



C E R T I F I E D ♦ P U B L I C ♦ A C C O U N T A N T S

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James R. Bowman, CPA • jim@bowmanandmillerpc.com
Elizabeth A. Miller, CPA • beth@bowmanandmillerpc.com

January 15, 2010

Mr. David Vaudt, CPA
Auditor of State
State Capitol
Des Moines, Iowa 50319

Dear Mr. Vaudt:

We submit herewith an audit report of the examination of the City of Toledo, Iowa, as provided in Chapter 11 of the Code of Iowa and Government Auditing Standards, issued by the Comptroller General of the United States.

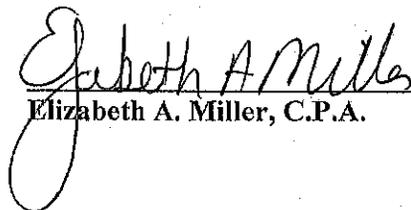
This audit on the basic financial statements and required supplementary information including Management's Discussion and Analysis is for the fiscal year July 1, 2008 through June 30, 2009. The work papers are on file at our office.

Also, please be advised that notifications required by Chapter 11 of the Code of Iowa have been made.

None of the City's records were taken out of the City.

Sincerely,

Bowman and Miller, P.C.


Elizabeth A. Miller, C.P.A.

Encl.

NEWS RELEASE

FOR RELEASE _____

Bowman and Miller, P.C. today released an audit report on the City of Toledo, Iowa.

The City's receipts totaled \$2,834,795 for the year ended June 30, 2009, an 11.3 percent decrease from 2008. The receipts included \$1,019,718 in property tax, \$58,110 from tax increment financing collections, \$1,055,592 from charges for service, \$311,676 from operating grants, contributions and restricted interest, \$95,868 from capital grants, contributions and restricted interest, \$155,591 from local option sales tax, \$125,921 from other city taxes, \$2,080 from unrestricted investment earnings, and \$10,239 from other general receipts.

Disbursements for the year totaled \$2,417,963, a 16.7 percent decrease from the prior year, and included \$555,569 for public safety, \$422,854 for debt service, and \$276,533 for culture and recreation. Also disbursements for business type activities totaled \$559,151.

The significant decrease in receipts and disbursements is due primarily to the completion of the Deer Creek Bridge and Day Care Center.

A copy of the audit report is available for review in the City Clerk's office, in the Office of Auditor of State, and on the Auditor of State's web site at <http://auditor.iow.gov/reports/reports.htm>.



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January 15, 2010

CITY OF TOLEDO
TOLEDO, IA 52342

For professional services as follows:

- . Annual examination of Government Wide Financial Statement, Governmental Fund Financial Statement, Proprietary Fund Financial Statement, and Required Supplementary Information including Management's Discussion and Analysis
- . Preparation of letter of compliance on internal control
- . Preparation of Auditor's Report and Auditor's Opinion on the basic financial statements.

	<u>Hours</u>	<u>Rate</u>	<u>Amount</u>
Senior Accountant and review	44	\$ 130.00	\$ 5,720.00
Staff Accountants	130.50	60.00	7,830.00
Office Staff, Clerical	30	40.00	<u>1,200.00</u>
Total Services			<u>14,750.00</u>

CITY OF TOLEDO

Independent Auditors' Reports
Basic Financial Statements and Supplementary Information
Schedule of Findings
June 30, 2009

CITY OF TOLEDO

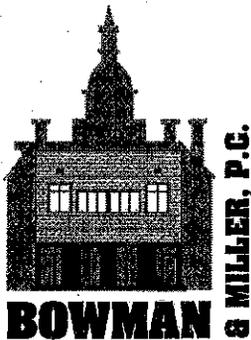
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CITY OF TOLEDO

Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Pam Wood	Mayor	December 31, 2009
Daniel Ferris	Mayor Pro-Tem	December 31, 2011
Pete Zmolek	Council Member	December 31, 2009
Elmer (Skip) Wilson	Council Member	December 31, 2009
Kyle Chaska	Council Member	December 31, 2009
Duane Pansegrau	Council Member	December 31, 2011
Carolyn Brownfield	Clerk/Treasurer	Indefinite
Nancy Burk	Attorney	Indefinite



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Independent Auditors' Report

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Toledo, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents. These financial statements are the responsibility of the City of Toledo's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described in Note 1, these financial statements were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Toledo as of June 30, 2009, and the respective changes in cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated January 15, 2010 on our consideration of the City of Toledo'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 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 internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and Budgetary Comparison Information on pages 4 through 9 and 23 through 25 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Toledo's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2008 (which are not presented herein) and expressed unqualified opinions on those financial statements which were prepared in conformity with an other comprehensive basis of accounting. The financial statements for the three years ended June 30, 2005 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 5 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Bowman and Miller, P.C.

Marshalltown, Iowa
January 15, 2010

MANAGEMENT'S DISCUSSION AND ANALYSIS

The City of Toledo provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the City's financial statements which follow.

2009 FINANCIAL HIGHLIGHTS

- Receipts of the City's governmental activities decreased 11.2%, or \$254,620 from fiscal 2008 to fiscal 2009. Property tax increased \$118,360, proceeds from debt issuance decreased \$350,000 and operating grants, contributions and restricted interest increased \$10,933.
- Disbursements of the City's governmental activities decreased 17.4% or \$391,555 in fiscal 2009 from fiscal 2008. Public works decreased by \$430,233 and debt service increased by \$59,204.
- The City's total cash basis net assets increased 29.5% or \$416,832 from June 30, 2008 to June 30, 2009. Of this amount, the assets of the governmental activities increased \$157,901 and the assets of the business type activities increased by \$258,931.

USING THIS ANNUAL REPORT

The annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the City's financial activities.

The Government-wide Financial Statement consists of a Statement of Activities and Net Assets. This statement provides information about the activities of the City as a whole and presents an overall view of the City's finances.

The Fund Financial Statements tell how governmental services were financed in the short term as well as what remains for future spending. Fund financial statements report the City's operations in more detail than the government-wide statement by providing information about the most significant funds.

Notes to Financial Statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required Supplementary Information further explains and supports the financial statements with a comparison of the City's budget for the year.

Other Supplementary Information provides detailed information about the nonmajor governmental funds and the City's indebtedness.

BASIS OF ACCOUNTING

The City maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles. Therefore, when reviewing the financial information and discussion

within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

REPORTING THE CITY'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

One of the most important questions asked about the City's finances is, "Is the City as a whole better off or worse off as a result of the year's activities?" The Statement of Activities and Net Assets reports information which helps answer this question.

The Statement of Activities and Net Assets presents the City's net assets. Over time, increases or decreases in the City's net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities and Net Assets is divided into two kinds of activities:

- **Governmental Activities** include public safety, public works, culture and recreation, community and economic development, general government, debt service and capital projects. Property tax and state and federal grants finance most of these activities.
- **Business Type Activities** include the waterworks, sanitary sewer system, solid waste, community center and child care facility. These activities are financed primarily by user charges.

Fund Financial Statements

The City has two kinds of funds:

- 1.) **Governmental funds** account for most of the City's basic services. These focus on how money flows into and out of those funds, and the balances at year-end that are available for spending. The governmental funds include: 1) the General Fund, 2) the Special Revenue Funds, such as Road Use Tax, Employee Benefits, Tax Increment Financing and Ambulance Equipment, 3) the Debt Service Fund, and 4) the Capital Projects Funds. The governmental fund financial statements provide a detailed, short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs.

The required financial statement for governmental funds is a statement of cash receipts, disbursements and changes in cash balances.

- 2.) **Proprietary funds** account for the City's Enterprise Funds. Enterprise Funds are used to report business type activities. The proprietary fund financial statements provide separate information for the water utility, sewer utility and child care facility; which are considered to be major funds of the City. Data from the other four enterprise funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major enterprise funds is provided in the form of combining statements elsewhere in this report.

The required financial statement for proprietary funds is a statement of cash receipts, disbursements and changes in cash balances.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net assets may serve over time as a useful indicator of financial position. The City's cash balance for governmental activities increased from \$567,723 to \$725,624. The analysis that follows focuses on the changes in cash basis net assets for governmental activities.

Changes in Cash Basis Net Assets of Governmental Activities		
	Year Ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service	\$ 299,815	311,046
Operating grants, contributions and restricted interest	297,251	286,318
Capital grants, contributions and restricted interest	56,455	65,816
General receipts:		
Property tax	1,077,828	959,468
Other city tax	125,921	124,768
Local option sales tax	155,591	152,991
Unrestricted interest on investments	2,080	4,925
Loan proceeds	-	350,000
Miscellaneous	10,239	24,468
Total receipts	<u>2,025,180</u>	<u>2,279,800</u>
Disbursements:		
Public safety	555,569	582,666
Public works	243,301	673,534
Culture and recreation	276,533	261,814
Community and economic development	18,607	18,607
General government	256,755	250,725
Debt service	422,854	363,650
Capital projects	85,193	99,371
Total disbursements	<u>1,858,812</u>	<u>2,250,367</u>
Change in cash basis net assets before transfers	166,368	29,433
Transfers, net	<u>(8,467)</u>	<u>(21,565)</u>
Change in cash basis net assets	157,901	7,868
Cash basis net assets beginning of year	<u>567,723</u>	<u>559,855</u>
Cash basis net assets end of year	<u>\$ 725,624</u>	<u>567,723</u>

The City's total receipts for governmental activities decreased by 11.2% or \$254,620. The total cost of all programs and services decreased by \$391,555, or 17.4%, with no new programs added this year. The significant decrease in receipts was primarily due to a decrease in debt proceeds in the amount of \$350,000 and increase in property taxes collected in the amount of \$118,360 from 2008 to 2009.

The cost of all governmental activities this year was \$1,858,812 compared to \$2,250,367 last year. However, as shown on the Statement of Activities and Net Assets on pages 10-11, the amount taxpayers ultimately financed for these activities was only \$1,205,291 because some of the cost was paid by those who directly benefited from the programs (\$299,815) or by other governments and organizations that subsidized certain programs with grants, contributions, and restricted interest (\$353,706). Overall, the City's governmental activities receipts, including intergovernmental aid and fees for service, remained virtually unchanged from the prior year. The City paid the remaining "public benefit" portion of governmental activities with \$1,205,291 in tax (some of which could only be used for certain programs) and with other receipts, such as interest and general entitlements.

Changes in Cash Basis Net Assets of Business Type Activities		
	Year Ended June 30,	
	2009	2008
Receipts:		
Program receipts:		
Charges for service		
Water	\$ 289,967	276,707
Sewer	266,843	248,863
Solid waste	18,316	16,886
Reinig estate	52,504	78,845
Child care facility	128,147	27,626
Operating grants, contributions and restricted interest	14,425	17,777
Capital grants, contributions and restricted interest	39,413	249,775
Total receipts	<u>809,615</u>	<u>916,479</u>
Disbursements:		
Water	206,949	198,052
Sewer	145,934	329,058
Solid waste	18,110	18,870
Reinig estate	60,971	85,493
Child care facility	127,187	20,625
Total disbursements	<u>559,151</u>	<u>652,098</u>
Change in cash basis net assets before transfers	250,464	264,381
Transfers, net	8,467	21,565
Change in cash basis net assets	258,931	285,946
Cash basis net assets beginning of year	845,244	559,298
Cash basis net assets end of year	<u>\$ 1,104,175</u>	<u>845,244</u>

Total business type activities receipts for the fiscal year were \$809,615 compared to \$916,479 last year. The decrease was primarily due to the new sewer treatment facility engineering fees. The child care facility receipts increased by \$100,521 due to additional dollars being received from the daycare facility to pay down outstanding bonds. Total disbursements for the fiscal year decreased by 14.3% to \$559,151.

INDIVIDUAL MAJOR GOVERNMENTAL FUND ANALYSIS

As the City of Toledo completed the year, its governmental funds reported a combined fund balance of \$725,624, an increase of \$157,901 from last year's total of \$567,723. The following are the major reasons for the changes in fund balance of the major funds from the prior year.

- The General Fund cash balance decreased by \$55,216. This is due mainly to a decrease in dollars transferred in.
- The Employee Benefits Fund cash balance for 2009 was \$289,692, an increase of \$112,366 from 2008. The reason for the increase is due to receiving more in property taxes than was received in the prior year.
- The Road Use Tax Fund cash balance increased by \$17,181 to \$98,546 during the fiscal year. The fund's cash balance increased due to fewer street repairs being made in the current year.
- The Ambulance Fund increased by \$105,589 to \$175,678. This is due mainly to fewer dollars being transferred out in the current year.
- The Urban Renewal Tax Increment cash balance was zero at the end of 2009. This is primarily due to funds being transferred to various funds to pay for tax increment financing.
- The Debt Service Fund cash balance remained virtually unchanged from the prior year.

INDIVIDUAL MAJOR BUSINESS TYPE FUND ANALYSIS

- The Water Utility Fund cash balance increased by \$80,308 to \$470,298. The increase was primarily due to a rate increase that goes into effect January of each year.
- The Sewer Utility Fund cash balance increased by \$127,449 to \$463,146, primarily due to a rate increase that goes into effect January of each year.
- The Child Care Facility Fund cash balance remained virtually unchanged from the prior year.

