

CITY OF TOLEDO, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2012



PREPARED BY:

DEPARTMENT OF FINANCE

PATRICK MCLEAN, FINANCE DIRECTOR

INTRODUCTORY SECTION

City of Toledo, Ohio
 Comprehensive Annual Financial Report
 For the Year Ended December 31, 2012

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INTRODUCTORY SECTION

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CITY OF TOLEDO



Michael P. Bell
Mayor

Patrick A. McLean
Director of Finance

June 28, 2013

Honorable Mayor Michael P. Bell, Paula Hicks-Hudson, President
and Members of City Council and Citizens of the City of Toledo, Ohio

As Director of Finance of the City of Toledo, Ohio, I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2012.

The report contains basic financial statements, management's discussion and analysis, supplemental financial statements, and other financial and statistical information which provide a complete and full disclosure for all financial aspects material to the City. This CAFR conforms to Generally Accepted Accounting Principles in the United States of America (GAAP) as set forth by the Governmental Accounting Standards Board (GASB).

The City's management assumes the responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable assurance, rather than absolute assurance, that the financial statements are free of any material misstatements. We believe this data fairly reflects the financial position of the City and the results of its operation.

As part of the annual preparation of the CAFR, the City is subject to an annual independent audit of its basic financial statements, which serves to strengthen the City's accounting, budgetary, and internal control of its financial and operational systems. The firm of Clark, Schaefer, Hackett & Co. located in the City of Toledo, Ohio has issued an unqualified ("clean") opinion on the City's financial statements for the year ended December 31, 2012. The independent auditor's report is located at the front of the financial section of this report.

This transmittal letter should be read in conjunction with the Management's Discussion and Analysis, which provides a narrative introduction, overview and analysis of the basic financial statements.

PROFILE OF THE GOVERNMENT

The City of Toledo, Ohio (the City) was incorporated January 7, 1837, and operates under its Charter adopted in November 1914. The City may exercise all powers of local self-government granted under Article XVIII, Section 3, of the Ohio Constitution, not in conflict with applicable general laws of Ohio. The Charter provides that the City operate under the strong mayor/council form of government.

Legislative authority in the City is vested in a twelve-member Council. Six members of the Council are elected at-large and six from districts, all for overlapping four-year terms. The Council is authorized to enact ordinances and resolutions relating to City services, tax levies, appropriating and borrowing money, licensing and regulating businesses and trades and other municipal activities. The Council also has authority to fix the compensation of City officers and employees. The Council elects one of its members to serve as the President of Council, its presiding officer.

Toledo, the fourth largest city in Ohio, is located in the northwest part of the State, approximately 150 miles north of Columbus and 120 miles west of Cleveland. The City's elevation is approximately 614 feet above sea level. Some comparative data for Ohio's six largest cities is as follows:

City	Area	Population		
		2010	2000	1990
Columbus	227.2 sq. miles	787,033	711,470	632,910
Cleveland	77.9 sq. miles	396,815	478,403	505,616
Cincinnati	78.8 sq. miles	296,943	331,285	364,040
Toledo	84.3 sq. miles	287,208	313,619	332,943
Akron	62.4 sq. miles	199,110	217,074	223,019
Dayton	56.3 sq. miles	141,527	166,179	182,044

For financial purposes, this CAFR is in conformity with the provision of Governmental Accounting Standards Board (GASB) Statement No. 14, the Financial Reporting Entity, all governmental departments, agencies, institutions, commissions, public authorities and other governmental organizations for which the City has significant accountability. Financial accountability is determined by the City's financial interdependence. The reporting entity of the City includes the following services as authorized by its charter: public safety, highways and streets, water and sanitation, health and social services, culture and recreation, public improvements, planning and zoning and general administrative services.

ECONOMIC CONDITION AND OUTLOOK

The City and the Toledo Metropolitan Statistical Area (MSA) have diverse economies in both their manufacturing and their increasingly important service sectors. The Toledo MSA consist of manufacturers of automobiles and automotive parts, glass, wood products, grain and food products, petroleum, chemicals, machinery, tools, rubber products, plastics, die castings and solar energy panels. The largest service sector employers in the Toledo MSA are health care providers, public higher educational institutions, local governments, public utilities, freight and transportation companies, financial institutions and retailers.

Owens-Corning, a 2012 Fortune 500 corporation, has its headquarters in the City. Two other 2012 Fortune 500 corporations, Dana Holding Corporation and Owens-Illinois, Inc., also have their corporate headquarters in the Toledo MSA.

The ProMedica Health System still remains the largest employer in the Toledo MSA. The system includes a health education and research center, health maintenance organization, nursing homes, a local business network of private practices and several hospitals.

The University of Toledo; including its Medical Center, is the second largest employer in the Toledo MSA. Both the University's main campus and its Medical Campus are located within the City. In addition to the training and education provided to students, University of Toledo is a leading research institution in the State of Ohio.

Following very closely as the third largest employer in the Toledo MSA is Mercy Health Partners. Mercy has earned national recognition from US News & World Report for high performance and quality in eight specialty areas.

Chrysler Group LLC, one of the largest manufacturing employers in the City, is completing improvements to its Toledo North Plant in the City and its Toledo Machining Plant in nearby Perrysburg Township that were announced in 2011. These are the fourth and fifth major investments in the company's Toledo area manufacturing facilities in the past 15 years. The improvements at the North Plant included an estimated \$365 million for expansion and improvement, an \$8 million expansion of the Plant's body shop, and \$357 million for retooling and equipping of the portion of the Plant that built the Jeep Liberty and Dodge Nitro sport utility vehicles. The improvements were planned to increase the Plant's manufacturing capacity to 327,000 vehicles per year and add flexibility to the manufacturing process. Chrysler now employs approximately 2,182 workers at its Toledo North and South Plant complex. Chrysler's Wrangler assembly operation in the Toledo Plant complex has been named as the most productive auto assembly plant by Harbour Report for the past two years.

General Motors' Powertrain Division manufactures and assembles transmissions at a 1.68-million-square-foot facility located on 185 acres in the City. GM has completed recent major projects to renovate and expand the plant to prepare it as a site for production of a new six-speed; front-wheel and rear-wheel drive automatic transmissions. Also, GM prepared the plant for production of eight-speed transmissions. GM has reported that it currently employs 1,900 workers at the plant.

The Andersons, Inc., based in the City of Maumee just southwest of the City, is a corporate conglomerate with a collection of agricultural-based businesses that include grain, fertilizers, general stores, and ethanol production for alternative energy fuel.

The City, the County and the Toledo MSA have become a center for research, development and commercialization of advanced solar energy technologies, building on glass-making expertise, thin-film and nanomaterials research and development efforts for photovoltaic applications. This development has attracted coverage from The Economist, The Wall Street Journal and Newsweek as well as from investors around the world. In 2012, the Toledo Regional Chamber of Commerce estimated that 45 companies employ an estimated 6,000 people in Northwest Ohio in the solar industry as original equipment manufacturers, suppliers or supplier/developers. The Chamber announced the formation of a Northwest Ohio Solar Initiative at its 2012 Annual Meeting. With more than \$48 million in grants from the Ohio Department of Development, federal agencies, industrial partners and other universities, The University of Toledo has established a Center for Photovoltaics Innovation and Commercialization. Through its Third Frontier Program, the State has also provided direct grants to small companies in the region to stimulate the growth of this new industrial cluster.

The City, County, Port Authority, Toledo Regional Growth Partnership and the State of Ohio are active in promoting industrial and commercial development in the City and the Toledo MSA by providing financing information, marketing programs, infrastructure improvements, grants and other incentives designed to encourage economic development. Notable results in recent years include:

- In 2012, Penn National Gaming, Inc. completed construction of the \$250 million "Hollywood Casino Toledo". In addition to the casino, the 290,000 square foot facility includes a parking structure, five restaurants and lounges and entertainment space. The casino features 2,000 slot machines and 80 table games. Casino officials are planning for up to 10 summer concerts in a space with seating for 2,500 people. An estimated 1,000 temporary jobs were created during the construction of the facility, and the Casino now employs approximately 1,200 people. In the first six months of operations the Casino reported 1.9 million guest visits with approximately one-third of these customers coming from southeast Michigan. Other guests traveled from areas such as Cleveland, Lima and Fort Wayne, Indiana. The area has begun to experience an increase in convention business as the casino is now being selected as a host destination. Gross revenues of the casino are taxed by the State at a rate of 33%, with the proceeds distributed to local governments. The

City received \$2.98 million in revenue from that tax in 2012 (as compared to a budget estimate of \$3.45 million).

- In August of 2012 Libbey, Inc. announced that it has signed a new lease to remain in Toledo for an additional 15 years at its headquarters on Madison Avenue. Libbey is being aided by \$1.2 million in grants from the State and a tax abatement from the City. The grant will enable the company to provide its 200 employees with a competitive work environment. Additionally, Libbey has signed a new five year lease for its Libbey Glass factory outlet store at the Erie Street market.
- In September 2012 construction began on the new National Museum of the Great Lakes that will be located in the City's Marina district. The Great Lakes Historical Society is responsible for the design of the new museum, which is to be housed in the Toledo Maritime Center, a facility owned by the Port Authority that is to be renovated to feature more than 50 interactive exhibits as well as displays of original artifacts in up to 10,000 feet of exhibit space. The Museum will be adjacent to a 77 boat slip known as the Toledo Skyway Marina. Most of the construction work will involve dredging in preparation for the arrival of the museum ship, the Col. James M. Schoonmaker. In addition, land along the new slip is being prepared for a maritime park with outdoor exhibits. The project cost is estimated at \$10 million and is to be funded in part by an Ohio Cultural Facilities Commission grant of \$ 6.1 million and private funds. The museum is expected to open by the end of 2013.
- In March 2011, Dashing Pacific Group, LLC purchased from the City for \$2.15 million a six-acre commercial property known as "The Docks" along the east bank of the Maumee River. Dashing Pacific plans to redevelop the restaurant and entertainment complex on that property and has commenced work on renovations for that purpose. In July 2011, Dashing Pacific Group, LLC purchased from the City for \$3.8 million an additional 69 acres in the adjacent Marina District on which it plans an estimated \$200 to \$300 million redevelopment project expected to include retail, office and multi-family residential elements. The purchase agreement between the City and Dashing Pacific also provides Dashing Pacific a two-year option to purchase an additional 22.75 acres at \$55,000 per acre and an option for the City to repurchase the property at \$55,000 an acre if its is not developed within five years.
- In 2011, the City, in cooperation with the Toledo-Lucas County Port Authority, secured the purchase and grant funding to remediate a brownfield site that was the location of a former Jeep manufacturing plant. This project will make available 125 acres suitable for future industrial development. The site is located near Chrysler's Toledo North Assembly Plant manufacturing complex, with ready access to interstate highways and other important transportation facilities.

MAJOR CITY AND REGIONAL ECONOMIC DEVELOPMENT DRIVERS

The City continues to provide a variety of services required to meet the needs of its citizens in the most cost-effective and efficient manner. We look forward to the following significant activities made possible by the citizens of the City and its government.

- General Motors recently completed two investments announced in 2011: a \$204 million project to prepare the plant for production of the eight-speed transmissions and an \$83 million project to upgrade that plant's assembly line for the front-wheel drive six-speed transmissions. Also, GM completed a major capital improvement project at the plant to prepare it for the production of a new six-speed, rear-wheel drive automatic transmission. The plant improvements in that project included \$100 million for a 400,000-square-foot expansion and renovation of existing facilities and \$363 million for new machinery, equipment and special tooling. Thereafter, it invested an additional \$332 million at that plant to prepare it for production of a new six-speed front-wheel drive automatic transmission. Those transmissions are now being used in a variety of GM vehicles. The State and the City provided certain grants and tax incentives to General Motors in connection with these projects.

- Norfolk Southern Railway completed a \$12.76 million project in 2011 to improve facilities at its intermodal transportation yard in the City, known as "Airline Junction". The City secured a \$6.5 million ARRA grant and a \$2.5 million loan (convertible to a grant if budget and job creation targets are met) from the Ohio Department of Development to provide a portion of the financing for the project. Norfolk Southern provided \$4.0 million toward the project. The project is estimated to result in the creation of in excess of 800 jobs and additional industrial development in the Toledo MSA. Norfolk Southern operates the most extensive intermodal network in the eastern United States and is North America's largest rail carrier of metals and automotive products

- The County completed construction of the \$105 million arena known as the Huntington Center, located in the Downtown area of the City near the County's SeaGate Convention Center and Fifth Third Field. The Huntington Center is used for a variety of events each year including concerts and athletic events including minor league hockey games. Construction of the Huntington Center was financed by a variety of sources including grants from the State and other Governmental entities, revenues from naming rights and premium seating and proceeds of County securities. The Huntington Center was recently named the number one venue in a twelve-state Midwest area for arenas of similar size based on ticket sales and attendance.

- The ProMedica Health System is implementing a comprehensive plan to replace, renovate and expand facilities on its Toledo Hospital medical center campus in two phases over a five- to ten-year period that began in 2005. The first phase, a \$200 million expansion, included operating rooms, diagnostic areas, intensive care units and patient rooms. The second phase, opened in 2007, included a 10-story 500,000-square-foot tower that houses the clinical areas of the Toledo Hospital and Toledo Children's Hospital, including the surgical intensive care unit, adult intermediate care units, newborn intensive care unit (NICU), general pediatrics and pediatric hematology/oncology.

ACCOUNTING SYSTEMS

The City's day-to-day accounting records are maintained on a basis other than GAAP. For financial reporting purposes, the accounting records for all governmental funds are converted to the modified accrual basis, whereby revenues are recognized when measurable and available with the business cycle (within 60 days after year end), and expenditures are recognized when the related fund liability is incurred. The accounting records for the proprietary funds and government-wide financial statement are converted to the accrual basis, whereby revenues are recognized when measurable and earned and expenses are recognized as incurred.

In May 2010, the City implemented a new enterprise resource planning (ERP) system called SAP. The major initiatives and changes to the City's accounting systems were as follows:

- Decentralization of accounting processes
- Implementation of a systematic workflow and approval processes
- Implementation of an electronic document storage system
- Implementation of a fixed asset accounting system previously done manually
- Implementation of an accounts receivable system previously done manually
- Enhancement of the budgeting process and reporting
- Enhancement of financial reporting and inquiry

INTERNAL CONTROLS

The management of the City is responsible for establishing and maintaining internal control, designed to provide reasonable, but not absolute assurance that the assets of the City are protected from loss, theft, or misuse. Management also ensures that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The design of the internal control also recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of Federal and State financial assistance, the City is responsible for ensuring not only that adequate internal controls are in place, but also that the City has complied with applicable laws and regulations related to those programs. This internal control is subject to periodic evaluation by management.

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2011. This is the twenty-ninth year since 1982 that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report must satisfy both Generally Accepted Accounting Principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current year Comprehensive Annual Financial Report continues to conform to the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

This report is the result of the continued cooperation and combined services of the elected officials and management of the City. The preparation of the Comprehensive Annual Financial Report could not have been accomplished without the dedicated service of the Division of Accounts. Our appreciation is also extended to the entire Department of Finance and the various other departments whose cooperative efforts during the course of this report's preparation made possible its completion on a timely basis.

In closing, we would like to thank the Mayor and Members of Council for their continued leadership and support.

Respectfully submitted,



Patrick A. McLean
Director of Finance

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Toledo
Ohio

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2011

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



Christopher P. Morrell
President

Jeffrey L. Esser
Executive Director

City of Toledo, Ohio
List of Principal Officials

Mayor

Michael P. Bell

Members of Council

	<u>Length of Service</u>
<u>At-Large Seats</u>	
Shuan Enright	One year
Rob Ludeman	Four Years
Joe McNamara, President	Seven Years
George Sarantou	Eleven Years
Adam Martinez	Four Years
Steven Steel	Four Years
<u>District Seats</u>	
Tyrone Riley (West-Central)	Two Years
D. Michael Collins (South-West)	Five Years
Michael Craig (East Toledo-Historic South)	Seven Years
Paula Hicks-Hudson (Central City)	Two Years
Tom Waniewski (North-West)	Five Years
Lindsay Webb (North Toledo-Point Place)	Five Years

Clerk of Council

Gerald Dendinger

Director of Finance

Patrick McLean

City Treasurer

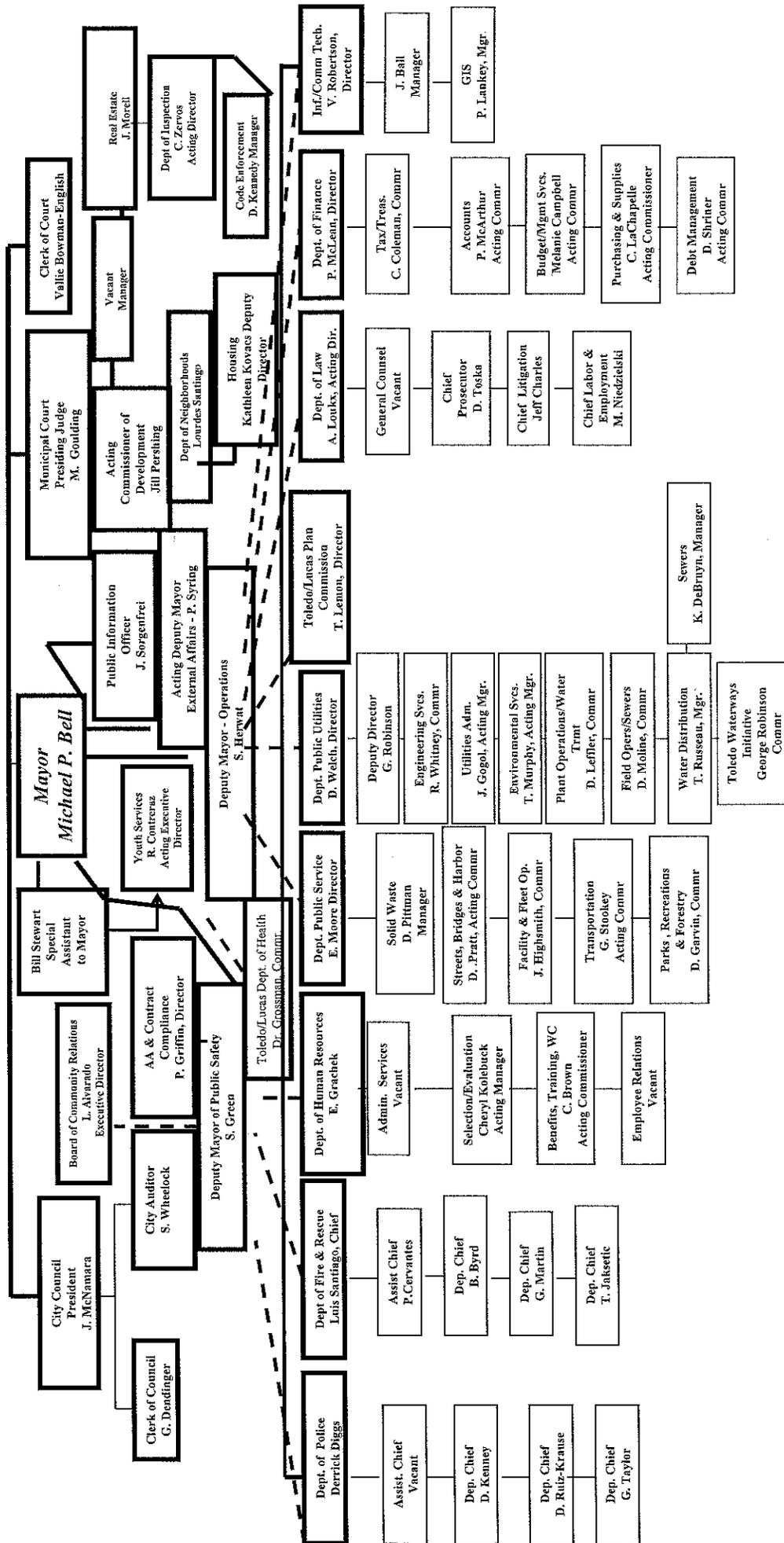
Clarence Coleman

City Auditor

D. Scott Wheelock

City of Toledo Executive Management Team

Citizens of Toledo



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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Michael P. Bell, Mayor, Members of City Council and the Audit Committee
City of Toledo, Ohio:

Report on the Financial Statements

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, Ohio (the "City") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

two maritime plaza, ste. 202
toledo, oh 43604

www.cshco.com
p. 419.243.0218
f. 419.243.9264

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Toledo, Ohio, as of December 31, 2012, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Effect of Adopting New Accounting Standards

As discussed in Note 15, the City adopted the provisions of Governmental Accounting Standards Board Statement No. 60, *Accounting and Financial Reporting for Service Concession Arrangements*, Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, and Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 21 through 33 and 89 through 92, respectively, be presented to supplement the basic financial statements. Such information, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements and schedules, introductory section, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2013 on our consideration of the City's internal control over financial reporting and on 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 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.

Clark, Schaefer, Hackett & Co.

Toledo, Ohio
June 28, 2013

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City of Toledo, Ohio
Management's Discussion and Analysis
For the year ended December 31, 2012

As management of the City of Toledo ("City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended December 31, 2012. We encourage readers to consider the information presented here in conjunction with our letter of transmittal at the front of this report and the City's financial statements, which follow this section.

Financial Highlights

Key financial highlights for 2012 are as follow:

- The assets of the City exceeded its liabilities at the close of 2012 by \$894.5 million. Of this amount \$35.8 million is considered unrestricted. The unrestricted net position of the City's business-type activities are \$17.4 million and may be used to meet the on-going obligations of the business-type activities, including water, sewer, utilities administrative services, and seven nonmajor enterprise funds including storm water, property management, small business development, municipal tow lot, marina operations, Erie Street Market and Toledo Public Power. The unrestricted net position of the governmental activities is \$18.4 million.
- The City's total net position increased \$31.3 million or 3.6 percent in 2012. Net position of the governmental activities increased \$23.3 million, which represents a 5.2% percent increase from 2011. Net position of the business-type activities increased \$8.0 million or 1.9 percent from 2011.
- The total cost of the City's programs increased \$6.0 million or 1.4 percent. The cost of governmental activities increased \$4.9 million or 0.8 percent, while the cost of business-type activities increased \$1.1 million or 1.6 percent.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$29.9 million. The combined fund balance of the governmental funds increased \$15.3 million from the prior year's ending fund balance.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances in a manner similar to private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the cash flows. Thus, revenue and expenses reported in this statement for some items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees or charges (business-type activities). The governmental activities of the City include general government, public service, public safety, public utilities, community environment, health, and parks and recreation. The business-type activities of the City primarily include two enterprise activities: water and sewer funds.

The government-wide financial statements can be found on pages 37 and 38 of this report.

Fund financial statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains 20 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, the capital improvements fund, and the special assessment services fund, all of which are considered to be major funds. Data from the other 17 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The basic governmental fund financial statements can be found on pages 39 through 42 of this report.

Proprietary funds

The City maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, storm sewer, and utility administration services as well as property management, small business development, tow lot, marina operation, Toledo Public Power and Erie Street Market. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions including municipal garage, capital replacement, facility operations, storeroom and printshop, data processing, risk management and worker's compensation activities. The services provided by these funds predominantly benefit governmental rather than business-type functions. They have been included within *governmental activities* in the government-wide financial statements.

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Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for water, sanitary sewer operations, and utility administration; all of which are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregate presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 43 through 45 of this report.

Fiduciary funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statement because the resources of those funds are *not* available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 46 of this report.

Notes to the financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 49 through 83 of this report.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's general fund and special assessment services budgets. The City adopts an annual appropriation budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. Required supplementary information can be found on pages 89 through 92 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds, nonmajor enterprise funds, internal service funds and agency funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 97 through 131 of this report.

The City has included a special budgetary comparison section for the governmental funds. This includes the general fund, capital improvements fund, special assessment services fund, and the nonmajor governmental funds broken out individually to report revenues for the fund as well as expenditures reported by major service area and funds center. The special budgetary comparison section can be found on pages 135 through 167.

Certain prior year amounts in this management's discussion and analysis have been reclassified for consistency.

Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole. The table below provides a summary of the City's net position at December 31, 2012 compared to December 31, 2011.

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Net Position

(amounts expressed in thousands)

	Governmental activities		Business type activities		Total	
	2012	2011	2012	2011	2012	2011
Assets						
Current and other assets	\$ 229,563	\$ 228,672	\$ 153,772	\$ 94,687	\$ 383,335	\$ 323,359
Capital assets	553,536	533,468	743,123	723,399	1,296,659	1,256,867
Total assets	<u>783,099</u>	<u>762,140</u>	<u>896,895</u>	<u>818,086</u>	<u>1,679,994</u>	<u>1,580,226</u>
Liabilities						
Long-term liabilities outstanding	201,196	193,181	430,813	356,366	632,009	549,547
Other liabilities	114,124	124,431	39,362	42,046	153,486	166,477
Total liabilities	<u>315,320</u>	<u>317,612</u>	<u>470,175</u>	<u>398,412</u>	<u>785,495</u>	<u>716,024</u>
Net Position						
Net investment in capital assets	368,093	330,332	376,075	378,314	744,168	708,646
Restricted	81,257	107,111	33,221	30,109	114,478	137,220
Unrestricted	18,429	7,085	17,424	10,251	35,853	17,336
Total net position	<u>\$ 467,779</u>	<u>\$ 444,528</u>	<u>\$ 426,720</u>	<u>\$ 418,674</u>	<u>\$ 894,499</u>	<u>\$ 863,202</u>

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City's assets exceeded liabilities by approximately \$894.5 million at the close of the most recent fiscal year.

The largest portion of the City's net position (83.2 percent) reflects its investment in capital assets (e.g. land, buildings, improvements other than buildings, machinery and equipment and infrastructure); less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these assets.

An additional portion of the City's net position (12.8 percent) represents resources that are subject to use restrictions. The remaining balance of the unrestricted net position (4.0 percent) may be used to meet the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net position is \$35.8 million; the unrestricted net position of the City's business-type activities, \$17.4 million, may not be used to fund governmental activities. As of the end of the current fiscal year, the City has unrestricted net position related to government type activities of \$18.4 million.

The overall net position of the City increased \$31.3 million or 3.6 percent in 2012. The net position for governmental activities increased \$23.3 million or 5.2 percent, while the net position of business-type activities increased by \$8.0 million or 1.9 percent. In 2012, major contributors were due to an increase in road construction (fixed assets) of \$20.0 million, a net increase of debt of \$8.0 million, compensated absences decreased by \$6.5 million and other liabilities decreased by \$3.8 million; while current assets increased by \$1.0 million from prior year.

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The net position of business-type activities of the City increased by \$8.0 million or 1.9 percent. Water operations and storm utilities provided an increase in net position of \$2.1 million and \$3.4 million respectively. Those two functions provided an increase in total net position of \$5.5 million or 68.8 percent while sewer operations experienced a slight increase in net position of only \$374 thousand compared to a prior year increase in net position of \$3.1 million due to higher current year expenses for repair and maintenance of aging infrastructure.

The following table provides a summary of the change in net position for 2012 compared to 2011.

	Changes in Net Position					
	(amounts expressed in thousands)					
	Governmental activities		Business type activities		Total	
	2012	2011	2012	2011	2012	2011
Revenues						
Program revenues:						
Charges for services and sales	\$ 101,695	\$ 95,368	\$ 135,771	\$ 134,452	\$ 237,466	\$ 229,820
Operating grants	29,533	34,731	-	-	29,533	34,731
Capital grants	16,590	4,509	1,448	2,709	18,038	7,218
Total program revenues	147,818	134,608	137,219	137,161	285,037	271,769
General revenue:						
Income taxes	158,128	152,864	-	-	158,128	152,864
Property taxes	11,361	12,168	-	-	11,361	12,168
Investment earnings	1,017	856	937	1,092	1,954	1,948
Grants & entitlements not restricted to specific programs	5,272	4,060	-	-	5,272	-
Other	4,789	7,894	-	-	4,789	7,894
Total general revenues	180,567	177,842	937	1,092	181,504	174,874
Total revenues	328,385	312,450	138,156	138,253	466,541	446,643
Expenses						
General government	28,807	21,651	-	-	28,807	21,651
Public service	34,715	48,606	-	-	34,715	48,606
Public safety	165,810	164,396	-	-	165,810	164,396
Public utilities	1,268	492	-	-	1,268	492
Community environment	37,867	27,058	-	-	37,867	27,058
Health	19,197	18,012	-	-	19,197	18,012
Parks and recreation	5,419	5,396	-	-	5,419	5,396
Interest on fiscal charges	11,762	14,332	-	-	11,762	14,332
Water	-	-	41,997	42,186	41,997	42,186
Sewer	-	-	67,507	64,756	67,507	64,756
Other	-	-	20,895	22,397	20,895	22,397
Total expenses	304,845	299,943	130,399	129,339	435,244	429,282
Increase (decrease) in net position before transfers	23,540	12,507	7,757	8,914	31,297	17,361
Transfers	(289)	10,244	289	(10,244)	-	-
Sale of capital assets	-	-	-	237	-	237
Special item-(loss) on sale of parking capital assets	-	-	-	(6,899)	-	(6,899)
Change in net assets	23,251	22,751	8,046	(7,992)	31,297	10,699
Net position - beginning, restated	444,528	421,777	418,674	426,666	863,202	848,443
Net position - ending, restated	\$ 467,779	\$ 444,528	\$ 426,720	\$ 418,674	\$ 894,499	\$ 859,142

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Governmental activities: Governmental activities increased the City's net position by \$23.3 million. Key elements of the changes in net position are as follows:

- Income tax revenue, which represents 48.2 percent of the City's governmental revenue, increased by \$5.3 million or 3.4 percent on a full accrual basis. The employment withholding increased by \$2.3 million or 1.8 percent over prior year as employment improves, business income taxes increased by \$2.9 million or 19.4 percent over prior year due to significant cost controls translated into increased profits.
- Operating grants decreased by \$5.2 million or 15 percent due to decreased federal funding from ARRA for programs administered by the Department of Neighborhoods as projects are being phased out. Capital grants revenue increased by \$12.1 million or 267.9 percent, due to a significant increase in state matching for road infrastructure construction.
- Governmental activities expenses increased \$4.9 million or 1.6 percent in 2012. Dramatic changes in allocation of internal services compounded with correction in classification caused the General government to increase by \$7.1 million or 33.1 percent. Of that \$7.1 million, includes a one time event for \$2.8 million on a pass through economic package. Again, allocation of internal services and a reduction of \$2.9 million in special assessment costs contributed to public services decreasing by \$13.9 million or 28.6 percent. Community environment increased by \$10.8 million or 39.9 percent as the City addressed preventative repair and maintenance as a major initiative. Public safety costs increased by \$1.4 million or 0.9 percent over prior year due to payout of compensated absences.

Business-type activities: Net position of the City's Business-type activities increased \$8.0 million. Key elements of the changes in net position are as follows:

- Charges for services increased \$1.3 million or 1.0 percent in 2012, this relates primarily to the scheduled utility user rate increases approved by city council in 2011.
- The City received capital grants of \$1.4 million in 2012, as compared to \$2.7 million in 2011, a decrease of \$1.3 million or 46.5 percent due to a reduction in total grant funding available from the State and Federal Governments in 2012. Further, only one project qualified to receive grant funding.
- Expenses increased \$2.0 million or 1.6 percent in 2012, due to additional expenses made in the contractual services in the Sewer Fund due to design and construction of major maintenance projects funded by operations to improve the City's sanitary sewer system.
- Of the \$2.0 million increase in expenses of the combined business-type activities, Sewer expenses increased \$2.8 million or 4.2 percent, due to additional expenses made in contractual services due to design and construction of major maintenance projects funded by operations to improve the city's sanitary sewer system

Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds

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 spending at the end of the fiscal year.

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As of December 31, 2012, the City's governmental funds reported a combined ending fund balance of \$29.9 million; an increase of \$15.3 million in comparison with the prior year. There is an *unassigned fund balance* of \$(57.2) million. The *nonspendable fund balance* of \$5.6 million represents the City's investment in inventory. The \$68.7 million *restricted fund balance* is not available for new spending because it has already been restricted by parties outside of the City or pursuant to enabling legislation. There is a *committed fund balance* of \$12.8 million.

A schedule of governmental funds revenues and expenditures for the last ten fiscal years has been provided in the Statistical Section of this CAFR – see Table 4 on page 178.

General Fund: The general fund is the chief operating fund of the City. At December 31, 2012, the total fund balance of the general fund was \$5.0 million. The fund balance of the City's general fund increased \$4.7 million during 2012. The City's income tax revenue increased by \$4.9 million or 3.2 percent due to improved local employment conditions and increased business income taxes over the prior year. Expenditures decreased by \$6.0 million or 3.0 percent as public safety labor was lower due to reduced overtime and severance costs from 2011.

Capital Improvement Fund: The capital improvement fund is used to account for construction, acquisition, and major improvements of the City's buildings, infrastructure and parklands. The operating transfers of funds received herein are derived from the income taxes that are earmarked by voters for capital improvement, construction grants and bond sales. At December 31, 2012, total fund balance of the capital improvements fund is \$44.2 million. The fund balance of the capital improvements fund increased \$8.5 million during 2012. The City dedicated a majority of the new debt to road construction which translated to an increase of \$27.4 million or 136.3 percent on capital outlay.

Special Assessment Services Fund: The special assessment services fund is used to account for the proceeds of special assessments levied against property owners benefiting from street cleaning, street lighting, surface treatment, weed cutting, snow removal and tree and ditch maintenance. At December 31, 2012, total fund balance of the special assessment services funds was a deficit of \$50.2 million. The fund balance deficit of the special assessments services fund decreased by \$1.1 million during 2012.

Proprietary Funds

The City's proprietary fund financial statements provide the same information found in the government-wide financial statements, but in more detail.

The City operates three major enterprise activities: water, sewer and utility administration. The City also operates seven nonmajor enterprise activities: storm water, property management, small business development, municipal tow lot, marina operations, Erie Street Market and Toledo Public Power. These activities are accounted for in separate enterprise funds. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the City intends that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City reports on its enterprise funds using the full accrual basis of accounting.

Water: The total net position of the water fund at the end of the year amounted to \$150.8 million of which \$7.9 million is unrestricted. The net position of the water fund increased \$2.4 million or 1.6 percent in 2012. Operating revenues for fiscal year 2012 increased by \$862 thousand or 2.0 percent over comparable revenue in 2011, due to a rate increase as part of the four year rate plan approved by City Council. Operating expenses for fiscal year 2012 increased \$338 thousand or 0.9 percent over comparable expenses in 2011.

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Sewer: The total net position of the sewer fund at the end of the year amounted to \$240.7 million of which \$8.2 million is unrestricted. The net position of the sewer fund increased \$418 thousand or 0.2 percent. Operating revenues for fiscal year 2012 increased by \$1.0 million or 1.5 percent over comparable revenue in 2011, as revenue remains relatively stable. The slight increase relates to the mix of business and consumer usage. Operating expenses for fiscal year 2012 increased \$1.7 million or 3.1 percent over comparable expenses in 2011, due to an increase in volume and associated costs of production and increased maintenance costs on aging infrastructure. This fund also received revenue from intergovernmental grants in 2012 of \$1.3 million for the construction projects related to the sewer facilities.

Utility Administration Services: The total net position of the utility administration services fund at the end of the year amounted to \$2.5 million of which \$2.3 million is unrestricted. The net position of the utility administration services fund increased by \$1.4 million or 117.8 percent. Operating revenues for fiscal year 2012 increased by \$1.1 million or 10.1 percent. Operating expenses for fiscal year 2012 increased by \$728 thousand or 6.9 percent.

Nonmajor: The total net position of the nonmajor enterprise funds at the end of the year amounted to \$32.6 million of which a negative amount of \$898 thousand is unrestricted. The net position of the nonmajor enterprise funds increased \$3.9 million. Operating revenues for fiscal year 2012 decreased by \$1.7 million or 11.8 percent over comparable revenue in 2011, partially due to decreased consumer consumption. Operating expenses for fiscal year 2012 decreased \$1.9 million or 18.7 percent over comparable expenses in 2011. These funds also received revenue from intergovernmental grants in 2012 of \$175 thousand for construction projects related to the storm sewer facilities.

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The 2012 final general fund total revenue budget was \$222.8 million as compared to the original budget of \$222.2 million.

The following schedule is a summary of general fund revenues for 2012 over comparable revenue for 2011:

Revenues and Other Financing Sources
(amount expressed in thousands)

	2012	% of Total	Increase (decrease) from 2011	% change from 2011
Income taxes	\$ 158,523	66.9%	\$ 4,942	3.2%
Property taxes	11,381	4.8%	(464)	-3.9%
Licenses and permits	2,264	1.0%	(33)	-1.4%
Intergovernmental services	20,828	8.8%	(1,915)	-8.4%
Charges for services	26,132	11.0%	1,227	4.9%
Investment earnings	360	0.2%	(86)	-19.3%
Fines and forfeitures	6,715	2.8%	2,034	43.5%
Other revenue	350	0.1%	(229)	-39.6%
Gain on sale of capital assets	-	0.0%	(12,129)	-100.0%
Transfers in	10,456	4.4%	(6,871)	-39.7%
Total	<u>\$ 237,009</u>	<u>100%</u>	<u>\$ (13,524)</u>	<u>-5.4%</u>

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Key elements of the changes in revenues are as follows:

- Municipal income tax revenue increased \$4.9 million or 3.2 percent over comparable revenue from 2011. The increase is attributable to a moderate improvement in individual income compared to 2011 but is still significantly lower when compared to the economic levels of 2008.
- Property tax revenue decreased \$464 thousand or 3.9 percent over comparable revenue from 2011. The decrease is attributable primarily to lower collections resulting from a depressed housing market and the phase out of the tangible personal property tax.
- Investments earnings decreased \$86 thousand or 19.3 percent over comparable revenue from 2011. The decrease is a direct result of the fluctuation and downward trend in interest rates.
- Other revenue decreased \$229 thousand or 39.6 percent over comparable revenue from 2011. The decrease is primarily attributable to a one time event of increased scrutiny of the accounts receivable resulting in a spike of allowance for bad debt.
- Gain of sale of capital assets decreased by \$12.1 million or 100.0 percent over comparable revenue from 2011. The City did not sell any capital assets in the current year, prior year included refuse trucks \$8.0 million and marina property \$4.1 million. Both sales represented a significant gain as well as a one-time event.
- Transfers in decreased \$6.9 million or 39.7 percent over comparable transfers from 2011. The decrease is attributable primarily to the prior year closure of the parking enterprise fund resulting in a \$9.3 million transfer in to the general fund. The amount in 2012 represents transfers related to normal City operations.

The 2012 final general fund total expense budget was \$202.3 million as compared to the original budget of \$201.2 million, which was an increase of \$1.1 million. The 2012 general fund budget was revised for normal business activity, ordinances from City Council, and the administration's business plan.

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The following schedule is a summary of general fund expenditures for 2012 over comparable expenditures from 2011:

Expenditures and Other Uses

(amount expressed in thousands)

	2012	% of Total	Increase (decrease) from 2011	% change from 2011
General government	\$ 14,164	6.1%	\$ (1,273)	-8.2%
Public service	1,928	0.8%	235	13.9%
Public safety	158,979	68.4%	(6,856)	-4.1%
Community environment	4,355	1.9%	(51)	-1.2%
Health	13,511	5.8%	1,539	12.9%
Parks and recreation	2,750	1.2%	454	19.8%
Capital outlay	53	0.0%	(75)	-58.6%
Principal retirement	505	0.2%	20	4.1%
Interest and fiscal charges	221	0.1%	(20)	-8.3%
Transfers out	35,999	15.5%	1,973	5.8%
Total	<u>\$ 232,465</u>	<u>100.0%</u>	<u>\$ (4,054)</u>	<u>-1.7%</u>

Key elements of the changes in expenditures are as follows:

- Health increased \$1.5 million or 12.9 percent over comparable expenditures from 2011. The increase is attributable primarily to landfill operations such as treatment of water runoff, maintenance of equipment, and the monitoring of gas wells.
- Capital outlay decreased \$75 thousand or 58.6 percent over comparable expenditures from 2011. The decrease is attributable primarily to reduced budgetary needs.
- Public safety decreased \$6.9 million or 4.1 percent over comparable expenditures from 2011. The prior year had two drivers consisting of exigent circumstances ending and Senate Bill 5 which was repealed in November 2011. Overtime wages in 2011 spiked \$4.3 million compared to 2010, due to overtime accrued in 2010 being paid out in 2011, while 2012 returned to normal levels.

General Fund Equity: Total equity in the general fund was a surplus of \$5.0 million. Of that amount \$850 thousand is related to inventory which is regarded as nonspendable. The City has committed resources in the amount of \$326 thousand. The General Fund has restricted \$5.4 million which can only be spent for a specific purpose stipulated by external resource providers or through enabling legislation. The remaining \$1.6 million is considered a deficit having nothing available to spend.

The City maintains a Budget Stabilization Designation to cover unexpected revenue shortfalls and/or expenditure increases. The City did not utilize moneys in the Budget Stabilization Designation for expenditures in 2012. On December 18, 2012 City Council passed ordinance 568-12 which committed \$326 thousand to the Budget Stabilization Designation.

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Capital Asset and Debt Administration

Capital assets: The City's net investment in capital assets for governmental and business-type activities as of December 31, 2012, amounts to \$1,297 million. This investment in capital assets includes land, buildings, water and sewer distribution systems, improvements, machinery and equipment, park facilities, roads, curbs, gutters, streets, sidewalks, and drainage systems.

Capital Assets (net of depreciation)
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
Land	\$ 20,905	\$ 20,905	\$ 1,964	\$ 315	\$ 22,869	\$ 21,220
Construction in progress	103,012	58,809	159,719	120,067	262,731	178,876
Building and improvements	36,006	36,809	32,692	35,707	68,698	72,516
Improvements other than buildings	43,269	43,085	443	529	43,712	43,614
Machinery and equipment	41,152	42,399	34,190	39,525	75,342	81,924
Infrastructure	309,192	331,461	514,115	527,256	823,307	858,717
Total	<u>\$ 553,536</u>	<u>\$ 533,468</u>	<u>\$ 743,123</u>	<u>\$ 723,399</u>	<u>\$ 1,296,659</u>	<u>\$ 1,256,867</u>

Major capital asset events during 2012 included the following:

- Total net investment in capital assets increased \$39.8 million or 3.2 percent.
- Business-type capital assets increased by \$19.7 million or 2.7 percent net of \$24.1 million in current year depreciation expense. The City's aging water system and the EPA mandate necessitated continued investment into infrastructure totaling \$41.3 million.
- Governmental capital assets increased by \$20.1 million or 3.8 percent net of \$32.4 million in current year depreciation expense.

Additional information on the City's capital assets can be found in Note 6 on pages 64 through 66 of this report.

Long-term debt: At December 31, 2012, the City had \$703.8 million of long-term bonds, notes, loans, and other obligations outstanding net of unamortized premiums and discounts in governmental and business-type activities. All assessment bonds issued by the City are general obligation bonds and notes. There were \$125.0 million in assessment bonds and \$35.6 million in assessment notes all related to governmental activities outstanding at December 31, 2012. The revenue bonds of the City represent bonds secured solely by specified revenue sources.

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Long -term Debt Outstanding
(amounts expressed in thousands)

	Governmental activities		Business-type activities		Total	
	2012	2011	2012	2011	2012	2011
General obligation bonds and notes	\$ 127,109	\$ 115,609	\$ 25,303	\$ 21,021	\$ 152,412	\$ 136,630
Revenue bonds and notes	35,600	39,960	136,097	95,957	171,697	135,917
Loans outstanding	43,187	44,801	286,834	252,421	330,021	297,222
Capital lease obligations	4,453	3,213	815	1,286	5,268	4,499
Other obligations	39,489	44,980	4,896	8,284	44,385	53,264
Total	\$ 249,838	\$ 248,563	\$ 453,945	\$ 378,969	\$ 703,783	\$ 627,532

Total long-term bonds and loans outstanding at December 31, 2012 increased \$84.4 million or 14.8 percent as compared to the amount outstanding at December 31, 2011.

On December 31 2012, the City's bond ratings with Standard & Poor's Corporation and Moody's Investor Services, Inc. were A- and A2, respectively.

The Ohio Revised Code provides two debt limitations that are directly based on tax valuation of all property in a city.

- The net principal amount of both voted and nonvoted debt of a city, excluding certain "exempt debt", may not exceed 10.5 percent of the total tax valuation of all property in the city as listed and assessed for taxation.
- The net principal amount of the nonvoted debt of a city, excluding exempt debt, may not exceed 5.5 percent of that valuation.

These two limitations are referred to as "direct debt limitations." Without consideration of amounts in the City's bond retirement fund and based on outstanding debt as of December 31, 2012, as well as current assessed valuation, the City's voted and nonvoted nonexempt debt capacities within the direct debt limitations were:

	Limitation	Nonexempt Debt Outstanding	Additional Debt Capacity Within Limitation
10.50%	\$ 339,388	\$ 145,180	\$ 194,208
5.50%	\$ 177,775	\$ 145,180	\$ 32,595

City of Toledo, Ohio
Management's Discussion and Analysis
For the year ended December 31, 2012

Nonvoted general obligation debt issued by the City is also subject to an indirect debt limitation, commonly referred to as the "ten-mill limitation," imposed by a combination of provisions of the Ohio Constitution and the Ohio Revised Code. Under that limitation, nonvoted debt may not be issued unless the ad valorem property tax for the payment of debt service on (a) the bonds (or the bonds in anticipation of which notes are issued), and (b) all outstanding nonvoted general obligation bonds (including bonds in anticipation of which BANs are issued) of the combination of overlapping taxing subdivisions including the City resulting in the highest tax required for such debt service, in any year is 10 mills or less per \$1.00 of assessed valuation. As of December 31, 2012, the total millage theoretically required by the City and the combination of overlapping taxing subdivisions was estimated to be 7.5933 mills down from prior year at 7.7893 mills for the year of the highest potential debt service. The City and the overlapping taxing subdivisions had the highest millage requirements for debt service on nonvoted general obligation debt in any year for their outstanding nonvoted general obligation debt. The remaining 2.2107 mills within the ten-mill limitation was yet to be allocated to debt service and that was available to the City and overlapping subdivisions in connection with the issuance of additional nonvoted general obligation debt.

Additional information regarding the City's long-term debt can be found in Note 8 on pages 67 through 71 of this report.

Economic Factors and 2013 Budgets and Rates

The City's elected and appointed officials considered many factors when setting the fiscal 2013 budget. Both the national economy and the City are slowly recovering from a depressed economic situation. Our income tax revenues, which are the largest source of revenue for our general fund, have increased by 3.4 percent during 2012.

The City is committed to controlling costs, putting the highest premium on safety for our citizens and adopting a budget designed to promote long-term fiscal stability and maintain budget reserves. Increasing productivity and reducing personnel costs will provide the most benefit to the current year budget and future budgets. To this end, the City is in process of reviewing several service areas. The City and County are in discussions concerning areas of shared services ranging from vehicle maintenance to communication services. The City and County along with several other municipalities and townships have agreed to participate in a County wide economic development program known as the Lucas County Investment Corporation which will provide county wide economic development initiatives. In addition, the City will continue its investment in job creation in order to continue to grow our local economy. The total general fund budget for 2013 is \$244.6 million.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances and to show accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Director of Finance
City of Toledo, Ohio
One Government Center, Suite 2050
Toledo, OH 43604.

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BASIC FINANCIAL STATEMENTS

City of Toledo, Ohio
Statement of Net Position
December 31, 2012
(amounts expressed in thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents with treasurer	\$ 9,656	\$ 1,133	\$ 10,789
Cash and cash equivalents held by escrow agent	-	10,163	10,163
Cash and cash equivalents other	500	1,563	2,063
Investments	32,082	70,025	102,107
Restricted investments	29,362	53,619	82,981
Receivables (net of allowance)	107,951	37,348	145,299
Due from other governments	16,457	4	16,461
Internal balances	27,285	(27,285)	-
Inventory	6,270	4,554	10,824
Deferred charges and other	-	2,648	2,648
Capital assets:			
Land and construction in progress	123,917	161,683	285,600
Other capital assets, net of accumulated depreciation	429,619	581,440	1,011,059
Total assets	783,099	896,895	1,679,994
LIABILITIES			
Accounts payable	6,457	1,193	7,650
Customer deposits	2,771	5,805	8,576
Accrued wages and benefits	13,371	2,150	15,521
Accrued interest payable	1,300	4,434	5,734
Retainages	1,112	2,481	3,593
Due to other governments	99	167	266
Unearned revenue	18,216	-	18,216
Other current liabilities	22,156	-	22,156
Current portion of long-term liabilities:			
Compensated absences	520	211	731
Bonds, notes, loans and other obligations	48,122	22,921	71,043
Long-term liabilities:			
Compensated absences	23,885	4,685	28,570
Bonds, notes, loans and other obligations	177,311	426,128	603,439
Total liabilities	315,320	470,175	785,495
NET POSITION			
Net investment in capital assets	368,093	376,075	744,168
Restricted for:			
Special assessments	4,784	-	4,784
Debt service	-	6,442	6,442
Capital improvement and replacement	55,294	26,779	82,073
Community programs	15,147	-	15,147
Other purposes	6,032	-	6,032
Unrestricted	18,429	17,424	35,853
Total net position	\$ 467,779	\$ 426,720	\$ 894,499

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

City of Toledo, Ohio
Statement of Activities
For the Year Ended December 31, 2012
(amounts expressed in thousands)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants	Capital Grants	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	\$ 28,807	\$ 72,061	\$ 23	\$ 2,655	\$ 45,932	\$ -	\$ 45,932
Public service	34,715	-	-	-	(34,715)	-	(34,715)
Public safety	165,810	15,907	3,505	2,744	(143,654)	-	(143,654)
Public utilities	1,268	351	6,033	11,191	16,307	-	16,307
Community environment	37,867	2,928	19,972	-	(14,967)	-	(14,967)
Health	19,197	9,813	-	-	(9,384)	-	(9,384)
Parks and recreation	5,419	635	-	-	(4,784)	-	(4,784)
Interest and fiscal charges	11,762	-	-	-	(11,762)	-	(11,762)
Total governmental activities	304,845	101,695	29,533	16,590	(157,027)	-	(157,026)
Business-type activities:							
Water	41,997	44,112	-	-	-	2,115	2,115
Sewer	67,507	66,608	-	1,273	-	374	374
Utilities administration	11,291	12,462	-	-	-	1,171	1,171
Storm utility	7,067	10,331	-	175	-	3,439	3,439
Property management	1,286	-	-	-	-	(1,286)	(1,286)
Small Business Development	78	-	-	-	-	(78)	(78)
Municipal tow lot	911	2,007	-	-	-	1,096	1,096
Toledo public power	138	136	-	-	-	(2)	(2)
Erie Street Market	124	115	-	-	-	(9)	(9)
Total business-type activities	130,399	135,771	-	1,448	-	6,820	6,820
Total	\$ 435,244	\$ 237,466	\$ 29,533	\$ 18,038	\$ (157,027)	\$ 6,820	\$ (150,206)
General revenues:							
					158,128	-	158,128
					11,361	-	11,361
					1,017	937	1,954
					5,272	-	5,272
					4,789	-	4,789
Transfers					(289)	289	-
Total general revenues and transfers					180,278	1,226	181,504
Changes in net position					23,251	8,046	31,297
Net position - beginning, restated					444,528	418,674	863,202
Net position - ending					\$ 467,779	\$ 426,720	\$ 894,499

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

City of Toledo, Ohio
Balance Sheet
Governmental Funds
December 31, 2012
(amounts expressed in thousands)

	<u>General</u>	<u>Capital Improvements</u>	<u>Special Assessments Services</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents:					
Cash and cash equivalents with treasurer	\$ 9,656	\$ -	\$ -	\$ -	\$ 9,656
Cash and cash equivalents other	498	-	-	2	500
Investments	23,168	7,950	-	964	32,082
Restricted investments	5,406	23,385	218	338	29,347
Receivables (net of allowance)	40,412	7,234	56,622	3,362	107,630
Due from other:					
Funds	-	10,134	-	30,226	40,360
Governments	3,314	-	-	13,143	16,457
Inventory of supplies	850	1,005	2,864	912	5,631
Total assets	<u>83,304</u>	<u>49,708</u>	<u>59,704</u>	<u>48,947</u>	<u>241,663</u>
LIABILITIES					
Accounts payable	4,257	745	174	560	5,736
Deposits	416	99	-	1,966	2,481
Retainage	-	1,105	-	7	1,112
Due to other:					
Funds	30,418	-	16,928	1,344	48,690
Governments	-	-	99	-	99
Deferred revenue	31,551	-	56,525	9,354	97,430
Accrued wages and benefits	11,431	158	589	733	12,911
Other current liabilities	-	2,750	-	-	2,750
Compensated absences payable	223	-	-	162	385
Notes payable	-	655	35,600	3,930	40,185
Total liabilities	<u>78,296</u>	<u>5,512</u>	<u>109,915</u>	<u>18,056</u>	<u>211,779</u>
FUND BALANCES (DEFICIT)					
Nonspendable	850	1,005	2,864	912	5,631
Restricted	5,406	43,191	218	19,876	68,691
Committed	326	-	-	12,462	12,788
Unassigned	(1,574)	-	(53,293)	(2,359)	(57,226)
Total fund balance (deficit)	<u>5,008</u>	<u>44,196</u>	<u>(50,211)</u>	<u>30,891</u>	<u>29,884</u>
 Total liabilities and fund balance	 <u>\$ 83,304</u>	 <u>\$ 49,708</u>	 <u>\$ 59,704</u>	 <u>\$ 48,947</u>	 <u>\$ 241,663</u>

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

City of Toledo, Ohio
 Reconciliation of the Balance Sheet to the Statement of Net Position
 Governmental Funds
 December 31, 2012
 (amounts expressed in thousands)

Total **fund balances** for governmental funds \$ 29,884

Total **net position** reported for governmental activities in the statement of net position is different because:

Capital assets used in governmental activities (excluding internal services funds capital assets) are not financial resources and therefore are not reported in the funds 531,574

Revenue will be collected beyond the 60 day period use statements. Revenue and a corresponding receivable are included in the government-wide statements

Special assessments	\$ 57,451	
Income taxes	8,807	
Delinquent property taxes	2,668	
Operating grants	5,907	
Reimbursements from other governments	<u>4,381</u>	79,214

Internal services funds are used by the City to account for the financing of goods or services provided by one department or agency to the other City departments or agencies, generally on a cost reimbursement basis. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 33,770

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. All liabilities - both current and long-term - are reported in the statement of net position. Balances at December 31, 2012 are as follows:

General obligation bonds	(118,754)	
Compensated absences	(23,885)	
Loans outstanding from federal agencies	(23,454)	
Loans outstanding from state agencies	(19,733)	
Accrued interest	(1,300)	
Landfill closure	(15,084)	
Capital leases	<u>(4,453)</u>	(206,663)

Total **net position** of governmental activities \$ 467,779

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

City of Toledo, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	<u>General</u>	<u>Capital Improvements</u>	<u>Special Assessment Services</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Income taxes	\$ 158,523	\$ -	\$ -	\$ -	\$ 158,523
Property taxes	11,381	-	-	-	11,381
Special assessments	-	-	23,593	332	23,925
Licenses and permits	2,264	-	-	19	2,283
Intergovernmental services	20,828	4,573	-	12,188	37,589
Charges for services	26,132	-	4	1,113	27,249
Investment earnings	360	589	5	53	1,007
Fines and forfeitures	6,715	-	-	1,237	7,952
Grants	-	18,074	-	27,701	45,775
Other revenue	350	28	3	4,157	4,538
Total revenues	<u>226,553</u>	<u>23,264</u>	<u>23,605</u>	<u>46,800</u>	<u>320,222</u>
EXPENDITURES					
Current					
General government	14,164	2,750	314	164	17,392
Public service	1,928	-	21,729	11,003	34,660
Public safety	158,979	-	-	6,266	165,245
Public utilities	-	-	-	1	1
Community environment	4,355	-	72	23,372	27,799
Health	13,511	-	548	3,960	18,019
Parks and recreation	2,750	-	101	167	3,018
Capital outlay	53	47,497	13	1,084	48,647
Debt service:					
Principal retirement	505	5,652	-	21,244	27,401
Interest and fiscal charges	221	2,113	1,134	6,967	10,435
Total expenditures	<u>196,466</u>	<u>58,012</u>	<u>23,911</u>	<u>74,228</u>	<u>352,617</u>
Excess (deficiency) of revenues over expenditures	<u>30,087</u>	<u>(34,748)</u>	<u>(306)</u>	<u>(27,428)</u>	<u>(32,395)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	10,456	34,614	-	28,165	73,235
Transfers out	(35,999)	(37,525)	-	-	(73,524)
Capital lease proceeds	-	3,001	-	-	3,001
Issuance of debt	-	41,455	-	-	41,455
Premium on bonds	-	1,498	-	-	1,498
Total other financing sources (uses)	<u>(25,543)</u>	<u>43,043</u>	<u>-</u>	<u>28,165</u>	<u>45,665</u>
Net change in fund balance	4,544	8,295	(306)	737	13,270
Fund balance (deficit) at beginning of year	326	35,678	(51,331)	29,868	14,541
Increase (decrease)for inventory	138	223	1,426	286	2,073
Fund balance (deficit) at year end	<u>\$ 5,008</u>	<u>\$ 44,196</u>	<u>\$ (50,211)</u>	<u>\$ 30,891</u>	<u>\$ 29,884</u>

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

City of Toledo, Ohio

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities
Governmental Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

Net change in **fund balances** - total governmental funds \$ 13,270

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets, which meet the capitalization requirement, is allocated over their estimated useful lives and reported as depreciation expense. This amount includes the adjustment for capital outlay expenditures capitalized offset by depreciation expense and loss on the disposal of capital assets in the current period.

Capital outlay	\$ 44,625	
Depreciation expense	<u>(29,823)</u>	14,802

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. The amount of this net effect of the reversal of prior year items against current year accruals.

Special assessments	4,766	
Income taxes	(395)	
Delinquent property taxes	(20)	
Capital grants	(3,481)	
Operating grants	3,829	
Reimbursements from other governments	<u>1,130</u>	5,829

The long-term liability for compensated absences is not recorded in the funds, but is reported in the statement of activities. This amount is the current year change in the liability, reported as an expense in the statement of activities.

6,208

The long-term liability for landfill closure is not recorded in the funds, but is reported in the statement of activities. This amount is the current year change in the liability, reported as an expense in the statement of activities.

(365)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. This amount is the amount by which repayment of principal exceeds proceeds from issuance not reported as note payable in the governmental funds.

(18,550)

Some expenses reported in the statements of activities do not require the use of current financial resources and, therefore; are not reported as expenditures in governmental funds.

Change in inventory	<u>2,073</u>	2,073
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Changes in net position of internal service funds reported with governmental activities.

(16)

Changes in **net position** of governmental activities

\$ 23,251

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

City of Toledo, Ohio

Statement of Net Position

Proprietary Funds

December 31, 2012

(amounts expressed in thousands)

	Business-type Activities - Enterprise					Governmental Activities - Internal Service Funds
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise	Total	
ASSETS						
Current assets:						
Cash and cash equivalents with treasurer	\$ 258	\$ 777	\$ -	\$ 98	\$ 1,133	\$ -
Cash and cash equivalents held by escrow agent	7,300	2,860	-	3	10,163	-
Cash and cash equivalents other	2	-	1,560	1	1,563	-
Investments	9,378	2,763	46,746	11,138	70,025	-
Restricted investments	44,680	3,112	-	5,827	53,619	15
Receivables (net of allowance)	6,133	17,028	4,791	9,396	37,348	321
Due from other:						
Funds	1,143	19,568	-	2,837	23,548	35,615
Governments	-	-	-	4	4	-
Inventory of supplies	4,010	514	30	-	4,554	639
Total current assets	72,904	46,622	53,127	29,304	201,957	36,590
Noncurrent assets:						
Deferred charges and other	2,070	514	-	64	2,648	-
Capital assets:						
Land and construction in progress	35,888	118,660	-	7,135	161,683	390
Other capital assets, net of accumulated depreciation	168,439	386,593	245	26,163	581,440	21,656
Total noncurrent assets	206,397	505,767	245	33,362	745,771	22,046
Total assets	279,301	552,389	53,372	62,666	947,728	58,636
LIABILITIES						
Current liabilities:						
Accounts payable	34	1,057	46	56	1,193	721
Customer deposits	3,288	2,097	-	420	5,805	290
Retainage	178	2,223	-	80	2,481	-
Due to other:						
Funds	-	-	49,364	1,469	50,833	-
Governments	15	152	-	-	167	-
Other current liabilities	-	-	-	-	-	19,490
Accrued interest payable	540	3,765	-	129	4,434	-
Accrued wages and benefits	683	895	386	186	2,150	460
Current portion of:						
Compensated absences payable	17	4	190	-	211	135
Bonds, loans and notes payable, net	5,844	15,502	-	1,575	22,921	3,770
Total current liabilities	10,599	25,695	49,986	3,915	90,195	24,866
Noncurrent liabilities:						
Compensated absences payable	1,474	1,972	840	399	4,685	-
Bonds, loans and notes payable, net	116,384	284,005	-	25,739	426,128	-
Total noncurrent liabilities	117,858	285,977	840	26,138	430,813	-
Total liabilities	128,457	311,672	50,826	30,053	521,008	24,866
NET POSITION						
Net investment in capital assets	134,079	211,718	245	30,033	376,075	18,276
Restricted for debt service	1,836	4,591	-	15	6,442	-
Restricted for improvement and replacement	7,065	16,251	-	3,463	26,779	-
Unrestricted	7,864	8,157	2,301	(898)	17,424	15,494
Total net position	\$ 150,844	\$ 240,717	\$ 2,546	\$ 32,613	\$ 426,720	\$ 33,770

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

City of Toledo, Ohio
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	Business-type Activities - Enterprise					Governmental Activities - Internal Service Funds
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise	Total	
OPERATING REVENUES						
Charges for services	\$ 44,031	\$ 66,405	\$ 12,458	\$ 12,176	\$ 135,070	\$ 25,985
Other revenue	81	203	4	413	701	347
Total operating revenue	<u>44,112</u>	<u>66,608</u>	<u>12,462</u>	<u>12,589</u>	<u>135,771</u>	<u>26,332</u>
OPERATING EXPENSES						
Personnel services	12,342	16,971	6,932	3,585	39,830	6,355
Contractual services	10,826	16,743	3,255	2,827	33,651	8,627
Materials and supplies	6,798	2,636	878	391	10,703	7,632
Utilities	3,031	3,591	72	123	6,817	1,095
Depreciation	4,706	17,796	154	1,419	24,075	2,622
Total operating expenses	<u>37,703</u>	<u>57,737</u>	<u>11,291</u>	<u>8,345</u>	<u>115,076</u>	<u>26,331</u>
Operating income	<u>6,409</u>	<u>8,871</u>	<u>1,171</u>	<u>4,244</u>	<u>20,695</u>	<u>1</u>
NON-OPERATING REVENUES (EXPENSES)						
Investment earnings	254	44	206	433	937	10
Intergovernmental grants	-	1,273	-	175	1,448	-
Interest expense and fiscal charges	(4,294)	(9,770)	-	(1,259)	(15,323)	(27)
Total non-operating revenues (expenses)	<u>(4,040)</u>	<u>(8,453)</u>	<u>206</u>	<u>(651)</u>	<u>(12,938)</u>	<u>(17)</u>
Income (loss) before transfers	2,369	418	1,377	3,593	7,757	(16)
Transfers in	-	-	-	1,385	1,385	4,705
Transfers out	-	-	-	(1,096)	(1,096)	(4,705)
Change in net position	2,369	418	1,377	3,882	8,046	(16)
Total net position - beginning, as restated	148,475	240,299	1,169	28,731	418,674	33,786
Total net position - ending	<u>\$ 150,844</u>	<u>\$ 240,717</u>	<u>\$ 2,546</u>	<u>\$ 32,613</u>	<u>\$ 426,720</u>	<u>\$ 33,770</u>

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

City of Toledo, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	Business-Type Activities - Enterprise Funds					Governmental Activities - Internal Service Funds
	Water	Sewer	Utility Administrative Services	Nonmajor	Total	
Operating activities:						
Cash received from customers	\$ 45,749	\$ 63,091	\$ 11,590	\$ 9,886	\$ 130,316	\$ 26,156
Cash paid to employees	(13,544)	(18,751)	(5,651)	(3,996)	(41,942)	(6,060)
Cash paid to suppliers	(23,513)	(30,590)	(8,405)	(1,702)	(64,210)	(14,759)
Other receipts	81	203	4	413	701	347
Net cash provided by (used by) operating activities	<u>8,773</u>	<u>13,953</u>	<u>(2,462)</u>	<u>4,601</u>	<u>24,865</u>	<u>5,684</u>
Noncapital financial activities:						
Transfers in	-	-	-	1,385	1,385	4,705
Transfers out	-	-	-	(1,096)	(1,096)	(4,705)
Net cash provided by (used by) noncapital financing activities	<u>-</u>	<u>-</u>	<u>-</u>	<u>289</u>	<u>289</u>	<u>-</u>
Capital and related financing activities:						
Proceeds from capital grants and contributions	-	1,273	-	175	1,448	10
Purchases of property, plant and equipment	(3,736)	(38,159)	-	(2,904)	(44,799)	(7,972)
Principal payments	(5,796)	(13,626)	(236)	(1,129)	(20,787)	(1,465)
Proceeds from the issuance of bonds, loans, and notes	48,497	45,514	-	5,140	99,151	3,770
Interest and fiscal charges paid on bonds, loans and notes	(4,449)	(9,720)	-	(1,235)	(15,404)	(27)
Net cash provided by (used by) capital and related financing activities	<u>34,516</u>	<u>(14,718)</u>	<u>(236)</u>	<u>47</u>	<u>19,609</u>	<u>(5,684)</u>
Investing activities:						
Proceeds from sales and maturities of investments	26	5,994	47,640	11,001	64,661	-
Purchase of investments	(39,861)	(4,806)	(43,608)	(16,301)	(104,576)	-
Investment income received on investments	242	29	220	434	925	-
Net cash provided by (used by) investing activities	<u>(39,593)</u>	<u>1,217</u>	<u>4,252</u>	<u>(4,866)</u>	<u>(38,990)</u>	<u>-</u>
Increase in cash and cash equivalents	3,696	452	1,554	71	5,773	-
Cash and cash equivalents at beginning of year	3,864	3,185	6	31	7,086	-
Cash and cash equivalents at end of year	<u>\$ 7,560</u>	<u>\$ 3,637</u>	<u>\$ 1,560</u>	<u>\$ 102</u>	<u>\$ 12,859</u>	<u>\$ -</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities:						
Operating income (loss)	\$ 6,409	\$ 8,871	\$ 1,171	\$ 4,244	\$ 20,695	\$ 1
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:						
Depreciation	4,706	17,796	154	1,419	24,075	2,622
Increase (decrease) in allowance for doubtful accounts	451	1,076	-	(199)	1,328	(8)
Changes in assets and liabilities:						
Receivables	1,267	(4,391)	(868)	(2,507)	(6,499)	(111)
Due to (from) other:						
Funds	(3,922)	(2,728)	(4,226)	1,531	(9,345)	4,239
Governments	-	6	-	346	352	-
Prepaid expenses	-	-	-	-	-	104
Inventory of supplies	679	153	32	-	864	348
Accounts payable	(432)	(1,089)	(6)	(280)	(1,807)	69
Customer deposits	780	(3,997)	-	416	(2,801)	290
Retainage	37	36	-	42	115	-
Other current liabilities	-	-	-	-	-	(2,153)
Accrued wages and benefits	426	547	251	52	1,276	148
Compensated absences	(1,628)	(2,327)	1,030	(463)	(3,388)	135
Net cash provided by (used by) operating activities	<u>\$ 8,773</u>	<u>\$ 13,953</u>	<u>\$ (2,462)</u>	<u>\$ 4,601</u>	<u>\$ 24,865</u>	<u>\$ 5,684</u>

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

City of Toledo, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2012
(amounts expressed in thousands)

	Agency Funds
ASSETS	
Cash and cash equivalents other	\$ 1,152
Receivables	2,209
Total assets	3,361
 LIABILITIES	
Accounts payable	60
Deposits	3,301
Total liabilities	\$ 3,361

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

**NOTES TO THE
FINANCIAL STATEMENTS**

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Toledo, Ohio (City) was incorporated January 7, 1837, and operates under its Charter adopted in November 1914. The City may exercise all powers of local self-government granted under Article XVIII, Section 3, of the Ohio Constitution, not in conflict with applicable general laws of Ohio. The Charter provides that the City operate under the strong mayor/council form of government.

