \$ 5,058	 \$ 4,862	 \$ 4,747	 \$ 62,948
<u><u>(5,241)</u></u>	<u><u>(5,212)</u></u>	<u><u>(5,058)</u></u>	<u><u>(4,862)</u></u>	<u><u>(4,747)</u></u>	<u><u>(62,948)</u></u>
<u><u>\$ -</u></u>					
\$ 1,048,113	\$ 1,042,390	\$ 1,011,549	\$ 972,417	\$ 949,388	\$ 936,300
0.50%	0.50%	0.50%	0.50%	0.50%	6.70%

See accompanying notes to the required supplementary information.

City of Toronto
Jefferson County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 1 - NET PENSION LIABILITY

Changes in Assumptions – OPERS

Amounts reported beginning in 2022 incorporate changes in assumptions used by OPERS in calculating the total pension liability in the latest actuarial valuation. These new assumptions compared with those used in prior years are presented below:

	2022	2019	2018 and 2017	2016 and prior
Wage Inflation	2.75%	3.25%	2.75%	2.75%
Future Salary Increases, including wage inflation	2.75% to 10.75%	3.25% to 10.75%	3.25% to 10.75%	4.25% to 10.05%
COLA or Ad Hoc COLA:				
Pre-January 7, 2013 Retirees	3.00%, simple	3.00%, simple	3.00%, simple	3.00%, simple
Post-January 7, 2013 Retirees	see below	see below	see below	see below
Investment Rate of Return	6.90%	7.20%	7.50%	8.00%
Actuarial Cost Method	Individual Entry Age	Individual Entry Age	Individual Entry Age	Individual Entry Age

The assumptions related to COLA or Ad Hoc COLA for Post-January 7, 2013, retirees are as follows:

2022	3.00%, simple through 2022, then 2.05%, simple
2021	0.50%, simple through 2021, then 2.15%, simple
2020	1.40%, simple through 2020, then 2.15%, simple
2017 - 2019	3.00%, simple through 2018, then 2.15%, simple
2016 and prior	3.00%, simple through 2018, then 2.80%, simple 5.50% to 5.00%

Changes in Benefit Terms – OPERS

There were no significant changes in benefit terms.

Changes in Assumptions – OP&F

For 2022, the single discount rate changed from 8.00 percent to 7.50 percent.

For 2018, the single discount rate changed from 8.25 percent to 8.00 percent.

Changes in Benefit Terms – OP&F

There were no significant changes in benefit terms.

City of Toronto
Jefferson County, Ohio
Notes to the Required Supplementary Information
For the Year Ended December 31, 2023

NOTE 2 - NET OPEB LIABILITY (ASSET)

Changes in Assumptions - OPERS

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Wage Inflation	2.75%	2.75%	3.25%	3.25%	3.25%	3.25%
Discount Rate	5.22%	6.00%	6.00%	3.16%	3.96%	3.85%
Municipal Bond Rate	4.05%	1.84%	2.00%	2.75%	3.71%	3.31%
Health Care Cost Trend Rate	5.50%	5.50%	8.50%	10.50%	10.00%	7.50%

For calendar year 2019, the investment rate of return decreased from 6.50 percent to 6.00 percent.

Changes in Benefit Terms – OPERS

On January 15, 2020, the Board approved several changes to the health care plan offered to Medicare and non-Medicare retirees in efforts to decrease costs and increase the solvency of the health care plan. These changes are effective January 1, 2022, and include changes to base allowances and eligibility for Medicare retirees, as well as replacing OPERS-sponsored medical plans for non-Medicare retirees with monthly allowances, similar to the program for Medicare retirees. These changes are reflected in 2021.

Changes in Assumptions – OP&F

Amounts reported incorporate changes in key methods and assumptions used in calculating the total OPEB liability as presented as follows:

<u>Assumption</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Blended Discount Rate	4.27%	2.84%	2.96%	3.56%	4.66%	3.24%
Municipal Bond Rate	3.65%	2.05%	2.12%	2.75%	4.13%	3.16%

Changes in Benefit Terms – OP&F

Beginning January 1, 2019 OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

City of Toronto
Jefferson County
PO Box 189
Toronto, OH 43964

To the Members of the City Council:

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Toronto, Jeferson County, Ohio (the City) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 18, 2024, wherein we qualified our opinion on the capital assets reported within the governmental activities, the business type activities, and the Water, Sewer and Refuse funds.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purposes of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings as items 2023-001 and 2023-002 that we consider to be material weaknesses.

*City of Toronto
Jefferson County*
Independent Auditor's Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in
Accordance with *Government Auditing Standards*
Page 2

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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 or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain matters not requiring inclusion in this report that we reported to the City's management in a separate letter dated November 18, 2024.

City's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's responses to the findings identified in our audit and described in the accompanying Corrective Action Plan. The City's responses were not subjected to the other auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on the responses.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Charles E. Harris & Associates, Inc.
November 18, 2024

**CITY OF TORONTO
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

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

FINDING 2023-001 - Material Weakness

Capital Assets

Governmental Accounting Standards Board (GASB) Implementation Guide 34 (Q145) states that it is not appropriate to report capital assets that are still in active service as "fully depreciated" if the amounts involved are significant: assets still in use should not be reported as fully depreciated. Instead, management should periodically reevaluate asset lives. If an asset will outlive its expected life, management should increase the asset life. This should be treated as a change in accounting estimate. These changes require allocating the remaining undepreciated life over the new estimate of remaining life.