BUDGETARY HIGHLIGHTS

Over the course of the year, the City amended its budget once. The amendment was approved on May 26, 2009 and included an increase of \$145,229 to expenditures and \$76,168 to revenues. The increases were due to completing the Deer Creek Bridge project and the Recreation Trail project for the fiscal year. Even with the budget amendment, disbursements exceeded the amounts budgeted in the debt service function.

DEBT ADMINISTRATION

At June 30, 2009, the City had \$2,562,804 in bonds and other long-term debt outstanding, compared to \$3,021,318 last year as shown below.

Outstanding Debt at Year-End		
	June 30,	
	2009	2008
General obligation bonds	\$ 1,185,000	1,240,000
General obligation notes	683,678	928,510
Revenue bonds	273,096	292,808
Revenue notes	391,030	500,000
Contracts	30,000	60,000
Total	<u>\$ 2,562,804</u>	<u>3,021,318</u>

The Constitution of the State of Iowa limits the amount of general obligation debt that cities can issue to 5% of the assessed value of all taxable property within the City's corporate limits. The city's outstanding general obligation debt of \$1,898,678 is below its constitutional debt limit of \$ 4,664,272.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City of Toledo's elected and appointed officials and citizens considered many factors when setting the fiscal year 2010 budget, tax rates, and fees that will be charged for various City activities.

During the fiscal year 2009-2010 budget year, the City will begin construction on a new \$4.8 million water treatment facility. This project will be funded by a combination of sewer revenue bonds and general obligation bonds. The city also plans to construct a new public works facility during fiscal year 2009-2010 to be funded through I-Job's and a Community Development Block Grant.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, 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 questions about this report or need additional financial information, contact Carolyn Brownfield, City Clerk, at PO Box 234, Toledo, Iowa 52342

Basic Financial Statements

CITY OF TOLEDO

Statement of Activities and Net Assets-Cash Basis

As of and for the year ended June 30, 2009

Functions/Programs:	Disbursements	Program Receipts		
		Charges for Service	Operating Grants, Contributions and Restricted Interest	Capital Grants, Contributions and Restricted Interest
Governmental activities:				
Public safety	\$ 555,569	269,545	35,567	-
Public works	243,301	-	215,936	5,431
Culture and recreation	276,533	3,954	14,350	8,344
Community and economic development	18,607	-	-	-
General government	256,755	26,316	7,849	-
Debt service	422,854	-	957	-
Capital projects	85,193	-	22,592	42,680
Total governmental activities	1,858,812	299,815	297,251	56,455
Business type activities:				
Water	206,949	289,967	8,075	-
Sewer	145,934	266,843	6,142	39,413
Solid waste	18,110	18,316	74	-
Reinig estate	60,971	52,504	-	-
Child Care Facility	127,187	128,147	134	-
Total business type activities	559,151	755,777	14,425	39,413
Total	\$ 2,417,963	1,055,592	311,676	95,868
General Receipts:				
Property tax levied for:				
General purposes				
Employee benefits				
Tax increment financing				
Debt service				
Other city tax				
Local option sales tax				
Unrestricted interest on investments				
Miscellaneous				
Transfers				
Total general receipts and transfers				
Change in cash basis net assets				
Cash basis net assets beginning of year				
Cash basis net assets end of year				
Cash Basis Net Assets				
Restricted:				
Streets				
Debt service				
Unrestricted				
Total cash basis net assets				

Net (Disbursements) Receipts
and Changes in Cash Basis Net Assets

Governmental Activities	Business Type Activities	Total
(250,457)	-	(250,457)
(21,934)	-	(21,934)
(249,885)	-	(249,885)
(18,607)	-	(18,607)
(222,590)	-	(222,590)
(421,897)	-	(421,897)
(19,921)	-	(19,921)
<u>(1,205,291)</u>	<u>-</u>	<u>(1,205,291)</u>
-	91,093	91,093
-	166,464	166,464
-	280	280
-	(8,467)	(8,467)
-	1,094	1,094
<u>-</u>	<u>250,464</u>	<u>250,464</u>
<u>(1,205,291)</u>	<u>250,464</u>	<u>(954,827)</u>
487,296	-	487,296
308,737	-	308,737
58,110	-	58,110
223,685	-	223,685
125,921	-	125,921
155,591	-	155,591
2,080	-	2,080
10,239	-	10,239
(8,467)	8,467	-
<u>1,363,192</u>	<u>8,467</u>	<u>1,371,659</u>
157,901	258,931	416,832
567,723	845,244	1,412,967
<u>\$ 725,624</u>	<u>1,104,175</u>	<u>1,829,799</u>
\$ 98,546	-	98,546
-	158,967	158,967
627,078	945,208	1,572,286
<u>\$ 725,624</u>	<u>1,104,175</u>	<u>1,829,799</u>

CITY OF TOLEDO
Statement of Cash Receipts, Disbursements and
Changes in Cash Balances
Governmental Funds
As of and for the year ended June 30, 2009

	Special Revenue				
	General	Road Use Tax	Employee Benefits	Urban Renewal Tax Increment	Ambulance Equipment
Receipts:					
Property tax	\$ 487,296	-	308,737	-	-
Tax increment financing	-	-	-	58,110	-
Other city tax	101,503	-	14,111	-	-
Licenses and permits	6,780	-	-	-	-
Use of money and property	10,870	-	1,797	289	1,900
Intergovernmental	34,955	210,660	-	-	-
Charges for service	62,374	-	-	-	206,283
Special assessments	-	-	-	-	-
Miscellaneous	18,249	-	4,874	-	-
Total receipts	<u>722,027</u>	<u>210,660</u>	<u>329,519</u>	<u>58,399</u>	<u>208,183</u>
Disbursements:					
Operating:					
Public safety	449,799	-	105,770	-	-
Public works	-	193,479	49,822	-	-
Culture and recreation	220,986	-	41,686	-	-
Community and economic development	18,607	-	-	-	-
General government	236,572	-	19,875	-	-
Debt service	30,000	-	-	-	-
Capital projects	-	-	-	-	-
Total disbursements	<u>955,964</u>	<u>193,479</u>	<u>217,153</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over (under) disbursements	<u>(233,937)</u>	<u>17,181</u>	<u>112,366</u>	<u>58,399</u>	<u>208,183</u>
Other financing sources (uses):					
Sale of capital assets	-	-	-	-	-
Operating transfers in	180,165	-	-	-	-
Operating transfers out	(1,444)	-	-	(130,629)	(102,594)
Total other financing sources (uses)	<u>178,721</u>	<u>-</u>	<u>-</u>	<u>(130,629)</u>	<u>(102,594)</u>
Net change in cash balances	(55,216)	17,181	112,366	(72,230)	105,589
Cash balances beginning of year	88,859	81,365	177,326	72,230	70,089
Cash balances end of year	<u>\$ 33,643</u>	<u>98,546</u>	<u>289,692</u>	<u>-</u>	<u>175,678</u>
Cash Basis Fund Balances					
Unreserved:					
General fund	\$ 33,643	-	-	-	-
Special revenue funds	-	98,546	289,692	-	175,678
Capital projects fund	-	-	-	-	-
Total cash basis fund balances	<u>\$ 33,643</u>	<u>98,546</u>	<u>289,692</u>	<u>-</u>	<u>175,678</u>

Debt Service	Other Nonmajor Governmental Funds	Total
223,685	-	1,019,718
-	-	58,110
10,307	155,591	281,512
-	-	6,780
957	2,716	18,529
-	78,050	323,665
-	7,146	275,803
-	5,431	5,431
-	2,765	25,888
<u>234,949</u>	<u>251,699</u>	<u>2,015,436</u>

-	-	555,569
-	-	243,301
-	13,861	276,533
-	-	18,607
-	308	256,755
392,854	-	422,854
-	85,193	85,193
<u>392,854</u>	<u>99,362</u>	<u>1,858,812</u>

<u>(157,905)</u>	<u>152,337</u>	<u>156,624</u>
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-	9,744	9,744
156,408	7,084	343,657
-	(117,457)	(352,124)
<u>156,408</u>	<u>(100,629)</u>	<u>1,277</u>

(1,497)	51,708	157,901
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<u>1,497</u>	<u>76,357</u>	<u>567,723</u>
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-	128,065	725,624
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-	-	33,643
-	95,738	659,654
-	32,327	32,327
<u>-</u>	<u>128,065</u>	<u>725,624</u>

CITY OF TOLEDO
Statement of Cash Receipts, Disbursements
and Changes in Cash Balances
Proprietary Funds
As of and for the year ended June 30, 2009

	Enterprise Funds		
	Water Utility	Sewer Utility	Child Care Facility
Operating receipts:			
Charges for services	\$ 283,853	260,486	-
Miscellaneous	6,114	6,357	128,147
Total operating receipts	<u>289,967</u>	<u>266,843</u>	<u>128,147</u>
Operating disbursements:			
Business type activities	<u>172,098</u>	<u>144,991</u>	<u>-</u>
Excess (deficiency) of operating receipts over (under) operating disbursements	<u>117,869</u>	<u>121,852</u>	<u>128,147</u>
Non-operating receipts (disbursements):			
Interest on investments	6,777	5,597	134
Intergovernmental	-	-	-
Rent	-	-	-
Debt service	-	-	(127,187)
Total non-operating receipts (disbursements)	<u>6,777</u>	<u>5,597</u>	<u>(127,053)</u>
Excess (deficiency) of receipts over (under) disbursements	124,646	127,449	1,094
Other financing sources (uses):			
Operating transfers in	-	-	-
Operating transfers out	(44,338)	-	-
Total other financing sources (uses)	<u>(44,338)</u>	<u>-</u>	<u>-</u>
Net change in cash balances	80,308	127,449	1,094
Cash balances beginning of year	<u>390,620</u>	<u>335,697</u>	<u>8,405</u>
Cash balances end of year	<u>\$ 470,928</u>	<u>463,146</u>	<u>9,499</u>
Cash Basis Fund Balances			
Reserved for debt service	\$ -	-	-
Unreserved	<u>470,928</u>	<u>463,146</u>	<u>9,499</u>
Total cash basis fund balances	<u>\$ 470,928</u>	<u>463,146</u>	<u>9,499</u>

Nonmajor	Total
52,365	596,704
9,155	149,773
61,520	746,477
80,024	397,113
(18,504)	349,364
1,917	14,425
39,413	39,413
9,300	9,300
(34,851)	(162,038)
15,779	(98,900)
(2,725)	250,464
52,805	52,805
-	(44,338)
52,805	8,467
50,080	258,931
110,522	845,244
160,602	1,104,175
158,967	158,967
1,635	945,208
160,602	1,104,175

CITY OF TOLEDO
Notes to Financial Statements
June 30, 2009

Note 1 – Summary of Significant Accounting Policies

The City of Toledo is a political subdivision of the State of Iowa located in Tama County. It operates under the Home Rule provisions of the Constitution of Iowa. The City operates under the Mayor-Council form of government with the Mayor and Council Members elected on a non-partisan basis. The City provides numerous services to citizens including public safety, public works, culture and recreation, community and economic development, and general government services. The City also provides water and sewer utilities for its citizens.

A. Reporting Entity

For financial reporting purposes, the City of Toledo has included all funds, organizations, agencies, boards, commissions and authorities. The City has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the City's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the City to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the City. The City has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations

The City participates in several jointly governed organizations that provide goods or services to the citizenry of the City, but do not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. City officials are members of the following boards and commissions: Tama County Assessor's Conference Board, Tama County Emergency Management Commission, Tama County Joint E-911 Service Board, Tama County Solid Waste Disposal Commission, Region Six Planning Commission and Tama County Economic Development Board.

B. Basis of Presentation

Government-wide Financial Statement – The Statement of Activities and Net Assets reports information on all of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from this statement. Governmental activities, which are supported by tax and intergovernmental revenues, are reported separately from business type activities, which rely to a significant extent on fees and charges for service.

The Statement of Activities and Net Assets presents the City's nonfiduciary net assets. Net assets are reported in two categories:

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CITY OF TOLEDO
Notes to Financial Statements (Continued)
June 30, 2009

Note 1 -- Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

Unrestricted net assets consist of net assets not meeting the definition of the preceding category. Unrestricted net assets often have constraints on resources imposed by management, which can be removed or modified.

The Statement of Activities and Net Assets demonstrates the degree to which the direct disbursements of a given function are offset by program receipts. Direct disbursements are those clearly identifiable with a specific function. Program receipts include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants, contributions and interest on investments restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program receipts are reported instead as general receipts.

Fund Financial Statements -- Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental and nonmajor enterprise funds.

The City reports the following major governmental funds:

The General Fund is the general operating fund of the City. All general tax receipts and other receipts not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating disbursements, the fixed charges and the capital improvement costs not paid from other funds.

Special Revenue Funds:

The Road Use Tax Fund is used to account for road construction and maintenance.

The Employee Benefits Fund is used to account for benefits paid to employees.

The Urban Renewal Tax Increment Fund is used to account for urban renewal projects financed by tax increment financing.

The Ambulance Equipment Fund is used to purchase equipment for the ambulance service provided to citizens.

The Debt Service Fund is utilized to account for the payment of interest and principal on the City's general long-term debt.

The City reports the following major proprietary funds:

The Water Utility Fund accounts for the operation and maintenance of the City's water system.

CITY OF TOLEDO
Notes to Financial Statements (Continued)
June 30, 2009

Note 1 – Summary of Significant Accounting Policies (Continued)

B. Basis of Presentation (Continued)

The Sewer Utility Fund accounts for the operation and maintenance of the City's waste water treatment and sanitary sewer system.

The Child Care Facility Fund accounts for the collection of fees from the daycare to fund repayment of the building loan.

C. Measurement Focus and Basis of Accounting

The City of Toledo maintains its financial records on the basis of cash receipts and disbursements and the financial statements of the City are prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statements do not present financial position and results of operations of the funds in accordance with U.S. generally accepted accounting principles.

Under the terms of grant agreements, the City funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general receipts. Thus, when program disbursements are paid, there are both restricted and unrestricted cash basis net assets available to finance the program. It is the City's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants and then by general receipts.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

D. Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the debt service function.

Note 2 – Cash and Pooled Investments

The City's deposits in banks at June 30, 2009 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The City is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the City Council; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

CITY OF TOLEDO
Notes to Financial Statements (Continued)
June 30, 2009

Note 2 – Cash and Pooled Investments (Continued)

The City has one certificate of deposit held by a local bank.

Interest rate risk – The City's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the City.

Note 3 – Pension and Retirement Benefits

The City contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, PO Box 9117, Des Moines, Iowa, 50306-9117.

Most regular plan members are required to contribute 4.10% of their annual covered salary and the City is required to contribute 6.35% of covered salary. Certain employees in special risk occupations and the City contribute an actuarially determined contribution rate. Contribution requirements are established by State statute. The City's contribution to IPERS for the years ended June 30, 2009, 2008 and 2007 were \$37,247, \$34,939, and \$33,731, respectively, equal to the required contributions for each year.

Note 4 – Compensated Absences

City employees accumulate vacation hours based on the length of employment. Sick leave is not a vested benefit. It is payable when used and may be accumulated to a maximum of 90 days. Vacation is payable when used and is cumulative only in isolated cases specifically approved by the City Council. These accumulations are not recognized as disbursements by the city until used or paid. The City was liable for \$6,089 in accumulated vacation time. This liability has been computed based on the rate of pay as of June 30, 2009.

Note 5 – Risk Management

The City of Toledo is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The City assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

CITY OF TOLEDO
Notes to Financial Statements (Continued)
June 30, 2009

Note 6 – Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2009 is as follows:

<u>Transfer To</u>	<u>Transfer From</u>	<u>Amount</u>
General	Special Revenue:	
	Ambulance Equipment	\$ 102,594
	Urban Renewal Tax Increment	<u>77,571</u>
		<u>180,165</u>
Special Revenue:		
Library Gift Trust	General	<u>1,444</u>
Debt Service	Special Revenue:	
	Urban Renewal Tax Increment	38,951
	Local Option Sales Tax	109,780
	Special Assessments	<u>7,677</u>
		<u>156,408</u>
Capital Projects:	Special Revenue:	
Reinig estate	Urban Renewal Tax Increment	8,467
Deer Creek Bridge	Urban Renewal Tax Increment	<u>5,640</u>
		<u>14,107</u>
Enterprise:	Enterprise:	
Water Sinking	Water Utility	<u>44,338</u>
Total		<u>\$ 396,462</u>

Transfers generally move resources from the fund statutorily required to collect the resources to the fund statutorily required to disburse the resources.

Note 7 -- Lease

On March 27, 2006 the City entered into a lease with the Tama County Day Care Center (Day Care Center) whereas the City would lease the building at 403 W. Commercial Street. The term of the lease began in April 2007. The lease expires June 30, 2010. The lease with the Day Care Center is being treated as an operating lease by the City.

The future minimum lease payments are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2010	<u>\$ 33,132</u>

CITY OF TOLEDO
Notes to Financial Statements (Continued)
June 30, 2009

Note 8 – Commitments

In August 2009, the City issued \$1,358,000 of general obligation sewer improvement bonds and \$2,513,000 of sewer revenue bonds and entered into a construction contract totaling \$4,792,000 to construct a new sewer treatment facility.

Note 9 – Bonds and Notes Payable

Annual debt service requirements to maturity for general obligation bonds and notes, water revenue bonds and notes, and contracts are as follows:

Year Ending June 30	General Obligation Bonds		General Obligation Notes		Contracts	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 55,000	52,590	135,439	27,180	30,000	-
2011	60,000	50,690	157,123	21,881	-	-
2012	65,000	48,500	171,116	15,638	-	-
2013	65,000	46,022	120,000	8,655	-	-
2014	370,000	43,447	100,000	4,025	-	-
2015-2019	465,000	171,725	-	2,050	-	-
2020-2024	105,000	74,423	-	-	-	-
2025-2029	-	-	-	-	-	-
2030-2034	-	-	-	-	-	-
2035-2039	-	-	-	-	-	-
2040-2044	-	-	-	-	-	-
2045-2046	-	-	-	-	-	-
Total	\$ 1,185,000	487,397	683,678	79,429	30,000	-

Year Ending June 30	Water Revenue Bonds		Child Care Center Revenue Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2010	\$ 21,561	13,711	4,841	16,039	246,841	109,520
2011	22,197	12,654	5,044	15,836	244,364	101,061
2012	23,307	11,544	5,256	15,624	264,679	91,306
2013	24,472	10,379	5,477	15,402	214,949	80,458
2014	25,696	9,155	5,708	15,172	501,404	71,799
2015-2019	149,085	25,170	32,345	72,053	646,430	270,998
2020-2024	6,778	416	39,741	64,660	151,519	139,499
2025-2029	-	-	48,827	55,573	48,827	55,573
2030-2034	-	-	59,990	44,410	59,990	44,410
2035-2039	-	-	73,704	30,696	73,704	30,696
2040-2044	-	-	90,556	13,846	90,556	13,846
2045-2046	-	-	19,541	422	19,541	422
Total	\$ 273,096	83,029	391,030	359,733	2,562,804	1,009,588

CITY OF TOLEDO
Notes to Financial Statements (Continued)
June 30, 2009

Note 9 – Bonds and Notes Payable (Continued)

The resolutions providing for the issuance of the revenue bonds and notes include the following provisions:

- a) The bonds and notes will only be redeemed from the future earnings of the enterprise activity and the bond and note holders hold a lien on the future earnings of the funds.
- b) Sufficient monthly transfers shall be made to separate Water and Child Care Center revenue sinking accounts within the Enterprise Funds for the purpose of making the principal and interest payments when due.
- c) Additional monthly transfers of \$218 to a Child Care Center reserve account within the Enterprise Fund shall be made until \$26,100 has been accumulated. This account is restricted for the purpose of transferring and crediting to the sinking account whenever necessary to prevent or remedy a default in the payment of the principal or interest on the notes.
- d) Additional monthly transfers of \$368 to a Child Care Center depreciation account within the Enterprise Fund shall be made. This account is restricted for the purpose of paying for any repairs, replacements and improvements to the Child Care Center.
- e) All funds remaining in the Child Care Center account after the payment of all maintenance and operating expenses and required transfers shall be placed in a surplus account within the Enterprise Funds. This account is restricted for the purpose of paying for any improvement, extension or repair to the building or for note and interest payments which the other accounts might be unable to make.

As of June 30, 2009, the City has established the depository accounts required by the bond resolution for the water revenue and daycare facility bonds.

Required Supplementary Information

CITY OF TOLEDO

Budgetary Comparison Schedule of Receipts, Disbursements, and Changes in Balances-Budget and Actual (Cash Basis)

All Governmental Funds and Proprietary Funds

Required Supplementary Information

June 30, 2009

	Governmental Funds Actual	Proprietary Funds Actual
Receipts:		
Property tax	\$ 1,019,718	-
Tax increment financing revenues	58,110	-
Other city taxes	281,512	-
Licenses and permits	6,780	-
Use of money and property	18,529	23,725
Intergovernmental	323,665	39,413
Charges for service	275,803	596,704
Special assessments	5,431	-
Miscellaneous	25,888	149,773
Total receipts	2,015,436	809,615
Disbursements:		
Public safety	555,569	-
Public works	243,301	-
Culture and recreation	276,533	-
Community and economic development	18,607	-
General government	256,755	-
Debt service	422,854	-
Capital projects	85,193	-
Business type activities	-	559,151
Total disbursements	1,858,812	559,151
Excess (deficiency) of receipts over (under) disbursements	156,624	250,464
Other financing sources (uses), net	1,277	8,467
Excess (deficiency) of receipts and other financing sources over (under) disbursements	157,901	258,931
Balances beginning of year	567,723	845,244
Balances end of year	\$ 725,624	1,104,175

Total	Budgeted Amounts		Final to Total Variance
	Original	Final	
1,019,718	995,533	995,533	24,185
58,110	146,257	146,257	(88,147)
281,512	356,723	356,723	(75,211)
6,780	4,285	4,285	2,495
42,254	19,403	19,403	22,851
363,078	281,231	281,231	81,847
872,507	828,587	828,587	43,920
5,431	-	5,431	-
175,661	121,178	145,291	30,370
<u>2,825,051</u>	<u>2,753,197</u>	<u>2,782,741</u>	<u>42,310</u>
555,569	593,661	639,816	84,247
243,301	325,153	332,653	89,352
276,533	396,252	396,252	119,719
18,607	176,864	176,864	158,257
256,755	378,913	384,207	127,452
422,854	252,327	252,327	(170,527)
85,193	-	86,280	1,087
559,151	598,987	598,987	39,836
<u>2,417,963</u>	<u>2,722,157</u>	<u>2,867,386</u>	<u>449,423</u>
407,088	31,040	(84,645)	491,733
9,744	-	46,624	(36,880)
416,832	31,040	(38,021)	454,853
<u>1,412,967</u>	<u>1,412,967</u>	<u>1,412,967</u>	<u>-</u>
<u>1,829,799</u>	<u>1,444,007</u>	<u>1,374,946</u>	<u>454,853</u>

CITY OF TOLEDO

Notes to Required Supplementary Information – Budgetary Reporting June 30, 2009

The budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon nine major classes of disbursements known as functions, not by fund. These nine functions are: public safety, public works, health and social services, culture and recreation, community and economic development, general government, debt service, capital projects and business type activities. Function disbursements required to be budgeted include disbursements for the General Fund, the Special Revenue Funds, the Debt Service Fund, the Capital Projects Fund, the Permanent Fund and the Enterprise Funds. Although the budget document presents function disbursements by fund, the legal level of control is at the aggregated function level, not by fund. During the year, a budget amendment increased budgeted disbursements by \$145,229. The budget amendment is reflected in the final budgeted amounts.

During the year ended June 30, 2009, disbursements exceeded the amounts budgeted in the debt service function.

Other Supplementary Information

CITY OF TOLEDO
Schedule of Cash Receipts, Disbursements and
Changes in Cash Balances
Nonmajor Governmental Funds
As of and for the year ended June 30, 2009

	Special Revenue			
	Local Option Sales Tax	Library Gift Trust	Fire Equipment	Special Assessments
Receipts:				
Other city tax	\$ 155,591	-	-	-
Use of money and property	1,617	149	412	77
Intergovernmental	-	4,633	-	-
Charges for services	3,052	-	4,094	-
Special assessments	-	-	-	5,431
Miscellaneous	-	2,765	-	-
Total receipts	160,260	7,547	4,506	5,508
Disbursements:				
Operating:				
Culture and recreation	8,861	5,000	-	-
General government	308	-	-	-
Capital projects	-	-	-	-
Total disbursements	9,169	5,000	-	-
Excess (deficiency) of receipts over (under) disbursements	151,091	2,547	4,506	5,508
Other financing sources (uses):				
Sale of capital assets	-	-	-	-
Operating transfers in	-	1,444	-	-
Operating transfers out	(109,780)	-	-	(7,677)
Total other financing sources (uses)	(109,780)	1,444	-	(7,677)
Net change in cash balances	41,311	3,991	4,506	(2,169)
Cash balances at beginning of year	11,696	8,416	25,818	2,169
Cash balances at end of year	\$ 53,007	12,407	30,324	-
Cash Basis Fund Balances				
Unreserved:				
Special revenue funds	\$ 53,007	12,407	30,324	-
Capital project funds	-	-	-	-
Total cash basis fund balances	\$ 53,007	12,407	30,324	-

Capital Projects				
Recreation Trail	Deer Creek Bridge	Housing Project	Storm Sewer Project	Total
-	-	-	-	155,591
-	-	199	262	2,716
8,344	42,680	22,393	-	78,050
-	-	-	-	7,146
-	-	-	-	5,431
-	-	-	-	2,765
8,344	42,680	22,592	262	251,699
-	-	-	-	13,861
-	-	-	-	308
59,548	24,331	1,314	-	85,193
59,548	24,331	1,314	-	99,362
(51,204)	18,349	21,278	262	152,337
-	-	9,744	-	9,744
-	5,640	-	-	7,084
-	-	-	-	(117,457)
-	5,640	9,744	-	(100,629)
(51,204)	23,989	31,022	262	51,708
-	-	11,756	16,502	76,357
(51,204)	23,989	42,778	16,764	128,065
-	-	-	-	95,738
(51,204)	23,989	42,778	16,764	32,327
(51,204)	23,989	42,778	16,764	128,065