The Financial Statements of the City have been prepared in conformity with Accounting Principles Generally Accepted in the United State of America (GAAP) as applied to local government units. The Government Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the City's accounting policies are described below.

Reporting Entity

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the Financial Statements are not misleading. The primary government of the City consists of all funds, departments, boards and agencies that are not legally separate from the City. The reporting entity of the City of Toledo, Ohio includes the following services as authorized by its Charter: Public Safety, Highways and Streets, Water and Sanitation, Health and Social Services, Culture-Recreation, Public Improvements, Planning and Zoning and General Administrative Services.

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 body, and (1) the City is able to significantly influence the programs and services performed or provided by the organization; or (2) the City is legally entitled to or can otherwise access the organization's resources; or (3) the City is legally obligated or has otherwise assumed the responsibility to finance deficits of, or provide financial support to, the organization; or (4) the City is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the City in that the City approves their budget, the issuance of their debt, or the levying of taxes for the organization. The City has no component units.

Jointly Governed Organizations

City of Toledo-City of Rossford

In February 1992, the City has entered into a contract with City of Rossford to create a Joint Economic Development Zone (JEDZ). The purpose of this contract is to facilitate planned, orderly, new and expanded commercial and industrial growth within the region; creating retaining and enhancing employment opportunities for the benefit of Toledo and Rossford and their residents and all of the residents of the region. The agreement results in an income tax that shall be imposed based on the City of Rossford's Municipal Code at a rate of 2.25%. The City will receive approximately 27.33% of the net revenues generated by this agreement. The City received \$53 in revenues from the JEDZ in 2012.

City of Toledo-City of Maumee-Monclova Township

In October 2003 and amended in 2010, the City entered into a contract with City of Maumee and Monclova Township to create a Joint Economic Development Zone (JEDZ). The purpose of this contract is to facilitate planned, orderly, new and expanded commercial and industrial growth within the region; creating retaining and enhancing employment opportunities for the benefit of Toledo, Maumee and Monclova, and their residents and all of the residents of the region. The agreement results in an income tax that shall be imposed based on the City of Maumee's Municipal Code at a rate of 1.5%. The City will receive one-fourth of the net revenues generated by this agreement. The City received \$987 in revenues from the JEDZ in 2012.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations (continued)

City of Toledo-City of Sylvania

In July 2008, the City entered into a revenue sharing contract with the City of Sylvania. The purpose of this contract is to facilitate new and expanded commercial growth or economic development in the State and the City of Sylvania. The agreement results in an income tax that shall be imposed based on the City of Sylvania's Municipal Code at a rate of 1.5%. The City will receive 40% of the net revenues in excess of the baseline revenues established yearly generated by this agreement. The City received \$18 in revenues from this agreement in 2012.

City of Toledo-Perrysburg Township

In October 2008, the City entered into a contract with Perrysburg Township to create a Joint Economic Development District (JEDD). The purpose of this contract is to facilitate economic development; create or preserve jobs and employment opportunities and to improve the economic welfare of the people and businesses located in the State, Township, City and District. The agreement results in a payroll income tax that shall be imposed based on the City of Toledo's Municipal Code at a rate of 2.25% paid by employees of businesses located in the District. The City will receive the first \$223 of revenues and 50% of the remaining revenues generated by this agreement. The City received \$27 in revenues from the JEDD in 2012.

City of Toledo-Lake Township

In August 2009, the City entered into a contract with Lake Township to create a Joint Economic Development District (JEDD). The purpose of this contract is to facilitate economic development; create or preserve jobs and employment opportunities and to improve the economic welfare of the people and businesses located in the State, Township, City and District. The agreement results in an income tax that shall be imposed based on the City of Toledo's Municipal Code at a rate of 2.25%. The City will receive 40% of the net revenues generated by this agreement. The City did not receive revenues from the JEDD in 2012.

City of Toledo-Troy Township

In September 2010, the City has entered into a contract with Troy Township to create a Joint Economic Development District (JEDD). The purpose of this contract is to facilitate economic development; create or preserve jobs and employment opportunities and to improve the economic welfare of the people and businesses located in the State, Township, City and District. The agreement results in an income tax that shall be imposed based on the City of Toledo's Municipal Code at a rate of 2.25%. The City will receive 40% of the net revenues generated by this agreement. The City did not receive revenues from the JEDD in 2012.

Corrections Commission of Northwest Ohio

In 1987, the City of Toledo entered into a joint contractual agreement with five counties (Defiance, Fulton, Henry, Lucas and Williams) to form the Corrections Commission of Northwest Ohio (Commission) to oversee the construction and operation of a regional jail. The mission of the Commission is to protect the public, employees and offenders, while operating a cost effective detention center. Each member jurisdiction paid their share of the capital cost of construction of the facility (approximately \$21.3 million). The State of Ohio reimbursed \$10.7 million or 50% of the total capital cost of construction as an incentive to build regional jails.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations (continued)

Corrections Commission of Northwest Ohio (continued)

The six member jurisdiction share in the cost of operation of the Commission based upon the number of beds each are allocated. The funding percentages to each jurisdiction are as follows: City of Toledo – 37.63%, Lucas County – 31.03%, Defiance County – 9.4%, Fulton County – 8.15%, Williams County – 8.15%, and Henry County – 5.64%. The six member jurisdictions each have three representatives (county commissioner/city manager, chief of police/sheriff, and a judge) to serve on the eighteen member board. The degree of control exercised over the Commission by each member jurisdiction is limited to budgeting and financing. The City contributed \$5,128 for the operation of the Commission in 2012. Financial information can be obtained from the Commission’s administrative office located at 03151 Road 2425, Stryker, OH 43557-9418.

Basis of Presentation

The City’s basic Financial Statements consist of Government-Wide Statements, including a Statement of Net Position, and Statement of Activities, as well as Fund Financial Statements which provide a more detailed level of financial information. The Government-Wide Statements report all of the assets, liabilities, revenues and expenses of the City. Governmental Activities are reported separately from Business-Type Activities. Governmental Activities are normally supported by taxes and intergovernmental revenues whereas Business-Type Activities are normally supported by fees and charges for services and are usually intended by management to be financially self-sustaining. Fiduciary Funds of the City are not included in these Government-Wide Financial Statements; however, separate Financial Statements are presented for the Fiduciary Funds.

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, except Fiduciary Funds. The activities of the Internal Service Funds are 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 Activities.

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 Business-Type Activities. 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 (a) charges paid by the recipient of the goods and services offered by the program and (b) grants and contributions that are restricted to meeting the operational and capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

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 Funds Financial Statements is on Major Funds. Each Major Fund is presented in a separate column. Non-Major Funds are aggregated and presented in a single column. The Internal Service Fund is presented in a single column on the Proprietary Fund Statements. Fiduciary Funds are reported by type.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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. The City's funds are classified as Governmental, Proprietary and Fiduciary.

Governmental Funds:

Governmental Funds are those through which most governmental functions typically are financed. Governmental 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 Liabilities is reported as Fund Balance. The following are the City's major Governmental Funds:

General Fund: Accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Capital Improvements Fund: Accounts for construction, improvements and acquisition of building and infrastructure.

Special Assessment Services Fund: Accounts for the proceeds of special assessments (and related note sales) levied against property owners benefiting from the City's services.

Proprietary Funds:

Proprietary Fund reporting focuses on changes in net position, financial position and cash flows.

Enterprise Funds: Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The City has separate Enterprise Funds for the following major enterprises: water, sewer and utility administrative services.

Water: To account for the operations of the water treatment and distribution systems operated of the City. The Department also provides water services to several areas outside of the City. The water supply is collected from Lake Erie. Revenue is generated by charges that are set a level sufficient to provide funds for the costs of operating, maintaining and providing necessary replacements and improvements and for the debt service requirements on outstanding debt.

Sewer: To account for the operations of the sanitary sewage collection and treatment systems operated of the City. Revenue is generated by charges that are set a level sufficient to provide funds for the costs of operating, maintaining and providing necessary replacements and improvements and for the debt service requirements on outstanding debt.

Utility Administrative Services: To provide comprehensive billing, collections and customer services/ relations in an efficient, cost-effective and responsive manner to residents, businesses and governmental jurisdictions within the greater Toledo metropolitan areas, as well as administrative support for the Department of Public Utilities. Senior clerks are available to assist with water/sewer service contracts, billing problems, inspections, payment agreements, remote installations and many other customer service needs.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Internal Service Funds: Internal Service Funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, generally on a cost-reimbursement basis.

Fiduciary Funds:

The City's only Fiduciary Fund reporting focuses on assets and liabilities.

Agency funds: Agency Funds are used to account for assets held by the City as an agent for individuals, private organization, other governments, and/or other funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The City's primary Agency Funds are the Municipal Court and a General Agency Fund where as the City is a collection agent for various licenses, fees and taxes for the State of Ohio.

Measurement Focus

Government-Wide Financial Statements:

The Government-Wide Financial Statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the City are included on the Statement of Net Position, except Fiduciary Funds. The Statement of Activities presents increases (e.g., revenues) and decreases (e.g., expenses) in net position.

Fund Financial Statements:

All Governmental Funds are accounted for using a flow of current financial resources measurement focus. Using this method, only current assets and current liabilities are generally included on the Balance Sheet. The Statement of Revenue, Expenditures, and Changes in Fund Balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., 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 reconciliations 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 Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the Statement of Net Position. The Statement of Changes in Fund Net Position presents increases (i.e., revenues) and decreases (i.e., 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 Activities.

Proprietary Funds distinguish operating revenues and expenses from non-operating items. 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 all major and non-major Proprietary Funds and charges for goods and services to other departments provided by the Internal Service Funds. Operating expenses are necessary costs incurred to provide the goods and services that are the primary activity of the fund.

Agency Funds do not report a measurement focus as they do not report operations.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting

Basis of Accounting determines when transactions are recorded in the financial records and reported on the Financial Statements. The Government-Wide as well as the Fiduciary Funds and Proprietary Fund Financial Statements are prepared using the accrual basis of accounting. The Governmental Funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue 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. Under the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities for the current fiscal year. For the City, available means expected to be received within sixty days after year end.

Non-exchange Transactions, in which the City receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Under the accrual basis, revenue from income taxes is recognized in the period in which the income is earned (see Note 4). Revenue from property taxes is recognized in the year in 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. 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 specific purpose, and expenditure requirements, in which the resources are provided to the City on a reimbursement basis.

Under the modified accrual basis, revenue from non-exchange 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 local shared taxes (including gasoline tax), fines and forfeitures, licenses and permits, interest, grants and rentals.

Unearned and Deferred Revenues

Unearned and Deferred Revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of December 31, 2012, but which were levied to finance year 2013 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as Unearned Revenue.

On Governmental Fund Financial Statements, receivables that will not be collected within the available period have been reported as Deferred Revenue.

Income taxes and special assessments not received within the available period, grants and entitlements received before the eligibility requirements are met, and delinquent property taxes due at December 31, 2012, are recorded as Deferred Revenue.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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.

Budgetary Information

Annual budgets are adopted for all Governmental Funds other than capital projects funds on the GAAP basis in that revenues are recorded when earned and expenditures are recorded when incurred. Capital projects funds adopt project-length budgets at the time bonds are sold or other funding sources are determined. The City maintains budgetary controls by not permitting expenditures to exceed appropriations at the account for each division within each fund.

Cash and Cash Equivalents

Cash balances of the City's funds are pooled and invested in order to provide improved cash management. Monies for all funds are maintained in this pool. All of the City's depository accounts are maintained by the General Fund and reported on the Statement of Net Position as "Cash and Cash Equivalents with Treasurer".

Investments were limited to certificates of deposit, Federal Government securities, and the State Treasury Assets Reserve of Ohio (STAR Ohio). Except for non-participating investment contract, investments are stated at fair value which is based on quoted market prices. Non-participating investment contracts, such as non-negotiable certificates of deposit, are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's office which allows governments with the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on December 31, 2012.

For the purposes of the Statement of Cash Flows, the Proprietary Funds consider all highly liquid investments held by treasurer with an original maturity date of three months or less when purchased, to be Cash Equivalents. In addition, all cash with treasurer and other cash are also considered to be Cash Equivalents because they are available to the Proprietary Fund on demand.

Inventory of Supplies

Inventories are valued at cost in utilizing the First-In, First-Out (FIFO) method for Governmental Funds, and at cost in Proprietary Funds and are expensed when used.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2012, are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount at the time of the purchase and the expenditure/expense in the year in which services are consumed.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

Restricted Assets are those which are legally restricted in their use by bond indentures, or other legal instruments.

Capital Assets

General Capital Assets are those assets not specifically related to activities reported in the Proprietary Funds. These assets generally result from the expenditures in the Governmental Funds. These assets are reported in the Governmental Activities column of the Government-Wide Statement of Net Position, but not reported in the Governmental Fund Financial Statements. Capital Assets utilized by the Proprietary Funds are reported both in the Business-Type Activities column of the Government-Wide Statements 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 fair market values as of the date received. The City maintains a capitalization threshold of five hundred dollars. The City's infrastructure consists of bridges, curbs and gutters, lighting, sidewalks, roads, drainage systems and water and sewer lines. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not. Interest incurred during the construction of capital assets are capitalized in the proprietary funds.

All reported Capital Assets are depreciated except for land and construction in progress. 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 estimated useful lives:

Buildings	35-50 years
Improvements other than buildings	10-20 years
Machinery and Equipment	5-25 years
Furniture and fixtures	8-20 years
Infrastructure	20-50 years
Distribution systems	100 years

Interfund Balances

On Fund Financial Statements, outstanding Interfund loans and unpaid amounts for Interfund services are reported as "due to/from". Interfund balance amounts are eliminated in the Statement of Net Position.

Compensated Absences

The City follows the provisions of Governmental Accounting Standards board No. 16, *Accounting for Compensated Absences*. Vacation and compensatory time 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 city will compensate the employees for the benefits through paid time off or some other means. The City records a liability for accumulated unused vacation and compensatory time when earned for all employees with more than one year of service.

Sick leave benefits are accrued using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the City's past experience of making termination payments.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences (continued)

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the Balance Sheet date, and reduced to the maximum payments allowed by labor contract and/or statute, plus applicable additional salary related payments. City employees are granted vacation and sick leave in varying amounts. In the event of termination, an employee is reimbursed for accumulated vacation and sick leave at various rates.

The entire compensated absence liability is reported on the Government-Wide Financial Statements.

On Governmental Fund Financial Statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due during each period upon the occurrence of employee resignations and retirements. For Proprietary Funds, the entire amount of compensated absences is reported as a fund liability.

Accrued Liabilities and Long-Term Obligations

All payables and accrued liabilities and long-term obligations payable from the Governmental Funds 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, once Governmental Fund payables and accrued liabilities have incurred, they are paid in a timely manner and in full from current financial resources and reported as obligations of the funds. However, claims, judgments and 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 year. Bonds, capital leases, and long-term loans are recognized as a liability on the Fund Financial Statements when due.

Debt Issuance Costs, Premiums, Discounts and Deferred Amount on Refunding

On Government-Wide Financial Statements, bond issuance costs are deferred and amortized over the term of the bonds using the straight-line method. Unamortized bond issuance costs are reported as a separate line item on the Statement of Net Position.

Bond premiums and discounts are deferred and amortized over the term of the bonds using the straight-line method, which approximates the effective interest method. Bond premiums are presented as an addition to the face amount of the bonds. Bond discounts are presented as a reduction of the face amount of the bonds.

For advance refunding resulting in the defeasance of debt in the Government-Wide Financial Statements and in the Proprietary Funds, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction from the face amount of the new debt, if material.

Interfund Activity

Transfers between Governmental and Business-Type Activities on the Government-Wide Statements are reported in the same manner as general revenues.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Interfund Activity (continued)

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 non-operating 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 basic Financial Statements.

Fund Balance Classifications

Fund Balance for Governmental Funds are reported in classifications that comprise a hierarchy based primarily on the extent to which the City is “bound to honor constraints on the specific purposes for which amounts in the fund can be spent” in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

The components for reporting the City’s Fund Balance are non-spendable, restricted, committed, assigned and unassigned. Non-spendable Fund Balance includes those amounts that are not in a spendable form such as inventory. Restricted Fund Balance includes those amounts that are restricted by parties outside of the City or pursuant to enabled legislation. Committed Fund Balance describes the portion of the Fund Balance that has been limited to use by approval of City Council. City Council is the City’s highest level of decision making. Fund balance commitments are established, modified, or rescinded by City Council action through passage of an ordinance. Assigned Fund Balance includes amounts that have been intended use by City Council. City Council demonstrates its intent for use of assigned amounts through passage of appropriation legislation, or resolution. The Unassigned Fund Balance represents the residual net resources.

The City considers restricted amounts to have been spent when expenditure is incurred for purposes of which both restricted and unrestricted Fund Balance is available. The City does not have a formal policy for its use of unrestricted Fund Balance amounts; therefore, it considers committed amounts used first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted Fund Balance classification could be used.

Estimates

The preparation of the Financial Statements in conformity with GAAP 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.

Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances for any borrowing 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 the enabling legislation or through external restrictions imposed by the creditors, grantors or laws or regulation of other governments.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 2 – DEPOSITS AND INVESTMENTS

The City's investment policy allows for the following types of deposits and investments:

1. Direct obligations of the United States which include, but are not limited to, Treasury certificates, bills, bonds, notes as well as United States Treasury obligations, State and Local Government Series;
2. Bonds, notes, debentures, or any other obligation or securities issued by the following Federal Government agencies or instrumentalities: Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, and Federal Home Loan Mortgage Corporation;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement is at least equal to 100% of the price at which the repurchase securities are to be repurchased from the City, or such greater percentage as is agreed upon by the seller and the City prior to or upon entering into a particular transaction;
4. Bonds, notes, and other negotiable instruments evidencing the obligation of the City to pay money;
5. Bonds, notes and other negotiable instruments of political entities other than the City which are rated at the time of acquisition by Moody's or Standard and Poor's in at least the third highest category when rated with a long term rating or in the highest category when rated with a short term rating;
6. The State Treasurer's investment pool (STAR Ohio).
7. Demand deposits which are deposited with an institution having all of the qualifications of a depository except that it needs only have an office located in the State of Ohio rather than in the City and payable on demand of the City. Such deposits may include interest-bearing or non-interest bearing checking accounts, NOW accounts, savings accounts and other similar accounts authorized by the Federal Reserve Bank Board or the Federal Home Bank Board.
8. Non-demand savings accounts which are deposited in an institution having all of the qualifications of a depository except that it need only have an office located in the State of Ohio rather than in the City that are not payable on demand but, instead, are payable at a certain date.

A qualified depository is a bank, trust company or savings and loan association organized under the laws of the State of Ohio or under the laws of the United States, doing business and situated in the State and

1. Has an office located in the City which is capable of providing services requested by the City
2. Has deposits which are insured by the Federal Deposit Insurance Corporation
3. Has Equity Capital in excess of \$50 million or has been approved by an ordinance of City Council following completion of the appeal process
4. Carries a holding company individual credit rating by Fitch of C or better or a credit rating by Highline Financial, LLC of 50 or better.
5. Provides collateralization as required by the Toledo Municipal Code.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

An investment must mature within three years from the date of purchase unless matched to a specific obligation or debt of the City. Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the Finance Director or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is the risk that, in the event of bank failure, the City will not be able to recover deposits or collateral securities that are in the possession of an outside party. Under both the Ohio Revised Code and the City's Municipal Code, the City's deposits are subject to a collateralization requirement by either specific or pooled securities deposited with Federal Reserve Banks, or at member banks of the Federal Reserve System, in the name of the City or the depository bank.

At December 31, 2012, the carrying amount of the City's deposits was \$10,789 and the bank balance was \$15,965. Of the bank balance, the Federal Depository Insurance will cover up to \$250 per account. The City also has un-invested cash in the amount of \$10,163 being held by a third party trustee. This amount is greater than the previous year due to investments being called at the end of this year but not reinvested until 2013. The City also has petty cash funds of \$15 held by departments that are not covered by Federal Depository Insurance or collateralized.

At December 31, 2012, the carrying amount of the Toledo Municipal Court, an agency fund of the City, was \$1,152 and the bank balance was \$1,587. Of the bank balance, the Federal Depository Insurance will cover up to \$250 per account.

Cash and cash equivalents other

At December 31, 2012, the carrying amount of the Utility administration services, an enterprise fund of the City, was \$1,560 which represented cash application of customer accounts not deposited into the City's bank. The General fund has \$498 which represented a fiduciary deposit in transit. Both transactions are timing related and should not be reoccurring.

Investments

Investments are reported at fair value. As of December 31, 2012, the City had the following investments:

	Maturity		Total
	Within one year	More than one year but less than three years	
Federal Farm Credit Bureau	\$ -	\$ 42,256	\$ 42,256
Federal Home Loan Bank	-	31,478	31,478
Federal Home Loan Mortgage Corp	1,319	39,801	41,120
Federal National Mortgage Association	502	38,241	38,743
STAR Ohio	20,765	-	20,765
Certificates of deposit/savings	13	-	13
US Treasury	10,713	-	10,713
Total portfolio	\$ 33,312	\$ 151,776	\$ 185,088

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

The City follows GASB Statement No. 40, *Deposits and Investment Risk Disclosure*, which requires certain disclosures related to the interest rate, custodial, credit, foreign currency and concentration of credit risks associated with interest-bearing investments.

Interest Rate Risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The City's investment policy generally limits security purchases to those that mature within three years of the settlement date unless the maturity is matched with a specific cash requirement which states that the maturity can not exceed seven years of the settlement date. The City's investment policy addresses interest risk requiring the consideration of market conditions and cash flow requirements in determining the term of the investments.

Custodial Risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, the City will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The City has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payments for investments prior to the delivery of the securities representing such investments to the Finance Director or qualified trustee.

Credit Risk for investments is addressed by the City's investment policy requirement that all investments are authorized by Code and that the portfolio be diversified both by types of investment and issuer. STAR Ohio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. All other investments of the City except for U.S. Treasury investments are registered and carry an AA+ rating by Standard and Poor's.

Foreign Currency Risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or deposit. The City's investment policy does not allow for investment in foreign accounts.

Concentration of Credit Risk is defined by GASB as five percent or more in the securities of a single issuer. The City's investment policy addresses concentration of credit risk by requiring investments to be diversified to reduce the risk of loss resulting from over concentration of assets in a specific issue or specific class of securities. The City places the following limitations on the amount that can be invested in any one issuer:

1. City funds either invested in certificates of deposit or deposited in non-demand savings accounts with any one depository shall not exceed 10 percent of the aggregate principal amount of the City's investment portfolio.
2. City funds invested in certificates of deposits in a depository may not exceed 10 percent of the equity capital of the depository at any one time.
3. No more than \$10 million may be invested at any one time through repurchase agreements with any one institution.
4. No more than 40 percent of the aggregate principal amount of the City's investment portfolio shall be invested at any one time in STAR Ohio.
5. No obligation of any of the government agencies or instrumentalities shall be purchased if such purchase would cause more than 25 percent of the aggregate principal amount of the City's investment portfolio as of the settlement date to be invested in the obligations of that individual government agency or instrumentality.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

6. The maximum aggregate amount that may be invested for a period longer than 3 years for any one fund shall be 25 percent of the lowest total of all outstanding investments for that fund which occurred during the 12 months immediately prior to the purchase of any security with maturity longer than 3 years. Compliance with this limitation shall be determined as of the settlement date only.
7. City's securities shall not exceed 10 percent of the aggregate principal amount of the City's investment portfolio, calculated only as of the date of purchase of such City's securities. Unless otherwise specified in the ordinance authorizing their issuance, sale and purchase by the City, these securities shall only be purchased to provide interim financing in anticipation of the sale of City debt in the outside market.

The following is the City's allocation as of December 31, 2012:

	Fair Value	% of Total
Federal Farm Credit Bureau	\$ 42,256	22.83
Federal Home Loan Bank	31,478	17.00
Federal Home Loan Mortgage Corp	41,120	22.22
Federal National Mortgage Association	38,743	20.93
STAROhio	20,765	11.22
Certificates of deposit/savings	13	0.01
US Treasury	10,713	5.79
Total Portfolio	\$ 185,088	100.00

NOTE 3 – RECEIVABLES

Receivables at December 31, 2012 consist of the following:

	Taxes	Customer and Other	Special Assessments	Notes Receivable	Interest Receivable	Gross Receivables	Less: Allowance for Uncollectibles	Receivables Net
Governmental activities:								
General fund	\$ 43,475	\$ 9,710	\$ -	\$ -	\$ 22	\$ 53,207	\$ (12,795)	\$ 40,412
Capital improvement	-	7,940	-	2,750	-	10,690	(3,456)	7,234
Special assessment	-	96	56,526	-	-	56,622	-	56,622
Other governmental funds	-	1,352	926	30,613	3	32,894	(29,532)	3,362
Total governmental funds	43,475	19,098	57,452	33,363	25	153,413	(45,783)	107,630
Business type activities:								
Water	-	9,171	-	-	58	9,229	(3,096)	6,133
Sewer	-	23,828	-	-	10	23,838	(6,810)	17,028
Utility administrative services	-	4,734	-	-	57	4,791	-	4,791
Other business type activities	-	5,408	-	23,189	19	28,616	(19,220)	9,396
Total business type funds	-	43,141	-	23,189	144	66,474	(29,126)	37,348
Internal Service	-	673	-	-	-	673	(352)	321
Total	\$ 43,475	\$ 62,912	\$ 57,452	\$ 56,552	\$ 169	\$ 220,560	\$ (75,261)	\$ 145,299

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 4 – INCOME TAXES

The City levies a Municipal Income Tax of 2.25% on substantially all income earned within the City. The residents of the City are required to pay income tax on the income earned outside of the City; however, the City allows a credit for income taxes paid to another municipality up to 100% of the City's current income tax rate. The City income tax also applies to the net income of businesses located or doing business within the City limits.

The first 1.5% of the income tax is a permanent levy, of which .25% of this tax is dedicated to capital improvements. There is an additional .75% that is levied which was renewed January 1, 201 for an additional four years. Of this additional tax, .25% is also dedicated for capital improvements. The required transfers to the Capital Improvements Fund for 2012 have been completed. The City's voters passed Issue 5 in May, 2010 which allows the City to use a portion of the .75% for operating expenditures rather than for capital improvements. This allows money to move from the Capital Improvements Fund to the General Fund through December 31, 2012.

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 certain individual taxpayers are required to pay their estimated tax quarterly and file a declaration annually. The City administers the collection of income taxes and the assessments of interest and penalties. Income tax proceeds are to be used to pay the cost of administering the tax and recorded in the General Fund.

NOTE 5 – PROPERTY TAX

Property taxes include amounts levied against all real and public utility located in the City. Taxes collected from real property taxes (other than public utility) in one calendar year are levied in the preceding calendar year on the assessed value as of January 1 of the preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years.

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

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined at December 31 of the second year preceding the tax collection year, the lien date. Public utility tangible personal property is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2012 public utility property taxes became a lien on December 31, 2011, are levied on October 1, 2012 are collected in 2013 with real property taxes. Public utility property taxes are payable on the same dates as real property taxes.

The County Treasurer collected property taxes on behalf of all taxing districts in the County, including the City of Toledo. The County Auditor periodically remits to the City its portion of the taxes collected. Property taxes receivable represents real property taxes, public utility taxes and outstanding delinquencies which are measurable as of December 31, 2012 and for which there is an enforceable legal claim. In the Government Funds, the current portion receivable has been offset by deferred revenue since the current taxes were not levied to finance 2012 operations and the collection of delinquent taxes has been offset by deferred revenue since the collection of the taxes during the available period is not subject to reasonable estimation. On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 5 – PROPERTY TAX (continued)

The full tax rate for all City operations for the year ended December 31, 2012 was \$4.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2012 property tax receipts were based are as follows:

Public utility real and tangible personal property	\$ 123,218
Real property (other than public utility)	3,629,878
Total assessed value	\$ 3,753,096

Special Assessment Services, Improvements and Bond Retirement

The City provides special services primarily for snow removal, leaf pickup, street resurfacing and street lighting. These services are assessed in the real estate tax bills to the benefited property owners. The City pays the actual costs of these services, which are then levied as special assessments and collected two years after the service has been rendered.

Special assessment notes are issued for the interim financing of various improvements to be assessed from benefiting property owners. These improvements include streets, alleys, sanitary sewers, sidewalks, storm sewers and water lines. Upon completion of the approved projects, the notes are converted to long-term bonds, which are assessed over a 10 or 20 year period depending on the type and cost of the improvement.

NOTE 6 – CAPITAL ASSETS

Capital asset activity for the governmental activities for the year ended December 31, 2012, was as follows:

	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
<i>Governmental Activities:</i>				
<i>Capital assets not being depreciated:</i>				
Land	\$ 20,905	\$ -	\$ -	\$ 20,905
Construction in progress	58,809	44,203	-	103,012
Total capital assets not being depreciated	79,714	44,203	-	123,917
<i>Capital assets being depreciated:</i>				
Buildings	65,722	-	-	65,722
Furniture & Fixtures	6,907	-	-	6,907
Improvements	60,666	-	-	60,666
Infrastructure	807,634	-	-	807,634
Machinery & Equipment	131,535	8,310	-	139,845
Total capital assets being depreciated	1,072,464	8,310	-	1,080,774
<i>Less: accumulated depreciation</i>				
Buildings	28,913	803	-	29,716
Furniture & Fixtures	3,916	365	-	4,281
Improvements	17,581	2,442	-	20,023
Infrastructure	476,173	22,269	-	498,442
Machinery & Equipment	92,127	6,566	-	98,693
Total accumulated depreciation	618,710	32,445	-	651,155
Total capital assets being depreciated, net	453,754	(24,135)	-	429,619
Governmental type activities capital assets, net	\$ 533,468	\$ 20,068	\$ -	\$ 553,536

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 6 – CAPITAL ASSETS (continued)

Depreciation expense was charged to functions of the Governmental Activities as follows:

General government	\$ 11,360
Public safety	6,189
Public utility	546
Community environment	10,388
Health	892
Parks and recreation	3,070
Total depreciation expense - governmental activities	<u>\$ 32,445</u>

The Department of Housing and Neighborhood Revitalization has purchased land and buildings using Block Grant Funds. The intent of such purchases ultimately is to resell the property for a nominal amount to adjacent property owners or developers for redevelopment purposes. As of December 31, 2012, the Department owned approximately 161 parcels at an estimated historical cost of \$4,414. Due to the uncertainty of the market value or the ability to locate developers, the purchase costs have been recorded as program expenditures in the Block Grant Funds in the year of purchase and revenues from the sale of properties are recorded as Program Revenue in the year of sale.

Capital Asset Activity for the Business-Type Activities for the Year Ended December 31, 2012, was as follows:

<i>Business-Type Activities:</i>	Balance 1/1/2012	Additions	Deletions	Balance 12/31/2012
<i>Capital assets not being depreciated:</i>				
Land	\$ 315	\$ 1,649	\$ -	\$ 1,964
Construction in progress	119,067	40,652	-	159,719
Total capital assets not being depreciated	119,382	42,301	-	161,683
<i>Capital assets being depreciated:</i>				
Buildings	51,005	930	-	51,935
Improvements	72,307	-	(1,041)	71,266
Furniture and fixtures	1,971	22	-	1,993
Distribution system	787,812	-	-	787,812
Machinery and equipment	115,426	1,921	-	117,347
Total capital assets being depreciated	1,028,521	2,873	(1,041)	1,030,353
<i>Less: accumulated depreciation</i>				
Buildings	42,384	1,091	-	43,475
Improvements	45,221	2,479	(666)	47,034
Furniture and fixtures	1,442	108	-	1,550
Distribution system	260,556	13,141	-	273,697
Machinery and equipment	75,901	7,256	-	83,157
Total accumulated depreciation	425,504	24,075	(666)	448,913
Total capital assets being depreciated, net	603,017	(21,202)	(375)	581,440
Business-type activities capital assets, net	<u>\$ 722,399</u>	<u>\$ 21,099</u>	<u>\$ (375)</u>	<u>\$ 743,123</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 6 – CAPITAL ASSETS (continued)

Depreciation expense was charged to functions of the Business-Type Activities as follows:

Sewer	\$ 17,796
Water	4,706
Utility Administrative Services	154
Non-major	1,419
Total depreciation expense - business-type activities	\$ 24,075

NOTE 7 – NOTES PAYABLE

The City's Notes Payable obligations at December 31, 2012 and a schedule of current year activity are as follows:

	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 1/1/2012	Increase	Decrease	Balance 12/31/2012	Amount Due In One Year
General obligations:								
Capital projects	2013	1.75	\$ 655	\$ 9,675	\$ 655	\$ (9,675)	\$ 655	\$ 655
Special assessments	2013	1.75	3,930	3,975	3,930	(3,975)	3,930	3,930
Internal service funds	2013	1.75	2,825	1,465	520	(1,465)	520	520
Building	2013	1.15	3,250	-	3,250		3,250	3,250
Revenue obligations:								
Assessed services 2010	2012	4.125	20,360	20,360	-	(20,360)	-	-
Assessed services 2011	2013	1.88	19,600	19,600	-	-	19,600	19,600
Assessed services 2012	2014	1.88	16,000	-	16,000	-	16,000	-
			\$ 55,075	\$ 24,355	\$ 24,355	\$ (35,475)	\$ 43,955	\$ 27,955

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 8 – LONG-TERM OBLIGATIONS

The City's Governmental Activities Long-Term Obligations at December 31, 2012 and a schedule of current year activity are as follows:

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 1/1/2012	Increase	Decrease	Balance 12/31/2012	Amount Due In One Year
Government activities:									
General obligation bonds:									
Capital projects	Various	Various	1.5 - 6.08	\$ 196,655	\$ 99,704	\$ 40,203	\$ (21,253)	\$ 118,654	\$ 14,099
Special assessments	Various	Various	1.55 - 5.0	305	125	-	(25)	100	25
Loans outstanding:									
State agencies:									
State issue 2									
Capital projects	Various	Various	0	9,524	5,728	-	(709)	5,019	719
Ohio Water Dev Authority									
Capital projects	Various	Various	4.02 - 4.12	9,843	5,520	-	(504)	5,016	526
ODOD Chapter 166									
Capital projects	1998	2018	4	10,000	4,846	-	(629)	4,217	655
Economic Development	2012	2015	0	2,750	-	2,750	-	2,750	-
State Infrastructure Bank									
Capital projects	2009	2019	3	3,709	2,975	-	(244)	2,731	82
Federal agencies:									
HUD 108									
Capital projects	Various	Various	6.56 - 7.96	24,140	12,270	-	(1,445)	10,825	1,535
Other loans:									
Capital projects	Various	Various	0 - 6.55	18,201	13,459	-	(830)	12,629	907
Capital lease obligations:									
Fire trucks	2009	2013	4.638	2,923	1,215	-	(567)	648	648
Fire ambulances	2007	2012	6.391	840	188	-	(188)	-	-
Fire ambulances II	2010	2015	3.428	1,185	953	-	(226)	727	234
Police detective vehicles	2010	2012	3.1	2,125	708	-	(708)	-	-
Fire inspector vehicles	2011	2013	3	231	150	-	(73)	77	77
Ambulance	2012	2017	1.69	1,413	-	1,413	-	1,413	273
Landfill Vehicles	2012	2016	1.63	1,588	-	1,588	-	1,588	387
Other obligations:									
Landfill closure					14,719	365	-	15,084	-
Compensated absences					30,928	2,893	(9,416)	24,405	520
Total government activities					\$ 193,488	\$ 49,212	\$ (36,817)	\$ 205,883	\$ 20,687

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

The following is a schedule of Future Principal and Interest Payments to retire the Long-Term Obligations Outstanding and Notes Payable at December 31, 2012 for the City's Governmental Activities:

Year	General Obligation Bonds		General Obligation Notes		Revenue Obligation Notes	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 14,124	\$ 4,899	\$ 5,105	\$ 83	\$ 19,600	\$ 497
2014	15,524	4,332	-	-	16,000	301
2015	11,739	3,449	-	-	-	-
2016	9,625	3,312	-	-	-	-
2017	9,370	2,936	-	-	-	-
2018-2022	36,375	9,121	-	-	-	-
2023-2027	18,925	2,486	-	-	-	-
2028-2032	3,072	133	-	-	-	-
Total	<u>\$ 118,754</u>	<u>\$ 30,668</u>	<u>\$ 5,105</u>	<u>\$ 83</u>	<u>\$ 35,600</u>	<u>\$ 798</u>

Year	State Agency Loans		Federal and Other Loans		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 1,982	\$ 450	\$ 2,442	\$ 884	\$ 43,253	\$ 6,813
2014	1,916	464	2,355	853	35,795	5,950
2015	2,374	298	2,483	775	16,596	4,522
2016	2,310	349	2,637	709	14,572	4,370
2017	4,963	280	2,625	635	16,958	3,851
2018-2022	4,305	559	4,992	2,282	45,672	11,962
2023-2027	1,720	42	3,135	1,429	23,780	3,957
2028-2032	163	-	2,785	569	6,020	702
Total	<u>\$ 19,733</u>	<u>\$ 2,442</u>	<u>\$ 23,454</u>	<u>\$ 8,136</u>	<u>\$ 202,646</u>	<u>\$ 42,127</u>

Landfill Closure and Post-closure Care Costs

The City operates the Hoffman Road landfill and accounts for this activity in the General Fund. State and federal regulations require the City to place a final cover on the Hoffman Road site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty (30) years after closure. The closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste. The City records a liability in the Government-Wide Statement of Net Position for the closure and post-closure care costs based on landfill capacity used as of each balance sheet date. A new cell was constructed in 2005 resulting in an increase in capacity; therefore, the landfill can continue to accept solid waste and increase its capacity. Based on the remaining air space and estimated annual tonnage to be taken in, the estimated remaining life of the landfill is 45 years. The \$15,084 reported as landfill closure and post-closure care liability at December 31, 2012 represents the cumulative amount reported to date based on the use of 58.1% of the used capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$10,861 as the remaining used capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2012 using the worst case scenario determined by the permit to install. Actual costs may be higher due to inflation, changes in technology, or changes in regulation.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

The City's Business-Type Activities Long-Term Obligations at December 31, 2012 and a schedule of current year activity are as follows:

Business-type activities	Issue	Maturity	Interest	Original	Balance	Increase	Decrease	Balance	Amount
	Date	Date	Rate (%)	Issue Amount	1/1/2012			12/31/2012	Due In One Year
General obligation bonds:									
Tow lot	2006	2014	4.0 - 5.0	\$ 2,835	\$ 2,035	\$ -	(160)	\$ 1,875	\$ 160
Property management	Various	Various	4.85 - 7.0	22,565	18,986	5,140	(698)	23,428	1,138
Revenue obligation bonds:									
Water system	Various	Various	1.25 - 6.20	139,940	67,442	48,311	(5,667)	110,086	5,208
Sanitary sewer system	Various	Various	2.0 - 6.45	49,300	28,515	-	(2,504)	26,011	2,603
Loans outstanding:									
State agencies:									
State issue 2									
Water system	Various	Various	0	1,704	1,317	-	(85)	1,232	85
Sanitary sewer system	Various	Various	0	7,044	6,186	773	(859)	6,100	310
Storm water system	Various	Various	0	2,084	1,507	-	(117)	1,390	117
Ohio Water Dev Authority									
Water system	2006	2028	3.25	16,012	10,768	186	(44)	10,910	551
Sanitary sewer system	Various	Various	3.75 - 8.31	397,949	231,868	44,741	(10,028)	266,581	12,329
ODOD Chapter 166									
Property management	2000	2016	4	1,500	775	-	(154)	621	160
Capital lease obligations:									
Ohio Building	1997	2012	4.75	8,276	236	-	(236)	-	-
Sewer cleaners II	2011	2015	4.99	1,389	1,050	-	(235)	815	260
Other obligations:									
Compensated absences					8,284	2,183	(5,571)	4,896	211
Total business-type activities					\$ 378,969	\$ 101,334	\$ (26,358)	\$ 453,945	\$ 23,132

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

The following is a schedule of Future Principal and Interest Payments to retire the Long-Term Obligations Outstanding at December 31, 2012 for the City’s Business-Type Activities:

Year	General Obligation Bonds		Revenue Obligation Bonds		State Agency Loans	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	1,298	38,398	7,811	4,435	13,552	7,549
2014	1,383	1,042	8,596	4,369	15,311	8,087
2015	1,479	1,008	8,811	4,081	15,925	7,880
2016	1,545	958	9,081	3,774	16,436	8,264
2017	1,640	925	9,488	3,439	16,837	7,740
2018-2022	7,693	3,697	22,365	13,817	91,875	31,405
2023-2027	9,340	1,629	26,832	8,565	80,802	15,660
2028-2032	925	46	17,255	3,333	24,080	2,906
2033-2035	-	-	25,858	841	12,016	220
Total	\$ 25,303	\$ 47,703	\$ 136,097	\$ 46,654	\$ 286,834	\$ 89,711

Year	Total	
	Principal	Interest
2013	22,661	50,382
2014	25,290	13,498
2015	26,215	12,969
2016	27,062	12,996
2017	27,965	12,104
2018-2022	121,933	48,919
2023-2027	116,974	25,854
2028-2032	42,260	6,285
2033-2035	37,874	1,061
Total	\$ 448,234	\$ 184,068

New Issues and Advanced Refunding

As interest rates are at historic lows, the City of Toledo refinanced many instruments and increased total debt to take advantage of the current market. The following list of new issues and advance refunding occurred;

In October of 2012, the City issued \$5,105 of General Obligation Notes for funding the construction of certain sidewalk improvements and the acquisition of certain motor vehicles and equipment.

In October of 2012, the City issued \$38,705 of General Improvement and Refunding Bonds for the purpose of funding certain permanent improvements and refunding existing obligations with a lower net interest cost.

In December of 2012, the City issued \$5,140 of General Obligation Bonds for the purpose of refunding at a lower interest cost the principal balance of the City’s 1995 Housing Improvement Bonds. The refinanced debt provides future cash flow savings and economic gains of \$148 over the life of the bond.

In October of 2012, the City issued \$10,620 of Water System Refunding Bonds for the purpose of refunding certain maturities of outstanding Water System Revenue Bonds at a lower interest cost. The refinanced debt provides future cash flow savings and economic gains of \$1,424 over the life of the bond.

In February of 2012 the City issued \$37,694 in new Water Revenue Bonds for the purpose of paying the cost of improvements to the treatment and distribution facilities of the Water System. The Water Bonds are special obligations that have been secured by a pledge of and a lien on certain funds and net revenues of the System, all as provided in the trust indenture securing the Water Bonds.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 8 – LONG-TERM OBLIGATIONS (continued)

New Issues and Advanced Refunding (continued)

In 2012, the city issued \$16,000 in Special Assessment Notes for City Services. These notes mature on June 1 and December 1 of 2014.

State Infrastructure Bank Loans

The City has entered into State Infrastructure Bank loan agreements with the Ohio Department of Transportation (ODOT) pursuant to which ODOT provided to the City loans totaling \$2,808 to pay costs of certain street improvements in the City’s Marina District and a loan totaling \$901 to pay the City’s portion of the cost of improvements to the Martin Luther King Bridge. The aggregate outstanding principal amount of the City’s obligations under those ODOT loan agreements was \$2,731 as of December 31, 2012.

Ohio Public Works Commission

Ohio Public Works Commission (OPWC) extends both grants and loans to the City. Monies received by the City after the grant commitment has been fulfilled by OPWC are then considered loans. Only the loan portion need be repaid by the City.

Ohio Water Development Authority

Loans payable to the Ohio Water Development Authority (OWDA) are authorized by the Clean Water Act and authorized by the administration of the Environmental Protection Agency (EPA) to make grants to States to establish a state water pollution control revolving loan program. The amount of these loans outstanding at December 31, 2012 was \$280,776. Of this amount, \$10,910 is obligations incurred to help finance the water distribution system and are to be repaid from charges from water services. Of this amount, \$266,581 is obligations incurred to help finance the sanitary sewage facilities and are to be repaid from charges from sanitary sewer services. The remaining amount of \$5,016 is obligations incurred to help finance the water pollution control related to the landfill remediation projects at the Stickney/Tyler and Dura locations are to be repaid from general receipts of the City.

NOTE 9 – LEASES AND OTHER COMMITMENTS

Operating Leases

In 1983, the City entered into a non-cancelable long-term lease with the Ohio Building Authority for the office space it occupies in One Government Center. The 30 year lease, which expires on August 1, 2013, is classified as an operating lease. The City makes quarterly rental payments totaling \$1,524 for the year. Under the terms of the lease, the City is required to pay for its pro-rata share of operating and maintenance costs of the building which amounted to \$1,152 in 2012.

Future minimum lease payments on the building are as follows:

Year	Amount
2013	\$ 1,016
	<u>\$ 1,016</u>

The City also leases various facilities and equipment under various operating leases. Rental expense relating to these leases amounts to \$758 in 2012.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 9 – LEASES AND OTHER COMMITMENTS (continued)

Capital Leases

The City is obligated under certain leases accounted for as capital leases. The leased assets and related obligations are accounted for in the capital assets and long-term debt liabilities in the Governmental and Business-Type Activities.

In 2009, the City entered into a non-cancelable long-term lease with Farmers Bank & Capital Trust Co. for the lease of fire trucks. The 5 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Government-Wide Financial Statements at \$2,923 less accumulated depreciation of \$2,275 at December 31, 2012.

In 2010, the City entered into a non-cancelable long-term master equipment lease with Wells Fargo Equipment Finance for the lease of ambulances. The 5 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Government-Wide Financial Statements at \$1,185 less accumulated depreciation of \$525.

In 2010, the City entered into a non-cancelable long-term master equipment lease with Ford Motor Credit for the lease of police cars. The 3 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Government-Wide Financial Statements at \$2,125 less accumulated depreciation of \$638.

In 2011, the City entered into a non-cancelable long-term master equipment lease with Key Government Finance, Inc. for the lease of sewer cleaners. This lease replaced an existing lease in place from 2009. The 5 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Sewer Enterprise Fund at \$1,346 less accumulated depreciation of \$271.

In 2011, the City entered into a non-cancelable long-term master equipment lease with Ford Motor Credit for the lease of fire inspector vehicles. The 3 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Government-Wide Financial Statements at \$231.

In 2012, the City entered into a non-cancelable long-term master equipment lease with PNC Equipment Finance for the lease of ambulances. The 5 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Government-Wide Financial Statements at \$1,413 less accumulated depreciation of \$141.

In 2012, the City entered into a non-cancelable long-term master equipment lease with PNC Equipment Finance for the lease of landfill equipment. The 4 year lease is classified as a capital lease and has been included in the capital assets as machinery and equipment in the Government-Wide Financial Statements at \$1,588 less accumulated depreciation of \$159.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 9 – LEASES AND OTHER COMMITMENTS (continued)

Capital Leases (continued)

Future minimum lease payments on these capital leases together with the present value of the net minimum lease payments as of December 31, 2012 are as follows:

Year Ending	Governmental Activities	Business-type Activities	Total
2013	\$ 1,700	\$ 296	\$ 1,996
2014	969	296	1,265
2015	969	296	1,265
2016	711	-	711
2017	297	-	297
Total minimum lease payments	4,646	888	5,534
Less: amount representing interest	(193)	(73)	(266)
Present value of net minimum lease payments	\$ 4,453	\$ 815	\$ 5,268

Other Commitments

Outstanding encumbrances for the Year Ended December 31, 2012 were as follows:

<i>Governmental Activities:</i>	
Capital improvements	\$ 4,472
Capital improvements - grants	3,560
Special assessments	190
Nonmajor governmental	5,700
 <i>Business-Type Activities:</i>	
Water - operating fund	2,951
Water - improvement fund	816
Water - replacement fund	1,353
Sewer - operating fund	905
Sewer - improvement fund	305
Sewer - replacement fund	68,887
Nonmajor enterprise	347
Internal service funds	2,760
	<u>\$ 92,246</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 10 - INTERFUND ACTIVITY

Interfund Balances mainly resulting from the lag between the dates that interfund goods and services are provided, transactions are recorded in the accounting system, and payments between funds are made. At December 31, 2012 the Interfund Balances consist of the following individual Interfund receivables and payables as reported on the Fund Statements:

Interfund transfers for the Year Ended December 31, 2012, consisted of the following, as reported on the Fund Statements:

	Interfund Receivables	Interfund Payables
<i>Governmental activities:</i>		
General fund	\$ -	\$ 30,418
Capital improvement fund	10,134	-
Special assessment fund	-	16,928
Nonmajor governmental funds	30,226	1,344
Total governmental activities	<u>40,360</u>	<u>48,690</u>
<i>Business type activities:</i>		
Water	1,143	-
Sewer	19,568	-
Utility administrative services	-	49,364
Nonmajor enterprise activities	2,837	1,469
Internal service funds	35,615	-
Total business type activities	<u>59,163</u>	<u>50,833</u>
Total	<u>\$ 99,523</u>	<u>\$ 99,523</u>

Transfer Out	Transfer In					Total
	General Fund	Capital Improvement Fund	Nonmajor Governmental Fund	Nonmajor Enterprise Activities	Internal Service Funds	
<i>Governmental Activities:</i>						
General fund	\$ -	\$ 34,614	\$ -	\$ 1,385	\$ -	\$ 35,999
Capital improvement fund	9,360	-	28,165	-	-	37,525
Total governmental activities	<u>9,360</u>	<u>34,614</u>	<u>28,165</u>	<u>1,385</u>	<u>-</u>	<u>73,524</u>
<i>Business-Type Activities:</i>						
Nonmajor enterprise funds	1,096	-	-	-	-	1,096
Internal service funds	-	-	-	-	4,705	4,705
Total business-type activities	<u>1,096</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,705</u>	<u>5,801</u>
Total	<u>\$ 10,456</u>	<u>\$ 34,614</u>	<u>\$ 28,165</u>	<u>\$ 1,385</u>	<u>\$ 4,705</u>	<u>\$ 79,325</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 11 – FUND BALANCE

A summary of Fund Balances as of December 31, 2012 by category with specific purpose information follows:

	General Fund	Capital Improvements	Special Assessment Services	Nonmajor Governmental Funds	Total
<i>Fund balances:</i>					
Nonspendable:					
Inventory	\$ 850	\$ 1,005	\$ 2,864	\$ 912	\$ 5,631
Total nonspendable	<u>850</u>	<u>1,005</u>	<u>2,864</u>	<u>912</u>	<u>5,631</u>
Restricted for:					
General government	5,406	-	218	-	5,624
Public service	-	41,914	-	19,876	61,790
Public safety	-	1,277	-	-	1,277
Total restricted	<u>5,406</u>	<u>43,191</u>	<u>218</u>	<u>19,876</u>	<u>68,691</u>
Committed to:					
General government	326	-	-	-	326
Community environment	-	-	-	12,462	12,462
Total committed	<u>326</u>	<u>-</u>	<u>-</u>	<u>12,462</u>	<u>12,788</u>
Unassigned	(1,574)	-	(53,293)	(2,359)	(57,226)
Total fund balances	<u>\$ 5,008</u>	<u>\$ 44,196</u>	<u>\$ (50,211)</u>	<u>\$ 30,891</u>	<u>\$ 29,884</u>

The City maintains a Budget Stabilization Designation to cover unexpected revenue shortfalls and/or expenditure increases. The City did not utilize moneys in the Budget Stabilization Designation for expenditures in 2012, and consistent with its policy of adding to the Designation set forth in an ordinance passed by the Council in 1998, intends to restore and then increase the Designation each year by an amount equal to one-half the amount by which actual annual General Fund Revenues exceed actual annual General Fund Expenditures for the prior year.

NOTE 12 – PENSION PLANS

Ohio Public Employees Retirement System

The City participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans as described below:

Traditional Pension Plan: A cost sharing, multiple-employer defined benefit pension plan.

Member-Directed Plan: A defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

Combined Plan: A cost sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 12 – PENSION PLANS (continued)

Ohio Public Employees Retirement System (continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

Authority to establish and amend benefits is provided in Chapter 145 of the ORC.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The ORC provides statutory authority for member and employer contributions. For 2012 member and employer contribution rates were consistent across all three plans. 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 Pension Plan. The 2012 member contribution rates were 10.00% of covered payroll for members in state and local classifications. Public safety and law enforcement members contributed 11.50% and 12.10%, respectively. Effective January 1, 2013, the member contribution rates for public safety and law enforcement members increased to 12.00% and 12.60% respectively. The 2012 employer contribution rate for state and local employers was 14.00% of covered payroll. The law enforcement and public safety division employer contribution rate was 18.10% of covered payroll.

The City's required contributions for all plans for years ended December 31, 2012, 2011, and 2010 were \$9,969, \$12,653, and \$9,924 respectively, or 91.0% of the required contribution for 2012 and equal to the required contributions for 2011 and 2010. The remaining employer contributions for 2012 were paid in the first quarter 2013.

In June 2012, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. This accounting standard replaces GASB Statement 27, and it is effective for employer fiscal years beginning after June 15, 2014.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple-employer defined benefit pension plan. 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 for the plan. The report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Plan members are required to contribute 10% of their annual covered salary, while the employers are required to contribute 19.5% and 24%, respectively, for police officers and firefighters. The City contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 approximated \$16,103, \$16,135 and \$15,247 respectively, or 75% of the required contribution for 2012 and equal to the required contributions for 2011 and 2010. The remaining employer contributions for 2012 were paid in the first quarter 2013.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 12 – PENSION PLANS (continued)

Deferred Compensation Plans

City employees may elect to participate in the Ohio Public Employees Deferred Compensation Plan and firefighters may elect to participate in the Ohio Association of Professional Firefighters Deferred Compensation Plan. These plans have been created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. These plans permit deferral of compensation until future years. According to the plans, the deferred compensation is not available until termination, retirement, death or an unforeseeable circumstance. The plan assets are held in a trust for the exclusive benefit of the participants and their beneficiaries by the plan administrators.

NOTE 13 – POSTRETIREMENT BENEFIT PLANS

Ohio Public Employees Retirement System

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.

OPERS maintains a cost-sharing employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage.

In order to qualify for post-retirement health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability recipients and qualified survivor recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

The Ohio Revised Code permits, but does not mandate, OPERS Plan to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend the OPEB Plan is provided in Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care coverage through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care coverage.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2012, the City contributed at a rate of 14% of covered payroll and public safety and law enforcement employers contributed at 18.10%. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active members do not make contributions to the OPEB Plan.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 13 – POSTRETIREMENT BENEFIT PLANS (continued)

Ohio Public Employees Retirement System (continued)

OPERS' Post Employment Health Care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Board of Trustees determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. The portion of employer contributions allocated to the health care for members in the Traditional Plan was 4.0% during the calendar year 2012. The portion of employer contributions allocated to health care for members in the Combined Plan was 6.05% during calendar year 2012. Effective January 1, 2013, the portion of employer contributions allocated to healthcare was lowered to 1 percent for both plans, as recommended by the OPERS Actuary. The OPERS Board of Trustees is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care benefits provided. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The City's contributions for health care for the years ended December 31, 2012, 2011, and 2010 approximated \$2,848, \$5,661 and \$3,603 respectively.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing multiple-employer defined postemployment health care plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium and long term care for retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45.

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. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, OH 43215-5164. That report is also available on OP&F's website at www.op-f.org.

The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members of 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% and 24% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contributions may not exceed 19.5% of covered payroll for police employer units and 24% of covered payroll for fire employer units. Active members do not make contributions to the OPEB plan.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 13 – POSTRETIREMENT BENEFIT PLANS (continued)

Ohio Police and Fire Pension Fund (continued)

OP&F maintains funds for health care in two separate accounts. One for health care benefits under IRS Code Section 115 trust and one for Medicare Part B reimbursements administrated as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code of the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) accounts as the employer contribution for retiree health care benefits. For the year ended December 31, 2012, the employer contribution allocated to the health care plan was 6.75% 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 and is limited by the provision of Section 115 and 401(h).

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

The City's contributions to OP&F for the years ending December 31, 2012, 2011 and 2010 approximated \$16,103, \$16,135 and \$15,790 respectively, of which \$5,046, \$5,041 and \$4,944 respectively, was allocated to the healthcare plan.

NOTE 14 – RISK MANAGEMENT

Property and Liability

The City is self-insured for the purpose of handling third-party property losses and liabilities in lieu of purchasing general municipality liability insurance. All claims activity is accounted for the Risk Management Fund which is a sum of tax receipts set aside on a yearly basis that is sufficient to cover any liability losses. Settled claims have not materially exceeded coverage in any of the last three years and there is no significant reduction in coverage from the prior year. In addition, the City has the ability to issue general obligation bonds to pay final judgments that may arise.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 14 – RISK MANAGEMENT (continued)

Property and Liability (continued)

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2012, the City contracted with various insurance companies to provide the following coverage:

	Coverage (in whole dollars)	Deductible (in whole dollars)
Property policy for the City	\$ 500,000,000	\$ 250,000
Commercial/liquor for Erie Street Market	7,000,000	500
Pollution/cleanup policy for Marina District	5,000,000	25,000
Crime policy for the City	3,000,000	75,000
Crime policy for Toledo Clerk of Courts	3,000,000	50,000
Commercial/medical for The Docks	2,000,000	5,000
Boat policy	1,000,000	1,000
Commercial liability for The Unique Center	1,000,000	5,000
Crime policy for the Toledo Police	1,000,000	50,000
Fine arts policy for Blair Museum	1,000,000	1,000
Ocean marine policy	1,000,000	1,000
Employee tool insurance	211,000	500
Community probation program	25,000	-

Changes in the funds' claim liability amount in 2010, 2011 and 2012 were:

Year	Balance at Beginning of Year	Current Year Claims and Change in Estimate	Claims Payments	Balance at End of Year
2010	\$ 1,560	\$ 975	\$ 975	\$ 1,560
2011	1,560	1,340	1,340	1,560
2012	1,560	1,234	1,234	1,560

The City has elected to take advantage of the workers' compensation plan offered by the State of Ohio. This plan, called retrospective rating, allows the City to put a fraction of the premium it would pay as an experience-rated risk.

Retrospective rating constitutes a step closer to self-insurance. In the retrospective rating plan, the City agrees to assume a portion of the risk in return for a possible reduction in premiums. The greater the percentage of the risk the City assumes, the greater the potential reduction in the premium. If the City's loss experience is better than predicted by the experience-rating system, its premium obligation will be less than what it would have paid under experience rating. If its experience is worse than predicted, its premium obligation will be more than it would have been assessed under experience rating, limited to a maximum premium. The City has assumed the risk of individual claims up to a maximum of \$300,000.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 14 – RISK MANAGEMENT (continued)

Workers' Compensation

The City has agreed to pay all claims up to a maximum of 200% of what the City would have paid had the City remained an experience-rated risk. Claims exceeding these limits will be paid by the State. Each year, the City pays the State a “minimum premium” for retaining the risk of having to pay claims which exceed the City’s maximum claim limits. Ten years after each year the City elected the retrospective plan for worker’s compensation, the City settles up for the reserve on any claims that are still open. The City has established a Workers’ Compensation Internal Service Fund to account for and finance its uninsured risks of loss in the program.

The claims liability of \$17,930 reported at December 31, 2012, as estimated by the third party administrator, is based on the requirement of GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, as amended by GASB Statement No. 30, *Risk Financing Omnibus*, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling claims. The liability is reported as a current liability in the Statement of Net Position for the Internal Service Funds. The estimate was not affected by non-incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustments expenses.

Changes in the funds’ claim liability amount in 2010, 2011 and 2012 were:

Year	Balance at Beginning of Year	Current Year Claims and Change in Estimate	Claims Payments	Balance at End of Year
2010	\$ 18,575	\$ 7,678	\$ 6,922	\$ 19,331
2011	19,331	8,597	7,833	20,095
2012	20,095	3,894	6,059	17,930

Health Insurance

The City is self-insured for health, dental and prescription drug benefits. The programs are administered by a third-party, which provides claims review and processing services. The City records a liability for incurred but unreported claims at year end based upon an actuarial estimate based on past experience and current claims outstanding.

Changes in the funds’ claim liability amount in 2010, 2011 and 2012 were:

Year	Balance at Beginning of Year	Current Year Claims and Change in Estimate	Claims Payments	Balance at End of Year
2010	\$ -	\$ 16,055	\$ 14,458	\$ 1,597
2011	1,597	22,557	21,952	2,202
2012	2,202	18,540	18,090	2,652

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 15 – ACCOUNTABILITY AND COMPLIANCE

Fund Balance Deficits

The following deficit fund balances existed at December 31, 2012:

<i>Governmental funds:</i>	
Special assessment services fund	\$ 50,211
<i>Nonmajor governmental funds:</i>	
Federal block grants	131
Special assessment improvements fund	1,536
Toledo home program	163
 <i>Proprietary funds:</i>	
Property management	14,126

These deficits will be eliminated by future charges for services, reduction of expenditures or future bond sales, where appropriate.

Change in Accounting Principles

For 2012, the City has implemented GASB Statement No. 60, “*Accounting and Financial Reporting for Service Concession Arrangements*”, GASB Statement No. 62, “*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements*” and GASB Statement No. 63, “*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*”.

GASB Statement No. 60 addresses issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. An SCA is an arrangement between a transferor (a government) and an operator (governmental or nongovernmental entity) in which (1) the transferor conveys to an operator the right and related obligation to provide services through the use of infrastructure or another public asset (a “facility”) in exchange for significant consideration and (2) the operator collects and is compensated by fees from third parties. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the City.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and local governments so that they derive from a single source.

GASB Statement No. 63 provides financial and reporting guidance for *deferred outflows of resources* and *deferred inflows of resources* which are financial statement elements that are distinct from assets and liabilities. GASB Statement No. 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s *net position*. The implementation of GASB Statement No. 63 has changed the presentation of the City’s financial statements to incorporate the concepts of net position, deferred outflows of resources and deferred inflows of resources.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2012
(amounts expressed in thousands)
(continued)

NOTE 16 - CONTINGENCIES

Litigation

The City is currently a defendant in several lawsuits. It is the opinion of legal counsel that none of this litigation will have a material adverse affect on the financial condition of the City. In addition, there are several unasserted claims, the results of which, if asserted, would not have a material effect on the financial statements at December 31, 2012.

Grants

In 2012, the City received Federal and State grants for specific purposes that are subject to review and audit by grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under the terms of the grant. Based on prior experience, the City believes such disallowance, if any, would be immaterial.

NOTE 17 – SUBSEQUENT EVENTS

In April 30, 2013, the City’s Council passed an agreement authorizing the issuance and sale of Water Revenue Bonds for paying the cost of various improvements to the city’s water supply, storage, and distribution to the tune of \$190 million. The various improvements are part of the city’s five-year capital improvement plan in response to mandate the Ohio Environmental Protection Agency and the U.S Environmental Protection Agency, and the Department of Public Utilities to make necessary public improvements to the Utility system. The proposed improvements will include replacing miscellaneous aging equipment and electrical components, installing new substations and distribution systems, constructing a 20 million-gallon per day treatment unit, and constructing an additional Alum storage and feed facilities at the Collins Park Water Treatment Facility.

In April 30, 2013, the City’s Council approved the issuance and sale of Water System Revenue Refunding Bonds not to exceed \$35 million for refunding outstanding water system revenue bonds of the city. The city finds and determines it is necessary and proper and its best interest to issues the 2013 Refunding Bonds for refunding the Refunded Bonds, and making any required deposits to the Debt Reserve Fund and paying costs of issuing the 2013 Refunding Bonds.

On February 5, 2013, City’s Council approved the issuance and sale of General Obligation bond anticipation notes in aggregate principal amount of \$3.25 million to pay for the costs of acquiring a building to serve as office space for the Department of Public Services. The Bonds are be dated April 1, 2014 and shall bear interest currently estimated at 4% per years, payable semiannually until principal amount is paid, and are estimated to mature in ten principal installments that are equal. The initial principal installment is estimated to be payable On December 1, 2015, and the first installment is estimated to be payable on December 1, 2014.

NOTE 18 – PRIOR PERIOD ADJUSTMENT

The Parkland Improvement fund has been reclassified as Parkland Replacement fund in Governmental Nonmajor Special Revenue funds due to the nature of the fund’s activities.

The Enterprise Water fund’s beginning balance has been restated due to incorrect capitalization of a capital asset in 2010.

	Water	Business-Type Activities
Fund balance/net position, as previously reported	\$ 149,475	\$ 419,674
Capital asset reclassification	(1,000)	(1,000)
Fund balance/net position, restated	<u>\$ 148,475</u>	<u>\$ 418,674</u>

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**REQUIRED SUPPLEMENTARY
INFORMATION**

City of Toledo, Ohio

General Fund and Special Assessment Services Fund

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

Special Assessment Services – To account for the proceeds of special assessments (and related note sales) levied against property benefited from the following City services: street cleaning, street lighting, surface treatment, weed cutting, snow removal and tree and ditch maintenance.

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income taxes	\$ 155,629	\$ 155,629	\$ 158,523	\$ 2,894
Property taxes	13,627	13,627	11,381	(2,246)
Licenses and permits	2,211	2,211	2,264	53
Intergovernmental services	15,154	15,154	20,828	5,674
Charges for services	26,564	27,157	26,132	(1,025)
Investment earnings	345	345	360	15
Fines and forfeitures	4,877	4,877	6,715	1,838
All other revenue	3,764	3,764	350	(3,414)
Total revenues	222,171	222,764	226,553	3,789
Expenditures				
General government	16,393	16,632	14,164	2,468
Public service	1,845	1,826	1,928	(102)
Public safety	158,965	159,701	158,979	722
Community environment	4,723	5,170	4,355	815
Health	15,151	14,863	13,511	1,352
Parks and recreation	1,844	2,589	2,750	(161)
Capital outlay	12	51	53	(2)
Debt service				
Principal retirement	1,755	950	505	445
Interest and fiscal charges	490	490	221	269
Total expenditures	201,178	202,272	196,466	5,806
Excess (deficiency) of revenues over expenditures	20,993	20,492	30,087	9,595
Other financing sources (uses)				
Transfers in	13,930	15,089	10,456	(4,633)
Transfers out	(35,449)	(36,022)	(35,999)	23
Sale of capital assets	530	530	-	(530)
Total other financing sources (uses)	(20,989)	(20,403)	(25,543)	(5,140)
Net change in fund balance	\$ 4	\$ 89	4,544	\$ 4,455
Fund balance (deficit) at beginning of year			326	
Increase (decrease) in reserve for inventory			138	
Fund balance (deficit) at year end			\$ 5,008	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Special Assessment Services

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessments	\$ 24,160	\$ 24,160	\$ 23,593	\$ (567)
Charges for services	89	89	4	(85)
Investment earnings	18	18	5	(13)
All other revenue	1	1	3	2
Total revenues	<u>24,268</u>	<u>24,268</u>	<u>23,605</u>	<u>(663)</u>
Expenditures				
General government	280	280	314	(34)
Public service	30,358	30,939	21,729	9,210
Community environment	-	-	72	(72)
Health	791	791	548	243
Parks and recreation	192	192	101	91
Capital outlay	152	160	13	147
Debt service				
Principal retirement	20,360	20,360	-	20,360
Interest and fiscal charges	1,643	1,643	1,134	509
Total expenditures	<u>53,776</u>	<u>54,365</u>	<u>23,911</u>	<u>30,454</u>
Excess (deficiency) of revenues over expenditures	(29,508)	(30,097)	(306)	29,791
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (29,508)</u>	<u>\$ (30,097)</u>	(306)	<u>\$ 29,791</u>
Fund balance (deficit) at beginning of year			(51,331)	
Increase (decrease) in reserve for inventory			1,426	
Fund balance (deficit) at year end			<u>\$ (50,211)</u>	

City of Toledo, Ohio
Notes to the Required Supplementary Information
December 31, 2012

Annual Budget Process

An annual budget is prepared for all governmental funds of the City. All budgets are adopted on a basis consistent with GAAP. Budgetary comparisons presented in this report are on this budgetary basis.

The City's budgetary process is as follows:

Budget

A certificate of estimated revenue is submitted to the County Auditor, as Secretary of the County Budget Commission, by October 31 of each year for the period January 1 to December 31 of the following year.

Estimated Resources

The County Budget Commission certifies its actions to the City by September 1. As part of this certification, the City receives the official certificate of estimated resources, which states the projected revenue of each Fund. Prior to December 31, the City must revise its budget so that the total contemplated expenditure from any fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. On or about January 1, the certificate is amended to include any unencumbered balances from the preceding year.

Appropriations

A temporary appropriation measure to control disbursements may be passed on or about January 1 of each year for the period from January 1 to March 31. During this period, the administration presents an executive budget that is reviewed by City Council for its revision and approval. Upon completion of City Council's review, the revised executive budget is summarized into an ordinance that is approved by City Council to provide expenditure authority for an appropriated budget. This ordinance receives City Council approval no later than March 31 for the annual period ending December 31. During the year as additional information becomes available, City Council approves transfers, allocations, supplemental appropriations, and the reappropriation of encumbrances carried over from the prior year. Appropriations did not exceed estimated resources and all original appropriation authority resides with City Council. Management retains administrative authority to transfer existing appropriation authority under \$25 within personal services and between other account codes within an organization in a fund.

Budgetary Level of Control

The City is required by Ohio Law to establish annual appropriations for all necessary funds. These appropriated budgets affect legal control at various levels for individual funds. Budgetary control is exercised for the General Fund, Special Revenue Funds, and Debt Service Funds at the organizational level distinguishing between personal services and other expenditures. Budgetary control of grant funds is exercised by individual grant for each organization at the personal services and other level. Capital Projects Funds are legislatively controlled by individually approved projects for each organization. Expenditures may not legally exceed appropriations at this level.

City of Toledo, Ohio

Notes to the Required Supplementary Information

December 31, 2012

Annual Budget Process (continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the GAAP budget basis in order to reserve that portion of the applicable appropriations.

Lapsing of Appropriations

Unencumbered appropriate balances lapse at year end and revert to their respective funds from which there were originally appropriated, thus becoming available for future appropriation.

**SUPPLEMENTARY
INFORMATION**

City of Toledo, Ohio

Other Governmental Funds

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2012
(amounts expressed in thousands)

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Permanent Funds</u>	<u>Total Nonmajor Funds</u>
ASSETS					
Cash and cash equivalents:					
Cash and cash equivalents other	\$ 2	\$ -	\$ -	\$ -	\$ 2
Investments	79	-	-	885	964
Restricted investments	-	-	338	-	338
Receivables (net of allowance)	2,411	171	779	1	3,362
Due from other:					
Funds	19,873	8,274	2,041	38	30,226
Governments	13,143	-	-	-	13,143
Inventory of supplies	912	-	-	-	912
Total assets	<u>36,420</u>	<u>8,445</u>	<u>3,158</u>	<u>924</u>	<u>48,947</u>
LIABILITIES					
Accounts payable	560	-	-	-	560
Deposits	1,736	-	-	230	1,966
Retainage	-	-	7	-	7
Due to other:					
Funds	1,344	-	-	-	1,344
Deferred revenue	8,428	171	755	-	9,354
Accrued wages and benefits	731	-	2	-	733
Compensated absences payable	162	-	-	-	162
Notes payable	-	-	3,930	-	3,930
Total liabilities	<u>12,961</u>	<u>171</u>	<u>4,694</u>	<u>230</u>	<u>18,056</u>
FUND BALANCES (DEFICIT)					
Nonspendable	912	-	-	-	912
Restricted	18,486	167	338	885	19,876
Committed	4,355	8,107	-	-	12,462
Unassigned	(294)	-	(1,874)	(191)	(2,359)
Total fund balance (deficit)	<u>23,459</u>	<u>8,274</u>	<u>(1,536)</u>	<u>694</u>	<u>30,891</u>
Total liabilities and fund balance	<u>\$ 36,420</u>	<u>\$ 8,445</u>	<u>\$ 3,158</u>	<u>\$ 924</u>	<u>\$ 48,947</u>

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	Special Revenue	Debt Service	Capital Projects	Permanent Funds	Total Nonmajor Funds
REVENUES					
Special assessments	\$ -	\$ 29	\$ 303	\$ -	\$ 332
Licenses and permits	19	-	-	-	19
Intergovernmental services	12,188	-	-	-	12,188
Charges for services	1,113	-	-	-	1,113
Investment earnings	53	-	-	-	53
Fines and forfeitures	1,237	-	-	-	1,237
Grants	27,701	-	-	-	27,701
Other revenue	4,157	-	-	-	4,157
Total revenues	<u>46,468</u>	<u>29</u>	<u>303</u>	<u>-</u>	<u>46,800</u>
EXPENDITURES					
Current					
General government	164	-	-	-	164
Public service	11,003	-	-	-	11,003
Public safety	6,266	-	-	-	6,266
Public utilities	1	-	-	-	1
Community environment	23,372	-	-	-	23,372
Health	3,960	-	-	-	3,960
Parks and recreation	167	-	-	-	167
Capital outlay	855	-	229	-	1,084
Debt service:					
Principal retirement	-	21,244	-	-	21,244
Interest and fiscal charges	-	6,893	74	-	6,967
Total expenditures	<u>45,788</u>	<u>28,137</u>	<u>303</u>	<u>-</u>	<u>74,228</u>
Excess (deficiency) of revenues over expenditures	<u>680</u>	<u>(28,108)</u>	<u>-</u>	<u>-</u>	<u>(27,428)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	58	28,107	-	-	28,165
Total other financing sources (uses)	<u>58</u>	<u>28,107</u>	<u>-</u>	<u>-</u>	<u>28,165</u>
Net change in fund balance	738	(1)	-	-	737
Fund balance (deficit) at beginning of year	22,435	8,275	(1,536)	694	29,868
Increase (decrease) in reserve for inventory	286	-	-	-	286
Fund balance (deficit) at year end	<u>\$ 23,459</u>	<u>\$ 8,274</u>	<u>\$ (1,536)</u>	<u>\$ 694</u>	<u>\$ 30,891</u>

City of Toledo, Ohio

Nonmajor Special Revenue Funds

Federal Block Grants - To account for monies received from the Federal Government under the Community Development Block Grant program.

Operation Grants - To account for various non-capital Federal, State and Local grants including such programs as Federal and State Air Pollution Control, D.W.I. (Driving While Intoxicated) program, Child and Family Health, and WIC (Women, Infants and Children).

Urban Development Action Grants - To account for monies received from the Federal Government under the Urban Development Action Grant program. Individual program and grant activity is controlled by use of programmatic computer codes.

Street Construction Maintenance and Repair - To account for state-levied and controlled gasoline tax and vehicle license fees remitted to the City by formula for routine street maintenance.

Cemetery Maintenance - To account for investment earnings transferred from the non-expendable Cemetery Perpetual Care Fund. Fund monies are used in maintaining the City's five public cemeteries.

Golf Improvements - To account for the portion of golf greens fees designated by City Council for major non-capital golf course maintenance.

Parkland Replacement - To account for those proceeds from parkland sales designated by City Council for minor purchases of park property and equipment.

Cemeteries Property Acquisition Site Development - To account for monies received for interments, removals and lots in municipal cemeteries and used for the expansion of municipal cemeteries.

Marina Development - To account for monies received for operation and improvement of the City's marinas and Boating Education Center.

Expendable Trusts – To account for monies donated in trust to the City. Expenditures of the forty-eight individual trust funds in existence as of December 31 controlled by reference to individual trust balances maintained in subsidiary records. Also, to include special revenue source reserved for Municipal Court and Demolition operations.

Toledo City Parks - To account for investment earnings on funds contributed from General Fund Estate Taxes. This fund will provide funding stability to the City's parks and recreation programs.

Toledo Home Program - To account for monies received under the National Affordable Housing Act to assist low-income individuals attain home ownership. Individual program and grant activity is controlled by use of programmatic computer codes.

Right-of-Way – To account for monies received from various public utilities for the maintenance of their access to the public right-of-way.

City of Toledo, Ohio
Combining Balance Sheets
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2012
(amounts expressed in thousands)

	Federal Block Grants	Operation Grants	Urban Development Action Grants	Street Construction Maintenance and Repair	Cemetery Maintenance	Golf Improvements	Parkland Replacement
ASSETS							
Cash and cash equivalents:							
Cash and cash equivalents other	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments	-	-	13	-	-	-	-
Receivables (net of allowance)	-	5	-	36	3	-	21
Due from other:							
Funds	1,419	7,280	675	7,782	39	445	319
Governments	3,601	2,625	-	3,606	-	-	-
Inventory of supplies	-	-	-	912	-	-	-
Total assets	<u>5,021</u>	<u>9,910</u>	<u>688</u>	<u>12,336</u>	<u>42</u>	<u>445</u>	<u>340</u>
LIABILITIES							
Accounts payable	62	126	-	40	-	-	-
Deposits	1,195	140	-	-	-	-	-
Due to other:							
Funds	-	-	-	-	-	-	-
Deferred revenue	3,601	200	-	2,521	-	-	-
Accrued wages and benefits	238	100	-	369	-	-	-
Compensated absences payable	56	99	-	7	-	-	-
Total liabilities	<u>5,152</u>	<u>665</u>	<u>-</u>	<u>2,937</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICIT)							
Nonspendable	-	-	-	912	-	-	-
Restricted	-	9,245	688	8,487	-	-	-
Committed	-	-	-	-	42	445	340
Unassigned	(131)	-	-	-	-	-	-
Total fund balance (deficit)	<u>(131)</u>	<u>9,245</u>	<u>688</u>	<u>9,399</u>	<u>42</u>	<u>445</u>	<u>340</u>
Total liabilities and fund balance	<u>\$ 5,021</u>	<u>\$ 9,910</u>	<u>\$ 688</u>	<u>\$ 12,336</u>	<u>\$ 42</u>	<u>\$ 445</u>	<u>\$ 340</u>

City of Toledo, Ohio
Combining Balance Sheets
Nonmajor Governmental Funds
Special Revenue Funds
December 31, 2012
(amounts expressed in thousands)
(continued)

	Cemeteries						
	Property						
	Acquisition Site	Marina	Expendable	Toledo	Toledo Home	Right	Total Special
	Development	Development	Trusts	City Parks	Program	Of Way	Revenue Funds
ASSETS							
Cash and cash equivalents:							
Cash and cash equivalents other	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 2
Investments	-	-	66	-	-	-	79
Receivables (net of allowance)	4	17	2,325	-	-	-	2,411
Due from other:							
Funds	336	93	1,383	99	-	3	19,873
Governments	-	-	-	-	3,311	-	13,143
Inventory of supplies	-	-	-	-	-	-	912
Total assets	<u>340</u>	<u>111</u>	<u>3,774</u>	<u>99</u>	<u>3,311</u>	<u>3</u>	<u>36,420</u>
LIABILITIES							
Accounts payable	-	-	316	-	16	-	560
Deposits	27	-	374	-	-	-	1,736
Due to other:							
Funds	-	-	-	-	1,344	-	1,344
Deferred revenue	-	-	-	-	2,106	-	8,428
Accrued wages and benefits	-	2	14	-	8	-	731
Compensated absences payable	-	-	-	-	-	-	162
Total liabilities	<u>27</u>	<u>2</u>	<u>704</u>	<u>-</u>	<u>3,474</u>	<u>-</u>	<u>12,961</u>
FUND BALANCES (DEFICIT)							
Nonspendable	-	-	-	-	-	-	912
Restricted	-	-	66	-	-	-	18,486
Committed	313	109	3,004	99	-	3	4,355
Unassigned	-	-	-	-	(163)	-	(294)
Total fund balance (deficit)	<u>313</u>	<u>109</u>	<u>3,070</u>	<u>99</u>	<u>(163)</u>	<u>3</u>	<u>23,459</u>
Total liabilities and fund balance	<u>\$ 340</u>	<u>\$ 111</u>	<u>\$ 3,774</u>	<u>\$ 99</u>	<u>\$ 3,311</u>	<u>\$ 3</u>	<u>\$ 36,420</u>

City of Toledo, Ohio

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Nonmajor Governmental Funds
 Special Revenue Funds
 For the Year Ended December 31, 2012
 (amounts expressed in thousands)

	<u>Federal Block Grants</u>	<u>Operation Grants</u>	<u>Urban Development Action Grants</u>	<u>Street Construction Maintenance and Repair</u>	<u>Cemetery Maintenance</u>	<u>Golf Improvements</u>	<u>Parkland Replacement</u>
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ 3	\$ -	\$ -	\$ -
Intergovernmental services	-	-	-	12,188	-	-	-
Charges for services	36	-	-	5	-	246	-
Investment earnings	-	-	-	-	4	-	-
Fines and forfeitures	-	-	-	2	-	-	-
Grants	8,569	16,276	-	-	-	-	-
All other revenue	1,399	381	-	16	-	-	27
Total revenues	<u>10,004</u>	<u>16,657</u>	<u>-</u>	<u>12,214</u>	<u>4</u>	<u>246</u>	<u>27</u>
EXPENDITURES							
Current							
General government	-	-	-	164	-	-	-
Public service	-	-	-	11,003	-	-	-
Public safety	-	4,418	-	71	-	-	-
Public utilities	-	-	-	-	-	-	-
Community environment	9,985	8,156	-	11	-	-	-
Health	-	3,892	-	-	19	-	-
Parks and recreation	-	-	-	-	-	-	-
Capital outlay	-	310	-	2	-	-	-
Total expenditures	<u>9,985</u>	<u>16,776</u>	<u>-</u>	<u>11,251</u>	<u>19</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>19</u>	<u>(119)</u>	<u>-</u>	<u>963</u>	<u>(15)</u>	<u>246</u>	<u>27</u>
OTHER FINANCING SOURCES (USES)							
Transfers in							
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	19	(119)	-	963	(15)	246	27
Fund balance (deficit) at beginning of year	(150)	9,364	688	8,150	57	199	313
Increase (decrease) in reserve for inventory	-	-	-	286	-	-	-
Fund balance (deficit) at year end	<u>\$ (131)</u>	<u>\$ 9,245</u>	<u>\$ 688</u>	<u>\$ 9,399</u>	<u>\$ 42</u>	<u>\$ 445</u>	<u>\$ 340</u>

City of Toledo, Ohio

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Special Revenue Funds

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Cemeteries	Property	Expendable	Toledo	Toledo Home	Right	Total Special
	Acquisition Site	Marina	Trusts	City Parks	Program	Of Way	Revenue Funds
	Development	Development	Trusts	City Parks	Program	Of Way	Revenue Funds
REVENUES							
Licenses and permits	\$ -	\$ -	\$ 16	\$ -	\$ -	\$ -	\$ 19
Intergovernmental services	-	-	-	-	-	-	12,188
Charges for services	19	77	730	-	-	-	1,113
Investment earnings	-	-	3	6	40	-	53
Fines and forfeitures	-	-	1,235	-	-	-	1,237
Grants	-	-	34	-	2,822	-	27,701
All other revenue	-	-	2,293	-	40	1	4,157
Total revenues	<u>19</u>	<u>77</u>	<u>4,311</u>	<u>6</u>	<u>2,902</u>	<u>1</u>	<u>46,468</u>
EXPENDITURES							
Current							
General government	-	-	-	-	-	-	164
Public service	-	-	-	-	-	-	11,003
Public safety	-	-	1,777	-	-	-	6,266
Public utilities	-	-	1	-	-	-	1
Community environment	-	-	2,273	-	2,947	-	23,372
Health	-	-	49	-	-	-	3,960
Parks and recreation	-	49	118	-	-	-	167
Capital outlay	-	-	543	-	-	-	855
Total expenditures	<u>-</u>	<u>49</u>	<u>4,761</u>	<u>-</u>	<u>2,947</u>	<u>-</u>	<u>45,788</u>
Excess (deficiency) of revenues over expenditures	<u>19</u>	<u>28</u>	<u>(450)</u>	<u>6</u>	<u>(45)</u>	<u>1</u>	<u>680</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	58	-	-	-	58
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>58</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>58</u>
Net change in fund balance	19	28	(392)	6	(45)	1	738
Fund balance (deficit) at beginning of year	294	81	3,462	93	(118)	2	22,435
Increase (decrease) in reserve for inventory	-	-	-	-	-	-	286
Fund balance (deficit) at year end	<u>\$ 313</u>	<u>\$ 109</u>	<u>\$ 3,070</u>	<u>\$ 99</u>	<u>\$ (163)</u>	<u>\$ 3</u>	<u>\$ 23,459</u>

City of Toledo, Ohio

Nonmajor Debt Service Funds

General Obligation - To account for City income tax monies transferred from the Capital Improvement Fund.

Special Assessment Debt Service - To account for resources accumulated to repay special assessment notes and bond debt.

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
Debt Service Funds
December 31, 2012
(amounts expressed in thousands)

	General Obligation	Special Assessment	Total Debt Service Funds
ASSETS			
Receivables (net of allowance)	\$ -	\$ 171	\$ 171
Due from other:			
Funds	8,107	167	8,274
Total assets	8,107	338	8,445
LIABILITIES			
Deferred revenue	-	171	171
Total liabilities	-	171	171
FUND BALANCES (DEFICIT)			
Restricted	-	167	167
Committed	8,107	-	8,107
Total fund balance (deficit)	8,107	167	8,274
Total liabilities and fund balance	\$ 8,107	\$ 338	\$ 8,445

City of Toledo, Ohio

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Debt Service Funds

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	<u>General Obligation</u>	<u>Special Assessment</u>	<u>Total Debt service Funds</u>
REVENUES			
Special assessments	\$ -	\$ 29	\$ 29
Total revenues	<u>-</u>	<u>29</u>	<u>29</u>
EXPENDITURES			
Debt service:			
Principal retirement	21,219	25	21,244
Interest and fiscal charges	6,888	5	6,893
Total expenditures	<u>28,107</u>	<u>30</u>	<u>28,137</u>
Excess (deficiency) of revenues over expenditures	<u>(28,107)</u>	<u>(1)</u>	<u>(28,108)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	28,107	-	28,107
Total other financing sources (uses)	<u>28,107</u>	<u>-</u>	<u>28,107</u>
Net change in fund balance	-	(1)	(1)
Fund balance (deficit) at beginning of year	8,107	168	8,275
Fund balance (deficit) at year end	<u>\$ 8,107</u>	<u>\$ 167</u>	<u>\$ 8,274</u>

City of Toledo, Ohio

Nonmajor Capital Projects Funds

Special Assessment Improvements - To account for proceeds of special assessments (and related note bond sales) levied against property benefited by various capital construction projects.

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
Capital Projects Fund
December 31, 2012
(amounts expressed in thousands)

	<u>Special Assessment Improvements</u>
ASSETS	
Restricted investments	\$ 338
Receivables (net of allowance)	779
Due from other:	
Funds	2,041
Total assets	<u><u>3,158</u></u>
 LIABILITIES	
Retainage	7
Deferred revenue	755
Accrued wages and benefits	2
Notes payable	3,930
Total liabilities	<u><u>4,694</u></u>
 FUND BALANCES (DEFICIT)	
Restricted	338
Unassigned	(1,874)
Total fund balance (deficit)	<u><u>(1,536)</u></u>
 Total liabilities and fund balance	 <u><u>\$ 3,158</u></u>

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Capital Projects Fund
For the Year Ended December 31, 2012
(amounts expressed in thousands)

		Special Assessment Improvements
REVENUES		
Special assessments	\$	303
Total revenues		303
EXPENDITURES		
Capital outlay		229
Debt service:		
Interest and fiscal charges		74
Total expenditures		303
Excess (deficiency) of revenues over expenditures		-
OTHER FINANCING SOURCES (USES)		
Total other financing sources (uses)		-
Net change in fund balance		-
Fund balance (deficit) at beginning of year		(1,536)
Fund balance (deficit) at year end	\$	(1,536)

City of Toledo, Ohio

Nonmajor Permanent Funds

Cemetery Perpetual Care - To account for revenues from sales of plots in the City's five cemeteries. Investment earnings, if any, from this Fund are credited to the Cemetery Maintenance Fund as directed by legislation.

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
Permanent Fund
December 31, 2012
(amounts expressed in thousands)

	Cemetery Perpetual Care Fund
ASSETS	
Investments	\$ 885
Receivables (net of allowance)	1
Due from other:	
Funds	38
Total assets	924
LIABILITIES	
Deposits	230
Total liabilities	230
FUND BALANCES (DEFICIT)	
Restricted	885
Unassigned	(191)
Total fund balance (deficit)	694
Total liabilities and fund balance	\$ 924

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
Permanent Fund
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	Cemetery Perpetual Care Fund
REVENUES	
Total revenues	\$ -
EXPENDITURES	
Total expenditures	-
Excess (deficiency) of revenues over expenditures	-
OTHER FINANCING SOURCES (USES)	
Total other financing sources (uses)	-
Net change in fund balance	-
Fund balance (deficit) at beginning of year	694
Fund balance (deficit) at year end	\$ 694

City of Toledo, Ohio

Nonmajor Enterprise Funds

Storm Sewer – To account for storm drainage services provided to individual and commercial residents of the City.

Property Management - To facilitate accountability and control of certain properties acquired for the purpose of property management. The City accounts for such properties on a capital maintenance basis similar to private business enterprises, to aid in the recovery of on-going costs for the production of income by such properties, and to facilitate management and accounting control.

Small Business Development - To account for the assets of the former Small Business Assistance Corporation, which the City of Toledo assumed in 1989.

Municipal Tow Lot-To account for the revenues and expenditures of the one centralized location for the storage and the subsequent release of vehicles ordered to be impounded by the Toledo Police Department.

Erie Street Market – To account for the revenues and expenditures of the operations of the downtown Erie Street Market, which the City of Toledo assumed in 2007.

Marina Operating - To account for the revenues and expenditures of the operations of the downtown Marina, which the City of Toledo assumed in 2008.

Toledo Public Power – To account for the revenues and expenditures of the operations of the distribution of electric power per agreement.

By virtue of Ohio law, certain separate funds are maintained for enterprise debt service and capital improvements. Inasmuch as GASB Statement 1 requires that all such activities be accounted for within the respective Enterprise Fund itself, the City has consolidated the various legally-required funds into the categories indicated above for purposes of these financial statements.