Ohio Administrative Code 117-2-02 (D) states that all local public officers may maintain accounting records in a manual or computerized format. The records used should be based on the nature of operations and services the public officer provides, and should consider the degree of automation and other factors. Such records should include capital asset records including such information as original cost, acquisition date, voucher number, the asset type (land, building, vehicle, etc.), asset depreciation, location, useful life, and tag number. Local governments preparing financial statements using generally accepted accounting principles will want to maintain additional data.

Ohio Administrative Code 117-2-02 (E) states that each public office should establish a capitalization threshold, so that, at a minimum, eighty percent of the local public office's non-infrastructure assets are identified, classified and recorded on the local public office's financial records. It is management's responsibility to implement internal accounting control policies and procedures to reasonably ensure the City's assets are safeguarded and recorded. Specifically, these control procedures should include the maintenance of adequate documentation to support the accuracy and completeness of capital asset records. The City's capital assets are reported on the financial statements at \$26,141,049 as of December 31, 2023.

A review of the City's capital assets identified the following:

- The City's GAAP converter has created and maintains a listing of capital assets of the City which is used in the accompanying financial statements;
- The City has not adopted a formal policy regarding capital assets;
- Several assets on the capital asset listing used to support the accompanying financial statements are fully depreciated, some of which do not appear to be in use by the City;
- Assets are included in the detailed listing which have a value less than the City's capital asset threshold;
- Salvage values were not established and included in the report; and
- Estimated useful lives for vehicles are up to 40 years;

**CITY OF TORONTO
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023**

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

FINDING 2023-001 - Material Weakness (Continued)

Capital Assets (Continued)

During a prior year, the City hired Industrial Appraisers to perform a valuation of the City's capital assets. This report was not provided to the GAAP converter, therefore; the valuation provided to the City by Industrial Appraisers was not included in the accompanying financial statements and we could not determine if the amounts were accurate and fairly stated. A review of the report provided by Industrial Appraisers identified the following:

- A threshold of \$1,000 was used, however, the City maintains a threshold of \$5,000;
- Salvage values were not established and included in the report;
- No evidence was provided showing the City updated the listing with Industrial Appraisers for additions and deletions subsequent to the date of the evaluation; and
- Water and sewer lines were not included, thus, the report was not complete.

The items identified above are the result of the City not having a capital asset policy and complying with the requirements listed in paragraphs 18-26 of GASB Statement 34. Failure to implement the items listed above will result in a continued modified opinion and could result in adjustments to the financial statements.

The City should conduct a complete physical inventory of its capital assets and provide updates to Industrial Appraisers for updating at least annually. The City should review the capital asset valuation report from Industrial Appraisals and ensure it is accurate and complete and then provide to the GAAP converter for inclusion in the annual financial statement report. The City should create and approve a comprehensive written policy governing the identification, disposition, and depreciation of general infrastructure required to be reported under paragraphs 18-26 of Governmental Accounting Standards Board (GASB) Statement No. 34. The policy should also include application and monitoring controls over the purchase, sale, and movement of capital assets within the City and periodic inventory requirements. This policy may then provide a consistent approach needed by management to exercise proper control over the acquisition, disposal, and maintenance of the City's property, plant, and equipment. If an asset will outlive its expected life, management should increase the asset life and allocate any remaining undepreciated life of similar assets over the new estimated life.

Management's Response – See Corrective Action Plan.

Finding 2023-002 Material Weakness

Pool Receipt Support

The City should design and operate a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for its public offices in certain categories. Furthermore, the City should maintain an accounting system and accounting records sufficient to ensure the accountability over entity assets. In addition, the City should have internal controls sufficient to assure that recorded transactions have occurred and are not inaccurate.

The City was unable to provide sufficient appropriate audit evidence supporting amounts recorded for Charges for Services for the City's swimming pool. The City collected revenue for daily admissions to the pool, however, there was no adequate source documentation with numerical control maintained by the managers at the pool. Also, the individual concession tickets segregated by dates did not equal the concession amounts deposited by pool's management.

CITY OF TORONTO
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2023

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)**

Finding 2023-002 Material Weakness (Continued)

Pool Receipt Support (Continued)

As a result, completeness and valuation over swimming pool receipts reported could not be reasonably assured.

The City should implement a process to monitor admissions collected for the City's swimming pool. The City should establish a method of reconciling the daily concession receipts to the amounts deposited at the bank.

Management's Response – See Corrective Action Plan.

CITY OF TORONTO
JEFFERSON COUNTY

**SUMMARY SCHEDULE OF PRIOR FINDINGS –
PREPARED BY MANGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023**

Finding Number	Finding Summary	Status	Additional Information
2022-001	Material Weakness - Capital Assets	Not Corrected	N/A

**CITY OF TORONTO
JEFFERSON COUNTY**

**CORRECTIVE ACTION PLAN - PREPARED BY MANAGEMENT
FOR THE YEAR ENDED DECEMBER 31, 2023**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2023-001	We, the City of Toronto, are working with Industrial Appraisers to have the valuation completed for the audit on Fiscal Year 2024 so that a complete list of physical inventories will be made. This will provide a true picture of our capital assets at that moment in time. We look to have this completed for fiscal year ending 2024.	Immediately	Kayla Whitlatch – City Auditor
2023-002	The City of Toronto purchased a cash register for the pool and have instructed the managers at the pool to keep all pool related financial documents.	Immediately	Kayla Whitlatch – City Auditor

OHIO AUDITOR OF STATE KEITH FABER



CITY OF TORONTO

JEFFERSON COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 2/20/2025

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov