



OHIO AUDITOR OF STATE
KEITH FABER



CITY OF TOLEDO
LUCAS COUNTY
DECEMBER 31, 2018

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CITY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
<i>Direct Award</i>				
CDBG - Entitlement Grants Cluster:				
Community Development Block Grants/Entitlement Grants				
36th Year CDBG Grant	14.218		\$100,000	\$105,802
37th Year CDBG Grant	14.218			176,128
38th Year CDBG Grant	14.218			45,983
39th Year CDBG Grant	14.218			49,127
40th Year CDBG Grant	14.218			1,303
41st Year CDBG Grant	14.218			32,835
42nd Year CDBG Grant	14.218		53,445	174,467
43rd Year CDBG Grant	14.218		1,642,762	3,006,541
44th Year CDBG Grant	14.218		416,325	2,228,105
2008 Neighborhood Stabilization	14.218			166,415
2010 Neighborhood Stabilization	14.218			218,818
Total Community Development Block Grants/Entitlement Grants			<u>2,212,532</u>	<u>6,205,524</u>
Total CDBG Entitlement Grants Cluster				<u>6,205,524</u>
Emergency Solutions Grant Program:				
30th Year Emergency Shelter	14.231		18,856	18,856
31st Year Emergency Shelter	14.231		860,554	860,554
32nd Year Emergency Shelter	14.231		59,939	59,939
Total Emergency Solutions Grant Program			<u>939,349</u>	<u>939,349</u>
HOME Investment Partnerships Program	14.239		665,418	2,404,049
ARRA - Neighborhood Stabilization Program	14.256			446,876
Total U.S. Department of Housing and Urban Development				<u>9,995,798</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed through Ohio's Office of Criminal Justice</i>				
Violence Against Women Formula Grants	16.588			40,473
Public Safety Partnership and Community Policing Grants	16.710			68,372
Edward Byrne Memorial Justice Assistance Grant Program:				
2015 Justice Assistance Grant	16.738			49,199
2016 Justice Assistance Grant	16.738			9,751
2017 Violence Against Women - Justice Assistance Grant	16.738			11,956
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>70,906</u>
Total U.S. Department of Justice				<u>179,751</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction Cluster:				
Highway Planning and Construction:				
Anthony Wayne Trail I-75 to Erie Street	20.205	PID95676		1,095,944
Central-Upton to Cherry	20.205	PID95813		47,847
Bancroft-Secor to Parkside	20.205	PID95686		4,019,050
Safe Routes to School - Toledo Sidewalks	20.205	PID102156		40,719
Maumee Avenue Bridge	20.205	PID92158		463,220
Erie to Michigan Project	20.205	PID95816		807,945
Monroe-Lafayette to Collingwood	20.205	PID95817		1,069,852
Summit-Monroe to Lagrange	20.205	PID95818		467,962
Naavarre-Willard to City Limits	20.205	PID100195		342,582
Central/Talmadge Intersection	20.205	PID99869		940,274
Central-Manchester to Densmore	20.205	PID100991		498,793
Ottawa River-Suder to 290th	20.205	PID98997		171,609
Overland Bike Trail/Ottawa Park	20.205	PID104273		401,319
Chessie Circle Trail Connector	20.205	PID102155		186,363
Glanzman Rd. Parking Bay	20.205	PID106982		59,270
Anthony Wayne Trail - South to Glendale	20.205	PID103507		1,506,129
Total Highway Planning and Construction				<u>12,118,878</u>
Total Highway Planning and Construction Cluster				<u>12,118,878</u>

(Continued)

CITY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2018
(Continued)

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. DEPARTMENT OF TRANSPORTATION - (Continued)				
<i>Passed through Ohio Department of Public Safety</i>				
Highway Safety Cluster:				
National Priority Safety Programs	20.616			22,191
National Priority Safety Programs	20.616			14,468
Total Highway Safety Cluster				<u>36,659</u>
Total U.S. Department of Transportation				<u>12,155,537</u>
U.S. ENVIRONMENTAL PROTECTION AGENCY				
<i>Passed through Ohio Environmental Protection Agency</i>				
Air Pollution Control Program Support:				
2018 Title V	66.001			249,125
2018 State Air Grant	66.001			612,700
Total Air Pollution Control Program Support				<u>861,825</u>
Clean Water State Revolving Fund Cluster:				
Capitalization Grants for Clean Water State Revolving Funds				
International Park Storage Basin	66.458			10,909,611
Ottawa River Storage Facility Phase II Project	66.458			395,198
Arlington/Heatherdowns	66.458			29,920
Swan Creek North Sewer Separation Project	66.458			6,310,728
Downtown CSO Storage Basin	66.458			19,634,043
LTCP 2C Design	66.458			1,032,814
Total Capitalization Grants for Clean Water State Revolving Funds				<u>38,312,314</u>
Total Clean Water State Revolving Fund Cluster				<u>38,312,314</u>
Total U.S. Environmental Protection Agency				<u>39,174,139</u>
EXECUTIVE OFFICE OF THE PRESIDENT				
<i>Direct Award</i>				
High Intensity Drug Trafficking Areas Program - 2016	95.001			2,878
High Intensity Drug Trafficking Areas Program - 2017	95.001			26,445
Total High Intensity Drug Trafficking Areas Program				<u>29,323</u>
Total Executive Office of the President				<u>29,323</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through Ohio Department of Public Safety</i>				
Emergency Management Performance Grants:				
MMRS Grant	97.042			994
Total U.S. Department of Homeland Security				<u>994</u>
Total Expenditures of Federal Awards			<u>\$3,151,881</u>	<u>61,535,542</u>

The accompanying notes are an integral part of this schedule.

**CITY OF TOLEDO
LUCAS COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED DECEMBER 31, 2018**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the City of Toledo, Lucas County, Ohio (the City's) under programs of the federal government for the year ended December 31, 2018. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, which is described in Note 1 of the City's comprehensive annual financial report. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D - SUBRECIPIENTS

The City passes certain federal awards received from the U.S. Department of Housing and Urban Development to other governments or not-for-profit agencies (subrecipients). As Note B describes, the City reports expenditures of Federal awards to subrecipients on a modified accrual basis.

As a direct recipient, the City has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

NOTE E - HOME INVESTMENT PARTNERSHIPS PROGRAM (HOME) GRANT PROGRAMS with REVOLVING LOAN CASH BALANCE

The current cash balance of the City's local program income account as of December 31, 2018 is \$11,497,893.

NOTE F - MATCHING REQUIREMENTS

Certain Federal programs require the City to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The City has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

City of Toledo
Lucas County
One Government Center, Suite 2050
Toledo, Ohio 43604

To the City Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Toledo, Lucas County, Ohio, (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 28, 2019, wherein we noted the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We also noted the beginning balances of net position for governmental activities and business-type activities have been restated to correct misstatements in capital asset and capital lease amounts.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the City's internal control. Accordingly, we have not opined on it.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the City's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

City's Response to Findings

The City's response to the finding identified in our audit is described in the accompanying corrective action plan. We did not subject the City's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

City of Toledo
Lucas County
One Government Center, Suite 2050
Toledo, Ohio 43604

To the City Council:

Report on Compliance for each Major Federal Program

We have audited the City of Toledo, Lucas County, Ohio's (the City's) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the City of Toledo's major federal programs for the year ended December 31, 2018. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the City's major federal programs.

Management's Responsibility

The City's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the City's compliance for each of the City's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on each of the City's major programs. However, our audit does not provide a legal determination of the City's compliance.

Opinion on each Major Federal Program

In our opinion, the City of Toledo, Lucas County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

The City's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the City's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have also audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Toledo, Lucas County, Ohio (the City) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our unmodified report thereon dated June 28, 2019. Our opinion explained that the City adopted *Governmental Accounting Standard No. 75* during the year. Our opinion also explained that the beginning balances of net position for governmental activities and business-type activities have been restated to correct misstatements in capital asset and capital lease amounts. We conducted our audit to opine on the City's basic financial statements as a whole. The accompanying schedule of expenditures of federal awards presents additional analysis required by the Uniform Guidance and is not a required part of the basic financial statements. The schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records management used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule 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, this schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

City of Toledo
Lucas County
Independent Auditor's Report on Compliance with Requirements
Applicable to Each Major Federal Program and on Internal
Control Over Compliance Required by the Uniform Guidance
Page 3

A handwritten signature in black ink that reads "Keith Faber". The signature is written in a cursive style with a large, stylized initial "K".

Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019

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CITY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2018

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	CDBG – Entitlement Grants Cluster HOME Investment Partnerships Program Clean Water State Revolving Fund Cluster
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$1,845,169 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

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

FINDING NUMBER 2018-001

Material Weakness

Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16. Governmental Accounting Standards Board (GASB) Cod. 1100 paragraph .101 states a governmental accounting system must make it possible both: (a) to present fairly and with full disclosure the funds and activities of the governmental unit in conformity with generally accepted accounting principles, and (b) to determine and demonstrate compliance with finance-related legal and contractual provisions.

Accurate financial reporting is the responsibility of management and is essential to ensure the information provided to the readers of the financial statements accurately reflects the City's activity. The City should have procedures in place to prevent or detect material misstatements for the accurate presentation of the City's financial statements.

Prior to the City's annual report being filed in the HINKLE system, audit procedures identified a debit to retainage payable of \$3,246,562 in the Sewer fund was incorrectly recorded as a debit to accounts payable. Failure to debit the correct account caused a debit balance in accounts payable as of December 31, 2018. This error was caused by a clerical error in the recording of the transaction to the City's accounting system. Because the City's draft report had not yet been filed, the entry was corrected prior to compiling the City's draft financial statements, and no further adjustment to the City's financial statements was required.

Additionally, accounts receivable and deferred inflows within the General fund included five entries totaling \$14,114,468, which have been carried since 2013 or earlier, and were no longer traceable to supporting documentation. This error was not identified and corrected prior to the City filing its annual report due to deficiencies in the City's internal controls over accounts receivable and the lack of a formal accounts receivable write-off policy. The inclusion of these amounts caused an overstatement of both accounts receivable and deferred inflows within the General fund at year end. The accompanying financial statements have been adjusted to reflect this change.

Additional errors in smaller relative amounts were also noted for the year ended December 31, 2018. To help ensure the City's financial statements and notes to the financial statements are complete and accurate and to help identify and correct errors and omissions, the City should adopt policies and procedures over financial reporting, including a final review of the statements and notes to the financial statements by the Finance Director and the audit committee. Additionally, the City should adopt policies and procedures over accounts receivable, including periodic reviews of outstanding amounts to determine whether amounts are still collectible, and issuing a formal accounts receivable write-off policy.

Officials' Response:

See corrective action plan.

3. FINDINGS FOR FEDERAL AWARDS

None



City of Toledo
Finance Department

Thomas Skrobola, Finance Director

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Significant deficiency due to identified deficiencies in the access to SAP.	Fully corrected.	
2017-002	Significant deficiency due to identified deficiencies over program change procedures in the SAP application.	Partially corrected and repeated in Management Letter.	The City did implement change control procedures during 2018. However, test documentation was not always maintained or documented on the change form. The City is implementing procedures to strengthen change control procedures for the future.
2017-003	Finding was first issued in the 2016 audit. Material weakness over financial reporting due to material audit adjustments.	Not corrected and repeated as Finding 2018-001 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period. The City is implementing procedures to correct these errors for the future.
2017-004	Material weakness over capital assets due to material errors in the recording and accounting for capital assets.	Fully corrected.	
2017-005	Significant deficiency over bank reconciliations due to long outstanding reconciling items and significant delays in performing cash reconciliations.	Fully corrected.	
2017-006	Noncompliance and material weakness under 2 C.F.R. §_200.510(b) due to significant errors in the City's schedule of expenditures of Federal awards.	Partially corrected and repeated in Management Letter.	The City did implement controls over the preparation of its schedule of expenditures of Federal awards for 2018. However, smaller errors were still identified. This finding partially reoccurred due to oversights in the preparation and final review stages of the City's schedule of expenditures of Federal awards. The City is working with each department to strengthen these controls for the future.



City of Toledo
Finance Department

Thomas Skrobola, Finance Director

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CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2018

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2018-001	- The Finance Director will review FY 2019 financial statements and notes and provide to the audit committee for review in the 2 nd Quarter of 2020 prior to filing in May 2020 with the State's HINKLE system.	6-30-2020	Thomas Skrobola, Finance Director
	- The Finance Department will issue a formal internal Accounts Receivable (AR) write-off policy.	12-31-2019	Thomas Skrobola, Finance Director
	- The Finance Department will complete monthly reviews of AR and annually complete AR write-offs in the 3 rd Quarter.	12-31-2019	Thomas Skrobola, Finance Director

2018

Comprehensive Annual Financial Report

City of Toledo, Ohio



For the Year Ended December 31, 2018

CITY OF TOLEDO, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2018



**WADE KAPSZUKIEWICZ
MAYOR**

**THOMAS C. SKROBOLA
FINANCE DIRECTOR**

**City of Toledo, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018**

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City of Toledo, Ohio
Comprehensive Annual Financial Report
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City of Toledo, Ohio
Comprehensive Annual Financial Report
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**City of Toledo, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2018**

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**INTRODUCTORY
SECTION**

CITY OF TOLEDO



Wade Kapszukiewicz
Mayor

Thomas C. Skrobola
Director of Finance

June 28, 2019

Honorable Mayor Wade Kapszukiewicz, Council President Matt Cherry and Members of City Council and Citizens of the City of Toledo, Ohio

As Director of Finance for the City of Toledo, Ohio (the City), I am pleased to present the Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2018.

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 controls 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 Auditor of State's Office, located in the City of Toledo, Ohio has issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2018. The independent auditors' 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 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 on the coast of Lake Erie in Northwest Ohio, approximately 150 miles north of Columbus, 120 miles west of Cleveland, and 50 miles south of Detroit, Michigan. The City's elevation is approximately 614 feet above sea level. 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 provisions of GASB Statement No. 61, 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. Within the Toledo MSA are 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. Among 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, and financial institutions and retailers.

- Owens Corning, a Fortune 500 corporation for 63 consecutive years headquartered in Downtown Toledo, employs approximately 14,000 in 27 countries, including approximately 1,229 in the Toledo MSA. With revenues of nearly \$5.3 billion in 2015, Owens Corning is a global producer of residential and commercial building materials, glass-fiber reinforcements, and engineered materials for composite systems. Owens Corning recently agreed to a 15-year extension of its lease at the Downtown Toledo facilities.
- Fiat Chrysler Automobiles (Fiat Chrysler), the largest manufacturing employer in the City, has completed a \$700 million project at its Toledo Assembly Complex in the City to prepare for the production of the next generation Jeep Wrangler and a new Jeep Wrangler pick-up truck model. Various industry sources have estimated that annual Jeep Wrangler production at the Complex will increase to 350,000 vehicles with the introduction of the model's next generation. Production of the

new Jeep Wrangler pick-up is expected to commence in 2019. The City invested approximately \$850,000 to improve roadways near the Assembly Complex in support of the project. According to Fiat Chrysler, employment at the plant will increase by 700 to 5,800 when the improved Assembly Complex achieves full production in 2019.

- General Motors has under construction a 650,000-square-foot addition to its GM Powertrain Division's Alexis Road transmission plant in the City, an estimated \$668 million project to prepare the plant for an unspecified new product line. In the past four years, General Motors completed two new investments in the plant – a \$55.7 million investment to support production of fuel-efficient eight-speed rear-wheel drive transmissions and six-speed front-wheel drive transmissions, and a \$30.6 million investment for equipment and tooling to expand capacity for the production of the six-speed rear-wheel drive transmissions – to accommodate General Motors' product growth and meet increasing demand for those transmissions. With those investments and others, General Motors has stated that it will have invested more than \$1.0 billion in the plant since 2011. General Motors currently produces 6-speed and 8-speed rear-wheel-drive transmissions and 6-speed front-wheel-drive transmissions at the plant that are used in a variety of GM vehicles, including at least 28 cars, trucks, sport utility vehicles and sports cars. The State and the City have provided grants and tax incentives to General Motors in connection with certain of those projects.
- The ProMedica Health System and Mercy Health Partners, which operate health care systems, are the first and second largest employers in the Toledo MSA, respectively. Both of these companies have aggressively expanded and improved their facilities and property holdings within the City in the past decade. ProMedica is currently proceeding with a \$350 million project to redevelop the main hospital campus in the City of Toledo. In August 2017, ProMedica completed the construction on the Steam Plant and Junction buildings and moved employees to this new headquarters campus in downtown Toledo. Construction began on the former Toledo Edison/Key Bank Building in 2018 which will house hundreds of additional ProMedica employees.
- In June 2017, Cleveland-based Cliffs Natural Resources Inc. (Cliffs) announced that it had selected the City as the site for a new \$700 million iron processing facility. The facility is to be located on a brownfield site in the Port of Toledo. When operational, the facility will receive iron ore mined in Minnesota and Michigan and process it into hot briquetted iron used in making steel. In its press release announcing the project, Cliffs stated that the project will create 1,200 construction jobs and 130 permanent jobs over the next two years, with groundbreaking on the project in early 2018 and operations to commence in 2020. According to the Port Authority, salaries for the jobs to be created at the facility will range from \$40,000 to \$140,000, with an average total compensation in salary and benefits for hourly workers of \$90,000.
- The former Fiberglass Tower, now called the Tower on the Maumee (Tower), a 28-story building in the Downtown area of the City, has been redeveloped for multiple uses. The building previously housed the headquarters of Owens Corning, a Fortune 500 glass fiber products manufacturer, before that company moved its headquarters to the Middlegrounds neighborhood just south of the Downtown area in the 1990s. The top 11 floors of the Tower have been converted to 106 luxury apartments. Construction of that \$20.4 million project began in October 2016 and has been completed. Directions Credit Union, a nonprofit credit union, has agreed to lease three other floors of the Tower and announced plans to move approximately 90 employees and its administrative and office operations now conducted in locations in adjacent suburbs to offices in that space in early 2018. Additionally, Hanson Inc. announced that it will relocate its offices and more than 60 employees from Arrowhead Park in Maumee, Ohio to the Tower on the Maumee. The City assisted the current owner of the building in securing a \$3 million State grant for asbestos removal in connection with the redevelopment.

- In May 2017, Hart. Inc. announced that it will relocate its offices and 79 employees were moved from Maumee to Downtown Toledo during 2018. The company executed a lease for 20,000 square feet across two floors in the Hylant Building.
- Continental Real Estate Companies announced its plans to invest \$50 million to develop the Marina District, which is located on the Maumee River in East Toledo directly across from Downtown. The company will build a 360-unit upscale residential complex called Gateway Lofts and 60,000 square feet of Class A office space and convenience retail. Construction began in May 2018 and will be complete by mid-2019. In addition to the Marina District, Continental will also be developing the Colony. This development is expected to cost more than \$100 million and include upscale apartments, retail, multifaceted medical buildings, senior living, memory care, skilled nursing facility, and an extended stay hotel.
- In early 2017, Ohio developer NAI Harmon Group completed construction of an \$8 million, 102,600-square-foot plant on a site in the Overland Industrial Park. That plant has been leased to Detroit Manufacturing Systems LLC, a joint venture of Faurecia SA, one of the world's largest automotive parts suppliers, and Rush Group, that assembles interior components of automobiles and pick-up trucks and is expected to assemble components for Fiat Chrysler's next generation Jeep Wrangler. According to NAI Harmon Group, Detroit Manufacturing Systems is investing approximately \$70 million for equipment and to outfit the plant.
- Dana Holding Corporation, a manufacturer of motor vehicle parts and industrial components, employs approximately 23,000 in 26 countries worldwide, including approximately 700 in the Toledo MSA. Its global network of engineering, manufacturing and distribution facilities provides original-equipment and aftermarket customers with local product and service support. In May 2016, Dana Holdings Corporation, a Fortune 500 automotive and industrial components manufacturer, announced plans to invest approximately \$70 million in a new axle manufacturing facility in the Overland Industrial Park (the location of the former Jeep Willys plant) in the City, converting and tripling the size of an existing 100,000 square foot warehouse facility on the site to 300,000 square feet. The new facility opened in 2017 and now employs 482 people.

The Toledo MSA serves as a major transportation center, and significant employment is provided by transportation industry employers. The City's economy, historically associated with the glass and automotive industries, has become increasingly diversified. The Toledo MSA remains the home of four of the nation's largest glass manufacturing companies: Owens-Illinois, Inc., Owens-Corning, Pilkington North America, Inc., and Libbey, Inc., earning the City the title of the "Glass Capital of the World". Fiat Chrysler Automobiles, General Motors Company and Dana Holding Corporation continue to provide a major automotive industry presence in the Toledo MSA. The Toledo MSA is also one of the larger oil refining centers between Chicago and the eastern seaboard, with BP Oil Co. and Sun Refining and Marketing each operating a major refinery in the MSA. However, private service industries and governmental employers have provided more than three-fourths of the total employment in the Toledo MSA and more than 70% of total payrolls in the County in recent years.

MAJOR CITY INITIATIVES

The City continues to provide a variety of service and development initiatives to meet the needs of its citizens in a most cost-effective and efficient manner. Such initiatives focus on maintaining and improving neighborhoods, public safety, financial position, economic and business development, and water and sewer quality and distribution.

ACCOUNTING SYSTEM

The City's day-to-day accounting records are maintained on GAAP basis. 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 within the business cycle (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. The City utilizes the SAP enterprise resource planning (ERP) system, which was implemented in May of 2010.

In November of 2015, the City of Toledo became the first major city in Ohio to participate in the State Treasurer's OhioCheckbook.com. OhioCheckbook.com is a transparency initiative which allows citizens to view the City's individual financial transactions online. The City periodically updates the information.

BUDGETING AND LONG-TERM FINANCIAL PLANNING

The Toledo Charter identifies the City's fiscal year as beginning on January 1st, while requiring that the Mayor prepare a temporary balanced budget estimate on or before November 15th for the following year. A final balanced budget is required to be approved by City Council no later than March 31st. Additional budgetary information is also contained in Note 4 of the *Notes to the Basic Financial Statements*.

In 2018, the City's uninsured outstanding general obligation bonds were rated "A2" by Moody's Investors Service with a stable outlook and "A-" with a stable outlook by Standard and Poor's. The City monitors its leeway within the direct debt limitation. The City's legal debt margin information is contained in Table 14 of the Statistical Section.

INTERNAL CONTROL

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. The City's internal control structure is periodically evaluated and modified by management to better protect and defend the integrity of the City's financial position.

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, 2017. The certificate is valid for a period of one year. This is the thirty-sixth 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 CAFR. This report must satisfy both GAAP and applicable legal requirements.

We believe that our current year report continues to conform to the stringent guidelines and requirement of the program, and the City continues to submit a CAFR to the GFOA to determine its current 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 CAFR could not have been accomplished without the dedicated service of the Division of Accounts staff. 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,

A handwritten signature in black ink, appearing to read "Thomas C. Skrobola", with a long horizontal flourish extending to the right.

Thomas C. Skrobola
Director of Finance



Government Finance Officers Association

**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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF TOLEDO, OHIO
LIST OF PRINCIPAL CITY OFFICIALS
As of 12-31-2018

Mayor: Wade Kapszukiewicz

MEMBERS OF COUNCIL

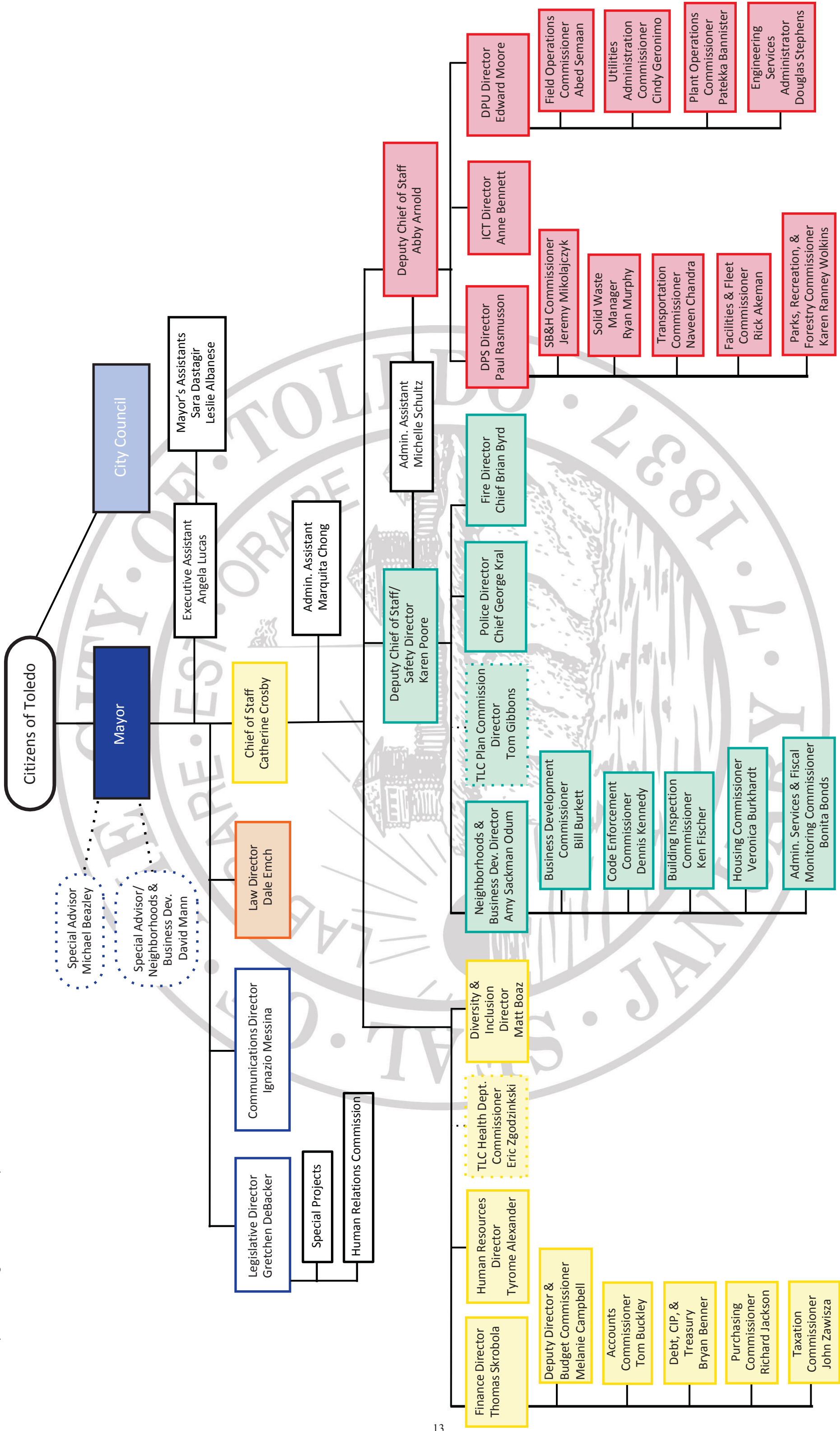
<u>District Seats</u>	<u>Length of Current Terms</u>
District 1: Tyrone Riley (West-Central)	Seven Years
District 2: Matt Cherry (President) (South-West).....	Five Years
District 3: Peter Ujvagi (East Toledo-Historic South).....	Three Years
District 4: Yvonne Harper (Central City)	Four Years
District 5: Tom Waniewski (North-West)	Eleven Years
District 6: Chris Delaney (North Toledo-Point Place).....	One Year

At-Large Seats

Dr. Cecelia Adams	Four Years
Gary Johnson	One Year
Nick Komives	One Year
Rob Ludeman.....	Nine Years
Sandy Spang.....	Five Years
Larry Sykes (Chairman, Finance & Debt Oversight)	Six Years

Appointed Positions

Clerk of Council.....	Gerald E. Dendinger	Twenty-Three Years
Director of Finance.....	Thomas C. Skrobola	One Year
Treasurer.....	Bryan Benner	Two Years
City Auditor.....	John A. Jaksetic, CPA	Five Years



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**FINANCIAL
SECTION**

OHIO AUDITOR OF STATE KEITH FABER



One Government Center
Suite 1420
Toledo, Ohio 43604-2246
(419) 245-2811 or (800) 443-9276
NorthwestRegion@ohioauditor.gov

INDEPENDENT AUDITOR'S REPORT

City of Toledo
Lucas County
One Government Center, Suite 2050
Toledo, Ohio 43604

To the City Council:

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, Lucas County, Ohio (the City), as of and for the year ended December 31, 2018, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

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, Lucas County, Ohio, as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 16 to the financial statements, during 2018, the City adopted new accounting guidance in Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. We did not modify our opinion regarding this matter.

Note 16 to the financial statements also discusses the City's restatement of beginning balances of net position for the governmental activities and business-type activities to correct misstatements in capital asset and capital lease amounts recorded in the prior year. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require this presentation to include management's discussion and analysis, required budgetary comparison schedules, schedules of net pension and other post-employment benefit liabilities, and pension and other post-employment benefit contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

Supplementary and Other Information

Our audit was conducted to opine on the City's basic financial statements taken as a whole.

The introductory section, the financial section's combining statements, individual fund statements and schedules and the statistical section information present additional analysis and are not a required part of the basic financial statements.

The statements and schedules are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of

America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

We did not subject the introductory section and statistical section information to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion or any other 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, 2019, on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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.



Keith Faber
Auditor of State

Columbus, Ohio

June 28, 2019

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City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(Unaudited)

As management of the City of Toledo, Ohio (the "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, 2018. We encourage readers to consider the information presented here in conjunction with the 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 2018 are as follow:

- The assets and deferred outflow of resources of the City exceeded its liabilities and deferred inflow of resources at the close of 2018 by \$570.4 million. Of this amount (\$398.2) million is considered unrestricted. The unrestricted net position of the City's business-type activities are \$100.2 million and may be used to meet the on-going obligations of the business-type activities, including water, sewer, utilities administrative service and seven nonmajor enterprise funds including Storm Sewer, Property Management, Small Business Development, Municipal Tow Lot, Marina Operations (which has ceased activity), and Toledo Public Power. The unrestricted net position of the governmental activities is (\$494.9) million.
- The City's total net position increased \$53.3 million or 10.24 percent in 2018. Net position of the governmental activities increased \$3.7 million in 2018 as restated from 2017 (see Note 16), which represents a 7.86 percent increase from 2017. Net position of the business-type activities increased \$49.6 million or 8.75 percent from 2017 as restated (see Note 16).
- The net cost of the City's programs increased approximately \$22.6 million, or 13.49%. The cost of governmental activities increased approximately \$17.3 million or 7.97 percent, while the cost of business-type activities increased \$5.3 million or 10.79 percent.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$49.6 million. The combined fund balance of the governmental funds increased \$10.2 million.

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 deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the four 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).

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(continued)

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.

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 22 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 19 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.

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 and Toledo Public Power. *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, information and communication technologies, risk management and workers' 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.

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.

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Management's Discussion and Analysis
For the Year Ended December 31, 2018
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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.

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.

Required supplementary information (RSI)

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 and information regarding the City's proportionate share of the Ohio Public Employees Retirement System's (OPERS) and Ohio Police and Fire Pension Fund (OP&F) net pension liability and other post-employment benefits (OPEB) and the City's schedule of contributions to OPERS, OP&F and OPEB. 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.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules. 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.

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.

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

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For the Year Ended December 31, 2018
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Government-Wide Financial Analysis

The Statement of Net Position provides the perspective of the City as a whole. The City has restated certain balances for 2017 as described in Note 16 to the basic financial statements. The table below provides a summary of the City's net position at December 31, 2018 compared to December 31, 2017, as restated (see Note 16).

Net Position
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Assets						
Current and Other Assets	\$ 233,375	\$ 237,989	\$ 384,268	\$ 407,836	\$ 617,643	\$ 645,825
Capital Assets	517,949	519,276	1,142,635	1,051,261	1,660,584	1,570,537
Total Assets	<u>751,324</u>	<u>757,265</u>	<u>1,526,903</u>	<u>1,459,097</u>	<u>2,278,227</u>	<u>2,216,362</u>
Deferred Outflows of Resources	<u>75,295</u>	<u>80,447</u>	<u>11,001</u>	<u>17,489</u>	<u>86,296</u>	<u>97,936</u>
Liabilities						
Long-Term Liabilities						
Net Pension Liability	291,823	327,567	32,246	44,970	324,069	372,537
Net OPEB Liability	257,455	221,520	22,276	19,944	279,731	241,464
Other Long-Term Amounts	187,202	203,095	820,966	804,363	1,008,168	1,007,458
Other Liabilities	75,443	88,590	35,142	38,256	110,585	126,846
Total Liabilities	<u>811,923</u>	<u>840,772</u>	<u>910,630</u>	<u>907,533</u>	<u>1,722,553</u>	<u>1,748,305</u>
Deferred Inflows of Resources	<u>57,931</u>	<u>43,864</u>	<u>10,136</u>	<u>1,552</u>	<u>68,067</u>	<u>45,416</u>
Net Position						
Net Investment in Capital Assets	374,777	397,325	327,359	425,274	702,136	822,599
Restricted	76,880	49,575	189,610	115,302	266,490	164,877
Unrestricted (deficit)	<u>(494,892)</u>	<u>(493,824)</u>	<u>100,169</u>	<u>26,925</u>	<u>(394,723)</u>	<u>(466,899)</u>
Total Net Position	<u>\$ (43,235)</u>	<u>\$ (46,924)</u>	<u>\$ 617,138</u>	<u>\$ 567,501</u>	<u>\$ 573,903</u>	<u>\$ 520,577</u>

The net pension liability (NPL) is the largest single liability reported by the City at December 31, 2018 and is reported pursuant to GASB Statement 68, "Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27." For 2018, the City adopted GASB Statement 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions," which significantly revises accounting for costs and liabilities related to other postemployment benefits (OPEB). For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the District's actual financial condition by adding deferred inflows related to pension and OPEB, the net pension liability and the net OPEB liability to the reported net position and subtracting deferred outflows related to pension and OPEB.

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Management's Discussion and Analysis
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(continued)

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

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

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

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

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

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

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

As a result of implementing GASB 75, the City is reporting a net OPEB liability and deferred inflows/outflows of resources related to OPEB on the accrual basis of accounting. This implementation also had the effect of restating net position at December 31, 2017, from \$177.9 million to a deficit of \$46.9 million for governmental activities and \$591.7 million to \$567.5 million for business-type activities.

Analysis of Net Position

As noted earlier, the net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by approximately \$570.4 million at the close of the most recent fiscal year.

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For the Year Ended December 31, 2018
(continued)

The largest portion of the City's net position (122.34 percent) reflects an 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 (46.43 percent) represents resources that are subject to use restrictions. The remaining balance of the unrestricted net position (a deficit of 68.78 percent) meets the government's on-going obligations to citizens and creditors. It is important to note that although the total unrestricted net position is a deficit of \$394.7 million, the unrestricted net position of the City's business-type activities, \$100.2 million, may not be used to fund governmental activities. As of the end of the current fiscal year, the City has unrestricted deficit net position related to government type activities of \$494.9 million.

- The overall net position of the City increased \$53.3 million or 10.24 percent in 2018. The net position for governmental activities increased \$3.7 million or 7.86 percent.
- The net position of business-type activities of the City increased by \$49.6 million or 8.75 percent. The increase in revenue stems from rate increases authorized by City Council that systematically upgrades the public utility infrastructure.

The following table provides a summary of the change in net position from 2017, as restated (see Note 16), to 2018.

Changes in Net Position
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2018	Restated 2017	2018	Restated 2017	2018	Restated 2017
Revenues						
Program Revenues:						
Charges for Services and Sales	\$ 84,662	\$ 80,371	\$ 193,069	\$ 188,216	\$ 277,731	\$ 268,587
Operating Grants	4,765	4,358	-	-	4,765	4,358
Capital Grants	19,155	17,964	1,988	1,178	21,143	19,142
Total Program Revenues	<u>108,582</u>	<u>102,693</u>	<u>195,057</u>	<u>189,394</u>	<u>303,639</u>	<u>292,087</u>
General Revenue:						
Income Taxes	184,098	176,056	-	-	184,098	176,056
Property Taxes	12,365	12,269	-	-	12,365	12,269
Investment Earnings	2,154	1,164	5,522	3,150	7,676	4,314
Intergovernmental Services	27,972	28,430	-	-	27,972	28,430
Other	11,496	9,317	121	-	11,617	9,317
Total General Revenues	<u>238,085</u>	<u>227,236</u>	<u>5,643</u>	<u>3,150</u>	<u>243,728</u>	<u>230,386</u>
Total Revenues	<u>346,667</u>	<u>329,929</u>	<u>200,700</u>	<u>192,544</u>	<u>547,367</u>	<u>522,473</u>

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(continued)

Changes in Net Position (continued)
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expenses						
General Government	30,167	22,753	-	-	30,167	22,753
Public Service	58,908	60,478	-	-	58,908	60,478
Public Safety	205,485	193,527	-	-	205,485	193,527
Public Utilities	5,748	3,567	-	-	5,748	3,567
Community Environment	19,430	19,005	-	-	19,430	19,005
Health	11,871	9,302	-	-	11,871	9,302
Parks and Recreation	4,392	2,871	-	-	4,392	2,871
Interest and Fiscal Charges	7,022	8,329	-	-	7,022	8,329
Water	-	-	63,263	60,012	63,263	60,012
Sewer	-	-	65,316	57,838	65,316	57,838
Other Enterprise Activities	-	-	22,439	22,179	22,439	22,179
Total Expense	<u>343,023</u>	<u>319,832</u>	<u>151,018</u>	<u>140,029</u>	<u>494,041</u>	<u>459,861</u>
Increase (Decrease) in Net Position						
Before Transfers	3,644	10,097	49,682	52,515	53,326	62,612
Transfers	<u>45</u>	<u>(3,892)</u>	<u>(45)</u>	<u>3,892</u>	<u>-</u>	<u>-</u>
Change in Net Position	3,689	6,205	49,637	56,407	53,326	62,612
Net Position - Beginning (Restated - Note 16)	<u>(46,924)</u>	<u>N/A</u>	<u>567,501</u>	<u>N/A</u>	<u>520,577</u>	<u>N/A</u>
Net Position (deficit) - Ending	<u>\$ (43,235)</u>	<u>\$ (46,924)</u>	<u>\$ 617,138</u>	<u>\$ 567,501</u>	<u>\$ 573,903</u>	<u>\$ 520,577</u>

The information necessary to restate the 2017 beginning balances and the 2017 OPEB expense amounts for the effects of the initial implementation of GASB 75 is not available. Therefore, 2017 functional expenses still include OPEB expense of \$1,134 million computed under GASB 45. GASB 45 required recognizing OPEB expense equal to the contractually required contributions to the plan. Under GASB 75, OPEB expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of OPEB expense. Under GASB 75, the 2018 statements report negative OPEB expense of \$22,787.