City of Toledo, Ohio
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2012
(amounts expressed in thousands)

	<u>Storm Sewer</u>	<u>Property Management</u>	<u>Small Business Development</u>	<u>Municipal Tow Lot</u>	<u>Marina Operations Fund</u>	<u>Erie St Market</u>	<u>Toledo Public Power</u>	<u>Total Nonmajor Enterprise</u>
ASSETS								
Current assets:								
Cash and cash equivalents with treasurer	\$ 98	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 98
Cash and cash equivalents held by escrow agent	-	3	-	-	-	-	-	3
Cash and cash equivalents other	-	-	-	-	-	1	-	1
Investments	11,122	-	16	-	-	-	-	11,138
Restricted investments	-	5,461	-	-	-	-	366	5,827
Receivables (net of allowance)	3,009	5,670	-	608	-	-	109	9,396
Due from other:								
Funds	2,713	-	-	-	1	84	39	2,837
Governments	4	-	-	-	-	-	-	4
Total current assets	<u>16,946</u>	<u>11,134</u>	<u>16</u>	<u>608</u>	<u>1</u>	<u>85</u>	<u>514</u>	<u>29,304</u>
Noncurrent assets:								
Deferred charges and other	-	64	-	-	-	-	-	64
Capital assets:								
Land and construction in progress	6,220	-	218	697	-	-	-	7,135
Other capital assets, net of accumulated depreciation	24,975	-	368	811	-	-	9	26,163
Total noncurrent assets	<u>31,195</u>	<u>64</u>	<u>586</u>	<u>1,508</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>33,362</u>
Total assets	<u><u>48,141</u></u>	<u><u>11,198</u></u>	<u><u>602</u></u>	<u><u>2,116</u></u>	<u><u>1</u></u>	<u><u>85</u></u>	<u><u>523</u></u>	<u><u>62,666</u></u>
LIABILITIES								
Current liabilities:								
Accounts payable	32	-	-	-	1	-	23	56
Customer deposits	-	-	-	-	-	4	416	420
Retainage	80	-	-	-	-	-	-	80
Due to other:								
Funds	-	1,151	82	236	-	-	-	1,469
Accrued interest payable	-	124	-	5	-	-	-	129
Accrued wages and benefits	186	-	-	-	-	-	-	186
Current portion of:								
Bonds, loans and notes payable, net	117	1,298	-	160	-	-	-	1,575
Total current liabilities	<u>415</u>	<u>2,573</u>	<u>82</u>	<u>401</u>	<u>1</u>	<u>4</u>	<u>439</u>	<u>3,915</u>
Noncurrent liabilities:								
Compensated absences payable	399	-	-	-	-	-	-	399
Bonds, loans and notes payable, net	1,273	22,751	-	1,715	-	-	-	25,739
Total noncurrent liabilities	<u>1,672</u>	<u>22,751</u>	<u>-</u>	<u>1,715</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,138</u>
Total liabilities	<u><u>2,087</u></u>	<u><u>25,324</u></u>	<u><u>82</u></u>	<u><u>2,116</u></u>	<u><u>1</u></u>	<u><u>4</u></u>	<u><u>439</u></u>	<u><u>30,053</u></u>
NET POSITION								
Net investment in capital assets	29,805	-	586	(367)	-	-	9	30,033
Restricted for debt service	15	-	-	-	-	-	-	15
Restricted for replacement	3,463	-	-	-	-	-	-	3,463
Unrestricted	12,771	(14,126)	(66)	367	-	81	75	(898)
Total net position	<u><u>\$ 46,054</u></u>	<u><u>\$ (14,126)</u></u>	<u><u>\$ 520</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 81</u></u>	<u><u>\$ 84</u></u>	<u><u>\$ 32,613</u></u>

City of Toledo, Ohio

Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
 Nonmajor Enterprise Funds
 For the Year Ended December 31, 2012
 (amounts expressed in thousands)

	Storm Sewer	Property Management	Small Business Development	Municipal Tow Lot	Marina Operations Fund	Erie St Market	Toledo Public Power	Total Nonmajor Enterprise
OPERATING REVENUES								
Charges for services	\$ 10,318	\$ -	\$ -	\$ 1,723	\$ -	\$ -	\$ 135	\$ 12,176
Other revenue	13	-	-	284	-	115	1	413
Total operating revenue	<u>10,331</u>	<u>-</u>	<u>-</u>	<u>2,007</u>	<u>-</u>	<u>115</u>	<u>136</u>	<u>12,589</u>
OPERATING EXPENSES								
Personnel services	3,557	-	16	-	-	-	12	3,585
Contractual services	1,881	158	12	646	-	122	8	2,827
Materials and supplies	381	-	-	8	-	2	-	391
Utilities	-	-	5	2	-	-	116	123
Depreciation	1,211	-	45	163	-	-	-	1,419
Total operating expenses	<u>7,030</u>	<u>158</u>	<u>78</u>	<u>819</u>	<u>-</u>	<u>124</u>	<u>136</u>	<u>8,345</u>
Operating income (loss)	<u>3,301</u>	<u>(158)</u>	<u>(78)</u>	<u>1,188</u>	<u>-</u>	<u>(9)</u>	<u>-</u>	<u>4,244</u>
NON-OPERATING REVENUES (EXPENSES)								
Investment earnings	76	357	-	-	-	-	-	433
Intergovernmental grants	175	-	-	-	-	-	-	175
Interest expense and fiscal charges	(37)	(1,128)	-	(92)	-	-	(2)	(1,259)
Total non-operating revenues (expenses)	<u>214</u>	<u>(771)</u>	<u>-</u>	<u>(92)</u>	<u>-</u>	<u>-</u>	<u>(2)</u>	<u>(651)</u>
Income (loss) before transfers	3,515	(929)	(78)	1,096	-	(9)	(2)	3,593
Transfers in	-	1,385	-	-	-	-	-	1,385
Transfers out	-	-	-	(1,096)	-	-	-	(1,096)
Change in net position	3,515	456	(78)	-	-	(9)	(2)	3,882
Total net position - beginning	42,539	(14,582)	598	-	-	90	86	28,731
Total net position - ending	<u>\$ 46,054</u>	<u>\$ (14,126)</u>	<u>\$ 520</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 81</u>	<u>\$ 84</u>	<u>\$ 32,613</u>

City of Toledo, Ohio
Combining Statement of Cash Flows
Non Major Enterprise Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	<u>Storm Sewer</u>	<u>Property Management</u>	<u>Small Business Development</u>	<u>Municipal Tow Lot</u>	<u>Marina Operations Fund</u>	<u>Erie St Market</u>	<u>Toledo Public Power</u>	<u>Total Nonmajor Enterprise</u>
Operating activities:								
Cash received from customers	\$ 7,982	\$ 130	\$ -	\$ 1,330	\$ -	\$ 3	\$ 441	\$ 9,886
Cash paid to employees	(3,985)	-	-	-	-	-	(11)	(3,996)
Cash paid to suppliers	(1,132)	(130)	-	(258)	-	(118)	(64)	(1,702)
Other receipts	25	(2)	(2)	276	-	115	1	413
Net cash provided by (used by) operating activities	<u>2,890</u>	<u>(2)</u>	<u>(2)</u>	<u>1,348</u>	<u>-</u>	<u>-</u>	<u>367</u>	<u>4,601</u>
Noncapital financial activities:								
Transfers in	-	1,385	-	-	-	-	-	1,385
Transfers out	-	-	-	(1,096)	-	-	-	(1,096)
Net cash provided by (used by) noncapital financing activities	<u>-</u>	<u>1,385</u>	<u>-</u>	<u>(1,096)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>289</u>
Capital and related financing activities:								
Proceeds from capital grants	175	-	-	-	-	-	-	175
Purchases of property, plant and equipment	(2,907)	-	2	-	-	-	1	(2,904)
Principal payments	(117)	(852)	-	(160)	-	-	-	(1,129)
Proceeds from issuance of bonds, loans and notes	-	5,140	-	-	-	-	-	5,140
Interest and fiscal charges paid on bonds, loans and notes	(37)	(1,104)	-	(92)	-	-	(2)	(1,235)
Net cash provided by (used by) capital and related financing activities	<u>(2,886)</u>	<u>3,184</u>	<u>2</u>	<u>(252)</u>	<u>-</u>	<u>-</u>	<u>(1)</u>	<u>47</u>
Investing activities:								
Proceeds from sales and maturities of investments	11,001	-	-	-	-	-	-	11,001
Purchase of investments	(11,013)	(4,922)	-	-	-	-	(366)	(16,301)
Investment income received on investments	76	358	-	-	-	-	-	434
Net cash provided by (used by) investing activities	<u>64</u>	<u>(4,564)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(366)</u>	<u>(4,866)</u>
Increase (decrease) in cash and cash equivalents	68	3	-	-	-	-	-	71
Cash and cash equivalents at beginning of year	30	-	-	-	-	1	-	31
Cash and cash equivalents at end of year	<u>\$ 98</u>	<u>\$ 3</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 102</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities:								
Operating income (loss)	\$ 3,301	\$ (158)	\$ (78)	\$ 1,188	\$ -	\$ (9)	\$ -	\$ 4,244
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:								
Depreciation	1,211	-	45	163	-	-	-	1,419
Increase (decrease) in allowance for doubtful accounts	(199)	-	-	-	-	-	-	(199)
Changes in assets and liabilities:								
Receivables	(2,139)	130	-	(392)	-	3	(109)	(2,507)
Due to (from) other:								
Funds	1,085	(2)	256	150	-	2	40	1,531
Governments	-	28	80	238	-	-	-	346
Accounts payable	1	-	(305)	1	-	-	23	(280)
Customer deposits	(1)	-	-	-	-	4	413	416
Retainage	42	-	-	-	-	-	-	42
Accrued wages and benefits	52	-	-	-	-	-	-	52
Compensated absences payable	(463)	-	-	-	-	-	-	(463)
Net cash provided by (used by) operating activities	<u>\$ 2,890</u>	<u>\$ (2)</u>	<u>\$ (2)</u>	<u>\$ 1,348</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 367</u>	<u>\$ 4,601</u>

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City of Toledo, Ohio

Internal Service Funds

Municipal Garage - To account for the costs of a maintenance facility for automotive equipment used by various City departments. The actual costs of labor and material utilized are reimbursed to this Fund by the user departments.

Capital Replacement - To account for interdepartmental charges assessed for the improvement and replacement of the City's capital equipment.

Storeroom and Printshop - To account for small supplies consumed by and printing services provided to various City departments. The actual costs of supplies requisitioned and labor and materials utilized are reimbursed to this Fund by the user departments.

Information Technology - To account for the costs of data processing services provided to various City departments. The actual costs of materials and services are reimbursed to this Fund by the user departments.

Risk Management - To account for the City's insurance program related to property and liability loss exposure. The payment of self-insured losses, insurance in excess of retention levels and related loss financing expenditures are accounted for in this fund.

Facility Operations - To account for the costs of maintenance and repair activities provided to various City departments. The actual costs of materials and services are reimbursed to this Fund by the user departments.

Workers' Compensation - To account for the City's worker's compensation program under the State of Ohio's retrospective rating plan. The payment of premiums, assessments and claims to the State Bureau of Worker's Compensation, and their allocation to the responsible funds are accounted for in this fund.

City of Toledo, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2012
(amounts expressed in thousands)

	Municipal Garage	Capital Replacement	Storeroom and Printshop	Information Technology	Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
ASSETS								
Restricted investments	\$ -	\$ 15	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15
Receivables (net of allowance)	205	-	2	-	1	29	84	321
Due from other:								
Funds	5,096	4,092	95	796	4,860	562	20,114	35,615
Inventory of supplies	635	-	4	-	-	-	-	639
Total current assets	<u>5,936</u>	<u>4,107</u>	<u>101</u>	<u>796</u>	<u>4,861</u>	<u>591</u>	<u>20,198</u>	<u>36,590</u>
Capital assets:								
Land and construction in progress	274	116	-	-	-	-	-	390
Other capital assets, net of accumulated depreciation	12,328	6,000	-	-	3	3,325	-	21,656
Total noncurrent assets	<u>12,602</u>	<u>6,116</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>3,325</u>	<u>-</u>	<u>22,046</u>
Total assets	<u><u>18,538</u></u>	<u><u>10,223</u></u>	<u><u>101</u></u>	<u><u>796</u></u>	<u><u>4,864</u></u>	<u><u>3,916</u></u>	<u><u>20,198</u></u>	<u><u>58,636</u></u>
LIABILITIES								
Current liabilities:								
Accounts payable	439	-	42	6	34	153	47	721
Customer deposits	290	-	-	-	-	-	-	290
Other current liabilities	-	-	-	-	1,560	-	17,930	19,490
Accrued wages and benefits	211	-	3	150	6	80	10	460
Current portion of:								
Compensated absences payable	41	-	-	16	-	78	-	135
Bonds, loans and notes payable, net	-	520	-	-	-	3,250	-	3,770
Total current liabilities	<u>981</u>	<u>520</u>	<u>45</u>	<u>172</u>	<u>1,600</u>	<u>3,561</u>	<u>17,987</u>	<u>24,866</u>
Noncurrent liabilities:								
Bonds, loans and notes payable, net	-	-	-	-	-	-	-	-
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u><u>981</u></u>	<u><u>520</u></u>	<u><u>45</u></u>	<u><u>172</u></u>	<u><u>1,600</u></u>	<u><u>3,561</u></u>	<u><u>17,987</u></u>	<u><u>24,866</u></u>
NET POSITION								
Net investment in capital assets	12,602	5,596	-	-	3	75	-	18,276
Restricted for replacement	-	-	-	-	-	-	-	-
Unrestricted	4,955	4,107	56	624	3,261	280	2,211	15,494
Total net position	<u><u>\$ 17,557</u></u>	<u><u>\$ 9,703</u></u>	<u><u>\$ 56</u></u>	<u><u>\$ 624</u></u>	<u><u>\$ 3,264</u></u>	<u><u>\$ 355</u></u>	<u><u>\$ 2,211</u></u>	<u><u>\$ 33,770</u></u>

City of Toledo, Ohio
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Internal Service Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	<u>Municipal Garage</u>	<u>Capital Replacement</u>	<u>Storeroom and Printshop</u>	<u>Information Technology</u>	<u>Risk Management</u>	<u>Facility Operations</u>	<u>Workers' Compensation</u>	<u>Total Internal Service</u>
OPERATING REVENUES								
Charges for services	\$ 11,770	\$ -	\$ 530	\$ 2,867	\$ 1,233	\$ 3,260	\$ 6,325	\$ 25,985
Other revenue	179	2	-	-	-	24	142	347
Total operating revenue	<u>11,949</u>	<u>2</u>	<u>530</u>	<u>2,867</u>	<u>1,233</u>	<u>3,284</u>	<u>6,467</u>	<u>26,332</u>
OPERATING EXPENSES								
Personnel services	3,677	-	59	867	108	1,453	191	6,355
Contractual services	905	-	311	915	1,125	1,262	4,109	8,627
Materials and supplies	6,996	-	160	97	-	377	2	7,632
Utilities	87	-	-	919	-	89	-	1,095
Depreciation	1,980	576	-	-	1	65	-	2,622
Total operating expenses	<u>13,645</u>	<u>576</u>	<u>530</u>	<u>2,798</u>	<u>1,234</u>	<u>3,246</u>	<u>4,302</u>	<u>26,331</u>
Operating income (loss)	<u>(1,696)</u>	<u>(574)</u>	<u>-</u>	<u>69</u>	<u>(1)</u>	<u>38</u>	<u>2,165</u>	<u>1</u>
NON-OPERATING REVENUES (EXPENSES)								
Capital grants	-	-	-	-	-	10	-	10
Interest expense and fiscal charges	-	(27)	-	-	-	-	-	(27)
Total non-operating revenues (expenses)	<u>-</u>	<u>(27)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>(17)</u>
Income (loss) before transfers	(1,696)	(601)	-	69	(1)	48	2,165	(16)
Transfers in	4,705	-	-	-	-	-	-	4,705
Transfers out	-	(4,705)	-	-	-	-	-	(4,705)
Change in net position	3,009	(5,306)	-	69	(1)	48	2,165	(16)
Total net position - beginning	14,548	15,009	56	555	3,265	307	46	33,786
Total net position - ending	<u>\$ 17,557</u>	<u>\$ 9,703</u>	<u>\$ 56</u>	<u>\$ 624</u>	<u>\$ 3,264</u>	<u>\$ 355</u>	<u>\$ 2,211</u>	<u>\$ 33,770</u>

City of Toledo, Ohio
Combining Statement of Cash Flows
Internal Service Enterprise Funds
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	Municipal Garage	Capital Replacement	Storeroom and Printshop	Information Technology	Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
Operating activities:								
Cash received from customers	\$ 12,004	\$ -	\$ 530	\$ 2,867	\$ 1,234	\$ 3,259	\$ 6,262	\$ 26,156
Cash paid to employees	(6,829)	-	(58)	(761)	(107)	1,880	(185)	(6,060)
Cash paid to suppliers	(10,027)	10,382	(472)	(2,106)	(1,127)	(5,189)	(6,220)	(14,759)
Other receipts	180	-	-	-	-	24	143	347
Net cash provided by (used by) operating activities	(4,672)	10,382	-	-	-	(26)	-	5,684
Noncapital financial activities:								
Transfers in	4,705	-	-	-	-	-	-	4,705
Transfers out	-	(4,705)	-	-	-	-	-	(4,705)
Net cash provided by (used by) noncapital financing activities	4,705	(4,705)	-	-	-	-	-	-
Capital and related financing activities:								
Proceeds from capital grants and contributions	-	-	-	-	-	10	-	10
Purchases of property, plant and equipment	(33)	(4,705)	-	-	-	(3,234)	-	(7,972)
Principal payments	-	(1,465)	-	-	-	-	-	(1,465)
Proceeds from the issuance of bonds, loans, and notes	-	520	-	-	-	3,250	-	3,770
Interest and fiscal charges paid on bonds, loans and notes	-	(27)	-	-	-	-	-	(27)
Net cash provided by (used by) capital and related financing activities	(33)	(5,677)	-	-	-	26	-	(5,684)
Increase (decrease) in cash and cash equivalents	-	-	-	-	-	-	-	-
Cash and cash equivalents at beginning of year	-	-	-	-	-	-	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of net operating income (loss) to net cash provided by (used by) operating activities:								
Operating income (loss)	\$ (1,696)	\$ (574)	\$ -	\$ 69	\$ (1)	\$ 38	\$ 2,165	\$ 1
Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities:								
Depreciation	1,980	576	-	-	1	65	-	2,622
Increase (decrease) in allowance for doubtful accounts	(8)	-	-	-	-	-	-	(8)
Changes in assets and liabilities:								
Receivables	(48)	-	-	-	1	(1)	(63)	(111)
Due to (from) other:								
Funds	(5,679)	10,380	12	(285)	(8)	(188)	7	4,239
Prepaid expenses	-	-	-	104	-	-	-	104
Inventory of supplies	352	-	(4)	-	-	-	-	348
Accounts payable	(26)	-	(9)	6	6	55	37	69
Customer deposits	278	-	-	-	-	-	12	290
Deferred and other liabilities	12	-	-	-	-	-	(2,165)	(2,153)
Accrued wages and benefits	146	-	1	-	1	-	-	148
Compensated absences payable	17	-	-	106	-	5	7	135
Net cash provided by (used by) operating activities	\$ (4,672)	\$ 10,382	\$ -	\$ -	\$ -	\$ (26)	\$ -	\$ 5,684

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City of Toledo, Ohio

Fiduciary Funds - Agency Funds

General Agency – To account for various licenses, fees and taxes, such as restaurant licenses, that the City collects as an agent for the State of Ohio.

Municipal Court – To account for bonds and other monies deposited with the Court pending final disposition of the various cases. While the records of the Court are the responsibility of a separate elected Clerk of Courts and not the Finance Department, the balances have been included in these financial statements in compliance with GASB Statement-14.

City of Toledo, Ohio
Statement of Changes in Assets and Liabilities
Agency Funds - Individual Fund Groupings
For the Year Ended December 31, 2012
(amounts expressed in thousands)

	Assets					Liabilities			
	Balance 1/1/2012	Additions	Deductions	Balance 12/31/2012		Balance 1/1/2012	Additions	Deductions	Balance 12/31/2012
General Agency					General Agency				
Receivables	\$ 2,058	\$ 1,823	\$ 1,672	\$ 2,209	Accounts payable	\$ 60	\$ 1,402	\$ 1,402	\$ 60
					Customer deposit	1,998	1,632	1,481	2,149
Municipal Court					Municipal Court				
Cash and cash equivalents other	1,113	39	-	1,152	Customer deposit	1,113	39	-	1,152
Total Agency funds					Total Agency funds				
Cash and cash equivalents other	1,113	39	-	1,152	Accounts payable	60	1,402	1,402	60
Receivables	2,058	1,823	1,672	2,209	Customer deposit	3,111	1,671	1,481	3,301
	<u>\$ 3,171</u>	<u>\$ 1,862</u>	<u>\$ 1,672</u>	<u>\$ 3,361</u>		<u>\$ 3,171</u>	<u>\$ 3,073</u>	<u>\$ 2,883</u>	<u>\$ 3,361</u>

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City of Toledo, Ohio

Special Budgetary Comparison

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Income taxes	\$ 155,629	\$ 155,629	\$ 158,523	\$ 2,894
Property taxes	13,627	13,627	11,381	(2,246)
Licenses and permits	2,211	2,211	2,264	53
Intergovernmental services	15,154	15,154	20,828	5,674
Charges for services	26,564	27,157	26,132	(1,025)
Investment earnings	345	345	360	15
Fines and forfeitures	4,877	4,877	6,715	1,838
All other revenue	3,764	3,764	350	(3,414)
Total revenues	222,171	222,764	226,553	3,789
Expenditures				
General government				
Accounts				
Personnel services	1,323	1,300	1,190	110
Materials and supplies	37	37	38	(1)
Contractual services	333	333	356	(23)
Total accounts	1,693	1,670	1,584	86
Affirmative action/contract compliance				
Personnel services	320	337	334	3
Materials and supplies	1	1	1	-
Contractual services	14	14	12	2
Total Affirmative action/contract compliance	335	352	347	5
Board of community relations				
Personnel services	78	78	79	(1)
Materials and supplies	9	9	4	5
Contractual services	11	16	10	6
Total board of community relations	98	103	93	10
City auditor				
Personnel services	102	102	102	-
Materials and supplies	1	1	-	1
Contractual services	11	11	9	2
Total city auditor	114	114	111	3
City council				
Personnel services	1,167	1,167	1,149	18
Materials and supplies	23	22	15	7
Contractual services	106	143	64	79
Total city council	1,296	1,332	1,228	104
Facility operations				
Contractual services	237	237	315	(78)
Total facility operations	237	237	315	(78)

General government continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
General government (continued)				
Finance administration				
Personnel services	192	192	193	(1)
Materials and supplies	6	7	7	-
Contractual services	251	238	174	64
Total finance administration	449	437	374	63
Finance enterprise resource planning				
Personnel services	282	282	277	5
Materials and supplies	-	-	-	-
Contractual services	521	521	520	1
Total finance resource planning	803	803	797	6
Financial analysis				
Personnel services	509	509	504	5
Materials and supplies	6	6	3	3
Contractual services	93	39	25	14
Total financial analysis	608	554	532	22
General fund utilities				
Contractual services	1,628	1,621	1,283	338
Total general fund utilities	1,628	1,621	1,283	338
General non-departmental services				
Personnel services	300	300	(397)	697
Contractual services	843	843	681	162
Total general non-departmental services	1,143	1,143	284	859
Human resources				
Personnel services	1,180	1,352	1,178	174
Materials and supplies	43	63	49	14
Contractual services	400	495	235	260
Total human resources	1,623	1,910	1,462	448
Law				
Personnel services	1,955	1,822	1,815	7
Materials and supplies	30	34	28	6
Contractual services	303	275	239	36
Total law	2,288	2,131	2,082	49
Natural resources				
Personnel services	14	14	7	7
Contractual services	83	83	70	13
Total natural resources	97	97	77	20
Office of the mayor				
Personnel services	537	561	573	(12)
Materials and supplies	31	20	20	-
Contractual services	139	155	130	25
Total office of the mayor	707	736	723	13

General government continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
General government (continued)				
Purchasing				
Personnel services	402	456	414	42
Materials and supplies	8	10	5	5
Contractual services	25	25	18	7
Total purchasing	435	491	437	54
Safety administration				
Personnel services	120	120	120	-
Contractual services	119	119	88	31
Total safety administration	239	239	208	31
Streets, bridges and harbor				
Personnel services	37	37	36	1
Contractual services	-	-	(103)	103
Total streets, bridges and harbor	37	37	(67)	104
Taxation				
Personnel services	1,702	1,702	1,491	211
Materials and supplies	187	175	175	-
Contractual services	221	235	179	56
Total taxation	2,110	2,112	1,845	267
Treasury				
Personnel services	291	291	302	(11)
Materials and supplies	36	36	22	14
Contractual services	69	69	37	32
Total treasury	396	396	361	35
Youth commission				
Personnel services	52	52	54	(2)
Materials and supplies	1	-	-	-
Contractual services	4	65	34	31
Total commission	57	117	88	29
Total general government	16,393	16,632	14,164	2,468
Public service				
General fund utilities				
Contractual services	1,476	1,476	1,595	(119)
Total general fund utilities	1,476	1,476	1,595	(119)
Parks and forestry				
Personnel services	49	49	46	3
Materials and supplies	3	3	1	2
Contractual services	317	298	286	12
Total parks and forestry	369	350	333	17
Total public service	1,845	1,826	1,928	(102)

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Public safety				
Clerk of municipal court				
Personnel services	5,025	5,015	4,729	286
Materials and supplies	387	416	408	8
Contractual services	232	302	278	24
Total clerk of municipal court	5,644	5,733	5,415	318
Fire				
Personnel services	55,964	56,351	56,365	(14)
Materials and supplies	612	817	790	27
Contractual services	3,635	3,644	3,390	254
Total fire	60,211	60,812	60,545	267
General non-departmental services				
Contractual services	101	101	72	29
Total general non-departmental services	101	101	72	29
Law				
Personnel services	497	646	635	11
Contractual services	18	26	20	6
Total law	515	672	655	17
Municipal court judges				
Personnel services	5,563	5,331	5,271	60
Materials and supplies	133	143	135	8
Contractual services	1,779	2,042	2,033	9
Total municipal court judges	7,475	7,516	7,439	77
Police				
Personnel services	68,571	68,361	68,638	(277)
Materials and supplies	1,481	1,430	1,151	279
Contractual services	3,979	4,088	4,276	(188)
Total police	74,031	73,879	74,065	(186)
Safety administration				
Contractual services	10,988	10,988	10,788	200
Total safety administration	10,988	10,988	10,788	200
Total public safety	158,965	159,701	158,979	722
Community environment				
Beautification action committee				
Materials and supplies	-	37	37	-
Total beautification action committee	-	37	37	-
Building inspection				
Personnel services	1,534	1,502	1,465	37
Materials and supplies	20	68	54	14
Contractual services	209	275	204	71
Total building inspection	1,763	1,845	1,723	122

Community environment continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Community environment (continued)				
Code enforcement				
Personnel services	436	404	395	9
Materials and supplies	-	5	4	1
Contractual services	554	599	345	254
Total code enforcement	990	1,008	744	264
Economic development				
Personnel services	117	109	97	12
Materials and supplies	7	7	5	2
Contractual services	860	1,056	673	383
Total economic development	984	1,172	775	397
Engineering services				
Personnel services	87	87	91	(4)
Materials and supplies	6	6	5	1
Contractual services	6	6	6	-
Total engineering services	99	99	102	(3)
General fund utilities				
Contractual services	274	274	217	57
Total general fund utilities	274	274	217	57
Housing				
Personnel services	42	140	78	62
Materials and supplies	37	25	25	-
Contractual services	-	32	31	1
Debt and other	-	4	4	-
Total housing	79	201	138	63
Planning commission				
Personnel services	390	390	407	(17)
Materials and supplies	10	19	19	-
Contractual services	46	37	28	9
Total planning commission	446	446	454	(8)
Real estate				
Contractual services	42	42	20	22
Total real estate	42	42	20	22
Streets, bridges and harbor				
Materials and supplies	(1)	(1)	4	(5)
Contractual services	3	3	100	(97)
Total streets, bridges and harbor	2	2	104	(102)
Waste disposal				
Contractual services	44	44	41	3
Total waste disposal	44	44	41	3
Total community environment	4,723	5,170	4,355	815

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Health				
Environmental services				
Personnel services	144	144	142	2
Contractual services	12	12	12	-
Total environmental services	156	156	154	2
General non-departmental services				
Personnel services	(282)	(117)	160	(277)
Contractual services	10,172	9,669	8,724	945
Total general non-departmental services	9,890	9,552	8,884	668
Municipal court judges				
Personnel services	331	318	263	55
Contractual services	3	2	2	-
Total municipal court judges	334	320	265	55
Parks and forestry				
Personnel services	182	182	182	-
Materials and supplies	13	14	16	(2)
Contractual services	129	181	283	(102)
Total parks and forestry	324	377	481	(104)
Waste disposal				
Personnel services	984	984	943	41
Materials and supplies	136	158	78	80
Contractual services	3,327	3,316	2,706	610
Total waste disposal	4,447	4,458	3,727	731
Total health	15,151	14,863	13,511	1,352
Parks and recreation				
Natural resources				
Contractual services	13	13	3	10
Total natural resources	13	13	3	10
Parks and forestry				
Personnel services	191	182	167	15
Materials and supplies	53	71	70	1
Contractual services	646	1,010	1,037	(27)
Total parks and forestry	890	1,263	1,274	(11)
Recreation				
Personnel services	465	465	562	(97)
Materials and supplies	39	46	40	6
Contractual services	437	802	871	(69)
Total recreation	941	1,313	1,473	(160)
Total parks and recreation	1,844	2,589	2,750	(161)

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

General Fund

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Capital outlay	12	51	53	(2)
Debt service				
Principal retirement	1,755	950	505	445
Interest and fiscal charges	490	490	221	269
Total debt service	<u>2,245</u>	<u>1,440</u>	<u>726</u>	<u>714</u>
Total expenditures	<u>201,178</u>	<u>202,272</u>	<u>196,466</u>	<u>5,806</u>
Excess (deficiency) of revenues over expenditures	20,993	20,492	30,087	9,595
Other financing sources (uses)				
Transfers in	13,930	15,089	10,456	(4,633)
Transfers out	(35,449)	(36,022)	(35,999)	23
Sale of capital assets	530	530	-	(530)
Total other financing sources (uses)	<u>(20,989)</u>	<u>(20,403)</u>	<u>(25,543)</u>	<u>(5,140)</u>
Net change in fund balance	<u>\$ 4</u>	<u>\$ 89</u>	4,544	<u>\$ 4,455</u>
Fund balance (deficit) at beginning of year			326	
Increase (decrease) in reserve for inventory			<u>138</u>	
Fund balance (deficit) at year end			<u>\$ 5,008</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Capital Improvements

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
Capital outlay (continued)				
Transportation				
Personnel services	662	684	635	49
Materials and supplies	7	108	105	3
Contractual services	10	48	37	11
Capital outlay	1	1	1,485	(1,484)
Total transportation	680	841	2,262	(1,421)
Waste disposal				
Contractual services	4	4	1,587	(1,583)
Total waste disposal	4	4	1,587	(1,583)
Total capital outlay	5,703	43,510	47,497	(3,987)
Debt service				
Principal retirement	5,720	5,774	5,652	122
Interest and fiscal charges	2,015	2,054	2,113	(59)
Total debt service	7,735	7,828	7,765	63
Total expenditures	13,438	51,338	58,012	(3,924)
Excess (deficiency) of revenues over expenditures	(6,645)	(28,973)	(34,748)	(3,025)
Other financing sources (uses)				
Transfers in	34,301	34,277	34,614	337
Transfers out	(33,776)	(34,993)	(37,525)	(2,532)
Capital lease proceeds	-	-	3,001	3,001
Issuance of debt	-	-	41,455	41,455
Premium (discount) on bond	-	-	1,498	1,498
Total other financing sources (uses)	525	(716)	43,043	43,759
Net change in fund balance	\$ (6,120)	\$ (29,689)	8,295	\$ 40,734
Fund balance (deficit) at beginning of year			35,678	
Increase (decrease) in reserve for inventory			223	
Fund balance (deficit) at year end			\$ 44,196	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Capital Improvements

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Intergovernmental services	\$ 5,496	\$ 5,396	\$ 4,573	\$ (823)
Charges for services	986	986	-	(986)
Investment earnings	311	311	589	278
Grants	-	15,673	18,074	2,401
All other revenue	-	(1)	28	29
Total revenues	6,793	22,365	23,264	899
Expenditures				
General Government	-	-	2,750	(2,750)
Affirmative action/contract compliance				
Personnel services	19	19	20	(1)
Contractual services	11	11	-	11
Total affirmative action/contract compliance	30	30	20	10
Beautification action committee				
Capital outlay	-	232	232	-
Total beautification action committee	-	232	232	-
Debt management				
Personnel services	71	71	61	10
Materials and supplies	2	2	1	1
Contractual services	2	2	-	2
Total debt management	75	75	62	13
Economic development				
Contractual services	1	1	-	1
Total economic development	1	1	-	1
Engineering services				
Personnel services	2,262	2,191	1,883	308
Materials and supplies	98	74	37	37
Contractual services	195	29,453	29,731	(278)
Capital outlay	-	21	19	2
Total engineering services	2,555	31,739	31,670	69
Environmental services				
Contractual services	-	263	263	-
Total environmental services	-	263	263	-
Facility operations				
Materials and supplies	-	4	4	-
Contractual services	855	958	958	-
Total facility operations	855	962	962	-

Capital outlay continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Capital Improvements

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Capital outlay (continued)				
Finance enterprise resource planning				
Personnel services	470	393	361	32
Materials and supplies	-	14	14	-
Contractual services	597	1,075	1,249	(174)
Total finance enterprise resource planning	1,067	1,482	1,624	(142)
Fire				
Materials and supplies	-	454	454	-
Contractual services	2	3,769	3,769	-
Capital outlay	-	64	1,477	(1,413)
Total fire	2	4,287	5,700	(1,413)
Information and communication technology				
Materials and supplies	-	283	283	-
Contractual services	7	91	84	7
Total information and communication technology	7	374	367	7
Neighborhoods administration				
Contractual services	-	75	75	-
Total neighborhoods administration	-	75	75	-
Office of the mayor				
Personnel services	12	12	12	-
Contractual services	-	13	13	-
Total office of the mayor	12	25	25	-
Parks and forestry				
Materials and supplies	-	19	19	-
Contractual services	5	55	40	15
Total parks and forestry	5	74	59	15
Planning commission				
Personnel services	89	89	81	8
Total planning commission	89	89	81	8
Police				
Materials and supplies	-	146	146	-
Contractual services	-	66	66	-
Capital outlay	-	81	81	-
Total police	-	293	293	-
Recreation				
Materials and supplies	-	20	18	2
Contractual services	-	28	28	-
Capital outlay	-	24	24	-
Total recreation	-	72	70	2
Streets, bridges and harbor				
Personnel services	223	415	196	219
Materials and supplies	40	206	91	115
Contractual services	58	1,971	1,858	113
Total streets, bridges and harbor	321	2,592	2,145	447

Capital outlay continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Special Assessment Services