CITY OF TOLEDO

Schedule 2

**Schedule of Cash Receipts, Disbursements
and Changes in Cash Balances
Nonmajor Enterprise Funds
As of and for the year ended June 30, 2009**

	Water Sinking Fund	Sewer Sinking Fund	Solid Waste	Reinig Center	Total
Operating receipts:					
Charges for services	\$ -	-	18,316	34,049	52,365
Miscellaneous	-	-	-	9,155	9,155
Total operating receipts	-	-	18,316	43,204	61,520
Operating disbursements:					
Business type activities	-	943	18,110	60,971	80,024
Excess (deficiency) of operating receipts over (under) operating disbursements	-	(943)	206	(17,767)	(18,504)
Non-operating receipts (disbursements):					
Interest on investments	1,298	545	74	-	1,917
Intergovernmental	-	39,413	-	-	39,413
Rent	-	-	-	9,300	9,300
Debt service	(34,851)	-	-	-	(34,851)
Total non-operating receipts (disbursements)	(33,553)	39,958	74	9,300	15,779
Other financing sources:					
Operating transfers in	44,338	-	-	8,467	52,805
Net change in cash balances	10,785	39,015	280	-	50,080
Cash balances beginning of year	74,952	34,215	1,355	-	110,522
Cash balances end of year	\$ 85,737	73,230	1,635	-	160,602
 Cash Basis Fund Balances					
Reserved for debt service	\$ 85,737	73,230	-	-	158,967
Unreserved	-	-	1,635	-	1,635
Total cash basis fund balances	\$ 85,737	73,230	1,635	-	160,602

CITY OF TOLEDO
Schedule of Indebtedness
Year ended June 30, 2009

Obligation	Date of Issue	Interest Rates	Amount Originally Issued
General obligation bonds:			
Aquatic center	Aug 1, 2004	2.25-5.05 %	1,005,000
Aquatic center	Aug 1, 2004	2.45-5.25	400,000
Total			<u>\$ 1,405,000</u>
General obligation notes:			
Street improvement	June 19, 2000	4.80-5.40 %	\$ 711,000
Fire truck	May 21, 2002	4.75	260,000
Library	Jan 26, 2005	2.05-4.10	400,000
Equipment	Oct 17, 2007	3.90	350,000
Total			<u>\$ 1,721,000</u>
Revenue bonds:			
Water	Feb 14, 1983	5.00 %	<u>\$ 587,800</u>
Revenue notes:			
Child care facility	Apr 30, 2007	4.125 %	<u>\$ 500,000</u>
Contracts:			
Real estate	Jan 3, 2005	0 %	<u>\$ 150,000</u>

Balance Beginning of Year	Issued During Year	Redeemed During Year	Balance End of Year	Interest Paid	Interest Due and Unpaid
885,000	-	40,000	845,000	38,273	-
355,000	-	15,000	340,000	16,108	-
1,240,000	-	55,000	1,185,000	54,381	-
111,000	-	111,000	-	5,994	-
157,510	-	33,832	123,678	7,482	-
310,000	-	30,000	280,000	11,195	-
350,000	-	70,000	280,000	13,571	-
928,510	-	244,832	683,678	38,242	-
292,808	-	19,712	273,096	15,140	-
500,000	-	108,970	391,030	18,217	-
60,000	-	30,000	30,000	-	-

CITY OF TOLEDO
Bond and Note Maturities
June 30, 2009

Year Ending June 30,	General Obligation Bonds					Revenue Bonds	
	Aquatic Center			Aquatic Center		Water Revenue	
	Issued Aug. 1, 2004			Issued Aug. 1, 2004		Issued Feb. 14, 1983	
	Interest			Interest		Interest	
	Rate	Amount	Rate	Amount	Rate	Amount	
2010	3.60 %	\$ 15,000	3.40 %	\$ 40,000	5.00 %	\$ 21,561	
2011	3.80	15,000	3.60	45,000	5.00	22,197	
2012	3.95	20,000	3.75	45,000	5.00	23,307	
2013	4.10	20,000	3.90	45,000	5.00	24,472	
2014	4.20	20,000	4.00	50,000	5.00	25,696	
2015	4.30	20,000	4.10	50,000	5.00	26,981	
2016	4.40	20,000	4.20	55,000	5.00	28,330	
2017	4.50	20,000	4.30	55,000	5.00	29,746	
2018	4.60	25,000	4.40	55,000	5.00	31,233	
2019	4.70	25,000	4.50	60,000	5.00	32,795	
2020	4.80	25,000	4.60	65,000	5.00	6,778	
2021	4.95	25,000	4.75	65,000		-	
2022	5.05	30,000	4.85	70,000		-	
2023	5.15	30,000	4.95	70,000		-	
2024 - 2046	5.25	30,000	5.05	75,000		-	
Total		<u>\$ 340,000</u>		<u>\$ 845,000</u>		<u>\$ 273,096</u>	

Year Ending June 30,	General Obligation Notes					
	Fire Truck		Library		Public Works Equipment	
	Issued May 21, 2002		Issued Jan. 26, 2005		Issued Oct 17, 2007	
	Interest		Interest		Interest	
	Rate	Amount	Rate	Amount	Rate	Amount
2010	4.75 %	\$ 35,439	2.95 %	\$ 30,000	3.90 %	\$ 70,000
2011	4.75	37,123	3.50	50,000	3.90	70,000
2012	4.75	51,116	3.65	50,000	3.90	70,000
2013	-	-	3.80	50,000	3.90	70,000
2014	-	-	3.95	50,000		-
2015	-	-	4.10	50,000		-
Total		<u>\$ 123,678</u>		<u>\$ 280,000</u>		<u>\$ 280,000</u>

Revenue Notes		
Child Care Center		
Issued Apr. 30, 2007		
Interest		
Rate	Amount	Total
4.125 %	\$ 4,841	\$ 81,402
4.125	5,044	87,241
4.125	5,256	93,563
4.125	5,477	94,949
4.125	5,708	101,404
4.125	5,948	102,929
4.125	6,197	109,527
4.125	6,458	111,204
4.125	6,730	117,963
4.125	7,012	124,807
4.125	7,307	104,085
4.125	7,615	97,615
4.125	7,935	107,935
4.125	8,268	108,268
4.125	301,234	406,234
	<u>\$ 391,030</u>	<u>\$ 1,849,126</u>