Consequently, in order to compare 2018 total program expenses to 2017, the following adjustments are needed:

	Governmental Activities	Business-Type Activities
Total 2018 program expenses under GASB 75	\$ 343,023	\$ 151,018
OPEB expense under GASB 75	(20,668)	(2,119)
2018 contractually required contributions	<u>697</u>	<u>437</u>
Adjusted 2018 program expenses	323,052	149,336
Total 2017 program expenses under GASB 45	<u>319,832</u>	<u>140,029</u>
Increase (decrease) in program expenses not related to OPEB	<u>\$ 3,220</u>	<u>\$ 9,307</u>

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Governmental activities: Governmental activities increased the City's net position by \$0.2 million. Key elements of the net position are as follows:

- Income tax revenue, which represents 53.10 percent of the City's governmental revenue, finished 2018 \$8.0 million or 4.57 percent higher, due to strength in the local economy, as well as taxable early termination payouts and stock option payments.
- Charges for services increased by \$4.3 million or 5.34 percent primarily due to increases in special assessment service charges.

Business-type activities: Net position of the City's Business-type activities increased \$49.6 million. Key elements of the changes in net position are as follows:

- Charges for services increased \$4.9 million or 2.58 percent in 2018, resulting from scheduled utility user rate increases approved by City Council in 2011.
- The City saw its program revenues from capital grants increase by \$0.8 million in 2018 as a result of additional water reclamation projects.
- Expenses were \$11.0 million higher in 2018 versus the previous year due to increases in contractual services related to utility infrastructure projects.

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.

As of December 31, 2018, the City's governmental funds reported a combined ending fund balance of \$53.0 million, an increase of \$13.7 million in comparison with the prior year. There is an *unassigned fund balance* deficit of \$62.6 million. The *nonspendable fund balance* of \$7.8 million represents the City's prepaid items and investment in inventory. The \$89.4 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 \$18.4 million that is solely the City's Budget Stabilization Fund.

General Fund: The General Fund is the chief operating fund of the City. At December 31, 2018, the total fund balance of the general fund was \$40.5 million. The fund balance of the City's general fund increased \$18.3 million during 2018. The City's income tax revenue increased by \$7.3 million or 4.11 percent, due to strength in the local economy, as well as taxable early termination payouts and stock option payments. Expenditures remained relatively flat with a nominal \$1.7 million or 0.82 percent decrease as the City continued spending controls and benefitted from decreases in health care and workers' compensation.

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, 2018, total fund balance of the capital improvements fund is \$42.6 million. The fund balance of the Capital Improvements Fund decreased \$8.3 million during 2018 mainly due to ongoing construction projects in the capital improvement fund in 2018.

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Special Assessment Services Fund: The Special Assessment Services fund accounts 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. Costs of assessments are charged to property owners two years after incurred. At December 31, 2018, total fund balance of the special assessment services funds was a deficit of \$57.5 million, thus reducing the deficit by \$0.2 million from the prior year.

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, sanitary sewer and utility administration. The City also operates six nonmajor enterprise funds: Storm Sewer, Property Management, Small Business Development, Municipal Tow Lot, Marina Operations (no activity during 2018), 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 \$218.9 million, of which \$36.2 million is unrestricted. The net position of the water fund increased \$21.1 million or 10.65 percent in 2018. Operating revenues increased by \$0.8 million or 1.01 percent over comparable revenue in 2017, due to a scheduled rate increase as part of the rate plan approved by City Council. Operating expenses increased by 7.56 percent, due to increased plant operations costs.

Sewer: The total net position of the Sewer fund at the end of the year amounted to \$331.3 million of which \$50.2 million is unrestricted. The net position of the sewer fund increased \$19.4 million or 6.23 percent. Operating revenue increased \$4.2 million with help from the scheduled rate increases, or 5.46% in 2018. Operating expenses increased by \$4.6 million or 9.56 percent as compared to 2017.

Utility Administration Services: The total net position of the Utility Administration Services fund at the end of the year amounted to \$4.4 million, of which \$4.3 million is unrestricted. The net position of the utility administration services fund increased by \$5.6 million. Operating revenues for fiscal year 2018 increased by \$0.2 million or 1.36 percent. Operating expenses for fiscal year 2018 increased by \$0.1 million or 1.22 percent.

Nonmajor: The total net position of the nonmajor enterprise funds at the end of the year amounted to \$62.6 million of which \$9.5 million is unrestricted. The net position of the nonmajor enterprise funds increased \$3.5 million, or 6.00 percent. Operating revenues for fiscal year 2018 decreased by \$0.4 million or 3.23 percent over comparable revenue in 2017, due to the end of a rebate program in the Toledo Public Power Fund. Operating expenses for fiscal year 2018 increased \$0.2 million or 2.34 percent over comparable expenses in 2017.

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 City's budgeting process is prescribed by the Ohio Revised Code (ORC). Essentially the budget is the City's appropriations which are restricted by the amounts of anticipated revenues certified by the Budget Commission in accordance with the ORC. Therefore, the City's plans or desires cannot be totally reflected in the original budget. If budgeted revenues are adjusted due to actual activity then the appropriations can be adjusted accordingly.

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(continued)

Budgetary information is presented for the general fund. In the general fund, one of the most significant changes was between the original and final budgeted amount in the area of expenditures and other financing uses, which increased \$1.8 million from \$255.2 million to \$257.0 million. Actual revenues and other financing sources of \$261.0 million were more than final budgeted revenues and other financing sources by \$4.1 million. The other significant change was between the final budgeted expenditures and other financing uses and actual expenditures and other financing uses. Actual expenditures and other financing uses came in \$10.3 million lower than the final budgeted amounts, primarily due to expenditures for public safety being less than budgeted.

The following schedule is a summary of comparable general fund revenue for 2018 and 2017:

Revenues and Other Financing Sources
(Amounts in Thousands)

	2018	Percentage of Total	Increase (Decrease) from 2017	Percentage Change from 2017
Income Taxes	\$ 183,618	70.3%	\$ 7,256	4.1%
Property Taxes	12,223	4.7%	198	1.6%
Licenses and Permits	3,213	1.2%	271	9.2%
Intergovernmental Services	17,808	6.8%	(1,070)	-5.7%
Charges for Services	28,482	10.9%	(817)	-2.8%
Investment Earnings	1,469	0.6%	1,007	218.0%
Fines and Forfeitures	10,150	3.9%	305	3.1%
Other Revenue	2,664	1.0%	1,509	130.6%
Gain on Sale of Capital Assets	110	0.0%	(41)	-27.2%
Transfers In	1,288	0.5%	(4,131)	-76.2%
Total	<u>\$ 261,025</u>	<u>100.0%</u>	<u>\$ 4,487</u>	

Key elements of the changes in revenues are as follows:

- Income tax revenue increased \$7.3 million or 4.1 percent due to strength in the local economy, as well as taxable early termination payouts and stock option payments.
- Intergovernmental services revenue decreased \$1.1 million or 5.7 percent due to decreased local government funds.
- Other Revenue increased by \$1.5 million, due to an adjustment to the allowance for uncollectible account.
- Transfers in decreased by \$4.1 million due to a transfer from the Capital Fund to the General Fund related to the defeasance of a debt issuance in 2017 and this did not occur in 2018.

The 2018 final General Fund total expense budget was \$257.0 million.

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The following schedule is a summary of comparable General Fund expenditures for 2018 and 2017:

Expenditures and Other Financing Uses
(Amounts in Thousands)

	2018	Percentage of Total	Increase (Decrease) from 2017	Percentage Change from 2017
General Government	\$ 24,519	10.1%	\$ 1,656	7.1%
Public Service	1,683	0.7%	205	13.6%
Public Safety	159,658	65.8%	(1,034)	-0.6%
Community Environment	5,411	2.2%	443	8.8%
Health	8,039	3.3%	39	0.5%
Parks and Recreation	2,926	1.2%	474	18.9%
Principal retirement	644	0.3%	26	4.2%
Interest and Fiscal Charges	60	0.0%	(19)	-24.1%
Transfers Out	40,228	16.5%	(5,298)	-11.6%
Total	<u>\$ 243,168</u>	<u>100.0%</u>	<u>\$ (3,508)</u>	

Generally, General Fund expenditures declined across various functions, as Workers' Compensation and health care costs declined. Additionally:

- General government increased primarily due to contractual service increases.
- Public safety expenditures decreased primarily due to the elimination of an existing liability for incarceration costs.
- Transfers declined as City Council authorized the General Fund equity transfer of \$3,000 of unassigned fund balance to the Capital Improvements Fund in 2017 and this did not occur in 2018.

General Fund Equity: Total equity in the General Fund was a positive balance of \$40.5 million. The equity balance is comprised of the following:

- *Nonspendable* – Inventory and prepaid items of \$1.6 million comprised in 2018.
- *Restricted* – This category applies to funds which can only be spent for a specific purpose stipulated by external resource providers or through enabling legislation. The restricted equity balance of the General Fund totaled \$3.7 million in 2018.
- *Committed* - The City maintains a Budget Stabilization Designation to cover unexpected revenue shortfalls and/or expenditure increases. This is classified under the committed category of fund equity and totaled \$16.7 million in 2018. The City did not utilize monies in the Budget Stabilization Designation for expenditures in 2018.
- *Unassigned* – This is the residual classification for the remaining funds that have not been reported in any other classification. In 2018, the unassigned fund balance totaled \$18.4 million.

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Management's Discussion and Analysis
For the Year Ended December 31, 2018
(continued)

Capital Asset and Debt Administration

Capital assets: The City has restated the December 31, 2017 balance of Governmental Activities capital assets as described in Note 16 to the basic financial statements. The City's net investment in capital assets for governmental and business-type activities as of December 31, 2018, amounts to \$1.660 billion. 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 in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	2018	2017	2018	2017	2018	2017
Land	\$ 29,078	\$ 29,168	\$ 6,651	\$ 6,351	\$ 35,729	\$ 35,519
Construction in Progress	191,730	166,347	556,246	445,557	747,976	611,904
Building	32,441	34,108	19,564	20,557	52,005	54,665
Furniture and Fixtures	474	734	125	204	599	938
Improvements	34,150	39,967	54,616	57,871	88,766	97,838
Infrastructure	197,229	214,566	479,864	490,644	677,093	705,210
Machinery and Equipment	32,847	34,386	25,569	30,077	58,416	64,463
Total	\$ 517,949	\$ 519,276	\$ 1,142,635	\$ 1,051,261	\$ 1,660,584	\$ 1,570,537

Major capital asset events during 2018 included the following:

- Total investment in capital assets increased \$90.0 million or 5.73 percent.
- Business-type capital assets increased by \$91.3 million or 8.69 percent net of \$22.7 million in current year depreciation expense. The increase is attributed to City's continued investment into its water and sewer system infrastructure.
- Governmental capital assets decreased by \$1.3 million or 0.26 percent net of \$32.1 million in current year depreciation expense.

Additional information on the City's capital assets can be found in Note 7 on pages 72 through 75 of this report.

Long-term debt: At December 31, 2018, the City had \$1.612 billion of long-term bonds, notes, loans and other obligations outstanding net of unamortized premiums and discounts in governmental and business-type activities. General obligation bonds and notes are supported by the full faith and credit of the City. All assessment obligations issued by the City are general obligation bonds and notes. There were \$15 thousand in assessment bonds and \$1.385 million in assessment notes all related to governmental activities outstanding at December 31, 2018. The revenue bonds of the City represent bonds secured solely by specified revenue sources.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(continued)

Long-Term Debt Outstanding
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2018	2017	2018	2017	2018	2017
General Obligation						
Bonds and Notes	\$ 119,821	\$ 127,766	\$ 10,082	\$ 11,038	\$ 129,903	\$ 138,804
Revenue Bonds and Notes	-	-	344,350	354,135	344,350	354,135
Non-taxable revenue bonds	695	1,370	-	-	695	1,370
Loans Outstanding	17,382	22,174	458,767	431,491	476,149	453,665
Capital Lease Obligations	4,375	7,543	2,693	2,757	7,068	10,300
Other Obligations	594,207	593,330	59,596	69,856	653,803	663,186
Total	<u>\$ 736,480</u>	<u>\$ 752,183</u>	<u>\$ 875,488</u>	<u>\$ 869,277</u>	<u>\$ 1,611,968</u>	<u>\$ 1,621,460</u>

Total long-term debt outstanding at December 31, 2018 decreased \$9.5 million or 0.59 percent as compared to the amount outstanding at December 31, 2017 as restated (see Note 16).

On December 31, 2018, the City's bond ratings with Standard & Poor's Corporation and Moody's Investor Services, Inc. were A- and A2, respectively.

The ORC 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.

Debt Limitations

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, 2018 as well as current assessed valuation, the City's voted and nonvoted nonexempt debt capacities within the direct debt limitations were:

	Limitation	Debt Outstanding	Debt Capacity Within Limitation
10.50%	\$ 348,576	\$ 121,375	\$ 227,201
5.50%	\$ 182,588	\$ 121,375	\$ 61,213

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 ORC. 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.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2018
(continued)

As of December 31, 2018, the total millage theoretically required by the City and the combination of overlapping taxing subdivisions was estimated to be 7.1059 mills, down from the prior year of 7.3979 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 2.8941 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 outstanding debt can be found in Notes 8 and 9 of the financial statements of this report.

Economic Factors and 2018 Budgets and Rates

The City of Toledo is committed to controlling costs, putting the highest premium on safety for our citizens and adopting a budget designed to promote both the community's interests and the long-term fiscal stability of the City with steadily growing fund balances. Controlling personnel costs, incarcerations costs, and health care expenses have contributed to a formula of success. Our total General Fund budget for 2019 is \$268.8 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 its public funds. 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

City of Toledo, Ohio
Statement of Net Position
December 31, 2018
(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents with Treasurer/Treasury	\$ 12,408	\$ 33,903	\$ 46,311
Cash and cash equivalents held by escrow agent	701	26,801	27,502
Cash and cash equivalents - other	10	416	426
Investments	80,158	128,258	208,416
Restricted investments	10,124	144,279	154,403
Receivables (net of allowances)	103,570	47,997	151,567
Due from other governments	15,658	-	15,658
Internal balances	2,644	(2,644)	-
Prepaid items	26	14	40
Inventory	8,076	4,483	12,559
Prepaid bond insurance	-	761	761
Capital assets:			
Land and construction in progress	220,808	562,897	783,705
Other capital assets, net of accumulated depreciation	297,141	579,738	876,879
Total assets	<u>751,324</u>	<u>1,526,903</u>	<u>2,278,227</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension (see Note 13)	50,511	8,765	59,276
OPEB (see Note 14)	24,784	2,236	27,020
Total deferred outflows of resources	<u>75,295</u>	<u>11,001</u>	<u>86,296</u>
LIABILITIES			
Accounts payable	7,813	15,980	23,793
Customer deposits	3,190	2,630	5,820
Accrued wages and benefits	11,958	947	12,905
Retainage payable	899	8,556	9,455
Due to other governments	-	191	191
Accrued interest payable	998	6,838	7,836
Other current liabilities	4,550	-	4,550
Notes payable	46,035	-	46,035
Long-term liabilities:			
Due within one year	16,895	37,654	54,549
Due in more than one year:			
Net pension liability (see Note 13)	291,823	32,246	324,069
Net OPEB liability (see Note 14)	257,455	22,276	279,731
Other amounts due in more than one year	170,307	783,312	953,619
Total liabilities	<u>811,923</u>	<u>910,630</u>	<u>1,722,553</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues levied for the next year	12,042	-	12,042
Pension (see Note 13)	37,689	8,369	46,058
OPEB (see Note 14)	8,200	1,767	9,967
Total deferred inflows of resources	<u>57,931</u>	<u>10,136</u>	<u>68,067</u>
NET POSITION			
Net investment in capital assets	374,777	327,359	702,136
Restricted for:			
Debt service	248	9,126	9,374
Replacement	-	60,715	60,715
Capital improvement	50,517	119,769	170,286
Community programs	15,049	-	15,049
Other purposes	11,066	-	11,066
Unrestricted (deficit)	(494,892)	100,169	(394,723)
Total net position	<u>\$ (43,235)</u>	<u>\$ 617,138</u>	<u>\$ 573,903</u>

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Statement of Activities
For the Year Ended December 31, 2018
(Amounts in Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental activities:				
General government	\$ 30,167	\$ 21,461	\$ 10	\$ -
Public service	58,908	27,125	-	8,987
Public safety	205,485	19,098	1,815	63
Public utilities	5,748	1	-	2,072
Community environment	19,430	3,440	1,624	7,974
Health	11,871	13,407	1,286	59
Parks and recreation	4,392	130	30	-
Interest and fiscal charges	7,022	-	-	-
Total governmental activities	<u>343,023</u>	<u>84,662</u>	<u>4,765</u>	<u>19,155</u>
Business-type activities:				
Water	63,263	80,270	-	-
Sewer	65,316	81,954	-	1,611
Utilities administration	12,261	17,867	-	-
Storm utility	7,924	9,831	-	77
Property management	471	-	-	300
Small business development	8	-	-	-
Municipal tow lot	988	2,333	-	-
Toledo public power	787	814	-	-
Total business-type activities	<u>151,018</u>	<u>193,069</u>	<u>-</u>	<u>1,988</u>
Total	<u>\$ 494,041</u>	<u>\$ 277,731</u>	<u>\$ 4,765</u>	<u>\$ 21,143</u>

General revenues:

Income taxes
Property taxes
Investment earnings
Intergovernmental services
Gain on disposal of capital assets
Other revenue

Transfers

Total general revenues and transfers

Change in net position

Net position (deficit) at January 1 (restated, see Note 16)

Net position (deficit) at December 31

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (8,696)	\$ -	\$ (8,696)
(22,796)	-	(22,796)
(184,509)	-	(184,509)
(3,675)	-	(3,675)
(6,392)	-	(6,392)
2,881	-	2,881
(4,232)	-	(4,232)
(7,022)	-	(7,022)
<u>(234,441)</u>	<u>-</u>	<u>(234,441)</u>
-	17,007	17,007
-	18,249	18,249
-	5,606	5,606
-	1,984	1,984
-	(171)	(171)
-	(8)	(8)
-	1,345	1,345
-	27	27
<u>-</u>	<u>44,039</u>	<u>44,039</u>
(234,441)	44,039	(190,402)
184,098	-	184,098
12,365	-	12,365
2,154	5,522	7,676
27,972	-	27,972
-	121	121
11,496	-	11,496
45	(45)	-
<u>238,130</u>	<u>5,598</u>	<u>243,728</u>
3,689	49,637	53,326
(46,924)	567,501	520,577
<u>\$ (43,235)</u>	<u>\$ 617,138</u>	<u>\$ 573,903</u>

City of Toledo, Ohio
Balance Sheet
Governmental Funds
December 31, 2018
(Amounts in Thousands)

	General	Capital Improvements	Special Assessments Services	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents with Treasurer	\$ 12,408	\$ -	\$ -	\$ -
Cash and cash equivalents - other	9	-	-	1
Investments	80,019	101	-	38
Restricted investments	3,748	5,002	712	662
Receivables (net of allowances)	29,550	4,131	58,590	10,687
Due from other:				
Funds	-	39,408	-	37,277
Governments	6,415	-	224	9,019
Prepaid items	-	26	-	-
Inventory of supplies	1,632	1,037	3,453	1,020
Total assets	<u>\$ 133,781</u>	<u>\$ 49,705</u>	<u>\$ 62,979</u>	<u>\$ 58,704</u>
LIABILITIES				
Accounts payable	\$ 2,967	\$ 1,692	\$ 339	\$ 1,406
Deposits	726	15	-	2,157
Accrued wages and benefits payable	11,275	54	242	243
Compensated absences payable	190	-	-	16
Retainage payable	-	890	-	9
Due to other:				
Funds	53,005	-	21,204	20,447
Notes payable	-	4,450	40,200	1,385
Total liabilities	<u>68,163</u>	<u>7,101</u>	<u>61,985</u>	<u>25,663</u>
DEFERRED INFLOWS OF RESOURCES				
Revenues Levied for the next year and unavailable revenue	<u>25,130</u>	<u>-</u>	<u>58,447</u>	<u>5,660</u>
FUND BALANCES				
Nonspendable	1,632	1,063	3,453	1,682
Restricted	3,748	41,541	712	43,435
Committed	16,676	-	-	1,725
Unassigned (deficit)	18,432	-	(61,618)	(19,461)
Total fund balances (deficit)	<u>40,488</u>	<u>42,604</u>	<u>(57,453)</u>	<u>27,381</u>
Total liabilities, deferred inflows, and fund balances	<u>\$ 133,781</u>	<u>\$ 49,705</u>	<u>\$ 62,979</u>	<u>\$ 58,704</u>

See accompanying notes to the basic financial statements.

**Total
Governmental
Funds**

\$	12,408
	10
	80,158
	10,124
	102,958
	76,685
	15,658
	26
	7,142
<hr/>	
\$	305,169
<hr/> <hr/>	

\$	6,404
	2,898
	11,814
	206
	899
	94,656
	46,035
<hr/>	
	162,912
<hr/>	

	89,237
<hr/>	
	7,830
	89,436
	18,401
	(62,647)
	53,020
<hr/>	
\$	305,169
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City of Toledo, Ohio
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2018
(Amounts in Thousands)

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

Total fund balances for governmental funds		\$ 53,020
Capital assets used in governmental activities (excluding those reported in the internal service funds) are not financial resources and therefore are not reported in the funds		495,212
Revenue will be collected beyond the 60 day period used in the statements. Revenue and a corresponding receivable are included in the government-wide statements		
Special assessments	59,476	
Income taxes	9,535	
Delinquent property taxes	3,232	
Capital grants	1,104	
Operating grants	742	
Other revenue	1,568	
Reimbursements from other governments	1,538	77,195
Internal service 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, liabilities, and deferred outflows/inflows of the internal service funds are included in governmental activities in the statement of net position.		24,293
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. The City's long-term obligations (excluding those reported in the internal service funds) are:		
General obligation bonds	(116,675)	
Non-taxable revenue bonds	(695)	
Compensated absences	(29,947)	
Loans outstanding from state agencies	(8,632)	
Loans outstanding from other sources	(8,750)	
Accrued interest	(998)	
Landfill closure	(14,772)	
Capital leases	(1,808)	(182,277)
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds (excluding the portion reported in the internal service funds).		
Deferred outflows-pensions	48,225	
Deferred inflows-pensions	(36,168)	
Net pension liability	(285,951)	(273,894)
The net OPEB liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds (excluding the portion reported in the internal service funds).		
Deferred outflows-OPEB	24,415	
Deferred inflows-OPEB	(7,800)	
Net OPEB liability	(253,399)	(236,784)
Total net position (deficit) of governmental activities		\$ (43,235)

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	General	Capital Improvements	Special Assessments Services	Nonmajor Governmental Funds
REVENUES				
Income taxes	\$ 183,618	\$ -	\$ -	\$ -
Property taxes	12,223	-	-	-
Special assessments	-	-	27,168	218
Licenses and permits	3,213	-	-	-
Intergovernmental services	17,808	-	-	18,055
Charges for services	28,482	-	-	952
Investment earnings	1,469	524	128	33
Fines and forfeitures	10,150	-	-	1,587
Grants	-	11,728	-	13,871
Other revenue	2,664	308	1	4,658
Total revenues	<u>259,627</u>	<u>12,560</u>	<u>27,297</u>	<u>39,374</u>
EXPENDITURES				
Current:				
General government	24,519	334	623	209
Public service	1,683	-	26,509	12,579
Public safety	159,658	-	-	2,161
Public utilities	-	-	-	300
Community environment	5,411	-	-	13,101
Health	8,039	-	316	1,636
Parks and recreation	2,926	-	-	22
Capital outlay	-	40,290	-	1,982
Debt service:				
Principal retirement	644	3,761	-	13,914
Interest and fiscal charges	60	561	885	5,396
Total expenditures	<u>202,940</u>	<u>44,946</u>	<u>28,333</u>	<u>51,300</u>
Excess (deficiency) of revenues over (under) expenditures	<u>56,687</u>	<u>(32,386)</u>	<u>(1,036)</u>	<u>(11,926)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,288	40,788	-	16,458
Transfers (out)	(40,228)	(16,905)	-	(1,356)
Issuance of loans	-	236	-	-
Premiums on bonds issued	-	-	-	230
Sale of capital assets	110	1	3	93
Total other financing sources (uses)	<u>(38,830)</u>	<u>24,120</u>	<u>3</u>	<u>15,425</u>
Net change in fund balances	17,857	(8,266)	(1,033)	3,499
Fund balances (deficit) at beginning of year	22,188	50,889	(57,630)	23,911
Increase (decrease) in inventory	443	(19)	1,210	(29)
Fund balances (deficit) at end of year	<u>\$ 40,488</u>	<u>\$ 42,604</u>	<u>\$ (57,453)</u>	<u>\$ 27,381</u>

See accompanying notes to the basic financial statements.

**Total
Governmental
Funds**

\$	183,618
	12,223
	27,386
	3,213
	35,863
	29,434
	2,154
	11,737
	25,599
	7,631
	<hr/>
	338,858
	<hr/>
	25,685
	40,771
	161,819
	300
	18,512
	9,991
	2,948
	42,272
	18,319
	6,902
	<hr/>
	327,519
	<hr/>
	11,339
	<hr/>
	58,534
	(58,489)
	236
	230
	207
	<hr/>
	718
	<hr/>
	12,057
	39,358
	1,605
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\$	53,020
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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, 2018
(Amounts in Thousands)

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

Net change in fund balances for governmental funds	\$	12,057	
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 (excluding internal service fund activity):			
Capital asset additions	\$	42,077	
Depreciation expense		<u>(30,448)</u>	11,629
In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.			
			(11,893)
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		5,414	
Income taxes		480	
Delinquent property taxes		142	
Capital grants		(1,572)	
Operating grants		(107)	
Other revenue		(265)	
Reimbursements from other governments		<u>(148)</u>	3,944
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.			
			(78)
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.			
			(609)
The issuances of loans are reported as an other financing financing source in the funds; however, in the statement of activities, they are not reported as revenue as they increase liabilities on the statement of net position.			
			(236)
Repayment of bond, loan, and capital lease principal is an expenditure in the governmental funds, but the repayment reduces liabilities on the statement of net position (excluding internal service funds activity).			
			18,319
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.			
			1,605
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in the funds, an interest expenditure is reported when due.			
Increase in accrued interest payable		(372)	
Premiums incurred in the current year		(230)	
Amortization of bond premiums		<u>525</u>	(77)
Internal service funds are used by management to charge costs to individual funds. The net revenue/ (expenses) of certain activities of internal service funds is reported with governmental activities.			
			(1,079)
Contractually required pension and OPEB contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.			
Pension		24,241	
OPEB		<u>443</u>	24,684
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability and net OPEB liability are reported as pension expense and OPEB expense, respectively, in the statement of activities.			
Pension		(34,242)	
OPEB		<u>(20,335)</u>	(54,577)
Changes in net position of governmental activities			<u>\$ 3,689</u>

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2018
(Amounts in Thousands)

	Business-Type Activities			
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds
ASSETS				
<u>Current:</u>				
Cash and cash equivalents with Treasury	\$ 6,775	\$ 20,151	\$ 4,635	\$ 2,342
Cash and cash equivalents held by escrow agent	25,218	1,583	-	-
Cash and cash equivalents - other	1	-	415	-
Investments	31,896	27,848	-	9,477
Restricted investments	120,968	1,086	-	383
Receivables (net of allowances)	14,675	24,311	374	8,637
Due from other:				
Funds	-	15,916	10,129	392
Prepaid items	-	14	-	-
Inventory of supplies	3,353	1,117	13	-
Total current assets	<u>202,886</u>	<u>92,026</u>	<u>15,566</u>	<u>21,231</u>
<u>Noncurrent:</u>				
Investments	18,348	24,582	-	16,107
Restricted investments	21,842	-	-	-
Prepaid bond insurance	742	19	-	-
Land and construction in progress	244,883	303,288	-	14,726
Other capital assets, net of accumulated depreciation	167,814	380,362	127	31,435
Total noncurrent assets	<u>453,629</u>	<u>708,251</u>	<u>127</u>	<u>62,268</u>
Total assets	<u>656,515</u>	<u>800,277</u>	<u>15,693</u>	<u>83,499</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension (see Note 13)	2,535	2,869	1,913	1,448
OPEB (see Note 14)	530	600	572	534
Total deferred outflows of resources	<u>3,065</u>	<u>3,469</u>	<u>2,485</u>	<u>1,982</u>
LIABILITIES				
<u>Current:</u>				
Accounts payable	13,058	2,237	243	442
Customer deposits	2,029	551	-	50
Accrued wages and benefits payable	298	371	189	89
Retainage payable	3,447	4,998	-	111
Due to other:				
Funds	27,654	-	-	1,427
Governments	22	154	-	15
Accrued interest payable	1,659	5,136	-	43
Other current liabilities	-	-	-	-
Current portion of:				
Compensated absences payable	5	6	1	-
Bonds, loans, and capital lease payable, net	12,326	24,130	-	1,186
Total current liabilities	<u>60,498</u>	<u>37,583</u>	<u>433</u>	<u>3,363</u>
<u>Noncurrent:</u>				
Compensated absences payable	1,560	2,150	878	474
Bonds, loans, and capital lease payable, net	357,644	409,033	-	11,573
Net pension liability (see Note 13)	10,431	11,803	6,223	3,789
Net OPEB liability (see Note 14)	7,206	8,153	4,299	2,618
Total noncurrent liabilities	<u>376,841</u>	<u>431,139</u>	<u>11,400</u>	<u>18,454</u>
Total liabilities	<u>437,339</u>	<u>468,722</u>	<u>11,833</u>	<u>21,817</u>
DEFERRED INFLOWS OF RESOURCES				
Pension (see Note 13)	2,785	3,067	1,599	918
OPEB (see Note 14)	583	669	320	195
Total deferred inflows of resources	<u>3,368</u>	<u>3,736</u>	<u>1,919</u>	<u>1,113</u>
NET POSITION				
Net investment in capital assets	39,280	245,489	127	42,463
Restricted:				
Debt service	4,436	4,654	-	36
Replacement	20,881	29,770	-	10,064
Capital improvement	118,100	1,186	-	483
Unrestricted	36,176	50,189	4,299	9,505
Total net position	<u>\$ 218,873</u>	<u>\$ 331,288</u>	<u>\$ 4,426</u>	<u>\$ 62,551</u>

See accompanying notes to the basic financial statements.

		Governmental Activities	
Total Enterprise Funds		Internal Services Funds	
\$	33,903	\$	-
	26,801		701
	416		-
	69,221		-
	122,437		-
	47,997		612
	26,437		22,638
	14		-
	4,483		934
	<u>331,709</u>		<u>24,885</u>
	59,037		-
	21,842		-
	761		-
	562,897		2,065
	579,738		20,672
	<u>1,224,275</u>		<u>22,737</u>
	<u>1,555,984</u>		<u>47,622</u>
	8,765		2,286
	2,236		369
	<u>11,001</u>		<u>2,655</u>
	15,980		1,409
	2,630		292
	947		144
	8,556		-
	29,081		2,023
	191		-
	6,838		-
	-		4,550
	12		5
	37,642		1,340
	<u>101,877</u>		<u>9,763</u>
	5,062		-
	778,250		4,372
	32,246		5,872
	22,276		4,056
	<u>837,834</u>		<u>14,300</u>
	<u>939,711</u>		<u>24,063</u>
	8,369		1,521
	1,767		400
	<u>10,136</u>		<u>1,921</u>
	327,359		17,025
	9,126		-
	60,715		-
	119,769		-
	100,169		7,268
\$	<u>617,138</u>	\$	<u>24,293</u>

City of Toledo, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year ended December 31, 2018
(Amounts in Thousands)

	Business-Type Activities			
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	\$ 80,270	\$ 81,860	\$ 17,867	\$ 12,692
Other revenue	-	94	-	286
Total operating revenue	<u>80,270</u>	<u>81,954</u>	<u>17,867</u>	<u>12,978</u>
OPERATING EXPENSES				
Personnel services	15,006	18,067	9,130	4,669
Contractual services	15,444	12,124	2,502	2,697
Materials and supplies	8,322	2,382	562	324
Utilities	3,581	3,915	53	789
Depreciation	5,581	15,999	14	1,136
Total operating expenses	<u>47,934</u>	<u>52,487</u>	<u>12,261</u>	<u>9,615</u>
Operating income (loss)	<u>32,336</u>	<u>29,467</u>	<u>5,606</u>	<u>3,363</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	3,976	1,084	-	462
Interest expense and fiscal charges	(15,239)	(12,829)	-	(563)
Gain (loss) on disposal of capital assets	(90)	117	4	-
Total nonoperating revenues (expenses)	<u>(11,353)</u>	<u>(11,628)</u>	<u>4</u>	<u>(101)</u>
Income (loss) before transfers and contributions	<u>20,983</u>	<u>17,839</u>	<u>5,610</u>	<u>3,262</u>
Capital contributions	-	1,611	-	377
Transfers in	233	50	10	1,263
Transfers (out)	(158)	(80)	-	(1,363)
Change in net position	21,058	19,420	5,620	3,539
Net position (deficit)				
at January 1 (restated, see Note 16)	<u>197,815</u>	<u>311,868</u>	<u>(1,194)</u>	<u>59,012</u>
Net position at December 31	<u>\$ 218,873</u>	<u>\$ 331,288</u>	<u>\$ 4,426</u>	<u>\$ 62,551</u>

See accompanying notes to the basic financial statements.

<u>Total Enterprise Funds</u>	<u>Governmental Activities Internal Services Funds</u>
\$ 192,689	\$ 23,949
380	3,865
<u>193,069</u>	<u>27,814</u>
46,872	9,116
32,767	10,450
11,590	5,845
8,338	1,962
<u>22,730</u>	<u>1,608</u>
<u>122,297</u>	<u>28,981</u>
<u>70,772</u>	<u>(1,167)</u>
5,522	-
(28,631)	(273)
31	361
<u>(23,078)</u>	<u>88</u>
<u>47,694</u>	<u>(1,079)</u>
1,988	-
1,556	-
<u>(1,601)</u>	<u>-</u>
<u>49,637</u>	<u>(1,079)</u>
<u>567,501</u>	<u>25,372</u>
<u>\$ 617,138</u>	<u>\$ 24,293</u>

City of Toledo, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year ended December 31, 2018
(Amounts in Thousands)

	Business-Type Activities			
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 81,423	\$ 92,108	\$ 7,755	\$ 15,620
Cash paid to employees	(13,887)	(16,501)	(8,082)	(3,685)
Cash paid to supplies	(15,458)	(28,006)	(8,773)	(2,205)
Other receipts	-	94	-	286
Net cash provided by (used in) operating activities	<u>52,078</u>	<u>47,695</u>	<u>(9,100)</u>	<u>10,016</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	233	50	10	1,263
Transfers (out)	(158)	(80)	-	(1,363)
Net cash provided by (used in) noncapital financing activities	<u>75</u>	<u>(30)</u>	<u>10</u>	<u>(100)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants	-	1,230	-	377
Purchases of property, plant and equipment	(67,417)	(44,975)	-	(2,836)
Sale of capital assets	-	-	4	-
Principal payments	(10,660)	(20,418)	-	(1,132)
Issuance of bonds and loans	1,396	48,393	-	43
Interest and fiscal charges paid on bonds, loans, and capital leases	(15,445)	(11,862)	-	(578)
Net cash (used in) capital and related financing activities	<u>(92,126)</u>	<u>(27,632)</u>	<u>4</u>	<u>(4,126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	79,722	8,816	-	2,132
Purchase of investments	(40,783)	(27,225)	-	(6,588)
Investment income received on investments	3,976	1,084	-	455
Net cash provided by (used in) investing activities	<u>42,915</u>	<u>(17,325)</u>	<u>-</u>	<u>(4,001)</u>
Change in cash and cash equivalents	2,942	2,708	(9,086)	1,789
Cash and cash equivalents at January 1	<u>29,052</u>	<u>19,026</u>	<u>14,136</u>	<u>553</u>
Cash and cash equivalents at December 31	<u>\$ 31,994</u>	<u>\$ 21,734</u>	<u>\$ 5,050</u>	<u>\$ 2,342</u>
Reconciliation of net operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ 32,336	\$ 29,467	\$ 5,606	\$ 3,363
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities:				
Depreciation	5,581	15,999	14	1,136
Change in assets, liabilities, deferred outflows and deferred inflows:				
Decrease (increase) in receivables	1,153	3,300	(65)	(138)
Decrease (increase) in due from other funds	-	6,948	(10,129)	3,066
Decrease in prepaid expenses	-	9	-	-
Decrease in inventory of supplies	209	1	3	-
Increase (decrease) in accounts payable and other liabilities	6,109	(9,591)	(118)	211
Increase (decrease) in due to other funds	5,636	-	(5,458)	1,319
Increase in due to other governments	1	1	-	-
(Decrease) in customer deposits	(66)	(5)	-	-
Increase in retainage payable	-	-	-	75
(Decrease) in other current liabilities	-	-	-	-
(Decrease) in accrued wages and benefits payable	(30)	(36)	(19)	(10)
Increase (decrease) in compensated absences payable	(102)	105	11	117
Decrease in deferred outflows - pensions	3,300	3,746	1,206	215
Increase in deferred inflows - pensions	2,157	2,546	1,280	834
(Decrease) in net pension liability	(4,798)	(5,460)	(1,915)	(551)
(Decrease) in deferred outflows - OPEB	(443)	(501)	(526)	(509)
Increase in deferred inflows - OPEB	583	669	320	195
Increase in net OPEB liability	452	497	690	693
Net cash provided by (used in) operating activities	<u>\$ 52,078</u>	<u>\$ 47,695</u>	<u>\$ (9,100)</u>	<u>\$ 10,016</u>

See accompanying notes to the basic financial statements.

		Governmental Activities	
Total Enterprise Funds		Internal Services Funds	
\$	196,906	\$	25,933
	(42,155)		(7,600)
	(54,442)		(20,842)
	380		4,339
	<u>100,689</u>		<u>1,830</u>
	1,556		-
	(1,601)		-
	<u>(45)</u>		<u>-</u>
	1,607		-
	(115,228)		(473)
	4		364
	(32,210)		(4,593)
	49,832		3,145
	(27,885)		(273)
	<u>(123,880)</u>		<u>(1,830)</u>
	90,670		-
	(74,596)		-
	5,515		-
	<u>21,589</u>		<u>-</u>
	(1,647)		-
	62,767		701
\$	<u>61,120</u>	\$	<u>701</u>
\$	70,772	\$	(1,167)
	22,730		1,608
	4,250		63
	(115)		1,921
	9		-
	213		5
	(3,389)		(1,018)
	1,497		550
	2		-
	(71)		(1)
	75		-
	-		(1,650)
	(95)		(16)
	131		(4)
	8,467		2,433
	6,817		1,469
	(12,724)		(2,698)
	(1,979)		(320)
	1,767		400
	2,332		255
\$	<u>100,689</u>	\$	<u>1,830</u>

City of Toledo, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2018
(Amounts in Thousands)

	Agency Funds
ASSETS	
Cash and cash equivalents - other	\$ 677
Receivables (net of allowances)	2,950
Total assets	3,627
LIABILITIES	
Accounts payable	52
Deposits	3,575
Total liabilities	\$ 3,627

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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.

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 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 one component unit.

Component Unit

Toledo Community Improvement Corporation

The Toledo Community Improvement Corporation (TCIC) is the City of Toledo’s designated agency and instrumentality for industrial, commercial, distribution and research development. The TCIC board is made up of nine members, all of which are appointed by the City. The TCIC is considered a blended component unit of the City, but there is no financial activity for the 2018 fiscal year, and therefore no activity is reflected in this report.

Jointly Governed Organizations

City of Toledo-City of Rossford MUD

In February 1992, the City entered into a contract with the City of Rossford to create a Joint Economic Development Zone (JEDZ) under Ohio Rev. Code 715.69. However, on June 5, 2014 this code section was repealed. The entity entered into a new contract under Ohio Rev. Code 714.84(J) to create a Municipal Utility District (MUD). The new agreement is a contract for shared services between two municipalities and is not a separate entity. 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 the City of Toledo and the City of Rossford and their residents and all of the residents of the region.

The MUD has helped foster successful retail and other developments in the MUD. 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 \$149 in revenues from the MUD in 2018.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations (continued)

City of Toledo-City of Maumee-Monclova Township JEDZ

In October 2003 and amended in 2010, the City entered into a contract with the City of Maumee and Monclova Township to create a 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 the City of Toledo, the City of Maumee and Monclova Township, 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 \$1,839 in revenues from the JEDZ in 2018.

City of Toledo-City of Sylvania JEDD

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 did not receive revenues from this agreement in 2018.

City of Toledo-Perrysburg Township

On October 29, 2008, the City entered into a contract with Perrysburg Township to create a Joint Economic Development District (JEDD). However, since the only business within the JEDD boundaries was Fed Ex, the City and Perrysburg Township terminated the JEDD and created a new contract on December 31, 2014. The new agreement, which commenced on January 1, 2015 is a "payments in lieu of JEDD payments" agreement. 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'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 \$32 in revenues from this agreement in 2018.

City of Toledo-Lake Township JEDD

In August 2009, the City entered into a contract with Lake Township to create a 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'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 2018.

City of Toledo-Troy Township JEDD

In September 2010, the City entered into a contract with Troy Township to create a 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's Municipal Code at a rate of 2.25%. The City will receive 40% of the net revenues generated by this agreement. The City received \$172 in revenues from the JEDD in 2018.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations (continued)

City of Toledo-Monclova Township-Swanton Township (Toledo Express Airport JEDD, or TEA JEDD)

In October 2015, the City entered into a contract with Monclova and Swanton Townships to create a JEDD at the Toledo Express Airport. 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 Townships, the City, the State, and the County. The agreement results in an income tax that shall be imposed based on the City's Municipal Code at a rate of 0.5% for 2016; 1% for 2017, and 1.5% for 2018 and years after. The City will receive one third of the net revenues generated by this agreement. The City received \$23 in revenues from the JEDD in 2018.

Incarceration Agreements with Other Governments

In 1987, 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. 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. Each member jurisdiction paid capital costs 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.

The jurisdictional share in the cost of operation of the Commission was based on the number of beds allocated to each member. The last funding percentages originally approved by the Commission for its members in 2016 were 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 City withdrew from the agreement with the Commission in 2016 and did not contribute for its operation in 2017 and 2018.

In 2016, the City entered into a distinctly separate agreement with Lucas County for incarceration costs formerly associated with the Commission. The agreement called for the City to pay Lucas County for 20 beds specifically reserved for offenders charged under the Toledo Municipal Code. Nearing the end of 2017, the City established an agreement for incarceration costs with Wood County, which reserved 10 beds for the City for offenders charged under the Toledo Municipal Code. In 2018, Toledo paid Wood County \$239 under this agreement. The City expects the new contract to result in significant savings moving forward as compared to prior agreements with both the Commission and Lucas County.

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, deferred outflows, liabilities, deferred inflows, revenues and expenses of the City. Governmental Activities are reported separately from Business-Type Activities. Governmental Activities are normally supported by taxes and intergovernmental revenue whereas Business-Type Activities are normally supported by financially self-sustaining fees and charges for services. Fiduciary Funds of the City are not included in these Government-Wide Financial Statements; however, separate Financial Statements are presented for the Fiduciary Funds.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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. Interfund services provided and used are not eliminated in the process of consolidation. 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 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 specific 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 a 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. Internal Service Funds are aggregated and presented in a single column on the Proprietary Fund Statements. Fiduciary Funds are reported by type.

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, Liabilities and Deferred Inflows 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: street cleaning, street lighting, surface treatment, weed cutting, snow removal and tree and ditch maintenance.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

Other governmental funds of the City are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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 using Lake Erie as the water supply. The Department also provides water services to several areas outside of the City. Revenue is generated by charges set at a level sufficient to cover outstanding debt requirements while providing funds for the operation and maintenance of the water operating and distribution system.

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.

The other enterprise funds of the City are used to account for storm sewer, property management, small business development, municipal tow lot, marina, and Toledo public power operations.

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. The City's internal service funds account for municipal garage operations, capital replacement, storeroom and printshop services, information technology services, risk management, facility operations and workers' compensation.

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 the City is a collection agent for various licenses, fees and taxes for the State of Ohio.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus

Government-Wide Financial Statements:

The Government-Wide Financial Statements are prepared using the economic resources measurement focus. All assets, deferred outflow of resources, liabilities and deferred inflow of resources 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, current liabilities and deferred inflows of resources 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, deferred outflow of resources, liabilities and deferred inflow of resources 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.

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 inflow of resources and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-Exchange Transactions

Revenue resulting from Exchange Transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting (continued)

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. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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 taxes, local government funds and permissive taxes), fines and forfeitures, licenses and permits, interest, grants and rentals.

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the City, see Note 13 and Note 14 for deferred outflows of resources related the City's net pension liability and net OPEB liability, respectively.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the City, deferred inflows of resources include property taxes and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of December 31, 2018, but which were levied to finance 2019 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the City, unavailable revenue includes, but is not limited to, income taxes, delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available.

For the City, see Note 13 and Note 14 for deferred inflows of resources related to the City's net pension liability and net OPEB liability, respectively. This deferred inflow of resources is only reported on the government-wide statement of net position.

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 measureable. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Cash Equivalents

Cash balances of the City's Governmental Activities and Governmental Funds are pooled and invested in order to provide improved cash management. Monies for these funds are maintained in this pool. All of the City's depository accounts for the Governmental Activities and Governmental Funds are maintained and reported by the General Fund as "Cash and Cash Equivalents with Treasurer". The Business-type Activities and Proprietary Funds hold their own bank statements and cash is maintained in these respective funds as "Cash and Cash Equivalents with Treasury".

Cash and cash equivalents held by escrow represent amounts held by third parties for debt service requirements and capital lease proceeds remaining to be spent. These amounts are reported as "Cash and Cash Equivalents Held by Escrow Agent".

During 2018, investments were limited to nonnegotiable certificates of deposit (nonnegotiable CD's), Federal Farm Credit Bank (FFCB) securities, Federal Home Loan Bank (FHLB) securities, Federal Home Loan Mortgage Corporation (FHLMC) securities, Federal National Mortgage Association (FNMA) securities, Municipal Bonds, State Treasury Asset Reserve of Ohio (STAR Ohio), and STAR Plus. Except for investments in STAR Ohio, STAR Plus, and nonnegotiable CD's, investments are reported at fair value, which is based on quoted market prices. Investments in STAR Ohio are reported at amortized cost and investments in nonnegotiable CD's and STAR Plus are reported at cost.

During 2018, the City invested in STAR Plus, a federally insured cash account powered by the Federally Insured Cash Account (FICA) program. STAR Plus enables political subdivisions to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via a single, convenient account. STAR Plus offers attractive yields with no market or credit risk, weekly liquidity and penalty free withdrawals. All deposits with STAR Plus have full FDIC insurance with no term commitment on deposits.

During 2018, the City invested in STAR Ohio. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, "Certain External Investment Pools and Pool Participants." The City measures its investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2018, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$100 million, requiring the excess amount to be transacted the following business day(s), but only to the \$100 million limit. All accounts of the participant will be combined for these purposes.

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 both Governmental Funds and Proprietary Funds and are expensed when used.

Prepayments

Payments made to vendors for services that benefit future periods are recorded as prepayments in both government-wide and fund financial statements. A current asset for the prepaid amount is recorded at the time of purchase, and the expenditure is reported in the year in which services are consumed.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Restricted Assets

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

Capital Assets

Capital assets are defined by the government as anything purchased by, donated, or otherwise acquired by the City that has an initial, individual cost of more than \$5,000 (amount not in thousands) and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. In the case of the initial capitalization of infrastructure assets (i.e., those reported by governmental activities) the City includes all such items regardless of their acquisition date. The City's intangible assets include right of way and computer software. Donated capital assets are recorded at their acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the lives of the assets are not capitalized. Major outlays for capital assets and improvements are capitalized, as projects are constructed. Interest incurred during the construction phase of proprietary capital assets is included as part of the capitalized value of the assets constructed.

Capital assets, including property, plant, equipment, intangible assets and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The City infrastructure consists of bridges, curbs and gutters, lighting, sidewalks, roads, drainage systems and water and sewer lines. All reported capital assets, except land, right of way and construction in progress, are depreciated using the straight line method over the following estimated useful lives, and these estimated useful lives may be periodically adjusted:

<u>Description</u>	<u>Estimated Useful Life</u>
Auto/Vehicle Equipment	5-15 years
Buildings	20-40 years
Distribution Systems	100 years
Furniture and Fixtures	5-15 years
Infrastructure (Roads, Bridges, Culverts)	20-40 years
Improvements (non-Building)	10-20 years
Intangible Assets	5 years
Machinery and Equipment	5-20 years

The City updated the capital asset policy in 2016 to move the capitalization threshold from \$500 to \$5,000 (amounts not in thousands). Assets depreciated under the previous methodology continue their original depreciation and remain a part of the City's financial statements until disposed.

Interfund Balances

On fund financial statements, receivables and payables resulting from the routine lag between the dates interfund goods and services are provided or reimbursable expenditures occur are classified as "due to/from other funds." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are presented as a component of the internal balance reported on the statement of net position.

Interfund Transactions

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

Exchange transactions between funds are reported as revenues in seller funds, and expenditures/expenses in purchaser funds. Flows of cash or goods from one fund to another without a repayment requirement 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

Pensions/Other Postemployment Benefits (OPEB)

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

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 are 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 Insurance Costs, Premiums, Discounts and Deferred Amount on Refunding

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

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Debt Insurance Costs, Premiums, Discounts and Deferred Amount on Refunding (continued)

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.

Fund Balance Classifications

Fund Balance for Governmental Funds is 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*.

Fund balance is divided into five classifications based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

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

Committed - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (ordinance) of the City Council (the highest level of decision making authority). Those committed amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Fund balance commitments are established, modified or rescinded by City Council action through passage of an ordinance.

Assigned - Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted nor committed. 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.

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

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. See Note 12 for further detail on the components of fund balance classifications at year end.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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, deferred outflow of resources, liabilities and deferred inflow of resources. 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.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets, tap-in fees to the extent they exceed the cost of the connection to the system, grants or outside contributions of resources restricted to capital acquisition and construction, or capital assets that are purchased by a fund and then transferred to another fund.

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 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;

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

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 rather than in the City that are not payable on demand but, instead, are payable at a certain date;
9. Negotiable or non-negotiable interest-bearing time certificates of deposit representing deposits of the City placed in an institution having all of the qualifications of a Depository except that it need only have an office located in the State rather than in the City;
10. Federally insured certificates of deposit initiated through a Federal Deposit Insurance Corporation member bank or savings and loan association having an office in Lucas County and under an arrangement whereby the full amount of the deposit is allocated among a reciprocal network of participating Federal Deposit Insurance Corporation member banks or savings and loan associations, wherever located, such that full amount of the City's deposit is covered by federal deposit insurance; and
11. The STAR Plus Federally Insured Cash Account, an investment program offered in conjunction with STAR Ohio under which funds invested through the program are deposited in various federally insured banks, savings banks or savings and loan associations located anywhere in the United States in such a manner that the full amount of the public moneys deposited is covered by federal deposit insurance.

A qualified depository is a bank, trust company or savings and loan association organized under the laws of the State 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 Long Term Issuer Default Rating by Fitch of BBB or better; and
5. Provides collateralization as required by the City's Municipal Code.

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.

Cash and Cash Equivalents Held by Escrow Agent

Cash and cash equivalents held by escrow represent amounts held by third parties for debt service requirements and capital lease proceeds remaining to be spent. At December 31, 2018, the City had un-invested cash in the amount of \$27,502 being held by a third-party trustee.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Cash and Cash Equivalents Other

At December 31, 2018, the amount's recorded in the City's general ledger for the General and Nonmajor Governmental Funds were \$9 and \$1, respectively, represent fiduciary deposits in transit. The carrying amounts in the Water Fund and Utility Administrative Services fund are \$1 and \$415, respectively.

At December 31, 2018, the amounts recorded in the City's general ledger for the Toledo Municipal Court, an agency fund of the City, was \$677 and the bank balance was \$1,140. Of the bank balance, the Federal Depository Insurance will cover up to \$250 per account.

Deposits with Financial Institutions

At December 31, 2018, the carrying amount of all City deposits, including deposits with STAR Plus and nonnegotiable certificates of deposit, was \$48,464 and the bank balance was \$51,641. Of the bank balance, the Federal Depository Insurance covers up to \$250 per account. Bank balances not covered by the FDIC were collateralized through the Ohio Pooled Collateral System (OPCS).

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. The City's investment policy on deposits requires that they be insured by FDIC or collateralized by the financial institution. The City has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits either be insured or protected by (1) eligible securities pledged to the City and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least 105 percent of the deposits being secured, or (2) participation in the OPCS, a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a reduced rate set by the Treasurer of State.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2018, the City had the following investments and maturities:

Measurement/ Investment type	Measurement Value	Investment Maturities	
		1 Year or Less	1 to 3 Years
Fair Value:			
FFCB	\$ 56,806	\$ 28,798	\$ 28,008
FHLB	76,674	39,829	36,845
FHLMC	66,631	34,768	31,863
FNMA	53,774	46,123	7,651
Municipal Bonds	26,379	11,374	15,005
Amortized Cost:			
STAR Ohio	80,402	80,402	-
Total	\$ 360,666	\$ 241,294	\$ 119,372

Fair Value Measurement: The City categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments in federal agency securities (FFCB, FHLB, FHLMC, FNMA) and Municipal Bonds are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

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 cannot 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. The City's investments in federal agency securities were rated AA+ by Standard & Poor's and Aaa by Moody's. Standard & Poor's has assigned STAR Ohio an AAAM money market rating. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments (continued)

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. Within this 40 percent, up to \$15,000 may be further invested through a STAR Plus Federally Insured Cash Account.
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.
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.

As of December 31, 2018, the City had the following investment concentrations:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
FFCB	\$ 56,806	15.75%
FHLB	76,674	21.26%
FHLMC	66,631	18.47%
FNMA	53,774	14.91%
Municipal Bonds	26,379	7.31%
Amortized Cost:		
STAR Ohio	<u>80,402</u>	<u>22.29%</u>
Total	<u>\$ 360,666</u>	<u>100.00%</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Reconciliation of Cash and Investments Disclosed to Financial Statements

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the financial statements as of December 31, 2018:

<u>Cash and Investments per Note</u>	
Carrying Amount of Deposits	\$ 48,464
Investments	360,666
Cash and Cash Equivalents Held by Escrow Agent	27,502
Cash and Cash Equivalents Other	1,103
Total	<u>\$ 437,735</u>
 <u>Cash and investments on Financial Statements</u>	
Governmental Activities	\$ 103,401
Business-Type Activities	333,657
Agency Funds	677
Total	<u>\$ 437,735</u>

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City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 3 – RECEIVABLES

Receivables at December 31, 2018 consist of the following:

	Taxes	Customer and Other	Special Assessments	Notes Receivable
Governmental Funds:				
General	\$ 33,515	\$ 8,051	\$ -	\$ -
Capital Improvements	-	4,124	-	-
Special Assessments Services	-	143	58,447	-
Nonmajor Governmental Funds	-	8,568	1,028	30,614
Total Governmental Funds	<u>33,515</u>	<u>20,886</u>	<u>59,475</u>	<u>30,614</u>
Enterprise Funds:				
Water	-	17,923	-	-
Sewer	-	31,930	-	-
Utility Administrative Services	-	374	-	-
Nonmajor Enterprise Funds	-	5,231	-	22,730
Total Enterprise Funds	<u>-</u>	<u>55,458</u>	<u>-</u>	<u>22,730</u>
Internal Service Funds	<u>-</u>	<u>958</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 33,515</u>	<u>\$ 77,302</u>	<u>\$ 59,475</u>	<u>\$ 53,344</u>
			Less:	
	Interest Receivable	Gross Receivables	Allowance for Uncollectibles	Receivables Net
Governmental Funds (continued):				
General	\$ 351	\$ 41,917	\$ (12,367)	\$ 29,550
Capital Improvements	12	4,136	(5)	4,131
Special Assessments Services	-	58,590	-	58,590
Nonmajor Governmental Funds	-	40,210	(29,523)	10,687
Total Governmental Funds	<u>363</u>	<u>144,853</u>	<u>(41,895)</u>	<u>102,958</u>
Enterprise Funds (continued):				
Water	545	18,468	(3,793)	14,675
Sewer	207	32,137	(7,826)	24,311
Utility Administrative Services	-	374	-	374
Nonmajor Enterprise Funds	108	28,069	(19,432)	8,637
Total Enterprise Funds	<u>860</u>	<u>79,048</u>	<u>(31,051)</u>	<u>47,997</u>
Internal Service Funds	<u>-</u>	<u>958</u>	<u>(346)</u>	<u>612</u>
Total	<u>\$ 1,223</u>	<u>\$ 224,859</u>	<u>\$ (73,292)</u>	<u>\$ 151,567</u>

Receivables have not been disaggregated on the face of the basic financial statements. The only receivable not expected to be collected within the subsequent year are special assessments which are collected over the life of the assessment (see Note 9).

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

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 0.25% of this tax is dedicated to capital improvements. There is an additional 0.75% that is levied which was renewed January 1, 2017 for an additional four years. Of this additional tax, 0.25% is also dedicated for capital improvements. The City’s voters renewed the 0.75% tax in November 2016, which allows the City to use a portion of the 0.25% for operating expenses rather than capital improvements. This allows funds to move from the Capital Improvements Fund to the General Fund through December 31, 2020. The required transfers to the Capital Improvements Fund for 2018 have been completed.

Employers within the City are required to withhold income tax on employee compensation and to 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 was due February 7, 2018, with the remainder payable by July 25, 2018.

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 34.4 percent of true value. The 2018 public utility property taxes became a lien on December 31, 2017, were levied on October 1, 2018 and will be collected in 2019 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, 2018 and for which there is an enforceable legal claim. In the Government Funds, the current portion receivable has been offset by deferred inflow of resources since the current taxes were not levied to finance 2018 operations and the collection of delinquent taxes has been offset by deferred inflow of resources 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 reported as a deferred inflow of resources.

The full tax rate for all City operations for the year ended December 31, 2018 was \$4.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2018 property tax receipts were based are as follows:

Public Utility Real and Tangible Personal Property	\$ 215,375
Real Property (Other than Public Utility)	<u>3,104,398</u>
Total Assessed Value	<u><u>\$ 3,319,773</u></u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 5 – PROPERTY TAX (continued)

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 5 or 10 year period depending on the type and cost of the improvement.

NOTE 6 – TAX INCENTIVE AND ABATEMENT PROGRAMS

Pursuant to GASB Statement No. 77, *Tax Abatement Disclosures*, the City is required to disclose certain information on its use of tax abatement incentives. A tax abatement incentive, under this Statement, is authorized by the Ohio Revised Code (ORC) and/or the Toledo Municipal Code (TMC) and is an agreement between the City and an individual or entity in which the City promises to forgo tax revenue, while the individual or entity promises to take a specific action after the agreement has been entered into that contributes to economic development or otherwise benefits the City or the citizens of the City.

The City offers the following tax incentive and abatement programs:

Community Reinvestment Area

The Ohio Community Reinvestment Area (CRA) program is an economic development tool available to Toledo under ORC 3735 that is used to provide real property tax exemptions for property owners who construct new buildings or renovate existing properties. CRAs are areas of land in which property owners may receive tax incentives for investing in real property improvements. In order to participate in the CRA program, Toledo petitioned the Ohio Development Services Agency (ODSA) for confirmation of a geographic area in which investment in housing has traditionally been discouraged. Once an area is confirmed by the Director of ODSA, communities may offer real property tax exemptions to taxpayers that invest in that area.

The City determines the type of development to support by specifying the eligibility of residential, commercial or industrial projects. The City grants property tax abatements on improvement projects based on the increase in property valuation resulting from the improvements, for up to fifteen years. Participating properties are subject to annual inspections by the CRA Housing Council/Committee of the Toledo Housing Advisory Commission. As of December 31, 2018, the City had 1,308 participants in the CRA Program and abated \$342 property taxes. The CRA program impacts the City's General Fund.

Enterprise Zone Program

The Enterprise Zone Program is an economic development tool administered by the City of Toledo pursuant to ORC 5709 that provides real and personal property tax exemptions to businesses making investments within an enterprise zone. Enterprise zones are designated areas of land in which businesses can receive tax incentives in the form of tax exemptions on eligible new investment. The Enterprise Zone Program can provide tax exemptions for a portion of the value of new real and personal property investment (when that personal property is still taxable) when the investment is made in conjunction with a project that includes job creation. Existing land values and existing building values are generally not eligible. Businesses may not participate in both the CRA and the Enterprise Zone Programs.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 6 – TAX INCENTIVE AND ABATEMENT PROGRAMS (continued)

The City determines approval of projects based upon their contribution to the economic welfare of the community, including job creation or retention. Approved projects receive a 100% tax exemption on new real and personal property investment for up to fifteen years, with forty-five percent of the total tax exemption benefit paid to the local school district in which the project is located. Participants are monitored for compliance during the incentive period by the Tax Incentive Review Council. As of December 31, 2018, the City had 3 participants in the Enterprise Zone Program and abated \$94 in real and personal property taxes. The Enterprise Zone Program impacts the City's General Fund.

Municipal Job Creation Tax Credit (MJCTC)

Pursuant to ORC 718.15, the City established the MJCTC to create jobs and increase the tax base. Businesses must submit and have their application approved by the State of Ohio's Job Creation Tax Program in order to be eligible under the MJCTC. Businesses must be located within the City of Toledo's State Enterprise Zone or proposed Federal Enterprise Communities Zone and create a minimum of 25 *new*, full-time jobs within 3 years with hourly wages of at least 150% of the state minimum wage. The tax incentives under the MJCTC include a maximum tax credit of 40% of payroll taxes of eligible full-time employee per year, for up to 10 years, for businesses within the State Enterprise Zone. For businesses within the Enterprise Communities Zone, the maximum tax credit available is 80% of the total payroll taxes of eligible employees per year, for up to 10 years. Participants are monitored for compliance during the incentive period by the Tax Incentive Review Council. As of December 31, 2018, the City had 11 businesses eligible for the program, with 1 active participating business claiming \$2,171 in aggregate tax credits. The MJCTC program impacts the City's General and Capital Improvement Funds.

Toledo Expansion Incentive Program

The purpose of the Toledo Expansion Incentive (TEI) Program is as an economic development tool authorized under City of Toledo Ordinance 487-07 and later revised under City of Toledo Ordinance 431-11 to provide significant incentives to attract and grow business in key Standard Industry Classification codes and site locations within the City. The program may be used in conjunction with other financing and incentive programs available through Federal, State and other local governments. A grant awarded in any one calendar year shall be based upon the amount of growth of an applicant's municipal income taxes actually received and retained by the City during the previous calendar year above specific expected revenue benchmarks as set forth in the TEI Agreement. Approved applicants can receive between 10% - 30% of the growth of yearly municipal income taxes actually paid to and retained by the City based upon the expected revenue benchmarks, up to ten years. An additional 10% grant can be awarded to an entity each year in which it spends at least 15% of its expenses on product research and development activities. Participants are monitored for compliance during the agreement period by the Department of Development. As of December 31, 2018, the City had 33 participants and paid \$605 in TEI awards. The TEI program impacts the City's General Fund.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the Governmental Activities for the year ended December 31, 2018, was as follows. Capital assets of the Governmental Activities at December 31, 2017 has been restated by (\$4,695) as described in Note 16. The restatement had the follow effect on the various Governmental Activities capital asset categories:

	Balance 12/31/2017	Adjustments	Restated Balance 1/1/2018
<i>Governmental Activities:</i>			
<i>Capital Assets not being Depreciated:</i>			
Land	\$ 29,168	\$ -	\$ 29,168
Construction in Progress	<u>166,007</u>	<u>340</u>	<u>166,347</u>
Total Capital Assets not being Depreciated	<u>195,175</u>	<u>340</u>	<u>195,515</u>
<i>Capital Assets being Depreciated:</i>			
Buildings	71,520	(1)	71,519
Furniture & Fixtures	7,128	(229)	6,899
Improvements	81,648	(574)	81,074
Infrastructure	743,910	(2,557)	741,353
Machinery & Equipment	<u>184,241</u>	<u>33</u>	<u>184,274</u>
Total Capital Assets being Depreciated	<u>1,088,447</u>	<u>(3,328)</u>	<u>1,085,119</u>
<i>Less: Accumulated Depreciation</i>			
Buildings	37,411	-	37,411
Furniture & Fixtures	6,752	(587)	6,165
Improvements	39,094	2,013	41,107
Infrastructure	526,867	(80)	526,787
Machinery & Equipment	<u>149,527</u>	<u>361</u>	<u>149,888</u>
Total Accumulated Depreciation	<u>759,651</u>	<u>1,707</u>	<u>761,358</u>
Total Capital Assets being Depreciated, net	<u>328,796</u>	<u>(5,035)</u>	<u>323,761</u>
Governmental Activities Capital Assets, net	<u>\$ 523,971</u>	<u>\$ (4,695)</u>	<u>\$ 519,276</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS (continued)

<i>Governmental Activities:</i>	Restated Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<i>Capital Assets not being Depreciated:</i>				
Land	\$ 29,168	\$ -	\$ (90)	\$ 29,078
Construction in Progress	166,347	36,740	(11,357)	191,730
Total Capital Assets not being Depreciated	<u>195,515</u>	<u>36,740</u>	<u>(11,447)</u>	<u>220,808</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	71,519	-	(520)	70,999
Furniture & Fixtures	6,899	-	(367)	6,532
Improvements	81,074	-	(210)	80,864
Infrastructure	741,353	2,479	(43)	743,789
Machinery & Equipment	184,274	14,967	(37,050)	162,191
Total Capital Assets being Depreciated	<u>1,085,119</u>	<u>17,446</u>	<u>(38,190)</u>	<u>1,064,375</u>
<i>Less: Accumulated Depreciation</i>				
Buildings	37,411	1,348	(201)	38,558
Furniture & Fixtures	6,165	311	(367)	6,109
Improvements	41,107	5,739	(132)	46,714
Infrastructure	526,787	20,648	(43)	547,392
Machinery & Equipment	149,888	4,010	(25,437)	128,461
Total Accumulated Depreciation	<u>761,358</u>	<u>32,056</u>	<u>(26,180)</u>	<u>767,234</u>
Total Capital Assets being Depreciated, net	<u>323,761</u>	<u>(14,610)</u>	<u>(12,010)</u>	<u>297,141</u>
Governmental Activities Capital Assets, net	<u>\$ 519,276</u>	<u>\$ 22,130</u>	<u>\$ (23,457)</u>	<u>\$ 517,949</u>

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

General Government	\$ 1,042
Public Service	19,950
Public Safety	2,737
Public Utility	5,404
Community Environment	406
Health	1,113
Parks and Recreation	1,404
Total Depreciation - Governmental Activities	<u>\$ 32,056</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, 2018, the Department owned approximately 88 parcels at an estimated historical cost of \$1,672. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS (continued)

Capital asset activity for the Business-Type Activities for the year ended December 31, 2018, was as follows. Capital assets of the Business-Type Activities at December 31, 2017 has been restated by (\$4,469) as described in Note 16. The restatement had the follow effect on the various Business-Type Activities capital asset categories:

	Balance		Restated
<i>Business-Type Activities:</i>	12/31/2017	Adjustment	Balance
	<u>12/31/2017</u>	<u>Adjustment</u>	<u>1/1/2018</u>
<i>Capital Assets not being Depreciated:</i>			
Land	\$ 6,351	\$ -	\$ 6,351
Construction in Progress	<u>449,173</u>	<u>(3,616)</u>	<u>445,557</u>
Total Capital Assets not being Depreciated	<u>455,524</u>	<u>(3,616)</u>	<u>451,908</u>
<i>Capital Assets being Depreciated:</i>			
Buildings	51,267	-	51,267
Furniture & Fixtures	1,993	-	1,993
Improvements	98,014	(1,199)	96,815
Infrastructure	856,073	(569)	855,504
Machinery & Equipment	<u>133,077</u>	<u>233</u>	<u>133,310</u>
Total Capital Assets being Depreciated	<u>1,140,424</u>	<u>(1,535)</u>	<u>1,138,889</u>
<i>Less: Accumulated Depreciation</i>			
Buildings	30,712	(2)	30,710
Furniture & Fixtures	1,790	(1)	1,789
Improvements	39,408	(464)	38,944
Infrastructure	364,546	314	364,860
Machinery & Equipment	<u>103,762</u>	<u>(529)</u>	<u>103,233</u>
Total Accumulated Depreciation	<u>540,218</u>	<u>(682)</u>	<u>539,536</u>
Total Capital Assets being Depreciated, net	<u>600,206</u>	<u>(853)</u>	<u>599,353</u>
Business-Type Activities Capital Assets, net	<u>\$ 1,055,730</u>	<u>\$ (4,469)</u>	<u>\$ 1,051,261</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS (continued)

	Restated Balance 1/1/2018	Additions	Deletions	Balance 12/31/2018
<i>Business-Type Activities:</i>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$ 6,351	\$ 300	\$ -	\$ 6,651
Construction in Progress	445,557	118,961	(8,272)	556,246
Total Capital Assets not being Depreciated	<u>451,908</u>	<u>119,261</u>	<u>(8,272)</u>	<u>562,897</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	51,267	-	(4,538)	46,729
Furniture & Fixtures	1,993	-	(1,093)	900
Improvements	96,815	1	(149)	96,667
Infrastructure	855,504	1,605	(274)	856,835
Machinery & Equipment	133,310	1,946	(25,712)	109,544
Total Capital Assets being Depreciated	<u>1,138,889</u>	<u>3,552</u>	<u>(31,766)</u>	<u>1,110,675</u>
<i>Less: Accumulated Depreciation</i>				
Buildings	30,710	993	(4,538)	27,165
Furniture & Fixtures	1,789	53	(1,067)	775
Improvements	38,944	3,256	(149)	42,051
Infrastructure	364,860	12,225	(114)	376,971
Machinery & Equipment	103,233	6,203	(25,461)	83,975
Total Accumulated Depreciation	<u>539,536</u>	<u>22,730</u>	<u>(31,329)</u>	<u>530,937</u>
Total Capital Assets being Depreciated, net	<u>599,353</u>	<u>(19,178)</u>	<u>(437)</u>	<u>579,738</u>
Business-Type Activities Capital Assets, net	<u>\$ 1,051,261</u>	<u>\$ 100,083</u>	<u>\$ (8,709)</u>	<u>\$ 1,142,635</u>

The City expensed \$4,750 of construction in progress items that were not considered capital assets.

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

Water	\$ 5,581
Sewer	15,999
Utility Administrative Services	14
NonMajor	1,136
Total Depreciation - Business-Type Activities	<u>\$ 22,730</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
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NOTE 8 – NOTES PAYABLE

The City's Notes Payable obligations at December 31, 2018 and a schedule of current year activity are as follows:

	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 1/1/2018	Increase	Decrease	Balance 12/31/2018	Amount Due In One Year
General Obligations:								
Capital Projects	2018	1.25-1.36	\$ 5,165	\$ 4,450	\$ 4,450	\$ (4,450)	\$ 4,450	\$ 4,450
Special Assessments	2018	1.25	1,385	1,275	1,385	(1,275)	1,385	1,385
Building	2018	1.375	3,250	3,250	-	(3,250)	-	-
Revenue Obligations:								
Assessed Services 2016	2018	2.03	19,300	19,300	-	(19,300)	-	-
Assessed Services 2017	2019	2.44-2.48	19,800	19,800	-	-	19,800	19,800
Assessed Services 2018	2020	3.35-3.51	20,400	-	20,400	-	20,400	-
				<u>\$ 48,075</u>	<u>\$ 26,235</u>	<u>\$ (28,275)</u>	<u>\$ 46,035</u>	<u>\$ 25,635</u>

The City carries notes for a building in the Facilities Operations fund; and for an industrial economic development project to finance site acquisition and preparation costs from the Capital Improvement fund. Notes in the Special Assessments – Capital Projects fund cover capital costs related to City services such as street lighting, street sweeping, snow removal, surface treatment of unimproved streets, leaf pick up and tree planting, and trimming and removal in the public right away. Costs of assessments are charged to property owners two years after incurred. Assessment notes finance the costs incurred over a two-year period.

In 2018, the City retired \$4,450 and reissued \$4,450 of Taxable Industrial Development Notes for the purpose of property acquisitions.

In 2018, the City retired \$1,275 and reissued \$1,385 of Special Assessment Notes for the purpose of supporting special assessment projects.

In 2018, the City retired \$3,250 of Building Acquisition Notes that matured in September of 2018.

In 2018, the City retired \$19,300 in Special Assessment Notes for City Services. These notes matured on June 1 and December 1 of 2018.

In 2018, the City issued \$19,800 in Special Assessment Notes for City Services. These notes mature on June 1 and December 1 of 2019.

In 2018, the City issued \$20,400 in Special Assessment Notes for City Services. These notes mature on June 1 and December 1 of 2020.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS

The City's Governmental Activities Long-Term Obligations at December 31, 2018 and a schedule of current year activity are as follows. Long-term obligations have been restated as described in Note 16.