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Special assessments	\$ 24,160	\$ 24,160	\$ 23,593	\$ (567)
Charges for services	89	89	4	(85)
Investment earnings	18	18	5	(13)
All other revenue	1	1	3	2
Total revenues	24,268	24,268	23,605	(663)
Expenditures				
General government				
Accounts				
Personnel services	-	-	(27)	27
Total accounts	-	-	(27)	27
Debt management				
Personnel services	35	35	35	-
Contractual services	3	3	1	2
Total debt management	38	38	36	2
Human resources				
Personnel services	8	8	9	(1)
Total human resources	8	8	9	(1)
Office of the mayor				
Personnel services	12	12	12	-
Total office of the mayor	12	12	12	-
Streets, bridges and harbor				
Personnel services	177	177	177	-
Contractual services	45	45	107	(62)
Total streets, bridges and harbor	222	222	284	(62)
Total general government	280	280	314	(34)
Public service				
Engineering services				
Personnel services	156	156	99	57
Materials and supplies	6	6	2	4
Contractual services	94	94	13	81
Total engineering services	256	256	114	142
General fund utilities				
Contractual services	3,475	3,461	3,268	193
Total general fund utilities	3,475	3,461	3,268	193
Natural resources				
Personnel services	50	50	19	31
Contractual services	13	13	-	13
Total natural resources	63	63	19	44

Public service continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Special Assessment Services

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Public service (continued)				
Parks and forestry				
Personnel services	3,801	3,801	3,634	167
Materials and supplies	88	188	191	(3)
Contractual services	3,269	3,160	1,550	1,610
Total parks and forestry	7,158	7,149	5,375	1,774
Streets, bridges and harbor				
Personnel services	7,314	7,314	6,331	983
Materials and supplies	2,540	2,540	1,426	1,114
Contractual services	8,646	8,615	3,922	4,693
Total streets, bridges and harbor	18,500	18,469	11,679	6,790
Taxation				
Contractual services	5	2	-	2
Total taxation	5	2	-	2
Treasury				
Personnel services	148	148	104	44
Materials and supplies	3	39	37	2
Contractual services	454	468	299	169
Debt and other	-	588	568	20
Total treasury	605	1,243	1,008	235
Water distribution				
Personnel services	295	295	266	29
Contractual services	1	1	-	1
Total water distribution	296	296	266	30
Total public service	30,358	30,939	21,729	9,210
Community environment				
Streets, bridges and harbor				
Contractual services	-	-	72	(72)
Total streets, bridges and harbor	-	-	72	(72)
Total community environment	-	-	72	(72)
Health				
Parks and forestry				
Personnel services	185	185	218	(33)
Materials and supplies	27	27	3	24
Contractual services	579	579	327	252
Total parks and forestry	791	791	548	243
Total health	791	791	548	243

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Major Governmental Funds

Special Assessment Services

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Parks and recreation				
Parks and forestry				
Personnel services	32	32	58	(26)
Materials and supplies	13	13	2	11
Contractual services	147	147	41	106
Total parks and forestry	<u>192</u>	<u>192</u>	<u>101</u>	<u>91</u>
Total parks and recreation	192	192	101	91
 Capital outlay	 152	 160	 13	 147
 Debt service				
Principal retirement	20,360	20,360	-	20,360
Interest and fiscal charges	1,643	1,643	1,134	509
Total debt service	<u>22,003</u>	<u>22,003</u>	<u>1,134</u>	<u>20,869</u>
Total expenditures	<u>53,776</u>	<u>54,365</u>	<u>23,911</u>	<u>30,454</u>
 Excess (deficiency) of revenues over expenditures	 (29,508)	 (30,097)	 (306)	 29,791
 Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
 Net change in fund balance	 <u>\$ (29,508)</u>	 <u>\$ (30,097)</u>	 (306)	 <u>\$ 29,791</u>
 Fund balance (deficit) at beginning of year			(51,331)	
Increase (decrease) in reserve for inventory			1,426	
Fund balance (deficit) at year end			<u>\$ (50,211)</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Federal Block Grants

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ -	\$ 16	\$ 36	\$ 20
Grants	-	8,569	8,569	-
All other revenue	-	(656)	1,399	2,055
Total revenues	-	7,929	10,004	2,075
Expenditures				
Community environment				
Beautification action committee				
Personnel services	-	294	294	-
Materials and supplies	-	59	53	6
Contractual services	-	1,135	1,135	-
Total beautification action committee	-	1,488	1,482	6
Code enforcement				
Personnel services	-	807	807	-
Materials and supplies	-	2	1	1
Contractual services	-	212	212	-
Total code enforcement	-	1,021	1,020	1
Economic development				
Personnel services	-	312	312	-
Contractual services	-	21	21	-
Total economic development	-	333	333	-
Housing				
Personnel services	-	1,362	1,362	-
Materials and supplies	-	1	1	-
Contractual services	-	1,685	1,685	-
Total housing	-	3,048	3,048	-
Law				
Personnel services	-	62	62	-
Total law	-	62	62	-
Municipal court judges				
Debt and other	-	25	25	-
Total municipal court judges	-	25	25	-
Neighborhoods administration				
Personnel services	-	1,170	1,170	-
Materials and supplies	-	10	10	-
Contractual services	-	55	105	(50)
Total neighborhoods administration	-	1,235	1,285	(50)
Planning commission				
Personnel services	-	162	162	-
Total planning commission	-	162	162	-

Community environment continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Federal Block Grants

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment (continued)				
Real estate				
Personnel services	-	148	148	-
Contractual services	-	4	4	-
Total real estate	-	152	152	-
Third party partners				
Materials and supplies	-	(27)	(27)	-
Debt and other	-	2,453	2,443	10
Total third party partners	-	2,426	2,416	10
Total community environment	-	9,952	9,985	(33)
Total expenditures	-	9,952	9,985	(33)
Excess (deficiency) of revenues over expenditures	-	(2,023)	19	2,042
Other financing sources (uses)				
Transfers in	-	874	-	(874)
Transfers out	-	(196)	-	196
Total other financing sources (uses)	-	678	-	(678)
Net change in fund balance	\$ -	\$ (1,345)	19	\$ 1,364
Fund balance (deficit) at beginning of year			(150)	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ (131)	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Operation Grants

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Grants	\$ -	\$ 16,280	\$ 16,276	\$ (4)
All other revenue	-	-	381	381
Total revenues	-	16,280	16,657	377
Expenditures				
Public safety				
Fire				
Personnel services	-	57	57	-
Materials and supplies	-	1,308	1,308	-
Contractual services	-	55	55	-
Total fire	-	1,420	1,420	-
Law				
Personnel services	-	(65)	(65)	-
Contractual services	-	5	5	-
Total law	-	(60)	(60)	-
Municipal court judges				
Personnel services	-	185	185	-
Materials and supplies	-	2	2	-
Contractual services	-	105	105	-
Total municipal court judges	-	292	292	-
Police				
Personnel services	-	2,353	2,353	-
Materials and supplies	-	293	293	-
Contractual services	-	120	120	-
Total police	-	2,766	2,766	-
Total public safety	-	4,418	4,418	-
Community environment				
Building inspection				
Contractual services	-	1	1	-
Total building inspection	-	1	1	-
Code enforcement				
Personnel services	-	68	68	-
Contractual services	-	101	101	-
Total code enforcement	-	169	169	-
Economic development				
Contractual services	-	40	40	-
Debt and other	-	8	8	-
Total economic development	-	48	48	-
Housing				
Personnel services	-	268	268	-
Contractual services	-	6,529	6,513	16
Total housing	-	6,797	6,781	16

Community environment continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Operation Grants

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment (continued)				
Neighborhoods administration				
Personnel services	-	207	207	-
Materials and supplies	-	(46)	(46)	-
Contractual services	-	792	792	-
Total neighborhoods administration	-	953	953	-
Planning commission				
Personnel services	-	198	198	-
Materials and supplies	-	1	1	-
Contractual services	-	5	5	-
Total planning commission	-	204	204	-
Total community environment	-	8,172	8,156	16
 Health				
Environmental services				
Personnel services	-	889	889	-
Materials and supplies	-	53	53	-
Contractual services	-	2,860	2,950	(90)
Total environmental services	-	3,802	3,892	(90)
Total health	-	3,802	3,892	(90)
 Capital outlay	-	310	310	-
Total expenditures	-	16,702	16,776	(74)
 Excess (deficiency) of revenues over expenditures	-	(422)	(119)	303
 Other financing sources (uses)				
Transfers in	-	381	-	(381)
Total other financing sources (uses)	-	381	-	(381)
 Net change in fund balance	\$ -	\$ (41)	(119)	\$ (78)
 Fund balance (deficit) at beginning of year			9,364	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ 9,245	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Streets Construction Maintenance and Repair

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Licenses and permits	\$ -	\$ -	\$ 3	\$ 3
Intergovernmental services	12,563	12,563	12,188	(375)
Charges for services	3	3	5	2
Fines and forfeitures	3	3	2	(1)
All other revenue	12	12	16	4
Total revenues	<u>12,581</u>	<u>12,581</u>	<u>12,214</u>	<u>(367)</u>
Expenditures				
General government				
Streets, bridges and harbor				
Personnel services	138	138	162	(24)
Materials and supplies	(2)	(2)	-	(2)
Contractual services	2	2	2	-
Total streets, bridges and harbor	<u>138</u>	<u>138</u>	<u>164</u>	<u>(26)</u>
Total general government	<u>138</u>	<u>138</u>	<u>164</u>	<u>(26)</u>
Public service				
Engineering services				
Personnel services	708	708	639	69
Materials and supplies	44	42	18	24
Contractual services	475	475	307	168
Total engineering services	<u>1,227</u>	<u>1,225</u>	<u>964</u>	<u>261</u>
General fund utilities				
Contractual services	290	290	319	(29)
Total general fund utilities	<u>290</u>	<u>290</u>	<u>319</u>	<u>(29)</u>
Streets, bridges and harbor				
Personnel services	3,192	3,192	3,118	74
Materials and supplies	771	805	745	60
Contractual services	2,466	2,432	1,406	1,026
Total streets, bridges and harbor	<u>6,429</u>	<u>6,429</u>	<u>5,269</u>	<u>1,160</u>
Transportation				
Personnel services	2,965	2,965	2,700	265
Materials and supplies	480	480	360	120
Contractual services	1,823	1,824	1,391	433
Total transportation	<u>5,268</u>	<u>5,269</u>	<u>4,451</u>	<u>818</u>
Total public service	<u>13,214</u>	<u>13,213</u>	<u>11,003</u>	<u>2,210</u>

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Streets Construction Maintenance and Repair

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Public safety				
Police				
Personnel services	104	104	66	38
Materials and supplies	3	3	-	3
Contractual services	12	12	5	7
Total police	<u>119</u>	<u>119</u>	<u>71</u>	<u>48</u>
Total public safety	119	119	71	48
Community environment				
Building inspection				
Personnel services	12	12	11	1
Total building inspection	<u>12</u>	<u>12</u>	<u>11</u>	<u>1</u>
Total community environment	12	12	11	1
Capital outlay	27	29	2	27
Total expenditures	<u>13,510</u>	<u>13,511</u>	<u>11,251</u>	<u>2,260</u>
Excess (deficiency) of revenues over expenditures	(929)	(930)	963	1,893
Other financing sources (uses)				
Transfers In	230	230	-	(230)
Transfers out	(1,157)	(1,157)	-	1,157
Total other financing sources (uses)	<u>(927)</u>	<u>(927)</u>	<u>-</u>	<u>927</u>
Net change in fund balance	<u>\$ (1,856)</u>	<u>\$ (1,857)</u>	963	<u>\$ 2,820</u>
Fund balance (deficit) at beginning of year			8,150	
Increase (decrease) in reserve for inventory			286	
Fund balance (deficit) at year end			<u>\$ 9,399</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Cemetery Maintenance

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment earnings	\$ 5	\$ 5	\$ 4	\$ (1)
Total revenues	5	5	4	(1)
Expenditures				
Health				
Parks and forestry				
Contractual services	19	19	19	-
Total parks and forestry	19	19	19	-
Total health	19	19	19	-
Total expenditures	19	19	19	-
Excess (deficiency) of revenues over expenditures	(14)	(14)	(15)	(1)
Other financing sources (uses)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ (14)	\$ (14)	(15)	\$ (1)
Fund balance (deficit) at beginning of year			57	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ 42	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Golf Improvements

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 246	\$ 246	\$ 246	\$ -
Total revenues	246	246	246	-
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	246	246	246	-
Other financing sources (uses)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ 246	\$ 246	246	\$ -
Fund balance (deficit) at beginning of year			199	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ 445	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Parkland Replacement

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
All other revenue	\$ 25	\$ 25	\$ 27	\$ 2
Total revenues	25	25	27	2
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	25	25	27	2
Other financing sources (uses)				
Transfers out	(246)	(246)	-	246
Total other financing sources (uses)	(246)	(246)	-	246
Net change in fund balance	\$ (221)	\$ (221)	27	\$ 248
Fund balance (deficit) at beginning of year			313	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ 340	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Cemeteries Property Acquisition Site Development

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 24	\$ 24	\$ 19	\$ (5)
Total revenues	<u>24</u>	<u>24</u>	<u>19</u>	<u>(5)</u>
Expenditures				
Health				
Parks and forestry				
Contractual services	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total parks and forestry	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total health	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Total expenditures	<u>1</u>	<u>1</u>	<u>-</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	23	23	19	(4)
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 23</u>	<u>\$ 23</u>	19	<u>\$ (4)</u>
Fund balance (deficit) at beginning of year			294	
Increase (decrease) in reserve for inventory			<u>-</u>	
Fund balance (deficit) at year end			<u>\$ 313</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Marina Development

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Charges for services	\$ 70	\$ 70	\$ 77	\$ 7
Total revenues	<u>70</u>	<u>70</u>	<u>77</u>	<u>7</u>
Expenditures				
Parks and recreation				
Natural resources				
Personnel services	13	13	6	7
Total natural resources	<u>13</u>	<u>13</u>	<u>6</u>	<u>7</u>
Recreation				
Personnel services	73	68	14	54
Materials and supplies	5	5	-	5
Contractual services	53	59	29	30
Total recreation	<u>131</u>	<u>132</u>	<u>43</u>	<u>89</u>
Total parks and recreation	<u>144</u>	<u>145</u>	<u>49</u>	<u>96</u>
Total expenditures	<u>144</u>	<u>145</u>	<u>49</u>	<u>96</u>
Excess (deficiency) of revenues over expenditures	(74)	(75)	28	103
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (74)</u>	<u>\$ (75)</u>	28	<u>\$ 103</u>
Fund balance (deficit) at beginning of year			81	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			<u>\$ 109</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Expendable Trusts

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget Positive (Negative)
Revenues				
Licenses and permits	\$ -	\$ 16	\$ 16	\$ -
Charges for services	-	730	730	-
Investment earnings	-	3	3	-
Fines and forfeitures	-	1,235	1,235	-
Grants	-	34	34	-
All other revenue	-	2,850	2,293	(557)
Total revenues	-	4,868	4,311	(557)
Expenditures				
Public Safety				
Fire				
Materials and supplies	-	31	31	-
Contractual services	-	1	1	-
Total fire	-	32	32	-
Law				
Contractual services	-	149	149	-
Total law	-	149	149	-
Municipal court judges				
Personnel services	-	221	222	(1)
Materials and supplies	-	355	355	-
Contractual services	-	333	333	-
Total municipal court judges	-	909	910	(1)
Police				
Materials and supplies	-	369	478	(109)
Contractual services	-	146	146	-
Debt and other	-	62	62	-
Total police	-	577	686	(109)
Total public safety	-	1,667	1,777	(110)
Public Utilities				
Water treatment				
Debt and other	-	1	1	-
Total water treatment	-	1	1	-
Total public utilities	-	1	1	-
Community environment				
Municipal court judges				
Contractual services	-	7	7	-
Total municipal court judges	-	7	7	-
Neighborhoods administration				
Debt and other	-	190	190	-
Total neighborhoods administration	-	190	190	-

Community environment continues on next page

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Expendable Trusts

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Community environment continued				
Streets, bridges and harbor				
Personnel services	-	548	548	-
Materials and supplies	-	45	45	-
Contractual services	-	945	1,483	(538)
Total streets, bridges and harbor	-	1,538	2,076	(538)
Total community environment	-	1,735	2,273	(538)
Health				
Environmental services				
Contractual services	-	29	29	-
Total environmental services	-	29	29	-
Waste disposal				
Debt and other	-	20	20	-
Total waste disposal	-	20	20	-
Total health	-	49	49	-
Parks and recreation				
Natural resources				
Contractual services	-	1	1	-
Debt and other	-	18	18	-
Total natural resources	-	19	19	-
Parks and forestry				
Materials and supplies	-	47	47	-
Contractual services	-	13	13	-
Debt and other	-	5	5	-
Total parks and forestry	-	65	65	-
Recreation				
Materials and supplies	-	1	1	-
Contractual services	-	14	14	-
Debt and other	-	17	17	-
Total recreation	-	32	32	-
Youth commission				
Debt and other	-	2	2	-
Total youth commission	-	2	2	-
Total parks and recreation	-	118	118	-
Capital outlay	-	543	543	-
Total expenditures	-	4,113	4,761	(648)
Excess (deficiency) of revenues over expenditures	-	755	(450)	(1,205)

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Expendable Trusts

For the Year Ended December 31, 2012

(amounts expressed in thousands)

(continued)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Other financing sources (uses)				
Transfers In	-	58	58	-
Total other financing sources (uses)	-	58	58	-
 Net change in fund balance	<u>\$ -</u>	<u>\$ 813</u>	(392)	<u>\$ (1,205)</u>
 Fund balance (deficit) at beginning of year			3,462	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			<u>\$ 3,070</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Toledo City Parks

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues				
Investment earnings	\$ -	\$ -	\$ 6	\$ 6
Total revenues	-	-	6	6
Expenditures				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	6	6
Other financing sources (uses)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ -	6	\$ 6
Fund balance (deficit) at beginning of year			93	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ 99	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Special Revenue

Toledo Home Program

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Investment earnings	\$ -	\$ -	\$ 40	\$ 40
Grants	-	3,952	2,822	(1,130)
All other revenues	-	-	40	40
Total revenues	-	3,952	2,902	(1,050)
Expenditures				
Community environment				
Housing				
Personnel services	-	208	208	-
Materials and supplies	-	2	2	-
Contractual services	-	56	56	-
Debt and other	-	2,591	2,681	(90)
Total housing	-	2,857	2,947	(90)
Total community environment	-	2,857	2,947	(90)
Total expenditures	-	2,857	2,947	(90)
Excess (deficiency) of revenues over expenditures	-	1,095	(45)	(1,140)
Other financing sources (uses)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	\$ -	\$ 1,095	(45)	\$ (1,140)
Fund balance (deficit) at beginning of year			(118)	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ (163)	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual
 Nonmajor Governmental Funds
 Special Revenue
 Right of Way
 For the Year Ended December 31, 2012
 (amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
All other revenue	\$ -	\$ -	\$ 1	\$ 1
Total revenues	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Expenditures				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	1	1
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	1	<u>\$ 1</u>
Fund balance (deficit) at beginning of year			2	
Increase (decrease) in reserve for inventory			<u>-</u>	
Fund balance (deficit) at year end			<u>\$ 3</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Debt Service

General Obligation

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Total revenues	\$ -	\$ -	\$ -	\$ -
Expenditures				
Debt service				
Principal retirement	14,304	14,304	21,219	(6,915)
Interest and fiscal charges	7,523	7,523	6,888	635
Total debt service	21,827	21,827	28,107	(6,280)
Total expenditures	21,827	21,827	28,107	(6,280)
Excess (deficiency) of revenues over expenditures	(21,827)	(21,827)	(28,107)	(6,280)
Other financing sources (uses)				
Transfers In	18,146	18,146	28,107	9,961
Total other financing sources (uses)	18,146	18,146	28,107	9,961
Net change in fund balance	\$ (3,681)	\$ (3,681)	-	\$ 3,681
Fund balance (deficit) at beginning of year			8,107	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			\$ 8,107	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Debt Service

Special Assessments

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessments	\$ 51	\$ 51	\$ 29	\$ (22)
Total revenues	<u>51</u>	<u>51</u>	<u>29</u>	<u>(22)</u>
Expenditures				
Debt service				
Principal retirement	25	25	25	-
Interest and fiscal charges	6	6	5	1
Total debt service	<u>31</u>	<u>31</u>	<u>30</u>	<u>1</u>
Total expenditures	<u>31</u>	<u>31</u>	<u>30</u>	<u>1</u>
Excess (deficiency) of revenues over expenditures	20	20	(1)	(21)
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ 20</u>	<u>\$ 20</u>	(1)	<u>\$ (21)</u>
Fund balance (deficit) at beginning of year			168	
Increase (decrease) in reserve for inventory			<u>-</u>	
Fund balance (deficit) at year end			<u>\$ 167</u>	

City of Toledo, Ohio

Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual

Nonmajor Governmental Funds

Capital Projects

Special Assessments

For the Year Ended December 31, 2012

(amounts expressed in thousands)

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Special assessments	\$ 323	\$ 323	\$ 303	\$ (20)
Total revenues	<u>323</u>	<u>323</u>	<u>303</u>	<u>(20)</u>
Expenditures				
Capital outlay				
Engineering services				
Personnel services	73	73	47	26
Contractual services	7	212	182	30
Total engineering services	<u>80</u>	<u>285</u>	<u>229</u>	<u>56</u>
Total capital outlay	80	285	229	56
Debt service				
Principal retirement	320	320	-	320
Interest and fiscal charges	25	56	74	(18)
Total debt service	<u>345</u>	<u>376</u>	<u>74</u>	<u>302</u>
Total expenditures	<u>425</u>	<u>661</u>	<u>303</u>	<u>358</u>
Excess (deficiency) of revenues over expenditures	(102)	(338)	-	338
Other financing sources (uses)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ (102)</u>	<u>\$ (338)</u>	<u>-</u>	<u>\$ 338</u>
Fund balance (deficit) at beginning of year			(1,536)	
Increase (decrease) in reserve for inventory			-	
Fund balance (deficit) at year end			<u>\$ (1,536)</u>	

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STATISTICAL SECTION

City of Toledo, Ohio

Statistical Section

This part of the City's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the City's overall financial health. These tables are presented in accordance with Governmental Accounting Standards Board (GASB) Statement No. 44, *Economic Condition Reporting: The Statistical Section*.

Contents

Tables

Financial Trends

These schedules contain trend information to help understand how the City's financial performance and well-being have changed over time.

1-4

Revenue Capacity

These schedules contain information to help assess the City's most significant local revenue sources.

5-10

Debt Capacity

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

11-15

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

16-18

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City Provides and the activities it performs.

19-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The City implemented GASB 34 in 2002; schedules presenting government-wide information include information beginning that year.

Table 1
City of Toledo, Ohio
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Net Position									
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Governmental activities:										
Net investment in capital assets	\$ 248,832	\$ 243,683	\$ 280,486	\$ 300,779	\$ 329,962	\$ 338,428	\$ 333,510	\$ 343,145	\$ 342,304	\$ 368,093
Restricted	59,685	59,138	47,957	50,555	52,822	52,032	83,098	73,630	65,509	81,257
Unrestricted	(12,375)	-	-	2,278	-	-	(14,200)	5,002	31,418	18,429
Total governmental activities	<u>296,142</u>	<u>302,821</u>	<u>328,443</u>	<u>353,612</u>	<u>382,784</u>	<u>390,460</u>	<u>402,408</u>	<u>421,777</u>	<u>439,231</u>	<u>467,779</u>
Business-type activities:										
Net investment in capital assets	254,276	229,170	224,105	253,730	280,940	305,182	327,984	388,160	383,122	376,075
Restricted	164,930	143,156	169,220	95,084	60,000	41,367	36,259	31,760	7,476	33,221
Unrestricted	(62,954)	(8,264)	(12,298)	41,289	53,529	59,097	47,785	6,676	29,078	17,424
Total business-type activities	<u>356,252</u>	<u>364,062</u>	<u>381,027</u>	<u>390,103</u>	<u>394,469</u>	<u>405,646</u>	<u>412,028</u>	<u>426,596</u>	<u>419,676</u>	<u>426,720</u>
Primary government activities:										
Net investment in capital assets	503,108	472,853	504,591	554,509	610,902	643,610	661,494	731,305	725,426	744,168
Restricted	224,615	202,294	217,177	145,639	112,822	93,399	119,357	105,390	72,985	114,478
Unrestricted	(75,329)	(8,264)	(12,298)	43,567	53,529	59,097	33,585	11,678	60,496	35,853
Total primary government activities	<u>\$ 652,394</u>	<u>\$ 666,883</u>	<u>\$ 709,470</u>	<u>\$ 743,715</u>	<u>\$ 777,253</u>	<u>\$ 796,106</u>	<u>\$ 814,436</u>	<u>\$ 848,373</u>	<u>\$ 858,907</u>	<u>\$ 894,499</u>

Table 2
City of Toledo, Ohio
Changes in Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Revenues									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government activities										
Charges for services:										
General government	\$ 31,181	\$ 23,982	\$ 28,584	\$ 28,338	\$ 30,165	\$ 59,916	\$ 72,777	\$ 46,960	\$ 41,828	\$ 72,061
Public service	30	130	19	-	-	-	-	26,003	25,381	-
Public safety	3,501	8,460	9,436	8,524	8,814	9,408	8,103	9,363	12,748	15,907
Public utilities	-	-	158	-	1,199	-	-	-	-	351
Community environment	2,673	5,267	6,727	7,052	6,563	7,464	6,364	5,421	8,044	2,928
Health	862	1,175	1,377	704	2,632	5,580	5,853	11,184	11,221	9,813
Parks and recreation	365	474	421	122	101	116	111	200	206	635
Operating grants	54,155	51,604	49,406	55,734	65,423	33,081	40,689	12,675	35,731	29,533
Capital grants	16,172	12,236	25,779	25,689	21,082	15,537	18,348	33,739	4,509	16,590
Total governmental activities program revenues	<u>108,939</u>	<u>103,328</u>	<u>121,907</u>	<u>126,163</u>	<u>135,979</u>	<u>131,102</u>	<u>152,245</u>	<u>145,545</u>	<u>139,668</u>	<u>147,818</u>
Business-type activities:										
Charges for services:										
Water	32,578	34,258	37,326	34,790	38,627	38,070	35,913	42,487	43,250	44,112
Sewer	35,370	39,919	43,551	44,377	48,901	56,064	54,189	57,354	65,608	66,608
Storm utility	8,315	7,710	8,637	8,132	8,620	9,034	10,069	9,798	10,234	10,331
Utilities administration	8,085	7,829	10,288	7,802	9,676	10,564	8,696	10,071	11,323	12,462
Parking	1,356	1,382	1,435	1,486	1,403	1,509	1,459	1,383	1,887	-
Toledo public power	-	-	-	-	-	-	-	-	-	136
Property management	886	277	264	(688)	266	262	208	470	24	-
Erie Street Market	52	77	38	(2)	-	-	-	177	197	115
Tow lot	-	-	527	2,225	2,315	2,549	1,418	1,911	1,929	2,007
Capital grants	1,577	-	-	-	-	-	-	5,423	2,709	1,448
Total business-type activities revenues	<u>88,219</u>	<u>91,452</u>	<u>102,066</u>	<u>98,122</u>	<u>109,808</u>	<u>118,052</u>	<u>111,952</u>	<u>129,074</u>	<u>137,161</u>	<u>137,219</u>
Total primary governmental revenues	<u>\$ 197,158</u>	<u>\$ 194,780</u>	<u>\$ 223,973</u>	<u>\$ 224,285</u>	<u>\$ 245,787</u>	<u>\$ 249,154</u>	<u>\$ 264,197</u>	<u>\$ 274,619</u>	<u>\$ 276,829</u>	<u>\$ 285,037</u>

(Continued)

Table 2 (continued)
City of Toledo, Ohio
Changes in Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Government-type activities										
General government	\$ 26,790	\$ 26,721	\$ 25,960	\$ 27,250	\$ 27,059	\$ 28,673	\$ 28,464	\$ 25,421	21,651	\$ 28,807
Public service	45,757	48,204	52,706	52,891	53,562	57,508	56,085	54,469	48,606	34,715
Public safety	148,446	151,217	153,085	158,499	163,334	170,767	157,024	157,436	164,396	165,810
Public utilities	1,085	808	-	46	106	167	139	2	493	1,268
Community environment	19,465	17,918	14,895	20,589	20,230	18,915	19,634	32,543	27,058	37,867
Health	17,347	17,030	17,638	18,207	16,773	19,104	17,569	16,966	18,012	19,197
Parks and recreation	7,488	7,765	7,345	7,563	15,047	7,397	6,933	6,139	5,396	5,419
Capital outlay	16,437	9,408	8,973	7,833	10,368	14,731	12,442	12,060	14,332	11,762
Debt service:										
Total governmental activities expenses	<u>282,815</u>	<u>279,071</u>	<u>280,602</u>	<u>292,878</u>	<u>306,479</u>	<u>317,262</u>	<u>298,290</u>	<u>305,036</u>	<u>299,944</u>	<u>304,845</u>
Business-type activities										
Water	28,211	30,356	34,369	34,324	38,388	36,708	36,556	39,138	41,495	41,997
Sewer	36,285	38,334	41,217	44,464	47,329	50,484	49,974	56,888	64,705	67,507
Storm utility	4,192	6,122	7,018	6,883	6,168	5,331	5,191	4,968	8,005	11,291
Utility administration	7,958	7,922	8,099	9,898	10,647	10,048	10,185	9,876	10,608	7,067
Parking	1,204	1,154	1,100	1,040	946	962	934	820	644	-
Property management	1,787	2,596	2,640	2,010	1,930	5,111	1,949	1,691	1,691	1,286
Small business development	55	43	47	77	41	42	76	380	380	78
Toledo public power	-	-	-	-	-	-	-	-	-	138
Tow lot	-	-	314	1,169	1,087	1,141	1,229	986	986	911
Erie Street Market										124
Total business-activities expenses	<u>79,692</u>	<u>86,527</u>	<u>94,804</u>	<u>99,865</u>	<u>106,536</u>	<u>109,827</u>	<u>106,094</u>	<u>114,747</u>	<u>128,514</u>	<u>130,399</u>
Total primary government expenses	<u>\$ 362,507</u>	<u>\$ 365,598</u>	<u>\$ 375,406</u>	<u>\$ 392,743</u>	<u>\$ 413,015</u>	<u>\$ 427,089</u>	<u>\$ 404,384</u>	<u>\$ 419,783</u>	<u>\$ 428,458</u>	<u>\$ 435,244</u>

(Continued)

Table 2 (continued)
City of Toledo, Ohio
Changes in Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
(amounts expressed in thousands)

	Net Revenue (Expenses)									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Governmental activities	\$ (173,876)	\$ (175,743)	\$ (158,695)	\$ (166,715)	\$ (170,500)	\$ (186,160)	\$ (146,045)	\$ (159,491)	\$ (163,464)	\$ (157,027)
Business-type activities	8,527	4,925	7,262	(1,743)	3,272	8,225	5,858	14,327	8,647	6,820
Total primary governmental expenses	(165,349)	(170,818)	(151,433)	(168,458)	(167,228)	(177,935)	(140,187)	(145,164)	(154,817)	(150,207)
General revenues and other changes in net position:										
Governmental activities:										
Income taxes	155,112	155,243	160,683	164,718	169,689	154,475	138,474	146,886	152,864	158,128
Property taxes	19,794	21,444	20,136	17,330	19,424	18,078	15,518	12,465	12,168	11,361
Unrestricted investments earnings	3,260	2,570	4,153	7,194	8,553	5,582	2,483	1,605	1,240	1,017
Grants and entitlements not restricted to specific programs	-	-	-	-	-	-	-	-	-	5,272
Other revenue grants	3,204	2,702	273	2,190	2,297	14,469	6,928	4,572	5,566	4,789
Transfers	(519)	462	(927)	451	(291)	1,232	655	534	10,244	(289)
Total government activities	180,851	182,421	184,318	191,883	199,672	193,836	164,058	166,062	182,082	180,278
Business-type activities:										
Unrestricted investments earnings	2,692	2,248	3,282	6,488	6,460	4,064	899	781	1,092	937
Gain on sale of capital assets and										
Other revenue grants	(3,286)	1,102	5,494	4,782	(5,657)	120	280	(6)	(6,836)	-
Transfers	519	(462)	927	(451)	291	(1,232)	(655)	(534)	(10,244)	289
Total business-type activities	(75)	2,888	9,703	10,819	1,094	2,952	524	241	(15,988)	1,226
Total primary governmental general revenues and other changes in net position	180,776	185,309	194,021	202,702	200,766	196,788	164,582	166,303	166,094	181,504
Changes in Net Position										
Governmental activities	6,975	6,678	25,623	25,168	29,172	7,676	18,013	6,571	18,618	23,251
Business-type activities	8,452	7,813	16,965	9,076	4,366	11,177	6,382	14,568	(7,341)	8,046
Total primary governmental net change	\$ 15,427	\$ 14,491	\$ 42,588	\$ 34,244	\$ 33,538	\$ 18,853	\$ 24,395	\$ 21,139	\$ 11,277	\$ 31,297