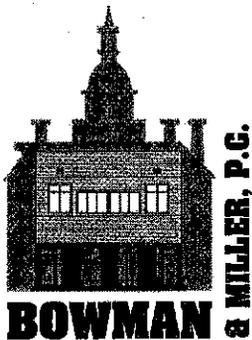
Contracts		
Real Estate		
Issued Jan. 3, 2005		
Interest		
Rate	Amount	Total
0 %	\$ 30,000	165,439
	-	157,123
	-	171,116
	-	120,000
	-	50,000
	-	50,000
	<u>\$ 30,000</u>	<u>\$ 713,678</u>

CITY OF TOLEDO
Schedule of Receipts By Source and Disbursements by Function-
All Governmental Funds
For the Last Seven Years

	2009	2008	2007	2006
Receipts:				
Property tax	\$ 1,019,718	846,398	929,723	655,072
Tax increment financing revenues	58,110	113,070	241,150	181,716
Other city tax	281,512	277,758	240,350	187,403
Licenses and permits	6,780	3,125	8,608	3,896
Use of money and property	18,529	24,971	31,516	25,450
Intergovernmental	323,665	336,680	1,073,176	675,868
Charges for services	275,803	283,499	259,096	211,365
Special assessments	5,431	2,169	16,350	9,255
Miscellaneous	25,888	41,230	98,423	170,651
Total	\$ 2,015,436	1,928,900	2,898,392	2,120,676
Disbursements:				
Operating:				
Public safety	\$ 555,569	582,666	608,738	500,940
Public works	243,301	673,534	227,432	253,431
Culture and recreation	276,533	261,814	241,929	257,869
Community and economic development	18,607	18,607	23,349	39,770
General government	256,755	250,725	269,839	341,222
Debt service	422,854	363,650	1,090,034	461,614
Capital projects	85,193	99,371	1,003,493	1,048,057
Total	\$ 1,858,812	2,250,367	3,464,814	2,902,903

2005	2004	2003
795,644	768,290	888,719
114,003	64,186	62,259
211,542	175,149	107,346
27,301	227,244	266,451
31,953	22,974	5,417
219,645	24,402	58,807
39,348	47,774	386,887
19,618	14,032	24,315
1,164,122	955,589	384,072
<u>2,623,176</u>	<u>2,299,640</u>	<u>2,184,273</u>

456,775	370,519	324,280
296,595	277,218	267,176
243,387	306,754	216,416
181,362	204,155	72,043
317,135	268,226	274,163
359,262	287,311	432,979
2,548,724	962,651	20,683
<u>4,403,240</u>	<u>2,676,834</u>	<u>1,607,740</u>



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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

To the Honorable Mayor and
Members of the City Council:

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Toledo, Iowa, as of and for the year ended June 30, 2009, which collectively comprise the City's basic financial statements listed in the table of contents, and have issued our report thereon dated January 15, 2010. Our report expressed unqualified opinions on the financial statements which were prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of Toledo's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of the City of Toledo's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Toledo's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies, including deficiencies we consider to be material weaknesses.

A control deficiency exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City of Toledo's ability to initiate, authorize, record, process or report financial data reliably in accordance with an other comprehensive basis of accounting such that there is more than a remote likelihood a misstatement of the City of Toledo's financial statements that is more than inconsequential will not be prevented or detected by the City of Toledo's internal control. We consider the deficiency in internal control described in Part II of the accompanying Schedule of Findings to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by the City of Toledo's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As a part of obtaining reasonable assurance about whether the City of Toledo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of non-compliance or other matters that are described in Part III of the accompanying Schedule of Findings.

Comments involving statutory and other legal matters about the City's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the City. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The City of Toledo's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the City's responses, we did not audit the City of Toledo's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of the City of Toledo and other parties to whom the City of Toledo may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the City of Toledo during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Bowman and Miller, P.C.

Marshalltown, Iowa
January 15, 2010

CITY OF TOLEDO
Schedule of Findings
Year Ended June 30, 2009

Part I: Summary of the Independent Auditors' Results:

- (a) Unqualified opinions were issued on the financial statements which were prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.
- (b) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements, including a material weakness.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.

CITY OF TOLEDO
Schedule of Findings
Year Ended June 30, 2009

Part II: Findings Related to the Financial Statements:

SIGNIFICANT DEFICIENCY:

II-A-09 Segregation of Duties – One important aspect of internal accounting control is the segregation of duties among employees to prevent an individual employee from handling duties which are incompatible. We noted one person has control over each of the following areas:

- (1) Cash receipts - collecting, depositing, journalizing, and posting
- (2) Disbursements - check writing, signing, and reconciling.
- (3) Payroll preparation and distribution.

Recommendation – We realize that with a limited number of office employees, segregation of duties is difficult. However, the City should review its operating procedures to obtain the maximum internal control possible under the circumstances. In instances where it is not possible to segregate duties, the City should utilize administrative personnel to provide additional internal control through review of financial transactions and report.

Response – We will review procedures and find a solution to this issue

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

Part III: Other Findings Related to Required Statutory Reporting:

III-A-09 Certified Budget – Disbursements during the year ended June 30, 2009, exceeded the amounts budgeted in the debt service function. Chapter 384.20 of the Code of Iowa states, in part, “Public monies may not be expended or encumbered except under an annual or continuing appropriation.”

Recommendation – The budget should have been amended in accordance with Chapter 384.18 of the Code of Iowa before disbursements were allowed to exceed the budget.

Response – We will make certain that the budget is amended in accordance with Chapter 384.18 of the Code of Iowa.

Conclusion – Response accepted.

III-B-09 Questionable Disbursements – We noted no disbursements that may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979.

III-C-09 Travel Expense – No disbursements of City money for travel expenses of spouses of City officials or employees were noted.

III-D-09 Business Transactions – No business transactions between the City and City officials or employees were noted.

CITY OF TOLEDO
Schedule of Findings
Year Ended June 30, 2009

- III-E-09 Bond Coverage – Surety bond coverage of City officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure the coverage is adequate for current operations.
- III-F-09 Council Minutes – No transactions were found that we believe should have been approved in the Council minutes but were not.
- III-G-09 Deposits and Investments – We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the City's investment policy.
- III-H-09 Revenue Bonds and Notes – No instances of non-compliance with the revenue bond and note resolutions were noted.

CITY OF TOLEDO

Audit Staff

This audit was performed by:
Bowman and Miller, P.C.
Certified Public Accountants
Marshalltown, IA 50158

Personnel:
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