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Restated Balance 1/1/2018	Increase	Decrease	Balance 12/31/2018	Amount Due In One Year
Government Activities:									
General Obligation Bonds:									
Capital Projects	Various	Various	1.50-6.08	\$ 180,860	\$ 119,033	\$ 3,145	\$ (10,780)	\$ 111,398	\$ 10,856
Unamortized Premiums	Various	Various	NA	9,945	8,703	230	(525)	8,408	-
Special Assessments	Various	Various	1.55-5.00	115	30	-	(15)	15	15
Total General Obligation Bonds				<u>190,920</u>	<u>127,766</u>	<u>3,375</u>	<u>(11,320)</u>	<u>119,821</u>	<u>10,871</u>
Non-Taxable Revenue Bonds:									
Southwyck Acquisition	2014	2019	3.45	<u>3,250</u>	<u>1,370</u>	<u>-</u>	<u>(675)</u>	<u>695</u>	<u>695</u>
Loans Outstanding:									
State Agencies:									
Ohio Public Works Commission									
Capital Projects	Various	Various	0.00	8,501	4,908	236	(617)	4,527	620
Ohio Water Dev Authority									
Capital Projects	Various	Various	4.02-4.12	9,843	2,160	-	(644)	1,516	671
ODOD Chapter 166									
Capital Projects	1998	2018	4.00	10,000	664	-	(664)	-	-
State Infrastructure Bank									
Marina District - Riverside	2010	2019	3.00	3,968	2,926	-	(400)	2,526	390
MLK Memorial Bridge	2009	2019	3.25	<u>901</u>	<u>186</u>	<u>-</u>	<u>(123)</u>	<u>63</u>	<u>63</u>
Total Loans from State Agencies				<u>33,213</u>	<u>10,844</u>	<u>236</u>	<u>(2,448)</u>	<u>8,632</u>	<u>1,744</u>
Federal Agencies:									
HUD 108									
Capital Projects	Various	Various	6.56-7.96	24,530	2,095	-	(2,095)	-	-
Other Loans:									
Capital Projects	Various	Various	0.00-6.55	<u>14,120</u>	<u>9,235</u>	<u>-</u>	<u>(485)</u>	<u>8,750</u>	<u>505</u>
Total Loans Outstanding				<u>71,863</u>	<u>22,174</u>	<u>236</u>	<u>(5,028)</u>	<u>17,382</u>	<u>2,249</u>
Capital Lease Obligations:									
Fire Rescue Squads	2014	2018	1.75	948	193	-	(193)	-	-
Fire Engines & Bucket Truck	2015	2019	1.75	3,600	1,452	-	(720)	732	732
Pumper Trucks	2015	2020	1.75	940	530	-	(189)	341	192
Pickup Trucks & Brine Facility	2015	2019	1.85	1,833	588	-	(372)	216	216
Single & Double Axle Trucks	2015	2021	1.85	4,997	2,525	-	(711)	1,814	728
Forestry Equipment	2015	2020	1.85	1,324	797	-	(260)	537	266
Police Vehicles	2017	2019	1.74	<u>2,200</u>	<u>1,458</u>	<u>-</u>	<u>(723)</u>	<u>735</u>	<u>735</u>
Total Capital Lease Obligations				<u>15,842</u>	<u>7,543</u>	<u>-</u>	<u>(3,168)</u>	<u>4,375</u>	<u>2,869</u>
Other Obligations:									
Landfill Closure					14,163	609	-	14,772	-
Compensated Absences					30,079	680	(602)	30,157	211
Net Pension Liability:									
OPERS					78,337	-	(26,935)	51,402	-
OP&F					249,230	-	(8,809)	240,421	-
Net OPEB:									
OPERS					34,742	765	-	35,507	-
OP&F					<u>186,779</u>	<u>35,169</u>	<u>-</u>	<u>221,948</u>	<u>-</u>
Total Other Obligations					<u>593,330</u>	<u>37,223</u>	<u>(36,346)</u>	<u>594,207</u>	<u>211</u>
Total Governmental Activities					<u>\$ 752,183</u>	<u>\$ 40,834</u>	<u>\$ (56,537)</u>	<u>\$ 736,480</u>	<u>\$ 16,895</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

Internal service funds predominately serve the governmental funds. The long-term liabilities for all the internal service fund compensated absences, capital lease obligations, and notes payable are included in the totals for the governmental activities.

The following is a schedule of Future Principal and Interest Payments to retire the Long-Term Obligations Outstanding and Notes Payable at December 31, 2018 for the City’s Governmental Activities:

Year	General Obligation Bonds			Non-Taxable Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 10,871	\$ 4,779	\$ 15,650	\$ 695	\$ 24	\$ 719
2020	10,931	4,263	15,194	-	-	-
2021	11,346	3,778	15,124	-	-	-
2022	11,686	3,288	14,974	-	-	-
2023	11,400	2,812	14,212	-	-	-
2024-2028	39,445	7,859	47,304	-	-	-
2029-2033	15,734	1,425	17,159	-	-	-
	<u>\$ 111,413</u>	<u>\$ 28,204</u>	<u>\$ 139,617</u>	<u>\$ 695</u>	<u>\$ 24</u>	<u>\$ 719</u>

Year	State Agency Loans ⁽¹⁾			Federal Agency and Other Loans ⁽²⁾		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,744	\$ 124	\$ 1,868	\$ 505	\$ 467	\$ 972
2020	1,666	81	1,747	530	441	971
2021	1,030	52	1,082	560	414	974
2022	887	36	923	585	386	971
2023	900	24	924	615	355	970
2024-2028	1,976	10	1,986	3,010	1,256	4,266
2029-2033	185	-	185	2,295	388	2,683
2034-2038	87	-	87	-	-	-
	<u>\$ 8,475</u>	<u>\$ 327</u>	<u>\$ 8,802</u>	<u>\$ 8,100</u>	<u>\$ 3,707</u>	<u>\$ 11,807</u>

⁽¹⁾ The amortization schedules of future debt service payments were not available for OPWC loans CL30U, CL07U, and CL05U, therefore they are not included in the schedule above. The total of these loans was \$157 at December 31, 2018.

⁽²⁾ The schedule of Future Principal and Interest Payments for the Federal Agency and Other Loans excludes a \$650,000 JobsOhio Capital Projects Loan as this loan has deferred payments for five years and is subject to potential forgiveness. This loan is further described in this footnote.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

The City's Business-Type Activities Long-Term Obligations at December 31, 2018 and a schedule of current year activity are as follows. Long-term obligations have been restated as described in Note 16.

Business-Type Activities	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Restated Balance 1/1/2018	Increase	Decrease	Balance 12/31/2018	Amount Due In One Year
General Obligation Bonds:									
Tow Lot	2015	2024	4.00-5.00	\$ 1,305	\$ 1,060	\$ -	\$ (150)	\$ 910	\$ 150
Property Management Premium	Various	Various	2.00-7.00	13,765	9,970	-	(805)	9,165	850
	Various	Various	-	4,196	8	-	(1)	7	1
Total General Obligation Bonds					<u>11,038</u>	<u>-</u>	<u>(956)</u>	<u>10,082</u>	<u>1,001</u>
Revenue Obligation Bonds:									
Water System	Various	Various	1.25-6.20	331,040	308,940	800	(8,605)	301,135	9,127
Water System Premium	Various	Various	1.25-6.20	39,488	33,613	-	(1,091)	32,522	1,140
Sanitary Sewer System	Various	Various	2.00-6.45	29,200	10,830	-	(830)	10,000	865
Sanitary Sewer System Premium	Various	Various	-	1,541	752	-	(59)	693	59
Total Revenue Obligation Bonds					<u>354,135</u>	<u>800</u>	<u>(10,585)</u>	<u>344,350</u>	<u>11,191</u>
Loans Outstanding:									
State Agencies:									
Ohio Public Works Commission									
Water System	Various	Various	0.00	2,526	1,829	-	(132)	1,697	132
Sanitary Sewer System	Various	Various	0.00	9,773	7,561	1,778	(494)	8,845	538
Storm Water System	Various	Various	0.00	2,280	1,213	-	(119)	1,094	119
Ohio Water Dev Authority									
Water System	Various	Various	3.25	44,273	35,943	596	(1,923)	34,616	1,927
Sanitary Sewer System	Various	Various	2.38-4.80	635,024	383,347	46,615	(19,030)	410,932	22,601
Storm Water System	Various	Various	2.25-3.34	1,727	1,598	43	(58)	1,583	66
Total State Agency Loans					<u>431,491</u>	<u>49,032</u>	<u>(21,756)</u>	<u>458,767</u>	<u>25,383</u>
Capital Lease Obligations:									
Norfolk Southern	2016	2035	2.50	2,967	2,757	-	(64)	2,693	67
Other Obligations:									
Compensated Absences					4,942	236	(104)	5,074	12
Net Pension Liability:									
OPERS					44,970	-	(12,724)	32,246	-
Net OPEB Liability:									
OPERS					19,944	2,332	-	22,276	-
Total Other Obligations					<u>69,856</u>	<u>2,568</u>	<u>(12,828)</u>	<u>59,596</u>	<u>12</u>
Total Business-Type Activities					<u>\$ 869,277</u>	<u>\$ 52,400</u>	<u>\$ (46,189)</u>	<u>\$ 875,488</u>	<u>\$ 37,654</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – 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, 2018 for the City's Business-Type Activities:

Year	General Obligation Bonds			Revenue Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 1,000	\$ 473	\$ 1,473	\$ 9,992	\$ 15,157	\$ 25,149
2020	1,090	429	1,519	10,421	14,487	24,908
2021	950	381	1,331	10,960	14,047	25,007
2022	775	339	1,114	11,449	13,515	24,964
2023	1,210	305	1,515	11,969	12,955	24,924
2024-2028	5,050	709	5,759	66,295	56,017	122,312
2029-2033	-	-	-	78,340	39,139	117,479
2034-2038	-	-	-	99,110	18,364	117,474
2039-2044	-	-	-	12,599	1,280	13,879
	<u>\$ 10,075</u>	<u>\$ 2,636</u>	<u>\$ 12,711</u>	<u>\$ 311,135</u>	<u>\$ 184,961</u>	<u>\$ 496,096</u>

Year	State Agency Loans ⁽¹⁾		
	Principal	Interest	Total
2019	\$ 25,383	\$ 11,046	\$ 36,429
2020	27,038	10,677	37,715
2021	28,695	10,553	39,248
2022	28,945	9,834	38,779
2023	29,373	9,046	38,419
2024-2028	143,101	32,980	176,081
2029-2033	101,299	16,541	117,840
2034-2038	63,987	4,974	68,961
2039-2044	8,421	223	8,644
	<u>\$ 456,242</u>	<u>\$ 105,874</u>	<u>\$ 562,116</u>

⁽¹⁾ The amortization schedules of future debt service payments were not available for OPWC loans CL03U and CL02T and for OWDA loan 7784, therefore they are not included in the schedule above. The total of these loans was \$2,525 at December 31, 2018.

New Bond and Loans Issuances

During 2018, the City issued the following bonds and loans supporting Governmental Activities:

\$3,145 of General Obligation Bonds for the purpose of funding the acquisition of a building for the City's fleet and facility operations. The bonds are reported in the Facilities Operations internal service fund.

\$236 in Ohio Public Works Commission (OPWC) loans. The City issued six OPWC loans during 2018 supporting Governmental Activities. The loans supported the following road improvement projects: Canton Street from Cherry to Jackson Boulevard, Eastgate Road and Key Street, Central Avenue from Upton Avenue to Cherry Street, Anthony Wayne Trail South to Glendale, Michigan Street and Spiellbusch Avenue – Madison to Cherry, and Erie Street from Lafayette to Cherry.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

New Bond and Loans Issuances (continued)

During 2018, the City issued the following loans supporting Business-Type Activities:

\$800 in Water revenue bonds were issued for continued improvements at the Collins Park Water Treatment plant. This issuance was an advance of \$30,000 in aggregate bond proceeds. The City expects to spend this amount on capital improvements at the Collins Park Water Treatment plant through 2022; however, the principal amount due on the bonds will be only the amounts that are advanced.

\$1,778 in OPWC loans for sewer projects. The City issued four OPWC loans during 2018 supporting Business-Type Activities. Of this total \$282 was for Arlington & Heatherdowns Area SSO Elimination, \$6 supported sewer operations primarily related to Ottawa River south Storage Basin, \$640 was for Swan Creek North sewer separation, and \$850 was for International Park CSO storage pipeline.

\$596 in Ohio Water Development Authority (OWDA) loans. The City issued 14 OWDA loans during 2018 supporting Business-Type Activities. The primary loans supported s

\$46,615 in Ohio Water Development Authority (OWDA) loans. The City issued 14 OWDA loans during 2018 supporting sewer operations. The primary loans supported sewer improvements and consisted of the Downtown Storage Basin, E3 International Park Storage Pipeline, and LTCP 2C design.

\$596 in OWDA loans for water operations. The City issued one loan during 2018 to provide financing for ozone treatment facilities.

\$43 in OWDA loans for storm sewer operations. The City issued one loan during 2018 to provide financing for a sewer lining project.

Defeased Debt

During 2018, the City in-substance defeased \$3,250 of general obligation bonds previously issued for the purchase of the LaSalle property. The City sold the property and used the proceeds to establish an escrow account to make future debt service requirements on the debt. On November 22, 2017 the City authorized an escrow agreement with The Bank New York Mellon Trust Company, N.A. to serve as the trustee of funds that are irrevocably committed to pay for debt service related to the LaSalle property bonds. The payment to the trustee was made from the Facility Operations internal service fund. As of December 31, 2018, the balance of the trust account was \$3,001. Since the bonds are in-substance defeased, neither the refunded bonds or the escrow account are reported on the financial statements.

General Obligation Bonds

General obligation bonds are general obligations of the City for which the full faith and credit of the City is pledged for repayment.

Special Assessment Bonds

Special assessments bonds were issued to provide various improvements throughout the City. The bonds will be repaid by tax assessments against the property owner whose benefits from the improvements exceed that of the general public. The bonds are secured by the full faith and credit of the City. In the event that an assessed property owner fails to make payments, the City will be required to pay the related debt.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

Revenue Obligations Bonds

Revenue bonds are supported by pledged future revenues, net of specified operating expenses. Revenue bonds do not represent a general obligation debt or a pledge of the full faith and credit or taxing power of the City. The City has issued revenue bonds to support Water and Sewer operations. The 2018 principal and interest payments on the Water revenue bonds required 61.8% of net revenues. Principal and interest paid for the current year and total net revenues were \$23,433 and \$37,917, respectively. The 2018 principal and interest payments on the Sewer revenue bonds required 2.9% of net revenues. Principal and interest paid for the current year and total net revenues were \$1,303 and \$45,566, respectively.

Ohio Public Works Commission

Ohio Public Works Commission (OWPC) 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. All OPWC loans are interest free.

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, 2018 was \$448,647. Of this amount, \$34,616 is obligations incurred to help finance the water distribution system and are to be repaid from charges from water services. Of this amount, \$410,932 is obligations incurred to help finance the sanitary sewage facilities and are to be repaid from charges from sanitary sewer services; \$1,583 is obligations incurred to help finance storm sewer and bio-swale services. The remaining amount of \$1,516 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.

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 \$3,968 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 \$2,589 as of December 31, 2018.

JobsOhio Capital Projects Loan

In 2015, the City entered into a loan agreement with JobsOhio for \$650,000 for a term of 15 years at 1% interest ("the loan"). The loan includes deferral of all interest and principal payments for five years. If, by December 31, 2019 Fiat Chrysler Automobiles retains 4,110 existing jobs and \$282 million in payroll while also maintaining and expanding the Wrangler production facility in Toledo, the loan will be forgiven and all obligation of the City for repayment will be released.

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 38 years.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

Landfill Closure and Post-Closure Care Costs (continued)

The \$14,772 reported as landfill closure and post-closure care liability at December 31, 2018 represents the cumulative amount reported to date based on the use of 63.4% of the used capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$8,527 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 2018 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.

Pollution Remediation, Water and Sewer Infrastructure Liabilities

Toledo Waterways Initiative

Upon citizen approval in 2002, the City of Toledo launched the Toledo Waterways Initiative (TWI) to eliminate the majority of these overflows and reduce water pollution. TWI will reduce contaminants in the City's rivers, streams and Lake Erie by building several types of structures to hold, separate or divert storm and waste water during periods of heavy rain and funneling this water for treatment before being returned to the waterways.

For the TWI, as of December 2018, the project is 94% complete and \$497,617 has been spent. All construction is required to be complete by August 31, 2020 per the Consent Decree. The projected total TWI program cost is \$527,000. Outstanding obligations related to this project are disclosed in the City's debt schedules

Collins Park Water Treatment Capital Improvements

The City of Toledo is currently implementing a \$500,000 program of water system improvements that began in 2012 and will continue through 2023. The program is based on an Ohio EPA approved General Plan having the following objectives: a) improve treated water quality and provide redundant treatment capacity; b) replace, upgrade, and modernize existing infrastructure; and c) install short and long term Harmful Algae Bloom treatment barriers. Future projects include renovation and refurbishment of the existing solids dewatering facilities (2019); construction of new ozone treatment improvements (2020); upgrades to the existing treatment basins 5 and 6 (2021); rebuild of the existing filters and renovation of equipment and valves in the plant piping galleries (2022); and upgrades to the existing treatment basins 1 through 4 (2023).

As of May 2019, \$406,173 of financing has been secured for the water system improvements, comprised of municipal revenue bond issuances in 2012, 2013, 2016 and 2018; Ohio Water Development Authority (OWDA) loans in 2014 and 2019; and Ohio EPA Water Supply Revolving Loan Application (WSRLA) loans in 2015 and 2018. Current water rates are sufficient to retire the existing water system debt. Outstanding obligations related to this project are disclosed in the City's debt schedules.

To fund future improvements, the City plans to secure \$101,500 of WSRLA and OWDA loans in 2019; and plans to issue \$60,000 of revenue bonds in 2020 to complete the program. The City will reassess the existing rate structure annually and anticipates future rate adjustments in 2019 through 2022 to retire existing and new water system debt.

Compensated absences

Compensated absences will be paid from the fund from which the employees' salaries are paid. In 2018, compensated absences in the Governmental Activities were liquidated at a rate of approximately 85.6 percent from the general fund, 11.3 percent from other governmental funds, and 3.1 percent from the internal service funds. Compensated absences in the Business-Type Activities were liquidated primarily from the Water and Sewer Enterprise Funds.

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 9 – LONG-TERM OBLIGATIONS (continued)

Net Pension Liability and Net OPEB Liability

The City pays obligations related to employee compensation from the fund benefitting from their service. See Notes 13 and 14 for further information.

NOTE 10 – LEASES AND OTHER COMMITMENTS

Operating Leases

In 1983, the City entered into a non-cancelable long-term lease with the Ohio Department of Administrative Services (the State) for space it occupies at 640 Jackson Street, Toledo Ohio in One Government Center for its administrative operations. The 30-year lease expired on August 1, 2013, and the City and State operated under a month-to-month agreement until a new 5-year lease was signed for the period July 1, 2016 to June 30, 2021. In 2018, the State of Ohio Department of Administrative Services reached an agreement to convey One Government Center to the Toledo-Lucas County Port Authority and the City entered into an amendment to the current lease as requested by the Toledo-Lucas County Port Authority. The amendment has an initial term of ten years commencing on January 1, 2019 and expiring on December 31, 2028. The amendment contains an option for the City to renew the lease for two successive and continuous terms of five years each. During 2018, the City made rental payments totaling \$1,486. The City also leases various facilities and equipment under various operating leases whose expense totaled \$1,313 in 2018.

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 2014, the City entered into a tax-exempt lease purchase with PNC Equipment Finance for the lease of two heavy rescue squads. 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 \$948 less accumulated depreciation of \$419.

In 2015, the City entered into a tax-exempt lease purchase with PNC Equipment Finance, LLC for the lease of six fire pumper apparatus and one aerial bucket fire apparatus. 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 statement at \$3,600 less accumulated depreciation of \$1,034.

In 2015, the City entered into a tax-exempt lease purchase with PNC Equipment Finance, LLC for the lease of two fire pumper apparatus. 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 statement at \$940, less accumulated depreciation of \$234.

In 2015, the City entered into a tax-exempt lease purchase with PNC Equipment Finance, LLC for the lease of twenty-one 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 statement at \$4,997, less accumulated depreciation of \$941.

In 2015, the City entered into a tax-exempt lease purchase with PNC Equipment Finance, LLC for the lease of eight trucks and a brine facility. 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 statement at \$1,833, less accumulated depreciation of \$70.

In 2015, the City entered into a tax-exempt lease purchase with PNC Equipment Finance, LLC for the lease forestry equipment. 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 \$1,324, less accumulated depreciation of \$790.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
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NOTE 10 – LEASES AND OTHER COMMITMENTS (continued)

Capital Leases (continued)

In 2016, the City entered into a lease purchase with Norfolk Southern Railway for the lease of land as part of Toledo Waterways Initiative. The 20-year lease is classified as a capital lease and has been included in the capital assets as land in the government wide financial statements at \$2,967.

In 2017, the City entered into a tax-exempt lease purchase with Key Government Finance for the lease-purchase of 43 police 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 \$2,200, less accumulated depreciation of \$1,484.

Future minimum lease payments on these capital leases together with the present value of the net minimum lease payments as of December 31, 2018 are as follows:

<u>Year</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
2019	\$ 2,959	\$ 135	\$ 3,094
2020	1,199	138	1,337
2021	348	141	489
2022	-	144	144
2023	-	146	146
2024-2028	-	777	777
2029-2033	-	858	858
2034-2038	-	1,182	1,182
Total Minimum Lease Payments	4,506	3,521	8,027
Less: Amount Representing Interest	(131)	(828)	(959)
Present Value of Future Minimum Lease Payments	<u>\$ 4,375</u>	<u>\$ 2,693</u>	<u>\$ 7,068</u>

Other Commitments

Energy Special Improvement District

The City of Toledo and the Toledo-Lucas County Port Authority (Port Authority) have partnered to create an Energy Special Improvement District (District). A non-profit corporation, known as the Toledo Ohio Advanced Energy Improvement Corporation (Corporation), with representatives of the City and the Port Authority, governs the District. The City, the Port Authority and the Corporation entered into an Energy Services Agreement which sets forth a process by which the parties will cooperate with one another to provide certain special energy improvement projects, including energy efficiency improvements to City buildings and facilities. As part of the agreement the City has begun a special assessment process whereby the City is assessed on a semi-annual basis beginning in calendar year 2014.

The initial funding for those energy efficiency improvements is provided by bonds issued by the Port Authority in the approximate amount of \$5,349. Those funds will be loaned to the Corporation for purpose of paying the contractors doing the work and paying the other costs of the various improvements.

The legislation creating the Energy Services Agreement and its amendment commit the City to completing the special assessment process through the passage of an Assessing Ordinance when various energy efficiency improvements are completed and final costs are known. The initial budget for 2018 requires an assessment of \$571.

City of Toledo, Ohio
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NOTE 10 – LEASES AND OTHER COMMITMENTS (continued)

Other Commitments (continued)

Encumbrances

Outstanding 2018 encumbrances will be funded with 2018 budgetary resources. Outstanding encumbrances for the Year Ended December 31, 2018 were as follows:

<i>Governmental Funds:</i>	
General	\$ 276
Capital Improvements	12,693
Special Assessments Services	4,953
Nonmajor Governmental	<u>24</u>
Total Governmental Funds	<u>17,946</u>
 <i>Enterprise Funds:</i>	
Water	129,635
Sewer	29,532
Utility Administrative Services	552
Nonmajor Enterprise	<u>1,763</u>
Total Enterprise Funds	<u>161,482</u>
 <i>Internal Service Funds</i>	 <u>6</u>
Total	 <u>\$ 179,434</u>

NOTE 11 – INTERFUND ACTIVITY

For the City’s governmental funds and internal service funds, interfund balances are a result of the City holding all governmental activities “Cash and cash equivalents with Treasurer” within the Treasury Fund, which is reported as part of the General Fund under Governmental Accounting Standards Board Statement No. 54. Since the Treasury Fund records all cash transactions, amounts paid by the Treasury Fund result in an interfund payable within other governmental funds. Likewise, amounts received into the Treasury Fund result in an interfund receivable within other governmental funds.

For the City’s enterprise funds, interfund balances result from amounts due to/from the utility administrative fund. All utility revenues are deposited into the utility administrative services fund and all enterprise expenses are paid out of this fund’s bank account. Amounts are allocated monthly to the City’s other enterprise bank accounts. However, the timing delay between revenue and expense transactions and their respective allocation result in interfund balances.

City of Toledo, Ohio
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NOTE 11 – INTERFUND ACTIVITY (continued)

The amounts on the following page represent the net balance of interfund receivables and payable for each fund within the City as of December 31, 2018.

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<i>Governmental Funds:</i>		
General	\$ -	\$ 53,005
Capital Improvements	39,408	-
Special Assessments Services	-	21,204
Nonmajor Governmental	<u>37,277</u>	<u>20,447</u>
Total Governmental Funds	<u>76,685</u>	<u>94,656</u>
<i>Enterprise Funds:</i>		
Water	-	27,654
Sewer	15,916	-
Utility Administrative Services	10,129	-
Nonmajor Enterprise	<u>392</u>	<u>1,427</u>
Total Enterprise Funds	<u>26,437</u>	<u>29,081</u>
<i>Internal Service Funds</i>	<u>22,638</u>	<u>2,023</u>
Total	<u>\$ 125,760</u>	<u>\$ 125,760</u>

Interfund transfers for the Year Ended December 31, 2018, consisted of the following, as reported on the Fund Statements:

Transfers Out	Transfers In							
	General Fund	Capital Improvements	Nonmajor Governmental Funds	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds	Total
<i>Governmental Funds:</i>								
General	\$ -	\$ 40,228	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 40,228
Capital Improvements	-	-	15,642	-	-	-	1,263	16,905
Nonmajor Governmental	<u>-</u>	<u>482</u>	<u>591</u>	<u>233</u>	<u>50</u>	<u>-</u>	<u>-</u>	<u>1,356</u>
Total Governmental Funds	<u>-</u>	<u>40,710</u>	<u>16,233</u>	<u>233</u>	<u>50</u>	<u>-</u>	<u>1,263</u>	<u>58,489</u>
<i>Enterprise Funds:</i>								
Water	-	78	75	-	-	5	-	158
Sewer	-	-	75	-	-	5	-	80
Nonmajor Enterprise Funds	<u>1,288</u>	<u>-</u>	<u>75</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,363</u>
Total Enterprise Funds	<u>1,288</u>	<u>78</u>	<u>225</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>-</u>	<u>1,601</u>
Total	<u>\$ 1,288</u>	<u>\$ 40,788</u>	<u>\$ 16,458</u>	<u>\$ 233</u>	<u>\$ 50</u>	<u>\$ 10</u>	<u>\$ 1,263</u>	<u>\$ 60,090</u>

In 2018, the General Fund transferred \$40,228 into the Capital Improvement Fund. This amount represents 2018 income tax collection amounts required and authorized by Toledo Municipal Code, Toledo City Council, and the Mayor.

City of Toledo, Ohio
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NOTE 12 – FUND BALANCE

A summary of Fund Balances as of December 31, 2018 by category is as follows:

	General	Capital Improvements	Special Assessments Services	Nonmajor Governmental	Total
<i>Nonspendable:</i>					
Prepaid Items	\$ -	\$ 26	\$ -	\$ -	\$ 26
Inventory	1,632	1,037	3,453	1,020	7,142
Cemetery Perpetual Care	-	-	-	662	662
Total Nonspendable	<u>1,632</u>	<u>1,063</u>	<u>3,453</u>	<u>1,682</u>	<u>7,830</u>
<i>Restricted for:</i>					
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 34	\$ 34
Landfill Activities	3,748	-	-	-	3,748
Capital Improvements	-	41,541	-	-	41,541
Grant Programs	-	-	-	14,704	14,704
Street Projects	-	-	-	4,706	4,706
Special Assessments	-	-	712	-	712
Various Trust Purposes	-	-	-	11,006	11,006
Westfield Muni Public Improvement TIF	-	-	-	12,754	12,754
Right of Way Activities	-	-	-	26	26
Debt Service	-	-	-	205	205
Total Restricted	<u>3,748</u>	<u>41,541</u>	<u>712</u>	<u>43,435</u>	<u>89,436</u>
<i>Committed to:</i>					
Budget Stabilization	\$ 16,676	\$ -	\$ -	\$ -	\$ 16,676
Cemetery Activities	-	-	-	572	572
General Obligation Debt	-	-	-	93	93
Facilities Maintenance	-	-	-	923	923
Various Trust Purposes	-	-	-	38	38
Parks and Recreation	-	-	-	99	99
Total Committed	<u>16,676</u>	<u>-</u>	<u>-</u>	<u>1,725</u>	<u>18,401</u>
Unassigned (deficit)	<u>18,432</u>	<u>-</u>	<u>(61,618)</u>	<u>(19,461)</u>	<u>(62,647)</u>
Total Fund Balances	<u>\$ 40,488</u>	<u>\$ 42,604</u>	<u>\$ (57,453)</u>	<u>\$ 27,381</u>	<u>\$ 53,020</u>

The City maintains monies that are committed by City Council for Budget Stabilization to cover unexpected revenue shortfalls and/or expenditure increases. The City did not utilize moneys in these monies in 2018. Consistent with its policy of adding to the Budget Stabilization set forth in an ordinance passed by City Council in 1998, the City intends to restore and then increase the committed amount for Budget Stabilization 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. Withdrawals are permitted only when income tax revenues for any calendar year will represent an annual growth rate which is 1.5% or more below the average annual growth rate over an economic cycle. In 2018, the amount committed for Budget Stabilization increased \$7,196 in the General Fund.

City of Toledo, Ohio
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NOTE 13 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 68 assumes any net pension liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan’s board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan’s unfunded benefits or overfunded benefits is presented as a long-term net pension liability on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in due to other governments on both the accrual and modified accrual basis of accounting.

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - City employees, other than full-time police and firefighters, participate in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan and the Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g., City employees) may elect the Member-Directed Plan and the Combined Plan, substantially all employee members are in OPERS’ Traditional Pension Plan; therefore, the following disclosures focus on the Traditional Plan.

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

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

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

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

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3.00% simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3.00%.

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

	<u>State and Local</u>
2018 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2018 Actual Contribution Rates	
Employer:	
Pension	14.0 %
Post-employment Health Care Benefits	<u>0.0 %</u>
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The City's contractually required contribution for the Traditional Pension Plan was \$10,250 for 2018. Of this amount, \$469 is reported as due to other governments.

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

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

Upon attaining a qualifying age with sufficient years of service, a member of OP&F may retire and receive a lifetime monthly pension. OP&F offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member's average annual salary. The following discussion of the pension formula relates to normal service retirement.

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

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.50% for each of the first 20 years of service credit, 2.00% for each of the next five years of service credit and 1.50% for each year of service credit in excess of 25 years. The maximum pension of 72.00% of the allowable average annual salary is paid after 33 years of service credit.

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

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, will receive a COLA equal to either three percent or the percent increase, if any, in the consumer price index (CPI) over the 12-month period ending on September 30 of the immediately preceding year, whichever is less. The COLA amount for members with at least 15 years of service credit as of July 1, 2013 is equal to three percent of their base pension or disability benefit.

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

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

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

	<u>Police</u>	<u>Firefighters</u>
2018 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
2018 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	<u>0.50 %</u>	<u>0.50 %</u>
Total Employer	<u>19.50 %</u>	<u>24.00 %</u>
Employee	12.25 %	12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The City's contractually required contribution to OP&F was \$18,661 for 2018. Of this amount, \$849 is reported as due to other governments.

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

The net pension liability for the OPERS Traditional Pension Plan, was measured as of December 31, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. OP&F's total pension liability was measured as of December 31, 2017, and was determined by rolling forward the total pension liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities.

Following is information related to the proportionate share and pension expense:

	<u>OPERS - Traditional</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net pension liability prior measurement date	0.54300400%	3.93485500%	
Proportion of the net pension liability current measurement date	<u>0.53319300%</u>	<u>3.91728000%</u>	
Change in proportionate share	<u>-0.00981100%</u>	<u>-0.01757500%</u>	
Proportionate share of the net pension liability	\$ 83,648	\$ 240,421	\$ 324,069
Pension expense	15,808	26,870	42,678

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Net Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 85	\$ 3,649	\$ 3,734
Changes of assumptions	9,998	10,476	20,474
Changes in employer's proportionate percentage/difference between employer contributions and proportionate share of contributions	1,785	4,372	6,157
City contributions subsequent to the measurement date	10,250	18,661	28,911
Total deferred outflows of resources	<u>\$ 22,118</u>	<u>\$ 37,158</u>	<u>\$ 59,276</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ 1,648	\$ 435	\$ 2,083
Net difference between projected and actual earnings on pension plan investments	17,959	8,317	26,276
Changes in employer's proportionate percentage/difference between employer contributions and proportionate share of contributions	4,557	13,142	17,699
Total deferred inflows of resources	<u>\$ 24,164</u>	<u>\$ 21,894</u>	<u>\$ 46,058</u>

\$28,911 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/asset in the year ending December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	\$ 5,366	\$ 4,261	\$ 9,627
2020	(2,376)	2,074	(302)
2021	(7,908)	(6,540)	(14,448)
2022	(7,378)	(6,017)	(13,395)
2023	-	2,221	2,221
Thereafter	-	604	604
Total	<u>\$ (12,296)</u>	<u>\$ (3,397)</u>	<u>\$ (15,693)</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation. The total pension liability was determined by an actuarial valuation as of December 31, 2017, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 67.

Wage inflation	3.25%
Future salary increases, including inflation COLA or ad hoc COLA	3.25% to 10.75% including wage inflation Pre 1/7/2013 retirees: 3.00%, simple Post 1/7/2013 retirees: 3.00%, simple through 2018, then 2.15% simple
Investment rate of return	7.50%
Actuarial cost method	Individual entry age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year for both healthy and disabled retiree mortality tables are determined by applying the MP-2015 mortality improvement scale to the above described tables.

The most recent experience study was completed for the five-year period ended December 31, 2015.

The long-term rate of return on defined benefit investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio, and the Defined Contribution portfolio. The Defined Benefit portfolio contains the investment assets for the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. Within the Defined Benefit portfolio, contributions into the plans are all recorded at the same time, and benefit payments all occur on the first of the month. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Defined Benefit portfolio was 16.82% for 2017.

The allocation of investment assets with the Defined Benefit portfolio is approved by the OPERS Board of Trustees as outlined in the annual investment plan. Plan assets are managed on a total return basis with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the defined benefit pension plans.

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – OPERS (continued)

The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)</u>
Fixed income	23.00 %	2.20 %
Domestic equities	19.00	6.37
Real estate	10.00	5.26
Private equity	10.00	8.97
International equities	20.00	7.88
Other investments	18.00	5.26
Total	<u>100.00 %</u>	<u>5.66 %</u>

Discount Rate - The discount rate used to measure the total pension liability/asset was 7.50%, post-experience study results, for the Traditional Pension Plan, the Combined Plan and Member-Directed Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefits payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Traditional Pension Plan, Combined Plan and Member-Directed Plan was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following table presents the City's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.50%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.50%) or one-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Current Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
City's proportionate share of the net pension liability:			
Traditional Pension Plan	\$ 148,537	\$ 83,648	\$ 29,550

Actuarial Assumptions – OP&F

OP&F's total pension liability as of December 31, 2017 is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total pension liability is determined by OP&F's actuaries in accordance with GASB Statement No. 67, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – OP&F (continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2017, are presented below. The following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the investment rate of return from 8.25% to 8.00%, (b) projected salary increases decreased from 4.25% - 11.00% to 3.75% - 10.50%, (c) payroll increases decreased from 3.75% to 3.25%, (d) inflation assumptions decreased from 3.25% to 2.75% and (e) Cost of Living Adjustments (COLAs) decreased from 2.60% to 2.20%.

Valuation date	January 1, 2017
Actuarial cost method	Entry age normal
Investment rate of return	8.00%
Projected salary increases	3.75% - 10.50%
Payroll increases	3.25%
Inflation assumptions	2.75%
Cost of living adjustments	2.20% and 3.00% simple

Rates of death are based on the RP2000 Combined Table, age-adjusted as follows. For active members, set back six years. For disability retirements, set forward five years for police and three years for firefighters. For service retirements, set back zero years for police and two years for firefighters. For beneficiaries, set back zero years. The rates are applied on a fully generational basis, with a base year of 2009, using mortality improvement Scale AA.

The most recent experience study was completed for the five-year period ended December 31, 2016. The recommended assumption changes based on this experience study were adopted by OPF's Board and were effective beginning with the January 1, 2017 actuarial valuation.

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

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NOTE 13 - DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions – OP&F (continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017 are summarized below:

Asset Class	Target Allocation	10 Year Expected Real Rate of Return **	30 Year Expected Real Rate of Return **
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.22 %	5.39 %
Non-US Equity	16.00	4.41	5.59
Private Markets	8.00	6.67	8.08
Core Fixed Income *	23.00	1.57	2.71
High Yield Fixed Income	7.00	2.94	4.71
Private Credit	5.00	6.93	7.26
Global Inflation			
Protected Securities *	17.00	0.98	2.52
Master Limited Partnerships	8.00	7.50	7.93
Real Assets	8.00	6.88	7.24
Private Real Estate	12.00	5.58	6.34
Total	<u>120.00 %</u>		

Note: assumptions are geometric.

* levered 2x

** numbers include inflation

OP&F's Board of Trustees has incorporated the risk parity concept into OP&F's asset liability valuation with the goal of reducing equity risk exposure, which reduces overall Total Portfolio risk without sacrificing return and creating a more risk-balanced portfolio based on the relationship between asset classes and economic environments. From the notional portfolio perspective above, the Total Portfolio may be levered up to 1.20 times due to the application of leverage in certain fixed income asset classes.

Discount Rate - The total pension liability was calculated using the discount rate of 8.00%. A discount rate of 8.25% was used in the prior measurement period. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the longer-term assumed investment rate of return 8.00%. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, a long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 8.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%), or one percentage point higher (9.00%) than the current rate.

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
City's proportionate share of the net pension liability	\$ 333,287	\$ 240,421	\$ 164,681

City of Toledo, Ohio
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS

Net Other Postemployment Benefits (OPEB) Liability

The net OPEB liability reported on the statement of net position represents a liability to employees for OPEB. OPEB is a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. OPEB are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for OPEB is a present obligation because it was created as a result of employment exchanges that already have occurred.

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

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

GASB 75 assumes the liability is solely the obligation of the employer, because they benefit from employee services. OPEB contributions come from these employers and health care plan enrollees which pay a portion of the health care costs in the form of a monthly premium. The Ohio revised Code permits, but does not require the retirement systems to provide healthcare to eligible benefit recipients. Any change to benefits or funding could significantly affect the net OPEB liability. Resulting adjustments to the net OPEB liability would be effective when the changes are legally enforceable. The retirement systems may allocate a portion of the employer contributions to provide for these OPEB benefits.

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

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the traditional pension plan, a cost-sharing, multiple-employer defined benefit pension plan; the member-directed plan, a defined contribution plan; and the combined plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the traditional pension and the combined plans. This trust is also used to fund health care for member-directed plan participants, in the form of a Retiree Medical Account (RMA). At retirement or refund, member directed plan participants may be eligible for reimbursement of qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit 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 75. See OPERS’ CAFR referenced below for additional information.

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

City of Toledo, Ohio
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS

Plan Description – Ohio Public Employees Retirement System (OPERS) (continued)

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

Funding Policy - The Ohio Revised Code provides the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. When funding is approved by OPERS' Board of Trustees, a portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans. Beginning in 2018, health care is not being funded.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2018, state and local employers contributed at a rate of 14.0 percent of earnable salary and public safety and law enforcement employers contributed at 18.1 percent. These are the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0 percent during calendar year 2017. As recommended by OPERS' actuary, the portion of employer contributions allocated to health care beginning January 1, 2018 decreased to 0 percent for both plans. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2018 was 4.0 percent.

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll. The City did not have any contractually required contributions to health care for 2018.

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

Plan Description – The City contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by a third-party provider. This program is not guaranteed and is subject to change at any time upon action of the Board of Trustees. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, and Medicare Part B Premium to retirees, qualifying benefit recipients and their eligible dependents.

OP&F provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, 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 Government Accounting Standards Board (GASB) Statement No. 75.

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

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

City of Toledo, Ohio
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS

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

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

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

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) account as the employer contribution for retiree health care benefits. For 2018, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

The City's contractually required contribution to OP&F was \$443 for 2018. Of this amount, \$9 is reported as due to other governments.

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB

The net OPEB liability and total OPEB liability for OPERS were determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017, by incorporating the expected value of health care cost accruals, the actual health care payment, and interest accruals during the year. OP&F's total OPEB liability was measured as of December 31, 2017, and was determined by rolling forward the total OPEB liability as of January 1, 2017, to December 31, 2017. The City's proportion of the net OPEB liability was based on the City's share of contributions to the retirement plan relative to the contributions of all participating entities. Following is information related to the proportionate share and OPEB expense:

	<u>OPERS</u>	<u>OP&F</u>	<u>Total</u>
Proportion of the net OPEB liability prior measurement date	0.54142100%	3.93485500%	
Proportion of the net OPEB liability current measurement date	<u>0.53209000%</u>	<u>3.91728000%</u>	
Change in proportionate share	<u>-0.00933100%</u>	<u>-0.01757500%</u>	
Proportionate share of the net OPEB liability	\$ 57,783	\$ 221,948	\$ 279,731
OPEB expense	\$ 4,580	\$ 18,207	\$ 22,787

City of Toledo, Ohio
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS

Net OPEB Liabilities, OPEB Expense, and Deferred Outflows or Resources and Deferred Inflows of Resources Related to OPEB (continued)

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	OPERS	OP&F	Total
Deferred outflows of resources			
Differences between expected and actual experience	\$ 45	\$ -	\$ 45
Changes of assumptions	4,206	21,657	25,863
Changes in employer's proportionate percentage/difference between employer contributions and proportionate share of contributions	669	-	669
City contributions subsequent to the measurement date	-	443	443
Total deferred outflows of resources	<u>\$ 4,920</u>	<u>\$ 22,100</u>	<u>\$ 27,020</u>
Deferred inflows of resources			
Differences between expected and actual experience	\$ -	\$ 1,119	\$ 1,119
Net difference between projected and actual earnings on pension plan investments	4,306	1,461	5,767
Changes in employer's proportionate percentage/difference between employer contributions and proportionate share of contributions	1,396	1,685	3,081
Total deferred inflows of resources	<u>\$ 5,702</u>	<u>\$ 4,265</u>	<u>\$ 9,967</u>

\$443 reported as deferred outflows of resources related to OPEB resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending December 31, 2019.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	OPERS	OP&F	Total
Year Ending December 31:			
2019	\$ 609	\$ 2,262	\$ 2,871
2020	609	2,262	2,871
2021	(922)	2,263	1,341
2022	(1,078)	2,492	1,414
2023	-	2,857	2,857
Thereafter	-	5,256	5,256
Total	<u>\$ (782)</u>	<u>\$ 17,392</u>	<u>\$ 16,610</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS (continued)

Actuarial Assumptions - OPERS

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

Projections of benefits for financial reporting purposes are based on the substantive plan and include the types of coverage provided at the time of each valuation and the historical pattern of sharing of costs between OPERS and plan members. The total OPEB liability was determined by an actuarial valuation as of December 31, 2016, rolled forward to the measurement date of December 31, 2017. The actuarial valuation used the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB 74:

Wage Inflation	3.25 percent
Projected Salary Increases, including inflation	3.25 to 10.75 percent including wage inflation
Single Discount Rate:	
Current measurement date	3.85 percent
Prior Measurement date	4.23 percent
Investment Rate of Return	6.50 percent
Municipal Bond Rate	3.31 percent
Health Care Cost Trend Rate	7.5 percent, initial 3.25 percent, ultimate in 2028
Actuarial Cost Method	Individual Entry Age

Pre-retirement mortality rates are based on the RP-2014 Employees mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates are based on the RP-2014 Healthy Annuitant mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Post-retirement mortality rates for disabled retirees are based on the RP-2014 Disabled mortality table for males and females, adjusted for mortality improvement back to the observation period base year of 2006. The base year for males and females was then established to be 2015 and 2010, respectively. Mortality rates for a particular calendar year are determined by applying the MP-2015 mortality improvement scale to all of the above described tables.

The most recent experience study was completed for the five year period ended December 31, 2015.

The long-term expected rate of return on health care investment assets was determined using a building-block method in which best-estimate ranges of expected future real rates of return are developed for each major asset class. These ranges are combined to produce the long-term expected real rate of return by weighting the expected future real rates of return by the target asset allocation percentage, adjusted for inflation.

During 2017, OPERS managed investments in three investment portfolios: the Defined Benefit portfolio, the Health Care portfolio and the Defined Contribution portfolio. The Health Care portfolio includes the assets for health care expenses for the Traditional Pension Plan, Combined Plan and Member-Directed Plan eligible members. Within the Health Care portfolio, contributions into the plans are assumed to be received continuously throughout the year based on the actual payroll payable at the time contributions are made, and health care-related payments are assumed to occur mid-year. Accordingly, the money-weighted rate of return is considered to be the same for all plans within the portfolio. The annual money-weighted rate of return expressing investment performance, net of investment expenses and adjusted for the changing amounts actually invested, for the Health Care portfolio is 15.3 percent for 2017.

City of Toledo, Ohio
Notes to the Basic Financial Statements
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS (continued)

Actuarial Assumptions – OPERS (continued)

The allocation of investment assets with the Health Care portfolio is approved by the Board of Trustees as outlined in the annual investment plan. Assets are managed on a total return basis with a long-term objective of continuing to offer a sustainable health care program for current and future retirees. OPERS' primary goal is to achieve and maintain a fully funded status for the benefits provided through the defined pension plans. Health care is a discretionary benefit. The table below displays the Board-approved asset allocation policy for 2017 and the long-term expected real rates of return:

Asset Class	Target Allocation	Weighted Average Long-Term Expected Real Rate of Return (Arithmetic)
Fixed Income	34.00 %	1.88 %
Domestic Equities	21.00	6.37
Real Estate Investment Trust	6.00	5.91
International Equities	22.00	7.88
Other investments	17.00	5.39
Total	100.00 %	4.98 %

Discount Rate A single discount rate of 3.85 percent was used to measure the OPEB liability on the measurement date of December 31, 2017. A single discount rate of 4.23 percent was used to measure the OPEB liability on the measurement date of December 31, 2016. Projected benefit payments are required to be discounted to their actuarial present value using a single discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the health care fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate are not met). This single discount rate was based on an expected rate of return on the health care investment portfolio of 6.50 percent and a municipal bond rate of 3.31 percent. The projection of cash flows used to determine this single discount rate assumed that employer contributions will be made at rates equal to the actuarially determined contribution rate. Based on these assumptions, the health care fiduciary net position and future contributions were sufficient to finance health care costs through 2034. As a result, the long-term expected rate of return on health care investments was applied to projected costs through the year 2034, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate The following table presents the City's proportionate share of the net OPEB liability calculated using the single discount rate of 3.85 percent, as well as what the City's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (2.85 percent) or one-percentage-point higher (4.85 percent) than the current rate:

	1% Decrease (2.85%)	Current Discount Rate (3.85%)	1% Increase (4.85%)
City's proportionate share of the net OPEB liability	\$ 76,765	\$ 57,783	\$ 42,424

City of Toledo, Ohio
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS (continued)

Actuarial Assumptions – OPERS (continued)

Sensitivity of the City’s Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

Changes in the health care cost trend rate may also have a significant impact on the net OPEB liability. The following table presents the net OPEB liability calculated using the assumed trend rates, and the expected net OPEB liability if it were calculated using a health care cost trend rate that is 1.0 percent lower or 1.0 percent higher than the current rate.

Retiree health care valuations use a health care cost-trend assumption that changes over several years built into the assumption. The near-term rates reflect increases in the current cost of health care; the trend starting in 2018 is 7.50 percent. If this trend continues for future years, the projection indicates that years from now virtually all expenditures will be for health care. A more reasonable alternative is that in the not-too-distant future, the health plan cost trend will decrease to a level at, or near, wage inflation. On this basis, the actuaries project premium rate increases will continue to exceed wage inflation for approximately the next decade, but by less each year, until leveling off at an ultimate rate, assumed to be 3.25 percent in the most recent valuation.

	1% Decrease	Current Health Care Trend Rate Assumption	1% Increase
City's proportionate share of the net OPEB liability	\$ 55,284	\$ 57,783	\$ 60,360

Actuarial Assumptions – OP&F

OP&F’s total OPEB liability as of December 31, 2017, is based on the results of an actuarial valuation date of January 1, 2017, and rolled-forward using generally accepted actuarial procedures. The total OPEB liability is determined by OP&F’s actuaries in accordance with GASB Statement No. 74, as part of their annual valuation. Actuarial valuations of an ongoing plan involve estimates of reported amounts and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment mortality, salary increases, disabilities, retirements and employment terminations. Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

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

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

City of Toledo, Ohio
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NOTE 14 – POSTRETIREMENT BENEFIT PLANS (continued)

Actuarial Assumptions – OP&F (continued)

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

Valuation Date	January 1, 2017, with actuarial liabilities rolled forward to December 31, 2017
Actuarial Cost Method	Entry Age Normal
Investment Rate of Return	8.0 percent
Projected Salary Increases	3.75 percent to 10.5 percent
Payroll Growth	Inflation rate of 2.75 percent plus productivity increase rate of 0.5 percent
Single discount rate:	
Current measurement date	3.24 percent
Prior measurement date	3.79 percent
Cost of Living Adjustments	3.00 percent simple; 2.2 percent simple for increased based on the lesser of the increase in CPI and 3 percent

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

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

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

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

The most recent experience study was completed for the five year period ended December 31, 2016, the prior experience study was completed December 31, 2011.

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

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NOTE 14 – POSTRETIREMENT BENEFIT PLANS (continued)

Actuarial Assumptions – OP&F (continued)

Best estimates of the long-term expected geometric real rates of return for each major asset class included in OP&F's target asset allocation as of December 31, 2017, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash and Cash Equivalents	- %	0.00 %
Domestic Equity	16.00	5.21
Non-US Equity	16.00	5.40
Core Fixed Income*	20.00	2.37
Global Inflation Protected Securities*	20.00	2.33
High Yield	15.00	4.48
Real Estate	12.00	5.65
Private Markets	8.00	7.99
Timber	5.00	6.87
Master Limited Partnerships	8.00	7.36
Total	<u>120.00 %</u>	

Note: Assumptions are geometric.

*levered 2x

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

Discount Rate - The total OPEB liability was calculated using the discount rate of 3.24 percent. The projection of cash flows used to determine the discount rate assumed the contribution from employers and from members would be computed based on contribution requirements as stipulated by state statute. Projected inflows from investment earnings were calculated using the longer-term assumed investment rate of return 8 percent. Based on those assumptions, OP&F's fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, a municipal bond rate of 3.16 percent at December 31, 2017 and 3.71 percent at December 31, 2016, was blended with the long-term rate of 8 percent, which resulted in a blended discount rate of 3.24 percent. The municipal bond rate was determined using the S&P Municipal Bond 20 Year High Grade Rate Index. The OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments until 2025. The long-term expected rate of return on health care investments was applied to projected costs through 2025, and the municipal bond rate was applied to all health care costs after that date.

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate Net OPEB liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net OPEB liability calculated using the discount rate of 3.24 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (2.24 percent), or one percentage point higher (4.24 percent) than the current rate.

	1% Decrease (2.24%)	Current Discount Rate (3.24%)	1% Increase (4.24%)
City's proportionate share of the net OPEB liability	\$ 277,437	\$ 221,948	\$ 179,251

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 14 – POSTRETIREMENT BENEFIT PLANS (continued)

Actuarial Assumptions – OP&F (continued)

Sensitivity of the City's Proportionate Share of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate Net OPEB liability is sensitive to changes in the health care cost trend rate. The trend rate is the annual rate at which the cost of covered medical services is assumed to increase from the current year to the next year. Beginning in 2017, the per-capita costs are assumed to change by the following percentages each year:

Year	<u>Non-Medicare</u>	<u>Non-AARP</u>	<u>AARP</u>	<u>Rx Drug</u>	<u>Medicare Part B</u>
2017	-0.47%	-2.50%	4.50%	-0.47%	5.20%
2018	7.00%	7.00%	4.50%	7.00%	5.10%
2019	6.50%	6.50%	4.50%	6.50%	5.00%
2020	6.00%	6.00%	4.50%	6.00%	5.00%
2021	5.50%	5.50%	4.50%	5.50%	5.00%
2022	5.00%	5.00%	4.50%	5.00%	5.00%
2023 and Later	4.50%	4.50%	4.50%	4.50%	5.00%

To illustrate the potential impact, the following table presents the net OPEB liability calculated using the current healthcare cost trend current rates as outlined in the table above, a one percent decrease in the trend rates and a one percent increase in the trend rates.

	Current Health Care Trend Rate		
	<u>1% Decrease</u>	<u>Assumption</u>	<u>1% Increase</u>
City's proportionate share of the net OPEB liability	\$ 172,413	\$ 221,948	\$ 288,704

NOTE 15 – RISK MANAGEMENT

Property and Liability

The City has elected pursuant to ORC §2744.08(A)(2)(a) to use public funds for the purpose of handling third-party property losses and liabilities in lieu of purchasing general municipality liability insurance. Claims activity is accounted for within the Risk Management Fund, which derives revenue on a pro-rata basis from other City funds to cover liability losses. Settled claims have not materially exceeded coverage in any of the last three years, and the City added coverage through new policies in 2018, without significant reduction in coverage from the prior year policies. In addition, the City has the ability to issue general obligation bonds to pay final judgments that may arise.

Changes in the claim liability amount in 2015, 2016, 2017 and 2018 for Risk Management and the General Fund were:

<u>Year</u>	<u>Beginning Balance</u>	<u>Current Year Claims and Change in Estimate</u>	<u>Claims Payments</u>	<u>Ending Balance</u>
2015	\$ 1,560	\$ 5,004	\$ (2,004)	\$ 4,560
2016	4,560	2,684	(1,744)	5,500
2017	5,500	657	(657)	5,500
2018	5,500	1,146	(5,446)	1,200

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 15 – RISK MANAGEMENT (continued)

Property and Liability (continued)

The City is fully insured through premium-based insurance policies for all other types of insurance. In 2018, the City contracted with various insurance companies to provide the following coverage:

	Coverage	Deductible
	<u>(in Whole Dollars)</u>	<u>(in Whole Dollars)</u>
Property Policy for the City	\$ 600,000,000	\$ 250,000
Accident/Liability Policy - Intern Program	25,000	
Accident/Liability Policy - Youth Commission	25,000	-
Accident/Liability Policy - Adult Probation Program	25,000	-
Boat Policy (Swan Creek & Trailer)	1,000,000	1,000
BUSTR/Cleanup for Underground Fuel Tanks	Total cost of cleanup	55,000
Commercial Liability for The Unique Center	1,000,000	5,000
Crime Policy for the City	3,000,000	75,000
Crime Policy for the Toledo Police	1,000,000	50,000
Crime Policy for Toledo Clerk of Courts	3,000,000	75,000
Employee Tool Insurance	211,000	500
Fine Arts Policy for Blair Museum	1,000,000	1,000
Ocean Marine Policy (Hanson/Maurell)	1,000,000	1,000
Ocean Marine Policy (Sounder)	1,000,000	1,000
Ocean Marine Policy (Sea Ark)	1,000,000	500
Ocean Marine Policy (Zodiac)	1,000,000	500
Professional Liability for TMC	10,000,000	-
Toledo Express JEDD	1,000,000	-
Holy Trinity Parking Lot	1,000,000	-

Workers' Compensation

The City takes advantage of workers' compensation plans offered by the State of Ohio. The current plan is a Group Retrospective Rating Plan and has been in effect since 2016. Group Retrospective Rating is a performance-based incentive program designed to recover a portion of premium for employers that reduce injury rates and lower claims costs. Participating employers receive refunds or pay assessments based on the performance of the group. The 2015 plan, called Merit Rating or an Experience Rating Plan, allows the City to take advantage rebates through the Destination Excellence program, which enabled the City to receive credits for a percentage of premiums paid based on fulfilling the requirements of each program. In contrast to the Individual Retrospective Rating program previously utilized, the Group Retrospective and the Experience plans have no dollar for dollar liability. Claim costs are paid by the Ohio Bureau of Workers' Compensation (BWC), and those costs are used to calculate an annual insurance premium established by BWC.

The City participated in Individual Retrospective Rating from January 2006 through December 2014 and retains liability for claims over a ten-year period. Claims with a date of injury prior to January 1, 2009 are closed out and have no further liability. In the Retrospective Rating plan, the City agreed to assume a portion of the risk in return for a reduction in premium. The greater the percentage of risk the City assumed, the greater the reduction in the premium. If the City's loss experience is better than predicted by the experience-rating system, its total obligation will be less than what it would have paid under experience rating. If its experience is worse than predicted, its total 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, 2018
(Amounts in Thousands)

NOTE 15 – RISK MANAGEMENT (continued)

Workers’ Compensation (continued)

The City has agreed to pay all claims up to a maximum of 150% of what the City would have paid had the City remained an experience-rated risk. Claims exceeding these limits will be paid by the BWC. Ten years after each year the City elected the retrospective plan for workers’ compensation, the City settles reserves (if any) on 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 \$3,350 reported at December 31, 2018 was determined after review of the City’s actuarial report provided by a third-party actuary. This estimate complies with 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 liability decreased in 2017 to reflect the reduction in claim liability, primarily as a result of the sub-contracting of the City’s refuse workers beginning in 2011, additional safety training, better claims management, and the implementation of changes related to worker safety based upon training provided by the Safety Council of Northwest Ohio. The liability is associated with the Individual Retrospective Rating plan, and the City expects this liability to gradually decrease until eliminated entirely in the year 2024, the final year for which the City is required to make a payment to the BWC under the Individual Retrospective Rating Plan.

Changes in the Workers’ Compensation claim liability amount in 2015, 2016, 2017 and 2018 were:

Year	Beginning Balance	Current Year Claims and Change in Estimate	Claims Payments	Ending Balance
2015	\$ 16,198	\$ (1,068)	\$ (5,130)	\$ 10,000
2016	10,000	3,132	(6,132)	7,000
2017	7,000	4,478	(6,478)	5,000
2018	5,000	3,614	(5,264)	3,350

Health, Dental, and Prescription Drug Benefits

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 medical, dental, and prescription drug claims at year-end based upon an actuarial estimate by a third-party actuary. The actuarially determined claims liability is based upon past experience and current claims outstanding.

Changes in the claim liability amount for this category in 2015, 2016, 2017 and 2018 were as follows:

Year	Beginning Balance	Current Year Claims and Change in Estimate	Claims Payments	Ending Balance
2015	\$ 2,789	\$ 21,902	\$ (20,937)	\$ 3,754
2016	3,754	20,615	(20,382)	3,987
2017	3,987	28,075	(27,933)	4,129
2018	4,129	26,530	(26,931)	3,728

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE

Change in Accounting Principles

For 2018, the City has implemented GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions”, GASB Statement No. 85, “Omnibus 2017” and GASB Statement No. 86, “Certain Debt Extinguishments”.

GASB Statement No. 75 improves the accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. The implementation of GASB Statement No. 75 had the effect of restating net position as previously reported (described below), revised the City’s postemployment benefit plan disclosures (as presented in Note 14 to the basic financial statements), and added required supplementary information for OPEB which is presented after the notes to the basic financial statements.

GASB Statement No. 85 addresses practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and OPEB. The implementation of GASB Statement No. 85 did not have an effect on the financial statements of the City.

GASB Statement No. 86 improves consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. The implementation of GASB Statement No. 86 did not have an effect on the financial statements of the City.

Prior Period Adjustment

A net position restatement is required to (1) implement GASB Statement No. 75, (2) to properly state capital asset balances to correct for errors reported in the prior year, and (3) to properly state capital lease obligations for payments made in prior years. Net position as previously reported at December 31, 2017 for the governmental activities, business-type activities, enterprise funds, and internal service funds have been restated as follows:

	Governmental Activities	Business-Type Activities
Net position as previously reported	\$ 177,872	\$ 591,657
GASB 75 implementation: ⁽¹⁾		
Deferred outflows - payments subsequent to measurement date	877	257
Net OPEB liability	(221,520)	(19,944)
Capital assets	(4,695)	(4,469)
Capital lease obligations	542	-
Restated net position (deficit) at January 1, 2018	<u>\$ (46,924)</u>	<u>\$ 567,501</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE

Prior Period Adjustment (continued)

	Water Fund	Sewer Fund	Utility Administrative Services Fund	Nonmajor Enterprise Funds	Internal Service Funds
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net position as previously reported	\$ 205,915	\$ 323,041	\$ 2,371	\$ 60,330	\$ 28,672
GASB 75 implementation: ⁽¹⁾					
Deferred outflows - payments subsequent to measurement date	87	99	46	25	49
Net OPEB liability	(6,754)	(7,656)	(3,609)	(1,925)	(3,801)
Capital assets	(1,433)	(3,616)	(2)	582	(90)
Capital lease obligations	-	-	-	-	542
Restated net position (deficit) at January 1, 2018	<u>\$ 197,815</u>	<u>\$ 311,868</u>	<u>\$ (1,194)</u>	<u>\$ 59,012</u>	<u>\$ 25,372</u>

⁽¹⁾ Other than employer contributions subsequent to the measurement date, the City made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available. The restatement did not affect fund balance of the governmental funds.

Fund Balance Deficits

The following deficit fund balances existed at December 31, 2018:

	<u>Deficit</u>
<i>Governmental Funds:</i>	
Special Assessments Services Fund	\$ 57,453
<i>Nonmajor Governmental:</i>	
Special Assessment Improvements Fund	2,306
Jeep Muni Public Improvement TIF	<u>17,155</u>
Total Governmental Funds	<u>76,914</u>
<i>Internal service funds:</i>	
Information Technology Fund	<u>653</u>
<i>Enterprise Funds:</i>	
Nonmajor Enterprise:	
Property Management Fund	<u>3,092</u>
Total	<u>\$ 80,659</u>

These deficits will be eliminated by future charges for services, reduction of expenditures or future bond sales, where appropriate. The Jeep Muni Public Imp TIF receives payments in lieu of taxes, with its deficit due and payable to the Capital Improvement fund.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2018
(Amounts in Thousands)

NOTE 17 - CONTINGENCIES

Litigation

The City is a party to various legal proceedings seeking damages or injunctive or other relief generally incidental to its operations for which it reserves resources. Those proceedings are unrelated to any outstanding City debt or the security therefore. The ultimate disposition of those proceedings is not now determinable, but based on the aforementioned will not, in the opinion of the City's Director of Law, have a material adverse effect on any outstanding City debt or the security therefore.

Under current Ohio law, City moneys, accounts and investments are not subject to attachment to satisfy tort judgments against the City in State courts. Current Ohio law also permits the City to reduce its fiscal responsibility in tort liability by deducting all appropriate health benefits, insurance benefits (including uninsured and underinsured motorists' coverage) and/or other benefits which a claimant may be entitled to receive due to injury or other loss. The City does not maintain a policy of liability insurance or a self-insurance fund or participate in any self-insurance program or pool to satisfy tort liability claims. The City has satisfied in the past, and continues to satisfy, its general, motor vehicle, police, fire and emergency medical services tort liability (after deducting amounts available from any available collateral source) by relying on tax receipts and other available City revenues.

Based on historical experience and its evaluation of pending claims, the City believes that the amount available from those sources and unencumbered at December 31, 2018 and at the date of this Statement, is sufficient to meet the claims and judgments that may arise in 2019. In addition, the City has the right to issue general obligation bonds, maturing over a maximum period of 25 years, and notes in anticipation of those bonds, to pay any final judgments which may be entered against it.

Grants

In 2018, the City received Federal, State and Local 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 18 – SUBSEQUENT EVENTS

In February 2019, the City Council passed an agreement to accept loan proceeds of \$0.9 million from the OPWC for six roadway projects.

In May 2019, the City Council passed an agreement to accept loan proceeds of \$49.0 million from the OWDA for the upgrades of basins 1 through 4 at the Collins Park Water Treatment plant.

REQUIRED SUPPLEMENTARY INFORMATION

City of Toledo, Ohio

Schedules of the Required Supplementary Information

**Schedule of the City's Proportionate Share of
The Net Pension Liability/Net Pension Asset
Ohio Public Employees Retirement System (OPERS)
Last Five Years
(Amounts in Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>					
City's proportion of the net pension liability	0.533193%	0.543004%	0.585192%	0.585985%	0.585985%
City's proportionate share of the net pension liability	\$ 83,648	\$ 123,307	\$ 101,362	\$ 70,676	\$ 69,078
City's covered payroll	\$ 70,449	\$ 73,825	\$ 64,392	\$ 71,842	\$ 62,938
City's proportionate share of the net pension liability as a percentage of its covered payroll	118.74%	167.03%	157.41%	98.38%	109.75%
Plan fiduciary net position as a percentage of the total pension liability	84.66%	77.25%	81.08%	86.45%	86.36%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

See accompanying notes to the required supplementary information

City of Toledo, Ohio

Schedules of the Required Supplementary Information

**Schedule of the City's Proportionate Share of
The Net Pension Liability
Ohio Police and Fire (OP&F) Pension Fund
Last Five Years
(Amounts in Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	3.91728000%	3.93485500%	4.27230500%	4.10854390%	4.10854390%
City's proportionate share of the net pension liability	\$ 240,421	\$ 249,230	\$ 274,840	\$ 212,840	\$ 200,099
City's covered payroll	\$ 85,955	\$ 89,039	\$ 91,976	\$ 84,450	\$ 81,411
City's proportionate share of the net pension liability as a percentage of its covered payroll	279.71%	279.91%	298.82%	252.03%	245.79%
Plan fiduciary net position as a percentage of the total pension liability	70.91%	68.36%	66.77%	72.20%	73.00%

Note: Information prior to 2014 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

See accompanying notes to the required supplementary information

City of Toledo, Ohio

Schedules of the Required Supplementary Information

**Schedule of City Pension Contributions
Ohio Public Employees Retirement System (OPERS)
Last Six Years
(Amounts in Thousands)**

<i>Traditional Plan:</i>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 10,250	\$ 9,158	\$ 8,859	\$ 7,727
Contributions in relation to the contractually required contribution	<u>(10,250)</u>	<u>(9,158)</u>	<u>(8,859)</u>	<u>(7,727)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 73,215	\$ 70,449	\$ 73,825	\$ 64,392
Contributions as a percentage of covered payroll	14.00%	13.00%	12.00%	12.00%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>
\$ 8,621	\$ 8,182
<u>(8,621)</u>	<u>(8,182)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 71,842	\$ 62,938
12.00%	13.00%

City of Toledo, Ohio

Schedules of the Required Supplementary Information

**Schedule of City Pension Contributions
Ohio Police and Fire (OP&F) Pension Fund
Last Six Years
(Amounts in Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 18,661	\$ 18,070	\$ 17,888	\$ 18,478
Contributions in relation to the contractually required contribution	<u>(18,661)</u>	<u>(18,070)</u>	<u>(17,888)</u>	<u>(18,478)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 88,613	\$ 85,955	\$ 89,039	\$ 91,976
Contributions as a percentage of covered payroll	21.06%	21.02%	20.09%	20.09%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>
\$ 17,194	\$ 13,905
<u>(17,194)</u>	<u>(13,905)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 84,450	\$ 81,411
20.36%	17.08%

City of Toledo, Ohio

Schedules of the Required Supplementary Information

Schedule of the City's Proportionate Share of
The Net OPEB Liability
Ohio Public Employees Retirement System (OPERS)
Last Two Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	0.532090%	0.541421%
City's proportionate share of the net OPEB liability	\$ 57,783	\$ 54,685
City's covered payroll	\$ 70,449	\$ 73,825
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	82.02%	74.07%
Plan fiduciary net position as a percentage of the total OPEB liability	54.14%	54.05%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

See accompanying notes to the required supplementary information

City of Toledo, Ohio

Schedules of the Required Supplementary Information

Schedule of the City's Proportionate Share of
The Net Pension Liability
Ohio Police and Fire (OP&F) Pension Fund
Last Two Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>
City's proportion of the net OPEB liability	3.91728000%	3.93485500%
City's proportionate share of the net OPEB liability	\$ 221,948	\$ 186,779
City's covered payroll	\$ 85,955	\$ 89,039
City's proportionate share of the net OPEB liability as a percentage of its covered payroll	258.21%	209.77%
Plan fiduciary net position as a percentage of the total OPEB liability	14.13%	15.96%

Note: Information prior to 2017 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

Amounts presented for each fiscal year were determined as of the City's measurement date which is the prior year-end.

See accompanying notes to the required supplementary information

City of Toledo, Ohio

Schedules of the Required Supplementary Information

**Schedule of City OPEB Contributions
Ohio Public Employees Retirement System (OPERS)
Last Six Years
(Amounts in Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ -	\$ 704	\$ 1,516	\$ 1,376
Contributions in relation to the contractually required contribution	<u>-</u>	<u>(704)</u>	<u>(1,516)</u>	<u>(1,376)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 73,215	\$ 70,449	\$ 73,825	\$ 64,392
Contributions as a percentage of covered payroll	0.00%	1.00%	2.05%	2.14%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>
\$ 1,536	\$ 729
<u>(1,536)</u>	<u>(729)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 71,842	\$ 62,938
2.14%	1.16%

City of Toledo, Ohio

Schedules of the Required Supplementary Information

**Schedule of City OPEB Contributions
Ohio Police and Fire (OP&F) Pension Fund
Last Six Years
(Amounts in Thousands)**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 443	\$ 430	\$ 430	\$ 444
Contributions in relation to the contractually required contribution	<u>(443)</u>	<u>(430)</u>	<u>(430)</u>	<u>(444)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 88,613	\$ 85,955	\$ 89,039	\$ 91,976
Contributions as a percentage of covered payroll	0.50%	0.50%	0.48%	0.48%

Note: Information prior to 2013 was unavailable. Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

See accompanying notes to the required supplementary information

<u>2014</u>	<u>2013</u>
\$ 404	\$ 5,863
<u>(404)</u>	<u>(5,863)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 84,450	\$ 81,411
0.48%	7.20%

City of Toledo, Ohio

Notes to the Required Supplementary Information
For the Year Ended December 31, 2018

PENSION

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2016. For 2017, the following were the most significant changes of assumptions that affected the total pension liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, (b) for defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and (c) changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%. There were no changes in assumptions for 2018.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2014-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. For 2018, the following were the most significant changes of assumptions that affected the total pension since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 8.50% down to 8.00%, (b) changing the future salary increases from a range of 4.25%-11.00% to 3.75%-10.50%, (c) reduction in payroll increases from 3.75% down to 3.25%, (d) reduction in inflation assumptions from 3.25% down to 2.75% and (e) Cost of Living Adjustments (COLA) were reduced from 2.60% and 3.00% simple to 2.20% and 3.00% simple.

OTHER POSTEMPLOYMENT BENEFITS (OPEB)

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) reduction in the actuarially assumed rate of return from 4.23% down to 3.85%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for 2017-2018.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2017. For 2018, the following were the most significant changes of assumptions that affected the total OPEB liability since the prior measurement date: (a) DROP interest rate was reduced from 4.50% to 4.00%, (b) CPI-based COLA was reduced from 2.60% to 2.20%, (c) investment rate of return was reduced from 8.25% to 8.00%, (d) salary increases were reduced from 3.75% to 3.25% and (e) payroll growth was reduced from 3.75% to 3.25%.

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Budgeted amounts		Actuals	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Income taxes	\$ 178,000	\$ 181,800	\$ 183,618	\$ 1,818
Property taxes	11,985	11,985	12,223	238
Licenses and permits	3,336	3,336	3,213	(123)
Intergovernmental services	17,202	17,202	17,808	606
Charges for services	29,899	29,899	28,482	(1,417)
Investment earnings	461	461	1,469	1,008
Fines and forfeitures	9,860	9,860	10,150	290
Other revenue	948	1,008	2,664	1,656
Total revenues	251,691	255,551	259,627	4,076
EXPENDITURES				
Current:				
General government	25,120	25,650	24,519	1,131
Public service	1,955	2,105	1,683	422
Public safety	170,958	171,110	159,658	11,452
Community environment	6,777	6,758	5,411	1,347
Health	7,983	7,972	8,039	(67)
Parks and recreation	2,655	2,864	2,926	(62)
Debt service:				-
Principal retirement	644	644	644	-
Interest and fiscal charges	60	60	60	-
Total expenditures	216,152	217,163	202,940	14,223
Excess of revenues over expenditures	35,539	38,388	56,687	18,299
OTHER FINANCING SOURCES (USES)				
Transfers in	3,516	1,407	1,288	(119)
Transfers out	(39,055)	(39,795)	(40,228)	(433)
Sale of capital assets	-	-	110	110
Total other financing sources (uses)	(35,539)	(38,388)	(38,830)	(442)
Net change in fund balance	\$ -	\$ -	17,857	\$ 17,857
Fund balance at beginning of year			22,188	
Increase for inventory			443	
Fund balance at year end			\$ 40,488	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Special Assessment Services
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Special assessments	\$ 28,745	\$ 28,745	\$ 27,168	\$ (1,577)
Charges for services	26	26	-	(26)
Investment earnings	-	-	128	128
Other revenue	16	16	1	(15)
Total revenues	<u>28,787</u>	<u>28,787</u>	<u>27,297</u>	<u>(1,490)</u>
EXPENDITURES				
Current:				
General government	935	935	623	312
Public service	32,454	33,664	26,509	7,155
Health	537	537	316	221
Capital outlay	9	9	-	9
Debt service:				
Principal retirement	19,300	19,300	-	19,300
Interest and fiscal charges	946	946	885	61
Total expenditures	<u>54,181</u>	<u>55,391</u>	<u>28,333</u>	<u>27,058</u>
Excess of expenditures over revenues	<u>(25,394)</u>	<u>(26,604)</u>	<u>(1,036)</u>	<u>25,568</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	20,000	20,000	-	(20,000)
Sale of Capital Assets	-	-	3	3
Total other financing sources (uses)	<u>20,000</u>	<u>20,000</u>	<u>3</u>	<u>(19,997)</u>
Net change in fund balance	<u>\$ (5,394)</u>	<u>\$ (6,604)</u>	(1,033)	<u>\$ 5,571</u>
Fund balance (deficit) at beginning of year			(57,630)	
Increase (decrease) for inventory			1,210	
Fund balance (deficit) at year end			<u>\$ (57,453)</u>	

City of Toledo, Ohio
Notes to the Budgetary Required Supplementary Information
December 31, 2018

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 Budgetary Required Supplementary Information
December 31, 2018

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.

COMBINING STATEMENTS
AND INDIVIDUAL FUND SCHEDULES

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City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018
(Amounts in Thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
ASSETS					
Cash and cash equivalents - other	\$ 1	\$ -	\$ -	\$ -	\$ 1
Investments	38	-	-	-	38
Restricted investments	-	-	-	662	662
Receivables (net of allowances)	9,658	43	986	-	10,687
Due from other:					
Funds	23,812	298	12,780	387	37,277
Governments	9,019	-	-	-	9,019
Inventory of supplies	1,020	-	-	-	1,020
Total assets	<u>\$ 43,548</u>	<u>\$ 341</u>	<u>\$ 13,766</u>	<u>\$ 1,049</u>	<u>\$ 58,704</u>
LIABILITIES					
Accounts payable	\$ 1,382	\$ -	\$ 24	\$ -	\$ 1,406
Deposits	1,804	-	-	353	2,157
Retainage payable	-	-	9	-	9
Due to other:					
Funds	2,378	17,155	914	-	20,447
Accrued wages and benefits payable	243	-	-	-	243
Compensated absences payable	16	-	-	-	16
Notes payable	-	-	1,385	-	1,385
Total liabilities	<u>5,823</u>	<u>17,155</u>	<u>2,332</u>	<u>353</u>	<u>25,663</u>
Deferred inflows of resources:					
Revenues levied for the next year and unavailable revenue	<u>4,631</u>	<u>43</u>	<u>986</u>	<u>-</u>	<u>5,660</u>
Fund balances:					
Nonspendable	1,020	-	-	662	1,682
Restricted	30,442	205	12,754	34	43,435
Committed	1,632	93	-	-	1,725
Unassigned (deficit)	<u>-</u>	<u>(17,155)</u>	<u>(2,306)</u>	<u>-</u>	<u>(19,461)</u>
Total fund balances (deficit)	<u>33,094</u>	<u>(16,857)</u>	<u>10,448</u>	<u>696</u>	<u>27,381</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 43,548</u>	<u>\$ 341</u>	<u>\$ 13,766</u>	<u>\$ 1,049</u>	<u>\$ 58,704</u>

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Nonmajor Special Revenue Funds	Nonmajor Debt Service Funds	Nonmajor Capital Projects Funds	Nonmajor Permanent Fund	Total Nonmajor Governmental Funds
REVENUES					
Special assessments	\$ -	\$ 22	\$ 196	\$ -	\$ 218
Intergovernmental services	12,723	3,095	2,237	-	18,055
Charges for services	952	-	-	-	952
Investment earnings	33	-	-	-	33
Fines and forfeitures	1,587	-	-	-	1,587
Grants	13,871	-	-	-	13,871
Other revenue	4,658	-	-	-	4,658
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	33,824	3,117	2,433	-	39,374
EXPENDITURES					
Current:					
General government	209	-	-	-	209
Public service	12,579	-	-	-	12,579
Public safety	2,161	-	-	-	2,161
Public utilities	300	-	-	-	300
Community environment	13,101	-	-	-	13,101
Health	1,636	-	-	-	1,636
Parks and recreation	22	-	-	-	22
Capital outlay	777	-	1,205	-	1,982
Debt service:					
Principal retirement	-	13,914	-	-	13,914
Interest and fiscal charges	-	5,375	21	-	5,396
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	30,785	19,289	1,226	-	51,300
Excess (deficiency) of revenues over (under) expenditures	3,039	(16,172)	1,207	-	(11,926)
OTHER FINANCING SOURCES (USES)					
Transfers in	816	15,642	-	-	16,458
Transfers (out)	(1,356)	-	-	-	(1,356)
Premiums on bonds issued	-	230	-	-	230
Sale of capital assets	93	-	-	-	93
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	(447)	15,872	-	-	15,425
Net change in fund balances	2,592	(300)	1,207	-	3,499
Fund balances (deficit) at beginning of year	30,531	(16,557)	9,241	696	23,911
(Decrease) in inventory	(29)	-	-	-	(29)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficit) at end of year	<u>\$ 33,094</u>	<u>\$ (16,857)</u>	<u>\$ 10,448</u>	<u>\$ 696</u>	<u>\$ 27,381</u>

City of Toledo, Ohio
Fund Descriptions - 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 all proper maintenance, operation, improvement and construction of municipal golf courses in the City for which a fee is charged; and all appropriations therefrom shall be made for only such purpose.

Parkland Replacement

To account for those proceeds from parkland sales committed by City Council for minor purchases of park property and equipment.

Cemeteries Property Acquisition Site Development

To account for monies received for investments, 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 restricted for Municipal Court and Demolition operations.

Toledo City Parks

To account for investment earnings on funds contributed from the 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 Sheet
Nonmajor Special Revenue Funds
December 31, 2018
(Amounts in Thousands)

	Federal Block Grants	Operation Grants	Urban Development Action Grants	Street Construction Maintenance and Repair
ASSETS				
Cash and cash equivalents - other	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables (net of allowances)	2,050	3,217	-	164
Due from other:				
Funds	-	9,458	688	2,956
Governments	2,251	125	-	6,156
Inventory of supplies	-	-	-	998
Total assets	<u>\$ 4,301</u>	<u>\$ 12,800</u>	<u>\$ 688</u>	<u>\$ 10,274</u>
LIABILITIES				
Accounts payable	\$ 621	\$ 342	\$ -	\$ 134
Deposits	1,274	141	-	-
Due to other:				
Funds	967	-	-	-
Accrued wages and benefits payable	64	33	-	134
Compensated absences payable	-	-	-	16
Total liabilities	<u>2,926</u>	<u>516</u>	<u>-</u>	<u>284</u>
DEFERRED INFLOWS OF RESOURCES				
Revenues levied for the next year and unavailable revenue	<u>294</u>	<u>20</u>	<u>-</u>	<u>4,286</u>
FUND BALANCES				
Nonspendable	-	-	-	998
Restricted	1,081	12,264	688	4,706
Committed	-	-	-	-
Total fund balances	<u>1,081</u>	<u>12,264</u>	<u>688</u>	<u>5,704</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 4,301</u>	<u>\$ 12,800</u>	<u>\$ 688</u>	<u>\$ 10,274</u>

Cemetery Maintenance	Golf Improvements	Parkland Replacement	Cemeteries Property Acquisition Site Development	Marina Development	Expendable Trusts
\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
-	-	-	-	-	38
1	-	26	-	5	2,396
120	475	339	456	84	9,098
-	-	-	-	-	-
-	-	-	-	-	22
<u>\$ 121</u>	<u>\$ 475</u>	<u>\$ 365</u>	<u>\$ 456</u>	<u>\$ 90</u>	<u>\$ 11,554</u>
\$ 2	\$ -	\$ -	\$ -	\$ 5	\$ 108
-	-	-	3	-	373
-	-	-	-	-	-
-	-	-	-	2	7
-	-	-	-	-	-
<u>2</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>7</u>	<u>488</u>
-	-	-	-	-	-
-	-	-	-	-	22
-	-	-	-	-	11,006
<u>119</u>	<u>475</u>	<u>365</u>	<u>453</u>	<u>83</u>	<u>38</u>
<u>119</u>	<u>475</u>	<u>365</u>	<u>453</u>	<u>83</u>	<u>11,066</u>
<u>\$ 121</u>	<u>\$ 475</u>	<u>\$ 365</u>	<u>\$ 456</u>	<u>\$ 90</u>	<u>\$ 11,554</u>

(Continued)

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2018
(Amounts in Thousands)

	Toledo City Parks	Toledo Home Program	Right Of Way	Total Nonmajor Special Revenue Funds
ASSETS				
Cash and cash equivalents - other	\$ -	\$ -	\$ -	\$ 1
Investments	-	-	-	38
Receivables (net of allowances)	-	1,799	-	9,658
Due from other:				
Funds	99	-	39	23,812
Governments	-	487	-	9,019
Inventory of supplies	-	-	-	1,020
Total assets	<u>\$ 99</u>	<u>\$ 2,286</u>	<u>\$ 39</u>	<u>\$ 43,548</u>
LIABILITIES				
Accounts payable	\$ -	\$ 170	\$ -	\$ 1,382
Deposits	-	-	13	1,804
Due to other:				
Funds	-	1,411	-	2,378
Accrued wages and benefits payable	-	3	-	243
Compensated absences payable	-	-	-	16
Total liabilities	<u>-</u>	<u>1,584</u>	<u>13</u>	<u>5,823</u>
DEFERRED INFLOWS OF RESOURCES				
Revenues levied for the next year and unavailable revenue	<u>-</u>	<u>31</u>	<u>-</u>	<u>4,631</u>
FUND BALANCES				
Nonspendable	-	-	-	1,020
Restricted	-	671	26	30,442
Committed	99	-	-	1,632
Total fund balances	<u>99</u>	<u>671</u>	<u>26</u>	<u>33,094</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 99</u>	<u>\$ 2,286</u>	<u>\$ 39</u>	<u>\$ 43,548</u>

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City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Federal Block Grants	Operation Grants	Urban Development Action Grants	Street Construction Maintenance and Repair
REVENUES				
Intergovernmental services	\$ -	\$ -	\$ -	\$ 12,723
Charges for services	-	-	-	2
Investment earnings	-	-	-	-
Fines and forfeitures	-	-	-	173
Grants	6,691	4,871	-	-
Other revenue	56	159	-	23
Total revenues	6,747	5,030	-	12,921
EXPENDITURES				
Current:				
General government	-	-	-	163
Public service	-	-	-	12,579
Public safety	-	1,023	-	96
Public utilities	-	-	-	-
Community environment	6,212	2,115	-	11
Health	-	1,161	-	-
Parks and recreation	-	-	-	-
Capital outlay	-	-	-	392
Total expenditures	6,212	4,299	-	13,241
Excess (deficiency) of revenues over (under) Expenditures	535	731	-	(320)
OTHER FINANCING SOURCES (USES)				
Transfers in	366	-	-	225
Transfers (out)	(385)	-	-	(463)
Sale of capital assets	-	59	-	34
Total other financing sources (uses)	(19)	59	-	(204)
Net change in fund balances	516	790	-	(524)
Fund balances at beginning of year	565	11,474	688	6,271
Increase (decrease) in inventory	-	-	-	(43)
Fund balances at end of year	\$ 1,081	\$ 12,264	\$ 688	\$ 5,704

Cemetery Maintenance	Golf Improvements	Parkland Replacement	Cemeteries Property Acquisition Site Development	Marina Development	Expendable Trusts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
58	220	11	19	27	614
9	-	-	-	-	24
-	-	-	-	-	1,414
-	-	-	-	-	63
3	-	5	-	-	4,387
<u>70</u>	<u>220</u>	<u>16</u>	<u>19</u>	<u>27</u>	<u>6,502</u>
-	-	-	-	-	46
-	-	-	-	-	-
-	-	-	-	-	1,042
-	-	-	-	-	300
-	57	-	-	-	2,302
6	-	-	-	-	469
-	-	-	-	16	6
-	-	-	-	-	385
<u>6</u>	<u>57</u>	<u>-</u>	<u>-</u>	<u>16</u>	<u>4,550</u>
<u>64</u>	<u>163</u>	<u>16</u>	<u>19</u>	<u>11</u>	<u>1,952</u>
-	-	-	-	-	-
-	-	-	-	-	(283)
-	-	-	-	-	-
-	-	-	-	-	(283)
64	163	16	19	11	1,669
55	312	349	434	72	9,383
-	-	-	-	-	14
<u>\$ 119</u>	<u>\$ 475</u>	<u>\$ 365</u>	<u>\$ 453</u>	<u>\$ 83</u>	<u>\$ 11,066</u>

(Continued)

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds (continued)
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Toledo City Parks	Toledo Home Program	Right Of Way	Total Nonmajor Special Revenue Funds
REVENUES				
Intergovernmental services	\$ -	\$ -	\$ -	\$ 12,723
Charges for services	-	-	1	952
Investment earnings	-	-	-	33
Fines and forfeitures	-	-	-	1,587
Grants	-	2,246	-	13,871
Other revenue	-	22	3	4,658
Total revenues	-	2,268	4	33,824
EXPENDITURES				
Current:				
General government	-	-	-	209
Public service	-	-	-	12,579
Public safety	-	-	-	2,161
Public utilities	-	-	-	300
Community environment	-	2,404	-	13,101
Health	-	-	-	1,636
Parks and recreation	-	-	-	22
Capital outlay	-	-	-	777
Total expenditures	-	2,404	-	30,785
Excess (deficiency) of revenues over (under) Expenditures	-	(136)	4	3,039
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	225	816
Transfers (out)	-	-	(225)	(1,356)
Sale of capital assets	-	-	-	93
Total other financing sources (uses)	-	-	-	(447)
Net change in fund balances	-	(136)	4	2,592
Fund balances at beginning of year	99	807	22	30,531
Increase (decrease) in inventory	-	-	-	(29)
Fund balances at end of year	<u>\$ 99</u>	<u>\$ 671</u>	<u>\$ 26</u>	<u>\$ 33,094</u>

City of Toledo, Ohio
Fund Descriptions - Nonmajor Debt Service Funds

Jeep Municipal Public Improvement TIF

This is the Municipal Public Improvement Tax Increment Equivalent fund established by Ordinance 1223-98 on December 8, 1998 that collects payments in lieu of taxes while accounting for the City's costs associated with public improvements associated with the Jeep Project.

General Obligation

To account for funds accumulating for the payment of principal and interest of general obligation debt secured by a pledge of the full faith and credit and general taxing power of the City.

Special Assessment

Bonds that are long term debt acquired to pay for specific improvement benefits like sidewalks, water and lighting. The property owners who benefited are ultimately responsible for the repayment.

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Debt Service Funds
December 31, 2018
(Amounts in Thousands)

	Jeep Municipal Public Improvement TIF	General Obligation	Special Assessment	Total Nonmajor Debt Service Funds
ASSETS				
Receivables (net of allowance)	\$ -	\$ -	\$ 43	\$ 43
Due from other: Funds	-	93	205	298
Total assets	<u>\$ -</u>	<u>\$ 93</u>	<u>\$ 248</u>	<u>\$ 341</u>
LIABILITIES				
Due to other: Funds	\$ 17,155	\$ -	\$ -	\$ 17,155
Total liabilities	<u>17,155</u>	<u>-</u>	<u>-</u>	<u>17,155</u>
DEFERRED INFLOWS OF RESOURCES				
Revenues levied for the next year and unavailable revenue	-	-	43	43
FUND BALANCES				
Restricted	-	-	205	205
Committed	-	93	-	93
Unassigned (deficit)	(17,155)	-	-	(17,155)
Total fund balances (deficit)	<u>(17,155)</u>	<u>93</u>	<u>205</u>	<u>(16,857)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 93</u>	<u>\$ 248</u>	<u>\$ 341</u>

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Debt Service Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Jeep Municipal Public Improvement TIF	General Obligation	Special Assessment	Total Nonmajor Debt Service Funds
REVENUES				
Special assessments	\$ -	\$ -	\$ 22	\$ 22
Intergovernmental services	3,095	-	-	3,095
Total revenues	<u>3,095</u>	<u>-</u>	<u>22</u>	<u>3,117</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,184	10,715	15	13,914
Interest and fiscal charges	308	5,065	2	5,375
Total expenditures	<u>3,492</u>	<u>15,780</u>	<u>17</u>	<u>19,289</u>
Excess (deficiency) of revenues over (under) expenditures	(397)	(15,780)	5	(16,172)
OTHER FINANCING SOURCES				
Transfers in	-	15,642	-	15,642
Premiums on bonds issued	-	230	-	230
Total other financing sources	<u>-</u>	<u>15,872</u>	<u>-</u>	<u>15,872</u>
Net change in fund balances	(397)	92	5	(300)
Fund balances (deficit) at beginning of year	<u>(16,758)</u>	<u>1</u>	<u>200</u>	<u>(16,557)</u>
Fund balances (deficit) at end of year	<u><u>\$ (17,155)</u></u>	<u><u>\$ 93</u></u>	<u><u>\$ 205</u></u>	<u><u>\$ (16,857)</u></u>

City of Toledo, Ohio
Fund Descriptions - 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.

Franklin Park/Westfield Municipal Public Improvement TIF

This is the Municipal Public Improvement Tax Increment Equivalent fund established by 810-04 that collects payments in lieu of taxes while accounting for the City's costs associated with public infrastructure improvements associated with Franklin Park/Westfield Mall area.

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Capital Projects Funds
December 31, 2018
(Amounts in Thousands)

	Special Assessment Improvements	Franklin Park/ Westfield Municipal Public Improvement TIF	Total Nonmajor Capital Projects Funds
ASSETS			
Receivables (net of allowances)	\$ 986	\$ -	\$ 986
Due from other:			
Funds	-	12,780	12,780
Total assets	<u>\$ 986</u>	<u>\$ 12,780</u>	<u>\$ 13,766</u>
LIABILITIES			
Accounts payable	\$ -	\$ 24	\$ 24
Retainage payable	7	2	9
Due to other:			
Funds	914	-	914
Notes payable	1,385	-	1,385
Total liabilities	<u>2,306</u>	<u>26</u>	<u>2,332</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues levied for the next year and unavailable revenue	<u>986</u>	<u>-</u>	<u>986</u>
FUND BALANCES			
Restricted	-	12,754	12,754
Unassigned (deficit)	(2,306)	-	(2,306)
Total fund balances	<u>(2,306)</u>	<u>12,754</u>	<u>10,448</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 986</u>	<u>\$ 12,780</u>	<u>\$ 13,766</u>

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Special Assessment Improvements	Franklin Park/ Westfield Municipal Public Improvement TIF	Total Nonmajor Capital Projects Funds
REVENUES			
Special assessments	\$ 196	\$ -	\$ 196
Intergovernmental services	-	2,237	2,237
Total revenues	<u>196</u>	<u>2,237</u>	<u>2,433</u>
EXPENDITURES			
Capital outlay	459	746	1,205
Debt service:			
Interest and fiscal charges	21	-	21
Total expenditures	<u>480</u>	<u>746</u>	<u>1,226</u>
Net change in fund balances	(284)	1,491	1,207
Fund balances (deficit) at beginning of year	<u>(2,022)</u>	<u>11,263</u>	<u>9,241</u>
Fund balances (deficit) at end of year	<u>\$ (2,306)</u>	<u>\$ 12,754</u>	<u>\$ 10,448</u>

City of Toledo, Ohio
Fund Description - Nonmajor Permanent Fund

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.

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City of Toledo, Ohio
Fund Descriptions - 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 expenses of the one centralized location for the storage and the subsequent release of vehicles ordered to be impounded by the Toledo Police Department.

Marina Operations

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 expenses 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 categories indicated above for purposes of these financial statements.

City of Toledo, Ohio
Combining Statement of Net Position
Nonmajor Enterprise Funds
December 31, 2018
(Amounts in Thousands)

	<u>Storm Sewer</u>	<u>Property Management</u>	<u>Small Business Development</u>	<u>Municipal Tow Lot</u>
ASSETS				
<u>Current:</u>				
Cash and cash equivalents with Treasury	\$ 2,342	\$ -	\$ -	\$ -
Investments	9,477	-	-	-
Restricted investments	-	-	-	-
Receivables (net of allowances)	3,073	5,211	-	174
Due from other:				
Funds	-	-	-	229
Total current assets	<u>14,892</u>	<u>5,211</u>	<u>-</u>	<u>403</u>
<u>Noncurrent:</u>				
Investments	16,107	-	-	-
Land and construction in progress	12,967	909	153	697
Other capital assets, net of accumulated depreciation	31,245	-	161	29
Total noncurrent assets	<u>60,319</u>	<u>909</u>	<u>314</u>	<u>726</u>
Total assets	<u>75,211</u>	<u>6,120</u>	<u>314</u>	<u>1,129</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	1,448	-	-	-
OPEB	534	-	-	-
Total deferred outflows of resources	<u>1,982</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
<u>Current:</u>				
Accounts payable	327	-	-	60
Customer deposits	-	-	-	-
Accrued wages and benefits payable	89	-	-	-
Retainage payable	111	-	-	-
Due to other:				
Funds	1,315	1	111	-
Governments	15	-	-	-
Accrued interest payable	-	39	-	4
Current portion of:				
Bonds, loans, and capital lease payable, net	185	851	-	150
Total current liabilities	<u>2,042</u>	<u>891</u>	<u>111</u>	<u>214</u>
<u>Noncurrent:</u>				
Compensated absences payable	474	-	-	-
Bonds, loans, and capital lease payable, net	2,492	8,321	-	760
Net pension liability	3,789	-	-	-
Net OPEB liability	2,618	-	-	-
Total noncurrent liabilities	<u>9,373</u>	<u>8,321</u>	<u>-</u>	<u>760</u>
Total liabilities	<u>11,415</u>	<u>9,212</u>	<u>111</u>	<u>974</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	918	-	-	-
OPEB	195	-	-	-
Total deferred inflows of resources	<u>1,113</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	41,424	909	314	(184)
Restricted:				
Debt Service	36	-	-	-
Replacement	10,064	-	-	-
Capital improvement	100	-	-	-
Unrestricted (deficit)	13,041	(4,001)	(111)	339
Total net position (deficit)	<u>\$ 64,665</u>	<u>\$ (3,092)</u>	<u>\$ 203</u>	<u>\$ 155</u>

Marina Operations	Toledo Public Power	Total Nonmajor Enterprise Funds
\$ -	\$ -	\$ 2,342
-	-	9,477
-	383	383
-	179	8,637
<u>1</u>	<u>162</u>	<u>392</u>
<u>1</u>	<u>724</u>	<u>21,231</u>
-	-	16,107
-	-	14,726
-	-	31,435
-	-	62,268
<u>1</u>	<u>724</u>	<u>83,499</u>
-	-	1,448
-	-	534
-	-	1,982
1	54	442
-	50	50
-	-	89
-	-	111
-	-	1,427
-	-	15
-	-	43
-	-	1,186
<u>1</u>	<u>104</u>	<u>3,363</u>
-	-	474
-	-	11,573
-	-	3,789
-	-	2,618
-	-	18,454
<u>1</u>	<u>104</u>	<u>21,817</u>
-	-	918
-	-	195
-	-	1,113
-	-	42,463
-	-	36
-	-	10,064
-	383	483
-	237	9,505
<u>\$ -</u>	<u>\$ 620</u>	<u>\$ 62,551</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, 2018
(Amounts in Thousands)

	Storm Sewer	Property Management	Small Business Development	Municipal Tow Lot
OPERATING REVENUES				
Charges for services	\$ 9,818	\$ -	\$ -	\$ 2,060
Other revenue	13	-	-	273
Total operating revenues	<u>9,831</u>	<u>-</u>	<u>-</u>	<u>2,333</u>
OPERATING EXPENSES				
Personal services	4,669	-	-	-
Contract services	1,790	27	3	869
Materials and supplies	280	-	-	44
Utilities	-	-	1	20
Depreciation	1,127	-	4	5
Total operating expenses	<u>7,866</u>	<u>27</u>	<u>8</u>	<u>938</u>
Operating income (loss)	<u>1,965</u>	<u>(27)</u>	<u>(8)</u>	<u>1,395</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	455	-	-	-
Interest expense and fiscal charges	(58)	(444)	-	(50)
Total nonoperating revenues (expenses)	<u>397</u>	<u>(444)</u>	<u>-</u>	<u>(50)</u>
Income (loss) before transfers and contributions	<u>2,362</u>	<u>(471)</u>	<u>(8)</u>	<u>1,345</u>
Capital contributions	77	300	-	-
Transfers in	-	1,263	-	-
Transfers (out)	(75)	-	-	(1,288)
Change in net position	2,364	1,092	(8)	57
Net position (deficit) at beginning of year, restated	<u>62,301</u>	<u>(4,184)</u>	<u>211</u>	<u>98</u>
Net position (deficit) at end of year	<u>\$ 64,665</u>	<u>\$ (3,092)</u>	<u>\$ 203</u>	<u>\$ 155</u>

Toledo Public Power	Total Nonmajor Enterprise Funds
\$ 814	\$ 12,692
-	286
<u>814</u>	<u>12,978</u>
-	4,669
8	2,697
-	324
768	789
-	1,136
<u>776</u>	<u>9,615</u>
<u>38</u>	<u>3,363</u>
7	462
<u>(11)</u>	<u>(563)</u>
<u>(4)</u>	<u>(101)</u>
<u>34</u>	<u>3,262</u>
-	377
-	1,263
<u>-</u>	<u>(1,363)</u>
34	3,539
<u>586</u>	<u>59,012</u>
<u>\$ 620</u>	<u>\$ 62,551</u>

City of Toledo, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Storm Sewer	Property Management	Small Business Development	Municipal Tow Lot
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 12,595	\$ 27	\$ -	\$ 2,165
Cash paid to employees	(3,685)	-	-	-
Cash paid to suppliers	(407)	(27)	-	(949)
Other receipts	13	-	-	273
Net cash provided by operating activities	<u>8,516</u>	<u>-</u>	<u>-</u>	<u>1,489</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer in	-	1,263	-	-
Transfer (out)	(75)	-	-	(1,288)
Net cash provided by (used in) noncapital financing activities	<u>(75)</u>	<u>1,263</u>	<u>-</u>	<u>(1,288)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants	77	300	-	-
Purchases of property, plant, and equipment	(2,536)	(300)	-	-
Principal payments	(177)	(805)	-	(150)
Issuance of bonds and loans	43	-	-	-
Interest and fiscal charges paid on bonds, loans, and capital leases	(58)	(458)	-	(51)
Net cash (used in) capital and related financing activities	<u>(2,651)</u>	<u>(1,263)</u>	<u>-</u>	<u>(201)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	2,132	-	-	-
Purchase of investments	(6,588)	-	-	-
Investment income received on investments	455	-	-	-
Net cash (used in) investing activities	<u>(4,001)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	1,789	-	-	-
Cash and cash equivalents at beginning of year	553	-	-	-
Cash and cash equivalents at end of year	<u>\$ 2,342</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Toledo Public Power	Total Nonmajor Enterprise Funds
\$ 833	\$ 15,620
-	(3,685)
(822)	(2,205)
-	286
<u>11</u>	<u>10,016</u>
-	1,263
-	(1,363)
-	(100)
-	377
-	(2,836)
-	(1,132)
-	43
<u>(11)</u>	<u>(578)</u>
<u>(11)</u>	<u>(4,126)</u>
-	2,132
-	(6,588)
-	455
<u>-</u>	<u>(4,001)</u>
-	1,789
-	553
<u>\$ -</u>	<u>\$ 2,342</u>

(continued)

City of Toledo, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (continued)
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Storm Sewer</u>	<u>Property Management</u>	<u>Small Business Development</u>	<u>Municipal Tow Lot</u>
Reconciliation of operating income (loss) to net cash provided by operating activities:				
Operating income (loss)	\$ 1,965	\$ (27)	\$ (8)	\$ 1,395
Adjustments:				
Depreciation	1,127	-	4	5
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivables	(167)	-	-	151
(Increase) decrease in due from other funds	2,944	27	-	(46)
Increase (decrease) in accounts payable	273	-	-	(16)
Increase in due to other funds	1,315	-	4	-
Increase in retainage payable	75	-	-	-
(Decrease) in accrued wages and benefits	(10)	-	-	-
Increase in compensated absences	117	-	-	-
Decrease in deferred outflows of resources - pension	215	-	-	-
Increase in deferred inflows of resources - pension	834	-	-	-
(Decrease) in net pension liability	(551)	-	-	-
(Increase) in deferred outflows of resources - OPEB	(509)	-	-	-
Increase in deferred inflows of resources - OPEB	195	-	-	-
Increase in net OPEB liability	693	-	-	-
Net cash provided by operating activities	<u>\$ 8,516</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,489</u>

Toledo Public Power	Total Nonmajor Enterprise Funds
\$ 38	\$ 3,363
-	1,136
(122)	(138)
141	3,066
(46)	211
-	1,319
-	75
-	(10)
-	117
-	215
-	834
-	(551)
-	(509)
-	195
-	693
<u>\$ 11</u>	<u>\$ 10,016</u>

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City of Toledo, Ohio
Fund Descriptions - 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 participation in a State of Ohio sponsored worker's compensation program. This fund accounts for the payment and allocation of premiums, assessments, and claims to the State Bureau of Workers' Compensation to participating funds.

City of Toledo, Ohio
Combining Statement of Net Position
Internal Service Funds
December 31, 2018
(Amounts in Thousands)

	<u>Municipal Garage</u>	<u>Capital Replacement</u>	<u>Storeroom and Printshop</u>	<u>Information Technology</u>
ASSETS				
<u>Current:</u>				
Cash and cash equivalents held by escrow agent	\$ -	\$ 701	\$ -	\$ -
Receivables (net of allowances)	531	-	2	-
Due from other:				
Funds	6,879	-	585	1,235
Inventory of supplies	931	-	3	-
Total current assets	<u>8,341</u>	<u>701</u>	<u>590</u>	<u>1,235</u>
<u>Noncurrent:</u>				
Land and construction in progress	350	1,715	-	-
Other capital assets, net of accumulated depreciation	8,517	9,440	-	-
Total noncurrent assets	<u>8,867</u>	<u>11,155</u>	<u>-</u>	<u>-</u>
Total assets	<u>17,208</u>	<u>11,856</u>	<u>590</u>	<u>1,235</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension	850	-	13	527
OPEB	168	-	1	48
Total deferred outflows of resources	<u>1,018</u>	<u>-</u>	<u>14</u>	<u>575</u>
LIABILITIES				
<u>Current:</u>				
Accounts payable	459	-	198	459
Customer deposits	290	-	-	2
Accrued wages and benefits payable	86	-	1	20
Due to other:				
Funds	-	2,023	-	-
Other current liabilities	-	-	-	-
Current portion of:				
Compensated absences payable	-	-	-	-
Bonds, loans, and capital lease payable, net	-	1,210	-	-
Total current liabilities	<u>835</u>	<u>3,233</u>	<u>199</u>	<u>481</u>
<u>Noncurrent:</u>				
Bonds, loans, and capital lease payable, net	-	1,357	-	-
Net pension liability	3,321	-	25	945
Net OPEB liability	2,294	-	17	653
Total noncurrent liabilities	<u>5,615</u>	<u>1,357</u>	<u>42</u>	<u>1,598</u>
Total liabilities	<u>6,450</u>	<u>4,590</u>	<u>241</u>	<u>2,079</u>
DEFERRED INFLOWS OF RESOURCES				
Pension	854	-	6	290
OPEB	222	-	2	94
Total deferred inflows of resources	<u>1,076</u>	<u>-</u>	<u>8</u>	<u>384</u>
NET POSITION				
Net investment in capital assets	8,867	8,588	-	-
Unrestricted (deficit)	1,833	(1,322)	355	(653)
Total net position (deficit)	<u>\$ 10,700</u>	<u>\$ 7,266</u>	<u>\$ 355</u>	<u>\$ (653)</u>

Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ 701
1	56	22	612
5,642	1,908	6,389	22,638
-	-	-	934
<u>5,643</u>	<u>1,964</u>	<u>6,411</u>	<u>24,885</u>
-	-	-	2,065
-	2,715	-	20,672
-	2,715	-	22,737
<u>5,643</u>	<u>4,679</u>	<u>6,411</u>	<u>47,622</u>
120	613	163	2,286
13	105	34	369
<u>133</u>	<u>718</u>	<u>197</u>	<u>2,655</u>
37	80	176	1,409
-	-	-	292
1	31	5	144
-	-	-	2,023
1,200	-	3,350	4,550
5	-	-	5
-	130	-	1,340
<u>1,243</u>	<u>241</u>	<u>3,531</u>	<u>9,763</u>
-	3,015	-	4,372
226	1,079	276	5,872
156	745	191	4,056
<u>382</u>	<u>4,839</u>	<u>467</u>	<u>14,300</u>
<u>1,625</u>	<u>5,080</u>	<u>3,998</u>	<u>24,063</u>
53	253	65	1,521
12	56	14	400
<u>65</u>	<u>309</u>	<u>79</u>	<u>1,921</u>
-	(430)	-	17,025
4,086	438	2,531	7,268
<u>\$ 4,086</u>	<u>\$ 8</u>	<u>\$ 2,531</u>	<u>\$ 24,293</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, 2018
(Amounts in Thousands)

	Municipal Garage	Capital Replacement	Storeroom and Printshop	Information Technology
OPERATING REVENUES				
Charges for services	\$ 9,985	\$ 1,429	\$ 673	\$ 4,591
Other revenue	218	-	-	-
Total operating revenues	<u>10,203</u>	<u>1,429</u>	<u>673</u>	<u>4,591</u>
OPERATING EXPENSES				
Personal services	4,774	-	44	1,581
Contract services	935	-	219	1,158
Materials and supplies	5,132	-	114	257
Utilities	29	-	-	1,810
Depreciation	133	1,386	-	-
Total operating expenses	<u>11,003</u>	<u>1,386</u>	<u>377</u>	<u>4,806</u>
Operating income (loss)	<u>(800)</u>	<u>43</u>	<u>296</u>	<u>(215)</u>
NONOPERATING REVENUES (EXPENSES)				
Interest expense and fiscal charges	-	(87)	-	-
Gain on disposal of capital assets	352	9	-	-
Total nonoperating revenues (expenses)	<u>352</u>	<u>(78)</u>	<u>-</u>	<u>-</u>
Change in net position	(448)	(35)	296	(215)
Net position (deficit) at beginning of year, restated	<u>11,148</u>	<u>7,301</u>	<u>59</u>	<u>(438)</u>
Net position (deficit) at end of year	<u>\$ 10,700</u>	<u>\$ 7,266</u>	<u>\$ 355</u>	<u>\$ (653)</u>

Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
\$ 759	\$ 4,281	\$ 2,231	\$ 23,949
-	6	3,641	3,865
759	4,287	5,872	27,814
430	1,800	487	9,116
1,587	1,048	5,503	10,450
-	341	1	5,845
-	123	-	1,962
-	89	-	1,608
2,017	3,401	5,991	28,981
(1,258)	886	(119)	(1,167)
-	(186)	-	(273)
-	-	-	361
-	(186)	-	88
(1,258)	700	(119)	(1,079)
5,344	(692)	2,650	25,372
\$ 4,086	\$ 8	\$ 2,531	\$ 24,293

City of Toledo, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Municipal Garage	Capital Replacement	Storeroom and Printshop	Information Technology
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 9,924	\$ 1,429	\$ 309	\$ 4,150
Cash paid to employees	(4,309)	-	(35)	(1,214)
Cash paid to suppliers	(6,197)	-	(274)	(2,936)
Other receipts	218	474	-	-
Net cash provided by (used in) operating activities	<u>(364)</u>	<u>1,903</u>	<u>-</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Sale of capital assets	364	-	-	-
Purchases of property, plant, and equipment	-	(473)	-	-
Principal payments	-	(1,343)	-	-
Issuance of bonds and loans	-	-	-	-
Interest and fiscal charges paid on bonds, loans, and capital leases	-	(87)	-	-
Net cash provided by (used in) capital and related financing activities	<u>364</u>	<u>(1,903)</u>	<u>-</u>	<u>-</u>
Net increase in cash and cash equivalents	-	-	-	-
Cash and cash equivalents at beginning of year	-	701	-	-
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 701</u>	<u>\$ -</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:				
Operating income (loss)	\$ (800)	\$ 43	\$ 296	\$ (215)
Adjustments:				
Depreciation	133	1,386	-	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
(Increase) decrease in accounts receivable	(140)	-	-	206
(Increase) decrease in due from other funds	79	-	(364)	(647)
Decrease in inventory of supplies	3	-	2	-
Increase (decrease) in accounts payable	(103)	(76)	55	289
Increase in due to other funds	-	550	-	-
(Decrease) in customer deposits	(1)	-	-	-
(Decrease) in other current liabilities	-	-	-	-
(Decrease) in accrued wages and benefits payable	(10)	-	-	(2)
Increase (decrease) in compensated absences	(7)	-	-	-
Decrease in deferred outflows of resources - pension	1,135	-	15	625
Increase in deferred inflows of resources - pension	823	-	6	281
(Decrease) in net pension liability	(1,648)	-	(12)	(572)
(Increase) in deferred outflows of resources - OPEB	(140)	-	(1)	(39)
Increase in deferred inflows of resources - OPEB	222	-	2	94
Increase (decrease) in net OPEB liability	90	-	1	(20)
Net cash provided by (used in) operating activities	<u>\$ (364)</u>	<u>\$ 1,903</u>	<u>\$ -</u>	<u>\$ -</u>

Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
\$ 1,951	\$ 3,178	\$ 4,992	\$ 25,933
(333)	(1,343)	(366)	(7,600)
(1,618)	(1,550)	(8,267)	(20,842)
-	6	3,641	4,339
-	291	-	1,830
-	-	-	364
-	-	-	(473)
-	(3,250)	-	(4,593)
-	3,145	-	3,145
-	(186)	-	(273)
-	(291)	-	(1,830)
-	-	-	-
-	-	-	701
\$ -	\$ -	\$ -	\$ 701

\$ (1,258)	\$ 886	\$ (119)	\$ (1,167)
-	89	-	1,608
-	(3)	-	63
1,192	(1,100)	2,761	1,921
-	-	-	5
(32)	(38)	(1,113)	(1,018)
-	-	-	550
-	-	-	(1)
-	-	(1,650)	(1,650)
(1)	(3)	-	(16)
5	(2)	-	(4)
123	445	90	2,433
51	245	63	1,469
(95)	(314)	(57)	(2,698)
(11)	(97)	(32)	(320)
12	56	14	400
14	127	43	255
\$ -	\$ 291	\$ -	\$ 1,830

City of Toledo, Ohio
Fund Descriptions - 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.

Municipal Court

To account for bonds and other monies deposited with the Court pending final disposition of the various cases. While 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 No. 61.

City of Toledo, Ohio
Combining Statement of Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Beginning Balance 12/31/2017	Additions	Reductions	Ending Balance 12/31/2018
GENERAL AGENCY				
ASSETS				
Receivables (net of allowances)	\$ 2,682	\$ 2,950	\$ 2,682	\$ 2,950
LIABILITIES				
Accounts payable	\$ 372	\$ 52	\$ 372	\$ 52
Deposits	2,310	2,898	2,310	2,898
Total liabilities	\$ 2,682	\$ 2,950	\$ 2,682	\$ 2,950
MUNICIPAL COURT				
ASSETS				
Cash and cash equivalents - other	\$ 907	\$ 677	\$ 907	\$ 677
LIABILITIES				
Deposits	\$ 907	\$ 677	\$ 907	\$ 677
TOTAL AGENCY FUNDS				
ASSETS				
Cash and cash equivalents - other	\$ 907	\$ 677	\$ 907	\$ 677
Receivables (net of allowances)	2,682	2,950	2,682	2,950
Total assets	\$ 3,589	\$ 3,627	\$ 3,589	\$ 3,627
LIABILITIES				
Accounts payable	\$ 372	\$ 52	\$ 372	\$ 52
Deposits	3,217	3,575	3,217	3,575
Total liabilities	\$ 3,589	\$ 3,627	\$ 3,589	\$ 3,627

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Income taxes	\$ 178,000	\$ 181,800	\$ 183,618	\$ 1,818
Property taxes	11,985	11,985	12,223	238
Licenses and permits	3,336	3,336	3,213	(123)
Intergovernmental services	17,202	17,202	17,808	606
Charges for services	29,899	29,899	28,482	(1,417)
Investment earnings	461	461	1,469	1,008
Fines and forfeitures	9,860	9,860	10,150	290
Other revenue	948	1,008	2,664	1,656
Total revenues	<u>251,691</u>	<u>255,551</u>	<u>259,627</u>	<u>4,076</u>
EXPENDITURES				
Current:				
General government				
Accounts				
Personnel services	1,003	997	837	160
Materials and supplies	7	7	6	1
Contractual services	244	244	225	19
Accounts total	<u>1,254</u>	<u>1,248</u>	<u>1,068</u>	<u>180</u>
Diversity and inclusion				
Personnel services	366	364	352	12
Materials and supplies	1	1	1	-
Contractual services	16	16	17	(1)
Diversity and inclusion total	<u>383</u>	<u>381</u>	<u>370</u>	<u>11</u>
Auditor				
Personnel services	109	109	104	5
Materials and supplies	1	1	-	1
Contractual services	2	2	2	-
Auditor total	<u>112</u>	<u>112</u>	<u>106</u>	<u>6</u>
Beautification action team				
Personnel services	36	36	34	2
Materials and supplies	6	6	2	4
Contractual services	50	50	46	4
Beautification action team total	<u>92</u>	<u>92</u>	<u>82</u>	<u>10</u>
Board of community relations				
Personnel services	23	25	25	-
Board of community relations total	<u>23</u>	<u>25</u>	<u>25</u>	<u>-</u>

General government continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
General government (continued)				
City council				
Personnel services	1,446	1,438	828	610
Materials and supplies	16	16	20	(4)
Contractual services	156	156	134	22
City council total	<u>1,618</u>	<u>1,610</u>	<u>982</u>	<u>628</u>
Facility operations				
Contractual services	571	571	561	10
Facility operations total	<u>571</u>	<u>571</u>	<u>561</u>	<u>10</u>
Finance administration				
Personnel services	214	213	209	4
Materials and supplies	2	2	2	-
Contractual services	123	123	84	39
Finance administration total	<u>339</u>	<u>338</u>	<u>295</u>	<u>43</u>
Finance ERP				
Personnel services	191	168	109	59
Materials and supplies	1	1	-	1
Contractual services	143	165	376	(211)
Finance ERP total	<u>335</u>	<u>334</u>	<u>485</u>	<u>(151)</u>
Financial analysis				
Personnel services	359	357	186	171
Materials and supplies	2	2	1	1
Contractual services	9	9	9	-
Financial analysis total	<u>370</u>	<u>368</u>	<u>196</u>	<u>172</u>
Fire				
Materials and supplies	-	-	5	(5)
Fire total	<u>-</u>	<u>-</u>	<u>5</u>	<u>(5)</u>
General fund utilities				
Contractual services	1,542	1,542	1,413	129
General fund utilities total	<u>1,542</u>	<u>1,542</u>	<u>1,413</u>	<u>129</u>
General non-departmental services				
Personnel services	(1,200)	(1,200)	47	(1,247)
Contractual services	12,184	12,738	12,076	662
General non-departmental services total	<u>10,984</u>	<u>11,538</u>	<u>12,123</u>	<u>(585)</u>

General government continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
General government (continued)				
Human relations commission				
Contractual services	64	64	1	63
Human relations commission total	<u>64</u>	<u>64</u>	<u>1</u>	<u>63</u>
Human resources				
Personnel services	801	796	675	121
Materials and supplies	17	17	12	5
Contractual services	451	451	423	28
Human resources total	<u>1,269</u>	<u>1,264</u>	<u>1,110</u>	<u>154</u>
Law				
Personnel services	1,046	1,038	1,258	(220)
Materials and supplies	16	16	18	(2)
Contractual services	126	126	94	32
Law total	<u>1,188</u>	<u>1,180</u>	<u>1,370</u>	<u>(190)</u>
Office of the mayor				
Personnel services	943	937	954	(17)
Materials and supplies	18	18	12	6
Contractual services	121	151	115	36
Office of the mayor total	<u>1,082</u>	<u>1,106</u>	<u>1,081</u>	<u>25</u>
Parks and forestry				
Contractual services	-	-	2	(2)
Parks and forestry total	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2)</u>
Purchasing and supplies				
Personnel services	324	322	256	66
Materials and supplies	3	3	1	2
Contractual services	31	32	29	3
Purchasing and supplies total	<u>358</u>	<u>357</u>	<u>286</u>	<u>71</u>
Safety administration				
Personnel services	36	36	15	21
Contractual services	124	124	52	72
Safety administration total	<u>160</u>	<u>160</u>	<u>67</u>	<u>93</u>
Streets, bridges & harbor				
Personnel services	67	67	51	16
Streets, bridges & harbor total	<u>67</u>	<u>67</u>	<u>51</u>	<u>16</u>
Taxation				
Personnel services	2,512	2,498	2,141	357
Materials and supplies	127	127	126	1
Contractual services	227	227	210	17
Taxation total	<u>2,866</u>	<u>2,852</u>	<u>2,477</u>	<u>375</u>

General government continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
General government (continued)				
Treasury				
Personnel services	253	252	235	17
Materials and supplies	12	12	9	3
Contractual services	65	65	37	28
Treasury total	<u>330</u>	<u>329</u>	<u>281</u>	<u>48</u>
Utilities administrative service				
Personnel services	113	112	82	30
Utility Administrative Service Total	<u>113</u>	<u>112</u>	<u>82</u>	<u>30</u>
<i>General government total</i>	<u>25,120</u>	<u>25,650</u>	<u>24,519</u>	<u>1,131</u>
Public service				
General fund utilities				
Contractual services	1,684	1,684	1,281	403
General fund utilities total	<u>1,684</u>	<u>1,684</u>	<u>1,281</u>	<u>403</u>
Parks & forestry				
Personnel services	23	23	17	6
Materials and supplies	2	2	1	1
Contractual services	246	246	271	(25)
Parks & forestry total	<u>271</u>	<u>271</u>	<u>289</u>	<u>(18)</u>
Transportation				
Contractual services	-	150	113	37
Transportation total	<u>-</u>	<u>150</u>	<u>113</u>	<u>37</u>
<i>Public service total</i>	<u>1,955</u>	<u>2,105</u>	<u>1,683</u>	<u>422</u>
Public safety				
Clerk of municipal court				
Personnel services	5,228	5,200	4,564	636
Materials and supplies	441	441	578	(137)
Contractual services	419	419	535	(116)
Clerk of municipal court total	<u>6,088</u>	<u>6,060</u>	<u>5,677</u>	<u>383</u>

Public safety continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Public safety (continued)				
Fire				
Personnel services	67,056	68,876	66,287	2,589
Materials and supplies	843	860	880	(20)
Contractual services	3,394	3,394	3,438	(44)
Fire total	<u>71,293</u>	<u>73,130</u>	<u>70,605</u>	<u>2,525</u>
General non-departmental services				
Contractual services	68	68	74	(6)
General non-departmental services total	<u>68</u>	<u>68</u>	<u>74</u>	<u>(6)</u>
Law				
Personnel services	1,060	1,053	794	259
Contractual services	5	5	4	1
Law total	<u>1,065</u>	<u>1,058</u>	<u>798</u>	<u>260</u>
Municipal court judges				
Personnel services	6,330	6,295	5,338	957
Materials and supplies	142	142	126	16
Contractual services	3,021	3,021	2,244	777
Municipal court judges total	<u>9,493</u>	<u>9,458</u>	<u>7,708</u>	<u>1,750</u>
Police				
Personnel services	74,571	75,005	69,714	5,291
Materials and supplies	1,380	1,403	1,298	105
Contractual services	4,622	4,660	3,784	876
Police total	<u>80,573</u>	<u>81,068</u>	<u>74,796</u>	<u>6,272</u>
Safety administration				
Contractual services	2,378	268	-	268
Safety administration total	<u>2,378</u>	<u>268</u>	<u>-</u>	<u>268</u>
<i>Public safety total</i>	<u>170,958</u>	<u>171,110</u>	<u>159,658</u>	<u>11,452</u>

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community environment				
Building inspection				
Personnel services	1,974	1,963	1,542	421
Materials and supplies	39	39	32	7
Contractual services	522	522	430	92
Building inspection total	<u>2,535</u>	<u>2,524</u>	<u>2,004</u>	<u>520</u>
Code enforcement				
Personnel services	788	784	656	128
Materials and supplies	15	15	18	(3)
Contractual services	1,122	1,122	866	256
Code enforcement total	<u>1,925</u>	<u>1,921</u>	<u>1,540</u>	<u>381</u>
Economic development				
Personnel services	399	396	317	79
Materials and supplies	5	5	5	-
Contractual services	895	895	740	155
Economic development total	<u>1,299</u>	<u>1,296</u>	<u>1,062</u>	<u>234</u>
Engineering services				
Personnel services	141	141	105	36
Contractual services	28	28	29	(1)
Engineering services total	<u>169</u>	<u>169</u>	<u>134</u>	<u>35</u>
General non-departmental services				
Contractual services	36	36	-	36
General non-departmental services total	<u>36</u>	<u>36</u>	<u>-</u>	<u>36</u>
Housing				
Personnel services	4	4	1	3
Housing total	<u>4</u>	<u>4</u>	<u>1</u>	<u>3</u>
Neighborhoods administration				
Personnel services	12	12	12	-
Neighborhoods administration total	<u>12</u>	<u>12</u>	<u>12</u>	<u>-</u>
Planning commission				
Personnel services	485	485	432	53
Materials and supplies	11	11	10	1
Contractual services	27	27	32	(5)
Planning commission total	<u>523</u>	<u>523</u>	<u>474</u>	<u>49</u>

Community Environment continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Community environment (continued)				
Real estate				
Personnel services	188	187	135	52
Materials and supplies	1	1	1	-
Contractual services	85	85	48	37
Real estate total	<u>274</u>	<u>273</u>	<u>184</u>	<u>89</u>
<i>Community environment total</i>	<u>6,777</u>	<u>6,758</u>	<u>5,411</u>	<u>1,347</u>
Health				
Environmental services				
Personnel services	158	157	155	2
Contractual services	15	15	15	-
Environmental services total	<u>173</u>	<u>172</u>	<u>170</u>	<u>2</u>
General non-departmental services				
Contractual services	2,307	2,307	2,166	141
General non-departmental services total	<u>2,307</u>	<u>2,307</u>	<u>2,166</u>	<u>141</u>
Municipal court judges				
Personnel services	334	332	314	18
Municipal court judges total	<u>334</u>	<u>332</u>	<u>314</u>	<u>18</u>
Parks & forestry				
Personnel services	312	310	285	25
Materials and supplies	19	19	13	6
Contractual services	258	258	289	(31)
Parks & forestry total	<u>589</u>	<u>587</u>	<u>587</u>	<u>-</u>
Waste disposal				
Personnel services	1,112	1,106	980	126
Materials and supplies	55	55	45	10
Contractual services	3,413	3,413	3,777	(364)
Waste disposal total	<u>4,580</u>	<u>4,574</u>	<u>4,802</u>	<u>(228)</u>
<i>Health total</i>	<u>7,983</u>	<u>7,972</u>	<u>8,039</u>	<u>(67)</u>
Parks and recreation				
Parks & forestry				
Personnel services	80	79	114	(35)
Materials and supplies	41	41	47	(6)
Contractual services	1,201	1,414	1,593	(179)
Parks & forestry total	<u>1,322</u>	<u>1,534</u>	<u>1,754</u>	<u>(220)</u>

Parks and Recreation continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
General Fund
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation (continued)				
Recreation				
Personnel services	458	455	406	49
Materials and supplies	40	40	39	1
Contractual services	835	835	727	108
Recreation total	<u>1,333</u>	<u>1,330</u>	<u>1,172</u>	<u>158</u>
<i>Parks and recreation total</i>	<u>2,655</u>	<u>2,864</u>	<u>2,926</u>	<u>(62)</u>
Debt service:				
Principal retirement	644	644	644	-
Interest and fiscal charges	60	60	60	-
Debt service total	<u>704</u>	<u>704</u>	<u>704</u>	<u>-</u>
Total expenditures	<u>216,152</u>	<u>217,163</u>	<u>202,940</u>	<u>14,223</u>
Excess of revenues over expenditures	<u>35,539</u>	<u>38,388</u>	<u>56,687</u>	<u>18,299</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	3,516	1,407	1,288	(119)
Transfers (out)	(39,055)	(39,795)	(40,228)	(433)
Sale of capital assets	-	-	110	110
Total other financing sources (uses)	<u>(35,539)</u>	<u>(38,388)</u>	<u>(38,830)</u>	<u>(442)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	17,857	<u>\$ 17,857</u>
Fund balance at beginning of year			22,188	
Increase in inventory			443	
Fund balance at year end			<u>\$ 40,488</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Capital Improvements
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
REVENUES				
Charges for services	\$ 277	\$ 684	\$ -	\$ (684)
Investment earnings	300	300	524	224
Grants	573	45,518	11,727	(33,791)
Other revenue	-	208	309	101
Total revenues	<u>1,150</u>	<u>46,710</u>	<u>12,560</u>	<u>(34,150)</u>
EXPENDITURES				
General government				
Debt management				
Contractual services	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>
Debt management total	<u>2</u>	<u>2</u>	<u>-</u>	<u>2</u>
Facility operations				
Contractual services	<u>241</u>	<u>241</u>	<u>250</u>	<u>(9)</u>
Facility operations total	<u>241</u>	<u>241</u>	<u>250</u>	<u>(9)</u>
Diversity and inclusion				
Contractual services	<u>-</u>	<u>-</u>	<u>17</u>	<u>(17)</u>
Diversity and inclusion total	<u>-</u>	<u>-</u>	<u>17</u>	<u>(17)</u>
Finance ERP				
Contractual services	<u>61</u>	<u>61</u>	<u>54</u>	<u>7</u>
Finance ERP total	<u>61</u>	<u>61</u>	<u>54</u>	<u>7</u>
Office of the mayor				
Personnel services	<u>14</u>	<u>14</u>	<u>13</u>	<u>1</u>
Office of the mayor total	<u>14</u>	<u>14</u>	<u>13</u>	<u>1</u>
<i>General government total</i>	<u>318</u>	<u>318</u>	<u>334</u>	<u>(16)</u>
Capital outlay				
Diversity and inclusion				
Personnel services	<u>21</u>	<u>21</u>	<u>3</u>	<u>18</u>
Diversity and inclusion total	<u>21</u>	<u>21</u>	<u>3</u>	<u>18</u>
Building inspection				
Capital Outlay	<u>-</u>	<u>94</u>	<u>-</u>	<u>94</u>
Contractual services	<u>-</u>	<u>6</u>	<u>-</u>	<u>6</u>
Building inspection total	<u>-</u>	<u>100</u>	<u>-</u>	<u>100</u>
City council				
Materials and supplies	<u>-</u>	<u>33</u>	<u>33</u>	<u>-</u>
Capital Outlay	<u>-</u>	<u>30</u>	<u>27</u>	<u>3</u>
Contractual services	<u>-</u>	<u>167</u>	<u>11</u>	<u>156</u>
City council total	<u>-</u>	<u>230</u>	<u>71</u>	<u>159</u>

Capital outlay continues on next page

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Capital Improvements
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Capital outlay (continued)				
Debt management				
Personnel services	121	121	107	14
Debt management total	121	121	107	14
Economic development				
Contractual services	-	836	2	834
Capital outlay	-	1,014	122	892
Economic development total	-	1,850	124	1,726
Engineering services				
Personnel services	1,871	1,871	1,517	354
Contractual services	580	70,185	31,933	38,252
Engineering services total	2,451	72,056	33,450	38,606
Environmental Services				
Contractual services	-	800	51	749
Environmental services total	-	800	51	749
Fire				
Materials and supplies	-	76	-	76
Contractual services	-	60	-	60
Capital outlay	-	3,445	290	3,155
Fire total	-	3,581	290	3,291
Facility operations				
Contractual services	-	829	206	623
Capital outlay	-	13	-	13
Facility operations total	-	842	206	636
Fleet				
Materials and supplies	-	100	-	100
Fleet total	-	100	-	100
Information & communication technology				
Contractual services	-	526	263	263
Information & communication technology total	-	526	263	263
Municipal court judges				
Contractual services	-	250	-	250
Municipal court judges total	-	250	-	250
Office of the mayor				
Contractual services	-	14	-	14
Office of the mayor total	-	14	-	14

Capital outlay continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Capital Improvements
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
Capital outlay (continued)				
Parks & forestry				
Personnel services	-	59	59	-
Materials and supplies	-	122	116	6
Contractual services	-	2,095	210	1,885
Capital outlay	-	181	103	78
Parks & forestry total	-	2,457	488	1,969
Planning commission				
Personnel services	82	82	79	3
Planning commission total	82	82	79	3
Police				
Materials and supplies	-	228	228	-
Contractual services	-	602	-	602
Capital outlay	-	569	22	547
Police total	-	1,399	250	1,149
Recreation				
Contractual services	-	980	847	133
Materials and supplies	-	57	22	35
Recreation total	-	1,037	869	168
Streets, bridges & harbor				
Personnel services	234	234	278	(44)
Capital outlay	-	1,327	547	780
Materials and supplies	29	226	103	123
Contractual services	10	6,261	1,090	5,171
Streets, bridges & harbor total	273	8,048	2,018	6,030
Taxation				
Materials and supplies	-	8	7	1
Contractual services	-	64	-	64
Taxation total	-	72	7	65
Transportation				
Personnel services	653	653	506	147
Materials and supplies	9	343	286	57
Contractual services	577	1,161	474	687
Capital outlay	1	1	-	1
Transportation total	1,240	2,158	1,266	892

Capital outlay continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Capital Improvements
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay (continued)				
Waste disposal				
Contractual services	-	564	389	175
Capital outlay	-	359	359	-
Waste disposal total	-	923	748	175
<i>Capital outlay total</i>	<u>4,188</u>	<u>96,667</u>	<u>40,290</u>	<u>56,377</u>
Debt service:				
Principal retirement	8,192	8,192	3,761	4,431
Interest and fiscal charges	746	746	561	185
Debt service total	<u>8,938</u>	<u>8,938</u>	<u>4,322</u>	<u>4,616</u>
Total expenditures	<u>13,444</u>	<u>105,923</u>	<u>44,946</u>	<u>60,977</u>
Excess of expenditures over revenues	<u>(12,294)</u>	<u>(59,213)</u>	<u>(32,386)</u>	<u>26,827</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	39,578	39,578	40,788	1,210
Transfers (out)	(19,353)	(17,244)	(16,905)	339
Issuance of loans	4,450	5,837	236	(5,601)
Sale of capital assets	-	-	1	1
Total other financing sources (uses)	<u>24,675</u>	<u>28,171</u>	<u>24,120</u>	<u>(4,051)</u>
Net change in fund balance	<u>\$ 12,381</u>	<u>\$ (31,042)</u>	<u>(8,266)</u>	<u>\$ 22,776</u>
Fund balance at beginning of year			50,889	
Decrease in inventory			(19)	
Fund balance at year end			<u>\$ 42,604</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Special Assessment Services
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Special assessments	\$ 28,745	\$ 28,745	\$ 27,168	\$ (1,577)
Charges for services	26	26	-	(26)
Investment earnings	-	-	128	128
Other revenue	16	16	1	(15)
Total revenues	<u>28,787</u>	<u>28,787</u>	<u>27,297</u>	<u>(1,490)</u>
EXPENDITURES				
Current:				
General government				
Debt management				
Personnel services	81	81	71	10
Contractual services	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
Debt management total	<u>83</u>	<u>83</u>	<u>72</u>	<u>11</u>
Finance ERP				
Contractual services	72	72	65	7
Finance ERP total	<u>72</u>	<u>72</u>	<u>65</u>	<u>7</u>
Human resources				
Personnel services	9	9	8	1
Human resources total	<u>9</u>	<u>9</u>	<u>8</u>	<u>1</u>
Office of the mayor				
Personnel services	14	14	13	1
Office of the mayor total	<u>14</u>	<u>14</u>	<u>13</u>	<u>1</u>
Streets, bridges & harbor				
Personnel services	428	428	176	252
Materials and supplies	3	3	3	-
Contractual services	<u>135</u>	<u>135</u>	<u>110</u>	<u>25</u>
Streets, bridges & harbor total	<u>566</u>	<u>566</u>	<u>289</u>	<u>277</u>
Treasury				
Personnel services	179	179	167	12
Materials and supplies	3	3	3	-
Contractual services	<u>9</u>	<u>9</u>	<u>6</u>	<u>3</u>
Treasury total	<u>191</u>	<u>191</u>	<u>176</u>	<u>15</u>
General government total	<u>935</u>	<u>935</u>	<u>623</u>	<u>312</u>
Public service				
Engineering services				
Personnel services	85	85	78	7
Contractual services	<u>38</u>	<u>38</u>	<u>28</u>	<u>10</u>
Engineering services total	<u>123</u>	<u>123</u>	<u>106</u>	<u>17</u>

Public service continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Special Assessment Services
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public service (continued)				
General fund utilities				
Contractual services	3,957	3,957	3,141	816
General fund utilities total	<u>3,957</u>	<u>3,957</u>	<u>3,141</u>	<u>816</u>
Parks & forestry				
Personnel services	4,445	4,445	3,397	1,048
Materials and supplies	308	308	130	178
Contractual services	3,001	3,001	1,756	1,245
Parks & forestry total	<u>7,754</u>	<u>7,754</u>	<u>5,283</u>	<u>2,471</u>
Streets, bridges & harbor				
Personnel services	8,251	8,251	6,031	2,220
Materials and supplies	1,657	2,867	2,423	444
Contractual services	7,487	7,487	6,419	1,068
Streets, bridges & harbor total	<u>17,395</u>	<u>18,605</u>	<u>14,873</u>	<u>3,732</u>
Treasury				
Materials and supplies	60	60	76	(16)
Contractual services	2,826	2,826	2,786	40
Treasury total	<u>2,886</u>	<u>2,886</u>	<u>2,862</u>	<u>24</u>
Utilities Admin Service				
Personnel services	339	339	244	95
Utilities Admin Service	<u>339</u>	<u>339</u>	<u>244</u>	<u>95</u>
<i>Public service total</i>	<u>32,454</u>	<u>33,664</u>	<u>26,509</u>	<u>7,155</u>
Health				
Parks & forestry				
Personnel services	181	181	151	30
Materials and supplies	27	27	10	17
Contractual services	329	329	155	174
Parks & forestry total	<u>537</u>	<u>537</u>	<u>316</u>	<u>221</u>
<i>Health total</i>	<u>537</u>	<u>537</u>	<u>316</u>	<u>221</u>

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Major Governmental Funds
Special Assessment Services
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Capital outlay:				
Streets, bridges & harbor				
Capital outlay	6	6	-	6
Streets, bridges & harbor total	<u>6</u>	<u>6</u>	<u>-</u>	<u>6</u>
Treasury				
Capital outlay	3	3	-	3
Treasury total	<u>3</u>	<u>3</u>	<u>-</u>	<u>3</u>
<i>Capital outlay total</i>	<u>9</u>	<u>9</u>	<u>-</u>	<u>9</u>
Debt service:				
Principal retirement	19,300	19,300	-	19,300
Interest and fiscal charges	<u>946</u>	<u>946</u>	<u>885</u>	<u>61</u>
Debt service total	<u>20,246</u>	<u>20,246</u>	<u>885</u>	<u>19,361</u>
Total expenditures	<u>54,181</u>	<u>55,391</u>	<u>28,333</u>	<u>27,058</u>
Excess of expenditures over revenues	<u>(25,394)</u>	<u>(26,604)</u>	<u>(1,036)</u>	<u>25,568</u>
OTHER FINANCING SOURCES				
Issuance of debt	20,000	20,000	-	(20,000)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>3</u>	<u>3</u>
Total other financing sources	<u>20,000</u>	<u>20,000</u>	<u>3</u>	<u>(19,997)</u>
Net change in fund balance	<u>\$ (5,394)</u>	<u>\$ (6,604)</u>	<u>(1,033)</u>	<u>\$ 5,571</u>
Fund balance (deficit) at beginning of year			(57,630)	
Increase in inventory			<u>1,210</u>	
Fund balance (deficit) at year end			<u>\$ (57,453)</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Federal Block Grants
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	Final Budget Positive (Negative)
REVENUES				
Charges for services	\$ -	\$ 47	\$ -	\$ (47)
Grants	7,457	17,256	6,691	(10,565)
Other revenue	-	1,698	56	(1,642)
Total revenues	<u>7,457</u>	<u>19,001</u>	<u>6,747</u>	<u>(12,254)</u>
EXPENDITURES				
Current:				
Community environment				
Beautification action team				
Personnel services	338	599	259	340
Materials and supplies	8	28	14	14
Contractual services	478	1,170	226	944
Beautification action team total	<u>824</u>	<u>1,797</u>	<u>499</u>	<u>1,298</u>
Code enforcement				
Personnel services	362	907	421	486
Materials and supplies	13	34	1	33
Contractual services	201	937	121	816
Code enforcement total	<u>576</u>	<u>1,878</u>	<u>543</u>	<u>1,335</u>
Economic development				
Personnel services	-	146	19	127
Materials and supplies	-	3	-	3
Contractual services	194	584	-	584
Economic development total	<u>194</u>	<u>733</u>	<u>19</u>	<u>714</u>
Housing division				
Personnel services	1,521	2,217	986	1,231
Materials and supplies	45	135	21	114
Contractual services	689	3,975	768	3,207
Debt and other	-	1	-	1
Housing division total	<u>2,255</u>	<u>6,328</u>	<u>1,775</u>	<u>4,553</u>
Law				
Personnel services	55	94	46	48
Law total	<u>55</u>	<u>94</u>	<u>46</u>	<u>48</u>
Neighborhoods administration				
Personnel services	1,254	1,737	987	750
Materials and supplies	-	35	5	30
Contractual services	-	601	115	486
Neighborhoods administration total	<u>1,254</u>	<u>2,373</u>	<u>1,107</u>	<u>1,266</u>
Planning commission				
Personnel services	87	151	88	63
Planning commission total	<u>87</u>	<u>151</u>	<u>88</u>	<u>63</u>

Community environment continues on the next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Federal Block Grants
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community environment (continued)				
Real estate				
Personnel services	-	124	52	72
Real estate total	<u>-</u>	<u>124</u>	<u>52</u>	<u>72</u>
Third party partners				
Contractual services	2,212	4,404	2,083	2,321
Third party partners total	<u>2,212</u>	<u>4,404</u>	<u>2,083</u>	<u>2,321</u>
<i>Community environment total</i>	<u>7,457</u>	<u>17,882</u>	<u>6,212</u>	<u>11,670</u>
Total expenditures	<u>7,457</u>	<u>17,882</u>	<u>6,212</u>	<u>11,670</u>
Excess of revenues over expenditures	<u>-</u>	<u>1,119</u>	<u>535</u>	<u>(584)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	366	366	-
Transfers (out)	-	(365)	(385)	(20)
Sale of capital assets	-	8	-	(8)
Total other financing sources (uses)	<u>-</u>	<u>9</u>	<u>(19)</u>	<u>(28)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,128</u>	516	<u>\$ (612)</u>
Fund balance at beginning of year			565	
Fund balance at year end			<u>\$ 1,081</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Operation Grants
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Grants	\$ 5,400	\$ 12,098	\$ 4,871	\$ (7,227)
Other revenue	-	140	159	19
Total revenues	<u>5,400</u>	<u>12,238</u>	<u>5,030</u>	<u>(7,208)</u>
EXPENDITURES				
Current:				
General government				
Board of community relations				
Contractual services	-	1	-	1
Board of community relations total	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Finance Admin				
Contractual services	-	27	-	27
Finance Admin total	<u>-</u>	<u>27</u>	<u>-</u>	<u>27</u>
<i>General government total</i>	<u>-</u>	<u>28</u>	<u>-</u>	<u>28</u>
Public safety				
Clerk of municipal court				
Contractual services	-	12	-	12
Clerk of municipal court total	<u>-</u>	<u>12</u>	<u>-</u>	<u>12</u>
Fire				
Personnel services	-	41	-	41
Materials and supplies	36	113	40	73
Contractual services	4	122	5	117
Capital outlay	-	8	-	8
Fire total	<u>40</u>	<u>284</u>	<u>45</u>	<u>239</u>
Municipal court judges				
Personnel services	-	457	246	211
Materials and supplies	2	79	22	57
Contractual services	5	965	233	732
Municipal court judges total	<u>7</u>	<u>1,501</u>	<u>501</u>	<u>1,000</u>
Police				
Personnel services	183	504	102	402
Materials and supplies	182	245	243	2
Contractual services	282	614	132	482
Police total	<u>647</u>	<u>1,363</u>	<u>477</u>	<u>886</u>
Streets, bridges and harbor				
Contractual services	-	50	-	50
Streets, bridges and harbor total	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>
<i>Public safety total</i>	<u>694</u>	<u>3,210</u>	<u>1,023</u>	<u>2,187</u>

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Operation Grants
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community environment				
Code enforcement				
Contractual services	-	43	-	43
Code enforcement total	-	43	-	43
Economic development				
Contractual services	-	8	-	8
Economic development total	-	8	-	8
Environmental services				
Contractual services	-	527	-	527
Environmental services total	-	527	-	527
Housing division				
Personnel services	820	1,142	549	593
Materials and supplies	38	38	6	32
Contractual services	2,342	2,853	384	2,469
Housing division total	3,200	4,033	939	3,094
Neighborhoods administration				
Personnel services	-	47	4	43
Contractual services	606	1,968	921	1,047
Neighborhoods administration total	606	2,015	925	1,090
Planning commission				
Personnel services	208	337	238	99
Materials and supplies	24	30	9	21
Contractual services	-	5	4	1
Planning commission total	232	372	251	121
<i>Community environment total</i>	<u>4,038</u>	<u>6,998</u>	<u>2,115</u>	<u>4,883</u>
Health				
Environmental services				
Personnel services	10	1,237	665	572
Materials and supplies	-	38	21	17
Contractual services	590	2,284	475	1,809
Capital outlay	-	2	-	2
Environmental services total	600	3,561	1,161	2,400
Waste disposal				
Contractual services	38	38	-	38
Waste disposal total	38	38	-	38
<i>Health total</i>	<u>638</u>	<u>3,599</u>	<u>1,161</u>	<u>2,438</u>

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Governmental Funds
Special Revenue
Operation Grants
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation				
Recreation				
Materials and supplies	30	30	-	30
Recreation total	<u>30</u>	<u>30</u>	<u>-</u>	<u>30</u>
<i>Parks and recreation total</i>	<u>30</u>	<u>30</u>	<u>-</u>	<u>30</u>
Total expenditures	<u>5,400</u>	<u>13,865</u>	<u>4,299</u>	<u>9,566</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>(1,627)</u>	<u>731</u>	<u>2,358</u>
OTHER FINANCING SOURCES				
Transfers in	-	7	-	(7)
Sale of capital assets	<u>-</u>	<u>-</u>	<u>59</u>	<u>(59)</u>
Total other financing sources	<u>-</u>	<u>7</u>	<u>59</u>	<u>(66)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,620)</u>	790	<u>\$ 2,292</u>
Fund balance at beginning of year			11,474	
Fund balance at year end			<u>\$ 12,264</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Urban Development Action Grants
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year			\$ 688	
Fund balance at year end			<u>\$ 688</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Street Construction Maintenance and Repair
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Intergovernmental services	\$ 12,470	\$ 12,470	\$ 12,723	\$ 253
Charges for services	4	4	2	(2)
Fines and forfeitures	200	200	173	(27)
Other revenue	10	10	23	13
Total revenues	<u>12,684</u>	<u>12,684</u>	<u>12,921</u>	<u>237</u>
EXPENDITURES				
Current:				
General government				
Finance ERP				
Contractual services	18	18	16	2
Finance ERP total	<u>18</u>	<u>18</u>	<u>16</u>	<u>2</u>
Office of the mayor				
Personnel services	14	14	-	14
Office of the mayor total	<u>14</u>	<u>14</u>	<u>-</u>	<u>14</u>
Human resources				
Personnel services	36	36	19	17
Human resources total	<u>36</u>	<u>36</u>	<u>19</u>	<u>17</u>
Streets, bridges & harbor				
Personnel services	224	224	127	97
Materials and supplies	3	3	1	2
Contractual services	5	5	-	5
Streets, bridges & harbor total	<u>232</u>	<u>232</u>	<u>128</u>	<u>104</u>
<i>General government total</i>	<u>300</u>	<u>300</u>	<u>163</u>	<u>137</u>
Public service				
Engineering services				
Personnel services	791	791	616	175
Contractual services	258	258	222	36
Engineering services total	<u>1,049</u>	<u>1,049</u>	<u>838</u>	<u>211</u>
General fund utilities				
Contractual services	355	355	348	7
General fund utilities total	<u>355</u>	<u>355</u>	<u>348</u>	<u>7</u>

Public service continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Street Construction Maintenance and Repair
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public service (continued)				
Streets, bridges & harbor				
Personnel services	3,274	3,274	3,761	(487)
Materials and supplies	2,075	2,075	1,839	236
Contractual services	1,859	1,859	1,814	45
Capital outlay	9	9	-	9
Streets, bridges & harbor total	<u>7,217</u>	<u>7,217</u>	<u>7,414</u>	<u>(197)</u>
Transportation				
Personnel services	3,125	3,125	2,667	458
Materials and supplies	527	431	382	49
Contractual services	1,178	1,178	930	248
Capital outlay	-	96	-	96
Transportation total	<u>4,830</u>	<u>4,830</u>	<u>3,979</u>	<u>851</u>
<i>Public service total</i>	<u>13,451</u>	<u>13,451</u>	<u>12,579</u>	<u>872</u>
Public safety				
Police				
Personnel services	174	174	96	78
Police total	<u>174</u>	<u>174</u>	<u>96</u>	<u>78</u>
<i>Public safety total</i>	<u>174</u>	<u>174</u>	<u>96</u>	<u>78</u>
Community environment				
Building inspection				
Personnel services	11	11	11	-
Building inspection total	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
<i>Community environment total</i>	<u>11</u>	<u>11</u>	<u>11</u>	<u>-</u>
Capital outlay				
Streets, bridges & harbor				
Capital outlay	-	115	1	114
Streets, bridges & harbor total	<u>-</u>	<u>115</u>	<u>1</u>	<u>114</u>
Transportation				
Capital outlay	-	465	391	74
Transportation total	<u>-</u>	<u>465</u>	<u>391</u>	<u>74</u>
<i>Capital outlay total</i>	<u>-</u>	<u>580</u>	<u>392</u>	<u>188</u>
Total expenditures	<u>13,936</u>	<u>14,516</u>	<u>13,241</u>	<u>1,275</u>