Table 3
City of Toledo, Ohio
Fund Balances, Governmental Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	Fund Balances, Governmental Fund									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Fund										
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 697	\$ 712	\$ 850
Restricted	-	-	-	-	-	-	-	5,320	5,376	5,406
Reserved	4,027	4,395	4,358	1,974	5,485	8,187	8,263	-	-	-
Unreserved	9,393	4,905	6,413	8,818	7,148	(3,796)	(16,283)	-	-	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	326
Unassigned	-	-	-	-	-	-	-	(19,729)	(5,762)	(1,574)
Total general fund	<u>13,420</u>	<u>9,300</u>	<u>10,771</u>	<u>10,792</u>	<u>12,633</u>	<u>4,391</u>	<u>(8,020)</u>	<u>(13,712)</u>	<u>326</u>	<u>5,008</u>
Capital Improvement Fund										
Nonspendable	-	-	-	-	-	-	-	856	782	1,005
Restricted	-	-	-	-	-	-	-	23,379	34,896	43,191
Reserved	28,715	64,282	61,353	45,542	37,148	35,289	28,449	-	-	-
Unreserved	15,757	(21,267)	(29,617)	(9,615)	(7,385)	(8,220)	18,882	-	-	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	-	-	-
Total capital improvement fund	<u>44,472</u>	<u>43,015</u>	<u>31,736</u>	<u>35,927</u>	<u>29,763</u>	<u>27,069</u>	<u>47,331</u>	<u>24,235</u>	<u>35,678</u>	<u>44,196</u>
Special Assessment Services Fund										
Nonspendable	-	-	-	-	-	-	-	1,807	1,438	2,864
Restricted	-	-	-	-	-	-	-	4,977	384	218
Reserved	1,373	2,444	2,304	2,578	2,039	2,784	2,827	-	-	-
Unreserved	(36,834)	(41,760)	(44,905)	(48,228)	(48,017)	(51,764)	(53,450)	-	-	-
Unrestricted:										
Unassigned	-	-	-	-	-	-	-	(56,328)	(53,153)	(53,293)
Total special assessment services fund	<u>(35,461)</u>	<u>(39,316)</u>	<u>(42,601)</u>	<u>(45,650)</u>	<u>(45,978)</u>	<u>(48,980)</u>	<u>(50,623)</u>	<u>(49,544)</u>	<u>(51,331)</u>	<u>(50,211)</u>
Nonmajor Governmental Funds										
Nonspendable	-	-	-	-	-	-	-	1,417	623	912
Restricted	-	-	-	-	-	-	-	8,961	18,699	19,876
Reserved	6,312	7,900	8,389	10,819	7,730	8,868	8,129	-	-	-
Unreserved	9,137	7,596	7,350	6,820	13,821	13,486	19,423	-	-	-
Unrestricted:										
Committed	-	-	-	-	-	-	-	13,179	12,542	12,462
Unassigned	-	-	-	-	-	-	-	(9,097)	(1,996)	(2,359)
Total nonmajor governmental funds	<u>15,449</u>	<u>15,496</u>	<u>15,739</u>	<u>17,639</u>	<u>21,551</u>	<u>22,354</u>	<u>27,552</u>	<u>14,460</u>	<u>29,868</u>	<u>30,891</u>
Total fund balance governmental funds	<u>\$ 37,880</u>	<u>\$ 28,495</u>	<u>\$ 15,645</u>	<u>\$ 18,708</u>	<u>\$ 17,969</u>	<u>\$ 4,834</u>	<u>\$ 16,240</u>	<u>\$ (24,561)</u>	<u>\$ 14,541</u>	<u>\$ 29,884</u>

Table 4
City of Toledo, Ohio
Changes in Fund Balances, Governmental Fund
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenues:										
Income taxes	\$ 155,112	\$ 155,243	\$ 160,683	\$ 164,718	\$ 169,689	\$ 154,475	\$ 141,554	\$ 144,581	\$ 153,581	\$ 158,523
Property taxes	15,223	17,206	17,231	17,330	19,424	18,078	13,612	11,936	11,845	11,381
Special assessments	18,273	17,435	20,684	21,788	24,601	24,737	23,965	26,592	25,691	23,925
Licenses and permits	2,145	2,567	3,071	3,012	2,830	2,541	2,103	2,363	2,303	2,283
Intergovernmental services	70,327	63,840	75,186	79,957	78,710	72,285	89,942	76,659	38,861	37,589
Charges for services	13,724	14,088	14,003	15,081	17,364	21,104	21,516	24,347	27,987	27,249
Investment earnings	3,259	2,570	4,153	7,194	8,553	5,582	2,483	1,605	1,240	1,007
Fines and forfeitures	4,087	5,281	6,080	6,094	6,339	7,268	5,971	5,648	5,829	7,952
Grants	-	-	-	-	-	-	-	-	47,464	45,775
Other revenue	3,476	2,773	2,882	1,475	3,325	2,521	8,653	4,277	4,544	4,538
Total revenues	285,626	281,003	303,973	316,649	330,835	308,591	309,799	298,008	319,345	320,222
Expenditures:										
General government	19,074	18,079	16,908	18,160	17,589	19,007	18,024	15,844	15,923	17,392
Public services	30,261	30,930	34,235	34,216	33,788	37,589	35,432	34,834	36,599	34,660
Public safety	143,350	146,536	150,182	158,575	164,128	170,803	155,040	159,374	172,055	165,245
Public utilities	1,043	774	39	38	102	154	115	2	7	1
Community environment	18,062	16,469	13,432	19,281	18,926	18,078	18,017	31,079	26,047	27,799
Health	16,240	15,960	16,600	17,403	17,915	18,199	16,473	13,727	17,344	18,019
Parks and recreation	4,729	4,342	3,736	3,876	3,466	3,490	2,742	2,660	2,791	3,018
Capital outlay	42,319	42,163	67,895	61,690	57,883	49,179	50,835	44,303	20,740	48,647
Debt service:										
Principal	16,291	15,256	16,920	18,465	17,248	16,633	18,903	25,396	18,329	27,401
Interest and debt issuance cost	9,312	8,871	8,946	10,111	10,368	10,596	9,620	11,913	13,343	10,435
Total expenditures	300,681	299,380	328,893	341,815	341,413	343,728	325,201	339,132	323,178	352,617
Excess of revenues over (under) expenditures	(15,055)	(18,377)	(24,920)	(25,166)	(10,578)	(35,137)	(15,402)	(41,124)	(3,833)	(32,395)
Other financing sources (uses):										
Transfers in	57,087	53,573	55,015	52,718	55,673	47,280	53,893	63,947	76,615	73,235
Transfers out	(54,487)	(53,286)	(56,799)	(52,852)	(56,709)	(46,989)	(65,903)	(63,414)	(63,921)	(73,524)
Issuance of debt	9,285	8,052	13,613	27,551	10,923	20,528	34,277	19,933	763	41,455
Premium (discount) on bond	7	129	138	672	114	482	3,763	171	89	1,498
Capital lease proceeds									231	3,001
Sale of capital assets	91	46	135	43	11	26	746	101	12,129	-
Total other financing sources (uses)	11,983	8,514	12,102	28,132	10,012	21,327	26,776	20,738	25,906	45,665
Net change in fund balance	\$ (3,072)	\$ (9,863)	\$ (12,818)	\$ 2,966	\$ (566)	\$ (13,810)	\$ 11,374	\$ (20,386)	\$ 22,073	\$ 13,270
Debt services as a percentage of noncapital expenditures	11.0%	10.4%	11.0%	11.4%	10.8%	10.2%	11.6%	14.5%	11.7%	12.3%

Table 5
City of Toledo, Ohio
General Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Income taxes	\$ 155,112	\$ 155,243	\$ 160,683	\$ 164,718	\$ 169,689	\$ 154,475	\$ 141,554	\$ 144,581	\$ 153,581	\$ 158,523
Property taxes	15,223	17,206	17,231	17,330	19,424	18,078	13,612	11,936	11,845	11,381
Special assessments	18,273	17,435	20,684	21,788	24,601	24,737	23,965	26,592	25,691	23,925
Licenses and permits	2,145	2,567	3,071	3,012	2,830	2,541	2,103	2,363	2,303	2,283
Intergovernmental services	70,327	63,840	75,186	79,957	78,710	72,285	89,942	42,521	40,371	37,589
Charges for services	13,724	14,088	14,003	15,081	17,364	21,104	21,516	24,347	27,987	27,249
Investment earnings	3,259	2,570	4,153	7,194	8,553	5,582	2,483	1,605	856	1,007
Fines and forfeitures	4,087	5,281	6,080	6,094	6,339	7,268	5,971	5,648	5,829	7,952
Grants								34,138	46,563	45,775
Other revenue	3,476	2,773	2,882	1,475	3,325	2,521	8,660	4,277	5,101	4,538
Total	\$ 285,626	\$ 281,003	\$ 303,973	\$ 316,649	\$ 330,835	\$ 308,591	\$ 309,806	\$ 298,008	\$ 320,127	\$ 320,222

Table: 6
City of Toledo, Ohio
Income Tax Revenues
Last Ten Fiscal Years
(modified accrual basis of accounting)
(amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Withholding	\$ 136,187	\$ 134,709	\$ 138,043	\$ 139,805	\$ 141,583	\$ 132,948	\$ 122,927	\$ 124,108	\$ 129,855	\$ 128,215
Utility	193	237	492	783	1,863	1,542	891	589	321	1,867
Business	13,122	14,120	15,747	17,443	19,331	14,353	11,872	13,051	15,468	19,956
Individuals	5,610	6,177	6,401	6,687	6,912	5,632	5,864	6,833	7,937	8,485
Total	<u>\$ 155,112</u>	<u>\$ 155,243</u>	<u>\$ 160,683</u>	<u>\$ 164,718</u>	<u>\$ 169,689</u>	<u>\$ 154,475</u>	<u>\$ 141,554</u>	<u>\$ 144,581</u>	<u>\$ 153,581</u>	<u>\$ 158,523</u>

Table 7
City of Toledo, Ohio
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
(Amounts expressed in thousands)

Tax Collection Year	Real Property		Public Utility		Personal Property		Total		Ratio of Total Assessed to Total Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value (1)	Assessed Value	Estimated Actual Value	
2012	\$ 3,629,878	\$ 10,371,080	\$ 123,218	\$ 492,972	\$ -	\$ -	\$ 3,753,096	\$ 10,860,952	34.6%
2011	3,687,360	10,535,314	118,417	338,334	-	-	3,805,777	10,873,648	35.0%
2010	3,741,678	10,690,509	112,681	450,724	8,483	1,022,045	3,862,842	12,163,278	31.8%
2009	4,171,406	11,918,303	107,551	430,204	18,638	1,242,206	4,297,595	13,590,713	31.6%
2008	4,197,056	11,991,589	155,080	620,320	239,911	959,644	4,592,047	13,571,553	33.8%
2007	4,315,322	12,329,491	154,646	618,584	343,264	1,373,056	4,813,232	14,321,131	33.6%
2006	3,772,059	10,777,311	155,248	620,992	442,309	1,769,236	4,369,616	13,167,539	33.2%
2005	3,789,811	10,828,031	165,221	660,884	468,208	1,872,832	4,423,240	13,361,747	33.1%
2004	3,752,847	10,722,242	171,574	686,296	487,172	1,948,688	4,411,593	13,357,226	33.0%
2003	\$ 3,280,308	\$ 9,372,309	\$ 199,143	\$ 796,572	\$ 530,490	\$ 2,210,375	\$ 4,009,941	\$ 12,379,256	32.4%

(1) Estimated actual values for Personal Property and Public Utilities have been calculated by the respective county auditors. The State of Ohio phased out tangible Personal Property tax in 2010.

Source: Lucas County Auditor.

Table: 8
City of Toledo, Ohio
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years
(rate per \$1,000 of assessed value)

City of Toledo										
Tax Collection Year	General Fund	Police Pension Fund	Fire Pension Fund	Total Toledo Rate	Transit Authority	Port Authority	Lucas County	Toledo School District	Metro Park District	Total
2012	3.80	0.30	0.30	4.40	2.50	0.40	16.07	65.90	1.70	90.97
2011	3.80	0.30	0.30	4.40	2.50	0.40	16.07	67.70	1.70	97.17
2010	3.80	0.30	0.30	4.40	2.50	0.40	16.07	67.70	1.70	92.77
2009	3.80	0.30	0.30	4.40	2.50	0.40	17.77	67.70	1.70	94.47
2008	3.80	0.30	0.30	4.40	2.50	0.40	15.90	62.80	1.70	87.70
2007	3.80	0.30	0.30	4.40	2.50	0.40	15.90	62.80	1.70	87.70
2006	3.80	0.30	0.30	4.40	2.50	0.40	15.90	62.80	1.70	87.70
2005	3.80	0.30	0.30	4.40	2.50	0.40	14.75	63.05	1.70	86.80
2004	3.80	0.30	0.30	4.40	2.50	0.40	15.90	63.05	1.70	87.95
2003	3.80	0.30	0.30	4.40	2.50	0.40	16.20	63.30	1.70	88.50

Source: Lucas County Auditor.

Table 9
City of Toledo, Ohio
Top 75 withholders by Industry
Last Ten Fiscal Years
(Amounts in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Nonprofit	\$ 10,258	\$ 10,178	\$ 10,159	\$ 10,013	\$ 10,040	\$ 14,174	\$ 14,825	\$ 14,092	\$ 13,405	\$ 14,674
Hospital	11,174	11,303	11,847	12,196	12,302	9,077	13,484	12,494	13,159	9,333
Manufacturing	23,881	23,613	23,595	22,702	20,101	15,934	11,706	15,211	16,576	14,887
Government	9,796	9,548	9,987	10,219	10,497	10,723	10,276	10,107	10,078	10,156
Services	9,546	9,491	10,259	10,408	14,672	10,984	8,140	6,872	9,960	13,071
Retail	1,712	1,749	1,598	1,750	1,027	943	1,375	1,184	1,266	1,452
Banking	1,493	1,345	1,300	1,263	1,207	1,009	907	911	969	1,080
Grocery	1,247	1,229	1,332	1,349	1,404	1,442	766	751	732	819
Transportation	480	360	773	328	356	367	563	348	385	548
Technology	-	-	-	-	-	1,447	411	356	343	-
Construction	505	336	228	413	225	-	-	-	-	-
Total	<u>\$ 70,092</u>	<u>\$ 69,152</u>	<u>\$ 71,078</u>	<u>\$ 70,641</u>	<u>\$ 71,831</u>	<u>\$ 66,100</u>	<u>\$ 62,453</u>	<u>\$ 62,326</u>	<u>\$ 66,873</u>	<u>\$ 66,020</u>

Table 10
City of Toledo, Ohio
Real and Public Utility Property Tax Levies and Collections
Last Ten Fiscal Years
(amounts expressed in thousands)

Tax	Total	Current	Percent	Collections in	Amount of	Percent of Total
Collection Year	Tax Levy	Tax Collections	of Levy Collected	Subsequent Years	Total Tax Collections	Tax Collections to Tax Levy
2012	\$ 16,543	\$ 14,415	87.1%	\$ 1,135	\$ 15,550	94.0%
2011	16,781	14,835	88.4%	1,128	15,963	95.1%
2010	16,975	14,800	87.2%	1,094	15,894	93.6%
2009	18,806	16,703	88.8%	1,084	17,787	94.6%
2008	19,180	16,574	86.4%	1,326	17,900	93.3%
2007	19,693	17,782	90.3%	1,232	19,014	96.6%
2006	17,305	15,889	91.8%	986	16,875	97.5%
2005	16,954	16,702	98.5%	100	16,802	99.1%
2004	16,995	16,056	94.5%	753	16,809	98.9%
2003	\$ 15,047	\$ 14,189	94.3%	\$ 646	\$ 14,835	98.6%

Source: Lucas County Auditor.

Table: 11
City of Toledo, Ohio
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita)

Fiscal Year	Governmental Activities			Business Type Activities					Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds	Assessed Services	General Fund Capital Projects Loans & Leases	Water Revenue Bonds	Sanitary Sewer Revenue Bonds	General Obligation Bonds	Capital Projects Loans	Other Loans			
2012	\$ 123,859	\$ 35,600	\$ 47,640	\$ 110,086	\$ 26,011	\$ 28,553	\$ 277,491	\$ 10,158	\$ 659,398	4.4%	1,549
2011	118,845	39,960	47,909	67,439	28,514	21,022	242,636	11,086	577,411	4.0%	1,408
2010	130,166	41,060	52,716	72,909	30,932	23,449	216,342	16,866	584,440	4.0%	1,406
2009	136,623	41,200	53,432	75,850	33,682	21,685	220,330	10,138	592,940	4.1%	1,399
2008	120,809	40,300	50,898	79,962	36,231	22,755	212,184	11,270	574,409	4.0%	1,383
2007	116,016	38,800	52,966	87,010	39,134	23,783	206,259	12,381	576,349	3.9%	1,359
2006	111,066	37,700	56,008	91,888	42,035	24,593	178,356	13,119	554,765	3.9%	1,256
2005	112,803	36,500	53,608	96,433	44,710	25,683	104,364	13,760	487,861	3.5%	1,087
2004	111,930	35,600	48,110	65,990	47,084	26,897	49,864	11,743	397,218	2.9%	871
2003	\$ 112,946	\$ 31,500	\$ 51,432	\$ 69,507	\$ 49,923	\$ 28,033	\$ 36,485	\$ 12,215	\$ 392,041	2.9%	869

Notes: 1. Decisions regarding the City's outstanding debt can be found in the notes to the financial statements.
2. See Table 16 for personal income and per capita information.

Table: 12
City of Toledo, Ohio
Ratio of Net General Bonded Debt to Assesses Value
and Net Bonded Debt Per Capita
Last Ten Fiscal Years

Fiscal Year	Population (1)	Assessed Value (2)	Gross General Bonded Debt (2)	Less Balance in Debt Service Fund (2) & (3)	Net General Bonded Debt (2)	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
2012	287,208	\$ 3,232,265	\$ 142,560	\$ -	\$ 142,560	4.4%	\$ 496.37
2011	287,208	3,753,096	142,184	-	142,184	3.8%	495.06
2010	287,208	3,805,777	143,832	(190)	143,642	3.8%	500.13
2009	313,619	4,128,523	152,563	(118)	152,445	3.7%	486.08
2008	313,619	4,297,595	136,904	(90)	136,814	3.2%	436.24
2007	313,619	4,592,047	131,821	(58)	131,763	2.9%	420.14
2006	313,619	4,813,232	126,683	(45)	126,638	2.6%	403.80
2005	313,619	4,369,616	128,474	(38)	128,436	2.9%	409.53
2004	313,619	4,423,240	127,241	(38)	127,203	2.9%	405.60
2003	313,619	\$ 4,411,593	\$ 125,978	\$ (29)	\$ 125,949	2.9%	\$ 401.60

Notes: (1) Source: U.S. Bureau of the Census.
(2) Amounts shown in thousands of dollars. Personal Property starting in 2010 is not part of this calculation. Source: Lucas County Auditor.
(3) The City has paid its general bonded debt service for the tax years shown from current income tax revenues. The amount required is transferred to the debt service funds from the capital improvement fund.

Table: 13
City of Toledo, Ohio
Computation of Direct and Overlapping Debt
at December 31, 2012
(amounts expressed in thousands)

	<u>Amount of Debt</u>	<u>Percent Applicable To City</u>	<u>City's Share</u>
Direct debt: *			
City of Toledo	\$ 145,195	100.0%	\$ 145,195
Total direct debt	<u>145,195</u>		<u>145,195</u>
Subdivision overlapping debt: **			
Toledo City School District	152,565	98.9%	150,887
Lucas County	122,174	46.0%	56,200
Sylvania City School District	91,510	7.6%	6,955
Maumee City School District	31,860	11.0%	3,505
Springfield Local School District	10,895	9.5%	1,035
Sylvania Area Joint Recreation Dist	10,220	7.6%	777
Ottawa Hills Local School District	1,890	0.1%	2
Total subdivision overlapping debt	<u>421,114</u>		<u>219,361</u>
Total Direct and Overlapping Debt	<u>\$ 566,309</u>		<u>\$ 364,556</u>

* **Source:** Lucas County Auditor.

** **Source:** Ohio Municipal Advisory Council

Table: 14
City of Toledo, Ohio
Legal Debt Margin Information
Last Ten Fiscal Years
(amounts expressed in thousands)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Debt limit	\$ 463,217	\$ 464,440	\$ 458,810	\$ 505,389	\$ 482,165	\$ 451,247	\$ 405,598	\$ 399,607	\$ 394,075	\$ 339,388
Total net debt applicable to limit	<u>126,776</u>	<u>127,021</u>	<u>128,474</u>	<u>126,683</u>	<u>131,821</u>	<u>136,904</u>	<u>152,563</u>	<u>143,832</u>	<u>138,879</u>	<u>145,180</u>
Legal debt margin	<u>\$ 336,441</u>	<u>\$ 337,419</u>	<u>\$ 330,336</u>	<u>\$ 378,706</u>	<u>\$ 350,344</u>	<u>\$ 314,343</u>	<u>\$ 253,035</u>	<u>\$ 255,775</u>	<u>\$ 255,196</u>	<u>\$ 194,208</u>
Total net debt applicable to limit as a percentage of legal debt margin	37.68%	37.64%	38.89%	33.45%	37.63%	43.55%	60.29%	56.23%	54.42%	74.75%

Table: 15
City of Toledo, Ohio
Pledged-Revenue Coverage
Last Ten Fiscal Years
(amounts expressed in thousands)

Water Revenue Bonds								
Fiscal Year	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage	
				Principal	Interest			
2012	\$ 44,031	\$ 32,997	\$ 11,034	\$ 5,667	\$ 2,897	\$ 8,564	1.3	
2011	43,211	32,599	10,612	5,405	2,943	8,348	1.3	
2010	42,199	32,851	9,348	5,215	3,125	8,340	1.1	
2009	35,813	26,847	8,966	5,240	3,628	8,868	1.0	
2008	38,070	27,072	10,998	5,015	3,835	8,850	1.2	
2007	41,713	29,016	12,697	4,715	4,494	9,209	1.4	
2006	38,811	26,002	12,809	4,545	4,464	9,009	1.4	
2005	39,875	27,524	12,351	5,565	3,174	8,739	1.4	
2004	35,406	23,585	11,821	3,517	3,277	6,794	1.7	
2003	33,732	22,607	11,125	3,475	3,163	6,638	1.7	

Sewer Revenue Bonds								
2012	66,405	39,941	26,464	2,504	1,261	3,765	7.0	
2011	65,271	38,020	27,251	2,445	1,261	3,706	7.4	
2010	57,010	33,736	23,274	2,360	1,361	3,721	6.3	
2009	54,094	30,610	23,484	3,140	1,590	4,730	5.0	
2008	56,064	31,317	24,747	3,015	1,721	4,736	5.2	
2007	52,289	31,367	20,922	2,790	6,381	9,171	2.3	
2006	51,253	29,633	21,620	2,675	5,409	8,084	2.7	
2005	47,366	27,338	20,028	7,540	4,589	12,129	1.7	
2004	41,121	25,165	15,956	2,839	3,994	6,833	2.3	
2003	\$ 36,095	\$ 24,287	\$ 11,808	\$ 2,885	\$ 2,369	\$ 5,254	2.2	

Notes: Details regarding the city's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation, or amortization expenses.

Table: 16
City of Toledo, Ohio
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	City of Toledo Population	Personal Income*	Per Capita Personal Income*	Median Age	Public School Enrollment	Unemployment Rate
(expressed in thousands)						
2012	286,031	\$ 15,104,299	\$ 36,646	34.2	22,540	7.6%
2011	287,208	15,104,299	35,208	35.7	30,000	9.7%
2010	287,208	14,498,105	35,147	33.8	25,000	10.3%
2009	313,619	14,327,871	34,123	35.1	26,400	12.4%
2008	313,619	14,525,628	34,578	35.1	26,500	8.9%
2007	313,619	14,686,439	34,839	35.3	26,600	7.3%
2006	313,619	14,304,000	32,200	35.3	29,070	6.8%
2005	313,619	13,890,020	31,045	35.3	29,850	7.3%
2004	313,619	13,503,325	30,035	35.3	32,985	8.0%
2003	313,619	\$ 13,556,678	\$ 29,970	35.3	34,200	8.1%

Sources: U.S. Bureau of Economic Analysis
U.S. Bureau of the Census

Notes: Personal income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the census at the start of the school year.

* values are calculated using Lucas County statistics

Table: 17
City of Toledo, Ohio
Principal Employers, Toledo Major Service Area
Current Year and Ten Years Ago

Employer	2012			2002		
	Employees	Rank	Percentage of Total MSA Employment	Employees	Rank	Percentage of Total MSA Employment
Promedica Health Systems	12,414	1	3.78%	10,000	1	3.05%
Mercy Health Partners	6,533	3	1.99%	5,000	4	1.52%
The University of Toledo and Medical Center	6,538	2	1.99%	7,377	2	2.25%
Bowling Green State University	5,287	4	1.61%	2,119		0.65%
Lucas County	3,700	5	1.13%	5,000	4	1.52%
Toledo City School District	3,563	6	1.09%	4,510	5	1.37%
The City of Toledo	2,676	8	0.82%	2,895		0.88%
The Kroger Company	2,786	7	0.85%	2,983		0.91%
Chrysler LLC	2,120		0.65%	4,100	7	1.25%
Sauder Woodworking Co.	2,320	10	0.71%	6,432	3	1.96%
The Andersons	-		0.00%	3,600	9	1.10%
Seaway Foodtown, Inc.	-		0.00%	4,300	6	1.31%
General Motors Corp./GM Powertrain Division	1,950		0.59%	4,092	8	1.25%
Wal-Mart	2,407	9				
State of Ohio	1,809					
Medical College of Ohio (a)	-		0.00%	3,500	10	1.07%
Total	<u>54,103</u>		<u>15.07%</u>	<u>65,908</u>		<u>20.08%</u>

Source: Dun & Bradstreet reports and the Toledo Regional Growth Partnership
(a) Merged with University of Toledo

Table: 18
City of Toledo, Ohio
Full Time Equivalent City Government Employees by Major Service Area
Last Ten Fiscal Years

<u>Major Service Area</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Public safety	1,361	1,350	1,323	1,345	1,326	1,270	1,191	1,152	1,160	1,138
Public utilities	561	560	582	587	597	578	575	564	563	552
Public service	445	431	447	447	436	430	427	377	381	374
General government	347	342	336	342	350	343	327	423	428	420
Community environment	94	90	88	86	85	84	81	79	82	80
Parks and recreation	98	93	74	76	81	75	64	63	65	64
Total	<u>2,906</u>	<u>2,866</u>	<u>2,850</u>	<u>2,883</u>	<u>2,875</u>	<u>2,780</u>	<u>2,665</u>	<u>2,658</u>	<u>2,679</u>	<u>2,628</u>

Source: City of Toledo payroll office

Notes: Full-time equivalent employment is calculated by dividing total labor hours by 2,088 hours per year.

Table: 19
City of Toledo, Ohio
Operating Indicators by Function/Program
Last Ten Fiscal Years

Function/Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General Government										
Building permits	6,281	6,200	6,314	6,492	5,537	5,055	4,260	4,984	4,996	4,898
Value of permits (in thousands)	144,184	176,421	295,067	276,746	146,514	196,578	138,153	168,415	2,084	2,264
Total board-ups	423	465	586	931	664	710	704	748	774	1,594
Total demolitions	214	237	222	285	312	300	300	325	412	382
Police										
Traffic citations	43,869	48,790	48,504	52,331	60,786	55,694	21,966	23,895	41,990	50,418
Red light cameras	13,509	17,305	25,186	18,512	24,104	18,142	19,681	20,008	27,166	71,664
Number of offenses	26,777	25,283	27,776	26,534	23,826	22,738	36,433	35,568	13,194	11,944
911 call volume	436,151	440,649	433,415	430,523	406,101	392,969	389,112	389,112	438,287	443,697
Non-emergency calls	103,289	101,838	108,961	114,065	111,755	101,882	87,412	87,412	91,373	93,843
Fire										
Emergency runs	38,461	38,393	39,796	38,630	41,135	40,003	42,639	41,154	47,112	48,949
Fire runs	7,534	7,397	7,175	7,550	7,533	10,346	6,812	6,958	7,274	6,930
Total runs	45,995	45,790	46,971	46,180	48,668	50,349	49,451	48,112	54,386	55,879
Other public works										
Traffic signs manufactured/installed	-	21,925	25,653	26,936	32,508	31,491	29,879	29,879	29,879	13,000
Energy reduction (traffic signals)	0.2%	7.5%	10.3%	13.1%	17.1%	17.8%	17.9%	17.9%	17.9%	88%
Traffic signals replaced	38	59	79	81	122	458	386	324	358	301
Traffic signal calls	-	5,221	7,069	6,823	6,731	6,125	5,867	5,648	5,612	1,044
Energy										
Electric customers - Toledo Edison Company	303,000	303,000	303,000	307,000	307,000	310,000	310,000	305,000	305,000	308,000
Natural gas customers - Columbia Gas of Ohio, Inc.	175,744	179,250	177,329	178,500	176,715	173,000	172,000	171,000	171,000	105,614
Toledo Lucas County Public Library										
Volumes in collection	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,300,000	2,210,000
Total volumes borrowed	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,005,000
Water										
New connections	1,765	1,721	1,404	791	584	622	618	725	715	220
Water main breaks	435	281	447	203	448	333	306	315	300	365
Average daily consumption (millions of gallons)	78.4	78.8	86.9	80.8	80.7	76.6	76.6	75.8	78	120
Wastewater										
Average daily treatment (millions of gallons)	65.0	64.0	90.7	76.4	70.9	75.9	71.4	70.7	71.0	70.0
Public Transit										
Toledo Area Regional Transit Authority passengers	4,561,045	4,537,990	4,727,186	4,614,412	4,609,701	4,622,229	4,075,250	4,156,305	3,357,675	3,415,007

Sources: various city departments

Note: the City implemented GASB Statement 34 in 2002.

Table 20
City of Toledo, Ohio
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/ Program	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Police										
Number of stations	3	3	3	3	3	2	2	3	3	3
Number of substations	3	3	3	3	3	3	2	1	2	2
Number of employees with arrest power	693	686	673	688	667	637	583	566	578	582
Number of neighborhood offices	7	7	7	7	7	7	3	4	4	4
Fire Division										
Number of stations	17	17	17	17	17	17	17	17	18	18
Number of firefighters	526	510	498	525	484	478	462	482	489	502
Other public works										
Streets (in miles)	1,122	1,122	1,122	1,122	1,122	1,122	1,122	1,123	1,123	1,139
Rail (in miles)	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200	1,200
Toledo Lucas County Public Library										
Branches	18	18	18	18	18	18	18	18	20	19
Medical										
Number of hospitals	4	4	4	4	4	4	4	4	4	4
Number of beds	1,684	1,737	1,839	1,839	1,684	1,716	1,661	1,673	1,681	1,689
Parks & recreation										
Acreage	2,368	2,368	2,368	2,368	2,368	2,368	2,368	2,368	2,368	2,687
Number of parks	144	145	145	145	145	145	145	145	145	145
Public pools	12	12	12	12	12	12	12	12	12	11
Golf courses	16	16	16	16	16	16	16	16	16	16
Water										
Water lines (in miles)	1,135	1,140	1,150	1,150	1,165	1,165	1,165	1,165	1,165	1,188
Storage capacity (in millions of gallons)	78	78	78	78	78	78	78	78	78	80
Plant capacity (in millions of gallons)	150	150	150	150	150	150	150	150	150	150
Wastewater										
Sanitary sewers (in miles)	951	960	960	960	960	960	960	960	960	955
Treatment capacity (in millions of gallons)	102	102	102	102	102	102	102	102	102	102

Sources: various city departments

Note: the City implemented GASB Statement 34 in 2002.