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Street Construction Maintenance and Repair
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Excess of expenditures over revenues	(1,252)	(1,832)	(320)	1,512
OTHER FINANCING SOURCES (USES)				
Transfers in	225	225	225	-
Transfers (out)	(462)	(462)	(463)	(1)
Sale of capital assets	-	-	34	(34)
Total other financing sources (uses)	(237)	(237)	(204)	(35)
Net change in fund balance	<u>\$ (1,489)</u>	<u>\$ (2,069)</u>	(524)	<u>\$ 1,477</u>
Fund balance at beginning of year			6,271	
Decrease in inventory			(43)	
Fund balance at year end			<u>\$ 5,704</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Cemetery Maintenance
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charge for services	\$ 18	\$ 18	\$ 58	\$ 40
Investment earnings	5	5	9	4
Other revenue	-	-	3	3
Total revenues	<u>23</u>	<u>23</u>	<u>70</u>	<u>47</u>
EXPENDITURES				
Current:				
Health				
Parks & forestry				
Contractual Services	23	23	6	17
Total expenditures	<u>23</u>	<u>23</u>	<u>6</u>	<u>17</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	64	<u>\$ 64</u>
Fund balance at beginning of year			55	
Fund balance at year end			<u>\$ 119</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Golf Improvements
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 350	\$ 350	\$ 220	\$ (130)
Total revenues	<u>350</u>	<u>350</u>	<u>220</u>	<u>(130)</u>
EXPENDITURES				
Current:				
Community environment				
Recreation				
Material and Supplies	-	69	47	22
Contractual Services	-	42	10	32
Total expenditures	<u>-</u>	<u>111</u>	<u>57</u>	<u>54</u>
Excess of revenues over expenditures	<u>350</u>	<u>239</u>	<u>163</u>	<u>(76)</u>
OTHER FINANCING USES				
Transfers (out)	(300)	(300)	-	300
Total other financing uses	<u>(300)</u>	<u>(300)</u>	<u>-</u>	<u>300</u>
Net change in fund balance	<u>\$ 50</u>	<u>\$ (61)</u>	163	<u>\$ 224</u>
Fund balance at beginning of year			<u>312</u>	
Fund balance at year end			<u>\$ 475</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Parkland Replacement
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 10	\$ 10	\$ 11	\$ 1
Other revenue	-	-	5	5
Total revenues	<u>10</u>	<u>10</u>	<u>16</u>	<u>6</u>
Net change in fund balance	<u>\$ 10</u>	<u>\$ 10</u>	16	<u>\$ 6</u>
Fund balance at beginning of year			<u>349</u>	
Fund balance at year end			<u>\$ 365</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Cemeteries Property Acquisition and Site Development
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 15	\$ 15	\$ 19	\$ 4
Net change in fund balance	<u>\$ 15</u>	<u>\$ 15</u>	19	<u>\$ 4</u>
Fund balance at beginning of year			<u>434</u>	
Fund balance at year end			<u>\$ 453</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Marina Development
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 26	\$ 26	\$ 27	\$ 1
Total revenues	<u>26</u>	<u>26</u>	<u>27</u>	<u>1</u>
EXPENDITURES				
Current:				
Parks and recreation				
Recreation				
Contractual services	18	18	16	2
Total expenditures	<u>18</u>	<u>18</u>	<u>16</u>	<u>2</u>
Net change in fund balance	<u>\$ 8</u>	<u>\$ 8</u>	11	<u>\$ 3</u>
Fund balance at beginning of year			72	
Fund balance at year end			<u>\$ 83</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Expendable Trusts
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ 486	\$ 614	\$ 128
Investment earnings	-	24	24	-
Fines and forfeitures	-	1,412	1,414	2
Grants	-	63	63	-
Other revenue	-	3,803	4,387	584
Total revenues	<u>-</u>	<u>5,788</u>	<u>6,502</u>	<u>714</u>
EXPENDITURES				
Current:				
General government				
City council				
Contractual Services	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
City council total	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
Environmental services				
Contractual Services	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Environmental services total	<u>-</u>	<u>(6)</u>	<u>-</u>	<u>(6)</u>
Municipal court judges				
Contractual Services	<u>-</u>	<u>102</u>	<u>1</u>	<u>101</u>
Municipal court judges total	<u>-</u>	<u>102</u>	<u>1</u>	<u>101</u>
Office of the mayor				
Contractual Services	<u>-</u>	<u>69</u>	<u>1</u>	<u>68</u>
Office of the mayor total	<u>-</u>	<u>69</u>	<u>1</u>	<u>68</u>
Treasury				
Contractual Services	<u>-</u>	<u>538</u>	<u>-</u>	<u>538</u>
Treasury total	<u>-</u>	<u>538</u>	<u>-</u>	<u>538</u>
Streets, bridges & harbor				
Contractual Services	<u>-</u>	<u>45</u>	<u>44</u>	<u>1</u>
Streets, bridges & harbor total	<u>-</u>	<u>45</u>	<u>44</u>	<u>1</u>
<i>General government total</i>	<u>-</u>	<u>788</u>	<u>46</u>	<u>742</u>

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Expendable Trusts
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Public safety				
Clerk of municipal court				
Contractual Services	-	198	-	198
Clerk of municipal court total	-	198	-	198
Fire				
Materials and supplies	-	33	33	-
Contractual services	-	7	-	7
Fire total	-	40	33	7
Law				
Contractual services	-	239	142	97
Law total	-	239	142	97
Municipal court judges				
Personnel services	-	28	63	(35)
Materials and supplies	-	181	116	65
Contractual services	-	10,342	442	9,900
Capital outlay	-	14	-	14
Municipal court judges total	-	10,565	621	9,944
Police				
Materials and supplies	-	334	140	194
Contractual services	-	3,242	106	3,136
Police total	-	3,576	246	3,330
<i>Public safety total</i>	-	14,618	1,042	13,576
Public Utilites				
Streets, bridges & harbor				
Contractual services	-	300	300	-
Streets, bridges & harbor total	-	300	300	-
<i>Public Utilites total</i>	-	300	300	-
Community environment				
Economic development				
Contractual services	-	21	-	21
Economic development total	-	21	-	21

Community environment continues on next page

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Expendable Trusts
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Community environment (continued)				
Housing division				
Contractual services	-	1	-	1
Housing division total	-	1	-	1
Municipal court judges				
Materials and supplies	-	9	3	6
Contractual services	-	209	5	204
Municipal court judges total	-	218	8	210
Neighborhoods administration				
Personnel services	-	58	29	29
Materials and supplies	-	102	14	88
Contractual services	-	650	288	362
Capital outlay	-	3	-	3
Neighborhoods administration total	-	813	331	482
Recreation				
Materials and supplies	-	22	6	16
Contractual services	-	235	21	214
Recreation total	-	257	27	230
Streets, bridges & harbor				
Personnel services	-	1,042	869	173
Materials and supplies	-	107	46	61
Contractual services	-	1,642	1,021	621
Capital outlay	-	180	-	180
Streets, bridges & harbor total	-	2,971	1,936	1,035
<i>Community environment total</i>	-	4,281	2,302	1,979
Health				
Environmental services				
Contractual services	-	69	44	25
Environmental services total	-	69	44	25
Waste disposal				
Contractual services	-	459	425	34
Waste disposal total	-	459	425	34
<i>Health total</i>	-	528	469	59

(continued)

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Expendable Trusts
For the Year Ended December 31, 2018
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Parks and recreation				
Natural resources administration				
Contractual services	-	1	-	1
Natural resources administration total	-	1	-	1
Parks & forestry				
Materials and supplies	-	6	-	6
Contractual services	-	494	6	488
Parks & forestry total	-	500	6	494
Recreation				
Contractual services	-	2	-	2
Recreation total	-	2	-	2
Youth commission				
Contractual Services	-	3	-	3
Youth commission total	-	3	-	3
<i>Parks and recreation total</i>	-	506	6	498
<i>Capital outlay</i>	-	486	385	101
Total expenditures	-	21,507	4,550	16,955
Excess (deficiency) of revenues over (under) expenditures	-	(15,719)	1,952	17,669
OTHER FINANCING USES				
Transfers (out)	-	(385)	(283)	(102)
Total other financing uses	-	(385)	(283)	(102)
Net change in fund balance	\$ -	\$ (16,104)	1,669	\$ 17,567
Fund balance at beginning of year			9,383	
Increase in inventory			14	
Fund balance at year end			<u>\$ 11,066</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Toledo City Parks
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Fund balance at beginning of year			\$ 99	
Fund balance at year end			<u>\$ 99</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Governmental Funds
Special Revenue
Toledo Home Program
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Grants	\$ 2,246	\$ 6,097	\$ 2,246	\$ (3,851)
Other revenue	-	23	22	(1)
Total revenues	<u>2,246</u>	<u>6,120</u>	<u>2,268</u>	<u>(3,852)</u>
EXPENDITURES				
Current:				
Community environment				
Housing division				
Personnel services	172	293	96	197
Materials and supplies	23	43	2	41
Contractual services	2,051	6,120	2,306	3,814
Total expenditures	<u>2,246</u>	<u>6,456</u>	<u>2,404</u>	<u>4,052</u>
Excess of expenditures over revenues	<u>-</u>	<u>(336)</u>	<u>(136)</u>	<u>200</u>
OTHER FINANCING SOURCES				
Transfers in	-	49	-	(49)
Total other financing sources	<u>-</u>	<u>49</u>	<u>-</u>	<u>(49)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (287)</u>	<u>(136)</u>	<u>\$ 151</u>
Fund balance at beginning of year			<u>807</u>	
Fund balance at year end			<u>\$ 671</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Funds
Right of Way
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ -	\$ -	\$ 1	\$ 1
Other revenue	-	-	3	3
Total revenues	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>4</u>	<u>4</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	225	225	225	-
Transfers (out)	<u>(225)</u>	<u>(225)</u>	<u>(225)</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>4</u>	<u>\$ 4</u>
Fund balance at beginning of year			<u>22</u>	
Fund balance at year end			<u>\$ 26</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Debt Service Funds
Jeep Municipal Public Improvement TIF
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental services	\$ 3,000	\$ 3,000	\$ 3,095	\$ 95
Total revenues	<u>3,000</u>	<u>3,000</u>	<u>3,095</u>	<u>95</u>
EXPENDITURES				
Debt service:				
Principal retirement	3,184	3,184	3,184	-
Interest and fiscal charges	311	311	308	3
Total expenditures	<u>3,495</u>	<u>3,495</u>	<u>3,492</u>	<u>3</u>
Net change in fund balance	<u>\$ (495)</u>	<u>\$ (495)</u>	(397)	<u>\$ 98</u>
Fund balance (deficit) at beginning of year			<u>(16,758)</u>	
Fund balance (deficit) at year end			<u>\$ (17,155)</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Debt Service Funds
General Obligation
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
EXPENDITURES				
Debt service:				
Principal retirement	\$ 10,715	\$ 10,715	\$ 10,715	\$ -
Interest and fiscal charges	5,266	5,266	5,065	201
Total expenditures	<u>15,981</u>	<u>15,981</u>	<u>15,780</u>	<u>201</u>
Excess of expenditures over revenues	<u>(15,981)</u>	<u>(15,981)</u>	<u>(15,780)</u>	<u>201</u>
OTHER FINANCING SOURCES				
Transfers in	15,981	15,981	15,642	(339)
Premiums on bonds issued	-	-	230	-
Total other financing sources	<u>15,981</u>	<u>15,981</u>	<u>15,872</u>	<u>(339)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	92	<u>\$ (138)</u>
Fund balance at beginning of year			<u>1</u>	
Fund balance at year end			<u>\$ 93</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Debt Service Funds
Special Assessment
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Special assessments	\$ 22	\$ 22	\$ 22	\$ -
Total revenues	<u>22</u>	<u>22</u>	<u>22</u>	<u>-</u>
EXPENDITURES				
Current:				
Debt service:				
Principal retirement	15	15	15	-
Interest and fiscal charges	<u>2</u>	<u>2</u>	<u>2</u>	<u>-</u>
Total expenditures	<u>17</u>	<u>17</u>	<u>17</u>	<u>-</u>
Net change in fund balance	<u>\$ 5</u>	<u>\$ 5</u>	5	<u>\$ -</u>
Fund balance at beginning of year			<u>200</u>	
Fund balance at year end			<u>\$ 205</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Capital Projects Funds
Special Assessment Improvements
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Special assessments	\$ 150	\$ 150	\$ 196	\$ 46
Total revenues	<u>150</u>	<u>150</u>	<u>196</u>	<u>46</u>
EXPENDITURES				
Current:				
Capital outlay				
Engineering services				
Personnel services	110	110	101	9
Contractual services	41	706	358	348
Capital outlay total	<u>151</u>	<u>816</u>	<u>459</u>	<u>357</u>
Debt service:				
Principal retirement	1,275	1,275	-	1,275
Interest and fiscal charges	21	21	21	-
Debt service total	<u>1,296</u>	<u>1,296</u>	<u>21</u>	<u>1,275</u>
Total expenditures	<u>1,447</u>	<u>2,112</u>	<u>480</u>	<u>1,632</u>
Excess of expenditures over revenues	<u>(1,297)</u>	<u>(1,962)</u>	<u>(284)</u>	<u>1,678</u>
OTHER FINANCING SOURCES				
Issuance of debt	825	825	-	(825)
Total other financing sources	<u>825</u>	<u>825</u>	<u>-</u>	<u>(825)</u>
Net change in fund balance	<u>\$ (472)</u>	<u>\$ (1,137)</u>	<u>(284)</u>	<u>\$ 853</u>
Fund balance (deficit) at beginning of year			<u>(2,022)</u>	
Fund balance (deficit) at year end			<u>\$ (2,306)</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Capital Projects Funds
Franklin Park/Westfield Municipal Public Improvement TIF
For the Year Ended December 31, 2018
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental services	\$ 1,850	\$ 1,850	\$ 2,237	\$ 387
Investment earnings	100	100	-	(100)
Total revenues	<u>1,950</u>	<u>1,950</u>	<u>2,237</u>	<u>287</u>
EXPENDITURES				
Current:				
Capital outlay				
Engineering services				
Personnel services	-	1	-	1
Contractual services	-	5,540	670	4,870
Engineering services total	<u>-</u>	<u>5,541</u>	<u>670</u>	<u>4,871</u>
Transportation				
Contractual services	-	160	76	84
Transportation total	<u>-</u>	<u>160</u>	<u>76</u>	<u>84</u>
<i>Capital outlay total</i>	<u>-</u>	<u>5,701</u>	<u>746</u>	<u>4,955</u>
Total expenditures	<u>-</u>	<u>5,701</u>	<u>746</u>	<u>4,955</u>
Net change in fund balance	<u>\$ 1,950</u>	<u>\$ (3,751)</u>	1,491	<u>\$ 5,242</u>
Fund balance at beginning of year			<u>11,263</u>	
Fund balance at year end			<u>\$ 12,754</u>	

City of Toledo, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Nonmajor Permanent Fund
Cemetery Perpetual Care
For the Year Ended December 31, 2018
(Amounts in Thousands)

	Budgeted amounts		Actuals	Variance with Final Budget Positive (Negative)
	Original	Final	Actuals	(Negative)
Fund balance at beginning of year			\$ 696	
Fund balance at year end			\$ 696	

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**STATISTICAL
SECTION**

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City of Toledo, Ohio

Statistical Section

This part of the City of Toledo, Ohio'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.

<u>Contents</u>	<u>Tables</u>
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	214 - 223
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	224 - 234
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.	236 - 244
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.	245 - 246
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.	247 - 251

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

Table 1
City of Toledo, Ohio
Net Position by Component
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017 (3)</u>	<u>2016 (2)</u>	<u>2015</u>
Governmental activities:				
Net investment in capital assets	\$ 374,777	\$ 397,325	\$ 327,948	\$ 349,748
Restricted	76,880	49,575	60,434	49,575
Unrestricted	<u>(494,892)</u>	<u>(493,824)</u>	<u>(216,715)</u>	<u>(196,638)</u>
Total governmental activities	<u><u>(43,235)</u></u>	<u><u>(46,924)</u></u>	<u><u>171,667</u></u>	<u><u>202,685</u></u>
Business-type activities:				
Net investment in capital assets	327,359	425,274	451,710	404,882
Restricted	189,610	115,302	51,990	75,073
Unrestricted	<u>100,169</u>	<u>26,925</u>	<u>31,550</u>	<u>14,429</u>
Total business-type activities	<u><u>617,138</u></u>	<u><u>567,501</u></u>	<u><u>535,250</u></u>	<u><u>494,384</u></u>
Primary government activities:				
Net investment in capital assets	702,136	822,599	779,658	754,630
Restricted	266,490	164,877	112,424	124,648
Unrestricted	<u>(394,723)</u>	<u>(466,899)</u>	<u>(185,165)</u>	<u>(182,209)</u>
Total primary government activities	<u><u>\$ 573,903</u></u>	<u><u>\$ 520,577</u></u>	<u><u>\$ 706,917</u></u>	<u><u>\$ 697,069</u></u>

- (1) Amounts have been restated to reflect the implementation of GASB Statements No. 68 and 71, which were implemented in 2015 and for prior period adjustment posted in 2015.
- (2) Amounts have been restated to reflect prior period adjustments.
- (3) Amounts have been restated to reflect the implementation of GASB Statements No. 75, which was implemented in 2018 and for prior period adjustment posted in 2017.

2014 (1)	2013	2012	2011	2010	2009
\$ 377,025	\$ 379,066	\$ 368,093	\$ 342,304	\$ 343,145	\$ 333,510
58,721	59,009	81,257	65,509	73,630	83,098
(198,341)	26,195	18,429	31,418	5,002	(14,200)
<u>237,405</u>	<u>464,270</u>	<u>467,779</u>	<u>439,231</u>	<u>421,777</u>	<u>402,408</u>
391,748	372,533	388,287	383,122	388,160	327,984
89,146	88,854	33,221	7,476	31,760	36,259
(17,624)	5,265	17,424	29,078	6,676	47,785
<u>463,270</u>	<u>466,652</u>	<u>438,932</u>	<u>419,676</u>	<u>426,596</u>	<u>412,028</u>
768,773	751,599	756,380	725,426	731,305	661,494
147,867	147,863	114,478	72,985	105,390	119,357
(215,965)	31,460	35,853	60,496	11,678	33,585
<u>\$ 700,675</u>	<u>\$ 930,922</u>	<u>\$ 906,711</u>	<u>\$ 858,907</u>	<u>\$ 848,373</u>	<u>\$ 814,436</u>

Table 2
City of Toledo, Ohio
Changes in Net Position by Component
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Government activities				
Charges for services:				
General government	\$ 21,461	\$ 15,612	\$ 14,616	\$ 17,835
Public service	27,125	28,858	29,997	27,852
Public safety	19,098	19,282	16,715	15,338
Public utilities	1	-	-	14
Community environment	3,440	3,021	2,875	2,440
Health	13,407	13,476	12,507	10,454
Parks and recreation	130	122	68	479
Operating grants	4,765	4,358	7,698	9,022
Capital grants	19,155	17,964	15,786	19,996
Total governmental activities program revenues	<u>108,582</u>	<u>102,693</u>	<u>100,262</u>	<u>103,430</u>
Business-type activities:				
Charges for services:				
Water	80,270	79,468	72,878	63,323
Sewer	81,954	77,709	73,438	70,863
Storm utility	9,831	10,115	9,885	9,921
Utilities administration	17,867	17,628	17,706	16,222
Parking	-	-	-	-
Toledo public power	814	1,049	631	688
Property management	-	-	11	-
Erie street market	-	-	2	97
Small business development	-	-	-	-
Tow lot	2,333	2,247	2,219	1,854
Capital grants	1,988	1,178	343	1,524
Total business-type activities revenues	<u>195,057</u>	<u>189,394</u>	<u>177,113</u>	<u>164,492</u>
Total primary governmental revenues	<u>\$ 303,639</u>	<u>\$ 292,087</u>	<u>\$ 277,375</u>	<u>\$ 267,922</u>
Government-type activities				
General government	\$ 30,167	\$ 22,753	\$ 24,154	\$ 23,241
Public service	58,908	60,478	64,777	68,533
Public safety	205,485	193,527	211,044	199,620
Public utilities	5,748	3,567	3,735	3,880
Community environment	19,430	19,005	20,944	23,550
Health	11,871	9,302	9,561	7,410
Parks and recreation	4,392	2,871	5,202	6,388
Interest and fiscal charges	7,022	8,329	9,076	16,676
Total governmental activities expenses	<u>343,023</u>	<u>319,832</u>	<u>348,493</u>	<u>349,298</u>
Business-type activities				
Water	63,263	60,012	56,931	56,417
Sewer	65,316	57,838	58,723	58,407
Storm utility	7,924	7,698	6,638	6,673
Utility administration	12,261	12,113	11,721	11,204
Parking	-	-	-	-
Property management	471	568	652	678
Small business development	8	6	47	57
Toledo public power	787	710	543	662
Tow lot	988	1,084	1,089	1,055
Erie street market	-	-	9	75
Total business-activities expenses	<u>151,018</u>	<u>140,029</u>	<u>136,353</u>	<u>135,228</u>
Total primary government expenses	<u>\$ 494,041</u>	<u>\$ 459,861</u>	<u>\$ 484,846</u>	<u>\$ 484,526</u>

	2014	2013	2012	2011	2010	2009
\$	22,583	\$ 37,121	\$ 72,061	\$ 41,828	\$ 46,960	\$ 72,777
	21,517	26,198	-	25,381	26,003	-
	17,406	17,042	15,907	12,748	9,363	8,103
	22	-	351	-	-	-
	2,389	2,527	2,928	8,044	5,421	6,364
	10,575	11,709	9,813	11,221	11,184	5,853
	138	164	635	206	200	111
	14,160	20,492	29,533	35,731	12,675	40,689
	14,486	10,630	16,590	4,509	33,739	18,348
	<u>103,276</u>	<u>125,883</u>	<u>147,818</u>	<u>139,668</u>	<u>145,545</u>	<u>152,245</u>
	57,205	52,476	44,112	43,250	42,487	35,913
	69,890	69,719	66,608	65,608	57,354	54,189
	11,046	9,620	10,331	10,234	9,798	10,069
	12,163	9,945	12,462	11,323	10,071	8,696
	-	-	-	1,887	1,383	1,459
	774	588	136	-	-	-
	1,745	-	-	24	470	208
	107	146	115	197	177	-
	8	-	-	-	-	-
	2,566	2,536	2,007	1,929	1,911	1,418
	2,483	640	1,448	2,709	5,423	-
	<u>157,987</u>	<u>145,670</u>	<u>137,219</u>	<u>137,161</u>	<u>129,074</u>	<u>111,952</u>
\$	<u>261,263</u>	<u>271,553</u>	<u>285,037</u>	<u>276,829</u>	<u>274,619</u>	<u>264,197</u>
\$	29,937	\$ 35,031	\$ 28,807	\$ 21,651	\$ 25,421	\$ 28,464
	67,217	55,070	34,715	48,606	54,469	56,085
	177,419	173,274	165,810	164,396	157,436	157,024
	3,753	1,876	1,268	493	2	139
	21,427	20,090	37,867	27,058	32,543	19,634
	9,743	9,265	19,197	18,012	16,966	17,569
	6,702	6,443	5,419	5,396	6,139	6,933
	7,460	8,003	11,762	14,332	12,060	12,442
	<u>323,658</u>	<u>309,052</u>	<u>304,845</u>	<u>299,944</u>	<u>305,036</u>	<u>298,290</u>
	53,472	46,912	41,997	41,495	39,138	36,556
	63,174	51,310	67,507	64,705	56,888	49,974
	6,358	6,801	11,291	8,005	4,968	5,191
	12,176	11,285	7,067	10,608	9,876	10,185
	-	-	-	644	820	934
	970	895	1,286	1,691	1,691	1,949
	52	63	78	380	380	76
	747	567	138	-	-	-
	1,056	963	911	986	986	1,229
	109	48	124	-	-	-
	<u>138,114</u>	<u>118,844</u>	<u>130,399</u>	<u>128,514</u>	<u>114,747</u>	<u>106,094</u>
\$	<u>461,772</u>	<u>427,896</u>	<u>435,244</u>	<u>428,458</u>	<u>419,783</u>	<u>404,384</u>

Table 2 (continued)
City of Toledo, Ohio
Changes in Net Position by Component
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Governmental activities	\$ (234,441)	\$ (217,139)	\$ (248,230)	\$ (245,868)
Business-type activities	44,039	49,365	40,760	29,264
Total primary governmental revenue (expenses), net	<u>(190,402)</u>	<u>(167,774)</u>	<u>(207,470)</u>	<u>(216,604)</u>
General revenues and other changes in net position:				
Governmental activities:				
Income taxes	184,098	176,056	175,958	171,053
Property taxes	12,365	12,269	10,059	9,793
Unrestricted investments earnings	2,154	1,164	793	850
Grants and entitlements not restricted to specific programs	-	-	-	-
Intergovernmental services	27,972	28,430	29,416	24,536
Gain on sale of capital assets	-	-	-	-
Other revenue grants	11,496	9,317	8,144	5,640
Transfers	45	(3,892)	(204)	(724)
Total government activities	<u>238,130</u>	<u>223,344</u>	<u>224,166</u>	<u>211,148</u>
Business-type activities:				
Unrestricted investments earnings	5,522	3,150	1,875	1,078
Gain on sale of capital assets and	121	-	-	48
Other revenue grants	-	-	-	-
Transfers	(45)	3,892	204	724
Total business-type activities	<u>5,598</u>	<u>7,042</u>	<u>2,079</u>	<u>1,850</u>
Total primary governmental general revenues and other changes in net position	<u>243,728</u>	<u>230,386</u>	<u>226,245</u>	<u>212,998</u>
Changes in Net Position				
Governmental activities	3,689	6,205	(24,064)	(34,720)
Business-type activities	49,637	56,407	42,839	31,114
Total primary governmental net change	<u>\$ 53,326</u>	<u>\$ 62,612</u>	<u>\$ 18,775</u>	<u>\$ (3,606)</u>

	2014	2013	2012	2011	2010	2009
\$	(220,382)	\$ (183,169)	\$ (157,027)	\$ (163,464)	\$ (159,491)	\$ (146,045)
	19,873	26,826	6,820	8,647	14,327	5,858
	<u>(200,509)</u>	<u>(156,343)</u>	<u>(150,207)</u>	<u>(154,817)</u>	<u>(145,164)</u>	<u>(140,187)</u>
	163,653	158,176	158,128	152,864	146,886	138,474
	9,585	9,708	11,361	12,168	12,465	15,518
	454	508	1,017	1,240	1,605	2,483
	-	-	5,272	-	-	-
	26,740	2,215	-	-	-	-
	167	87	-	859	-	-
	10,534	8,728	4,789	4,707	4,572	6,928
	1,200	238	(289)	10,244	534	655
	<u>212,333</u>	<u>179,660</u>	<u>180,278</u>	<u>182,082</u>	<u>166,062</u>	<u>164,058</u>
	1,818	1,132	937	1,092	781	899
	673	-	-	-	-	-
	-	-	-	(6,836)	(6)	280
	<u>(1,200)</u>	<u>(238)</u>	<u>289</u>	<u>(10,244)</u>	<u>(534)</u>	<u>(655)</u>
	<u>1,291</u>	<u>894</u>	<u>1,226</u>	<u>(15,988)</u>	<u>241</u>	<u>524</u>
	<u>213,624</u>	<u>180,554</u>	<u>181,504</u>	<u>166,094</u>	<u>166,303</u>	<u>164,582</u>
	(8,049)	(3,509)	23,251	18,618	6,571	18,013
	21,164	27,720	8,046	(7,341)	14,568	6,382
\$	<u>13,115</u>	<u>\$ 24,211</u>	<u>\$ 31,297</u>	<u>\$ 11,277</u>	<u>\$ 21,139</u>	<u>\$ 24,395</u>

Table 3
City of Toledo, Ohio
Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 1,632	\$ 1,189	\$ 1,158	\$ 1,204
Restricted	3,748	3,764	3,814	4,771
Reserved	-	-	-	-
Unreserved	-	-	-	-
Committed	16,676	9,480	4,754	1,948
Unassigned (deficit)	18,432	7,755	6,028	2,255
Total general fund	<u>40,488</u>	<u>22,188</u>	<u>15,754</u>	<u>10,178</u>
Capital Improvement Fund				
Nonspendable	1,063	1,056	1,147	1,053
Restricted	41,541	49,833	44,496	21,607
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total capital improvement fund	<u>42,604</u>	<u>50,889</u>	<u>45,643</u>	<u>22,660</u>
Special Assessment Services Fund				
Nonspendable	3,453	2,243	2,145	4,074
Restricted	712	673	377	-
Reserved	-	-	-	-
Unreserved	-	-	-	-
Unassigned (deficit)	(61,618)	(60,546)	(62,194)	(64,667)
Total special assessment services fund	<u>(57,453)</u>	<u>(57,630)</u>	<u>(59,672)</u>	<u>(60,593)</u>
Nonmajor Governmental Funds				
Nonspendable	1,682	1,698	1,520	1,726
Restricted	43,435	39,634	35,651	23,213
Reserved	-	-	-	-
Unreserved	-	-	-	-
Committed	1,725	1,359	1,392	10,114
Unassigned (deficit)	(19,461)	(18,780)	(18,015)	(2,041)
Total nonmajor governmental funds	<u>27,381</u>	<u>23,911</u>	<u>20,548</u>	<u>33,012</u>
Total fund balance governmental funds	<u>\$ 53,020</u>	<u>\$ 39,358</u>	<u>\$ 22,273</u>	<u>\$ 5,257</u>

(1) The City implemented GASB Statement No. 54 in 2011. Fund balance classifications prior to 2010 have not been restated to conform to GASB Statement No. 54.

	2014	2013	2012	2011	2010	2009 (1)
\$	1,594	\$ 1,143	\$ 850	\$ 712	\$ 697	\$ -
	5,317	5,420	5,406	5,376	5,320	-
	-	-	-	-	-	8,263
	-	-	-	-	-	(16,283)
	1,553	326	326	-	-	-
	1,331	1,088	(1,574)	(5,762)	(19,729)	-
	9,795	7,977	5,008	326	(13,712)	(8,020)
	1,117	1,239	1,005	782	856	-
	18,023	18,062	43,191	34,896	23,379	-
	-	-	-	-	-	28,449
	-	-	-	-	-	18,882
	19,140	19,301	44,196	35,678	24,235	47,331
	3,956	1,743	2,864	1,438	1,807	-
	280	1,509	218	384	4,977	-
	-	-	-	-	-	2,827
	-	-	-	-	-	(53,450)
	(61,144)	(54,046)	(53,293)	(53,153)	(56,328)	-
	(56,908)	(50,794)	(50,211)	(51,331)	(49,544)	(50,623)
	1,957	889	912	623	1,417	-
	23,403	25,080	19,876	18,699	8,961	-
	-	-	-	-	-	8,129
	-	-	-	-	-	19,423
	15,559	13,993	12,462	12,542	13,179	-
	(2,775)	(2,447)	(2,359)	(1,996)	(9,097)	-
	38,144	37,515	30,891	29,868	14,460	27,552
\$	10,171	\$ 13,999	\$ 29,884	\$ 14,541	\$ (24,561)	\$ 16,240

Table 4
City of Toledo, Ohio
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Revenues:				
Income taxes	\$ 183,618	\$ 176,362	\$ 175,679	\$ 169,045
Property taxes	12,223	12,025	10,733	9,911
Special assessments	27,386	29,188	30,449	24,374
Licenses and permits	3,213	2,942	2,870	2,459
Intergovernmental services	35,863	37,561	34,325	35,953
Charges for services	29,434	30,202	29,416	28,515
Investment earnings	2,154	1,164	793	850
Fines and forfeitures	11,737	11,429	9,113	7,032
Grants	25,599	21,056	25,876	31,670
Other revenue	7,631	6,375	7,362	5,485
Total revenues	<u>338,858</u>	<u>328,304</u>	<u>326,616</u>	<u>315,294</u>
Expenditures:				
General government	25,685	24,436	24,667	25,925
Public services	40,771	37,912	39,566	43,866
Public safety	161,819	167,086	170,181	170,965
Public utilities	300	2	30	-
Community environment	18,512	17,801	19,254	21,070
Health	9,991	9,932	7,243	7,747
Parks and recreation	2,948	2,700	2,813	2,845
Capital outlay	42,272	32,925	32,406	40,235
Debt service:				
Principal	18,319	18,530	18,466	21,076
Interest and fiscal charges	6,902	7,391	7,052	8,359
Debt issuance costs	-	165	185	-
Total expenditures	<u>327,519</u>	<u>318,880</u>	<u>321,863</u>	<u>342,088</u>
Excess of revenues over (under) expenditures	11,339	9,424	4,753	(26,794)
Other financing sources (uses):				
Transfers in	58,534	64,165	60,160	67,122
Transfers out	(58,489)	(68,057)	(60,364)	(67,846)
Issuance of debt	236	8,176	24,229	26,044
Premium on bond	230	771	2,806	2,784
Capital lease proceeds	-	2,200	-	4,540
Payments to escrow	-	-	(10,284)	(10,181)
Sale of capital assets	207	190	-	1
Total other financing sources (uses)	<u>718</u>	<u>7,445</u>	<u>16,547</u>	<u>22,464</u>
Net change in fund balance	<u>\$ 12,057</u>	<u>\$ 16,869</u>	<u>\$ 21,300</u>	<u>\$ (4,330)</u>
Debt services as a percentage of noncapital expenditures	8.8%	9.2%	9.7%	10.8%

	2014	2013	2012	2011	2010	2009
\$	164,787	\$ 158,775	\$ 158,523	\$ 153,581	\$ 144,581	\$ 141,554
	9,552	9,598	11,381	11,845	11,936	13,612
	21,822	25,450	23,925	25,691	26,592	23,965
	2,476	2,414	2,283	2,303	2,363	2,103
	35,358	38,020	37,589	38,861	76,659	89,942
	27,532	28,130	27,249	27,987	24,347	21,516
	454	508	1,007	1,240	1,605	2,483
	7,491	8,590	7,952	5,829	5,648	5,971
	30,873	27,499	45,775	47,464	-	-
	10,104	8,505	4,538	4,544	4,277	8,653
	<u>310,449</u>	<u>307,489</u>	<u>320,222</u>	<u>319,345</u>	<u>298,008</u>	<u>309,799</u>
	26,951	28,465	17,392	15,923	15,844	18,024
	41,760	35,062	34,660	36,599	34,834	35,432
	168,872	163,565	165,245	172,055	159,374	155,040
	8	1	1	7	2	115
	20,969	19,273	27,799	26,047	31,079	18,017
	7,939	7,940	18,019	17,344	13,727	16,473
	2,959	3,487	3,018	2,791	2,660	2,742
	41,991	53,174	48,647	20,740	44,303	50,835
	25,523	23,307	27,401	18,329	25,396	18,903
	6,983	7,124	10,435	13,343	11,913	9,620
	219	-	-	-	-	-
	<u>344,174</u>	<u>341,398</u>	<u>352,617</u>	<u>323,178</u>	<u>339,132</u>	<u>325,201</u>
	(33,725)	(33,909)	(32,395)	(3,833)	(41,124)	(15,402)
	72,899	70,140	73,235	76,615	63,947	53,893
	(71,699)	(69,902)	(73,524)	(63,921)	(63,414)	(65,903)
	22,884	14,046	41,455	763	19,933	34,277
	1,972	884	1,498	89	171	3,763
	948	3,386	3,001	231	-	-
	-	-	-	-	-	-
	167	87	-	12,129	101	746
	<u>27,171</u>	<u>18,641</u>	<u>45,665</u>	<u>25,906</u>	<u>20,738</u>	<u>26,776</u>
\$	<u>(6,554)</u>	<u>(15,268)</u>	<u>13,270</u>	<u>22,073</u>	<u>(20,386)</u>	<u>11,374</u>
	12.1%	11.8%	14.2%	11.7%	14.5%	11.6%

Table 5
City of Toledo, Ohio
Revenues by Source, Governmental Funds
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Income taxes	\$ 183,618	\$ 176,362	\$ 175,679	\$ 169,045
Property taxes	12,223	12,025	9,906	9,911
Special assessments	27,386	29,188	30,449	24,374
Licenses and permits	3,213	2,942	2,870	2,459
Intergovernmental services	35,863	37,561	35,152	35,953
Charges for services	29,434	30,202	29,416	28,515
Investment earnings	2,154	1,164	793	850
Fines and forfeitures	11,737	11,429	9,113	7,032
Grants	25,599	21,056	25,876	31,670
Other revenue	7,631	6,375	7,362	5,485
Total	<u>\$ 338,858</u>	<u>\$ 328,304</u>	<u>\$ 326,616</u>	<u>\$ 315,294</u>

2014	2013	2012	2011	2010	2009
\$ 164,787	\$ 158,775	\$ 158,523	\$ 153,581	\$ 144,581	\$ 141,554
9,552	9,598	11,381	11,845	11,936	13,612
21,822	25,451	23,925	25,691	26,592	23,965
2,476	2,414	2,283	2,303	2,363	2,103
35,358	38,020	37,589	40,371	42,521	89,942
27,532	28,130	27,249	27,987	24,347	21,516
454	508	1,007	856	1,605	2,483
7,491	8,590	7,952	5,829	5,648	5,971
30,873	27,859	45,775	46,563	34,138	-
10,104	8,505	4,538	5,101	4,277	8,660
<u>\$ 310,449</u>	<u>\$ 307,850</u>	<u>\$ 320,222</u>	<u>\$ 320,127</u>	<u>\$ 298,008</u>	<u>\$ 309,806</u>

Table: 6
City of Toledo, Ohio
Income Tax Revenues
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Withholding	\$ 156,398	\$ 148,903	\$ 147,099	\$ 145,346
Utility	-	-	-	-
Business	19,502	19,821	20,735	16,330
Individuals	<u>7,718</u>	<u>7,638</u>	<u>7,845</u>	<u>7,369</u>
Total	<u>\$ 183,618</u>	<u>\$ 176,362</u>	<u>\$ 175,679</u>	<u>\$ 169,045</u>

2014	2013	2012	2011	2010	2009
\$ 139,396	\$ 131,343	\$ 128,215	\$ 129,855	\$ 124,108	\$ 122,927
-	10	1,867	321	589	891
18,898	19,710	19,956	15,468	13,051	11,872
6,493	7,712	8,485	7,937	6,833	5,864
<u>\$ 164,787</u>	<u>\$ 158,775</u>	<u>\$ 158,523</u>	<u>\$ 153,581</u>	<u>\$ 144,581</u>	<u>\$ 141,554</u>

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

Tax Collection Year	Real Property		Public Utility		Personal Property*	
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value ¹	Assessed Value	Estimated Actual Value
2018	\$ 3,104,398	\$ 8,869,709	\$ 215,375	\$ 861,500	\$ -	\$ -
2017	2,984,595	8,527,414	188,321	753,284	0	0
2016	2,994,559	8,555,883	167,719	670,876	0	0
2015	3,039,205	8,683,443	161,170	644,680	0	0
2014	3,060,991	8,745,689	150,560	602,241	0	0
2013	3,096,856	8,848,545	135,380	541,518	0	0
2012	3,629,878	10,371,080	123,218	492,972	0	0
2011	3,687,360	10,535,314	118,417	338,334	0	0
2010	3,741,678	10,690,509	112,681	450,724	8,483	1,022,045
2009	4,171,406	11,918,303	107,551	430,204	18,638	1,242,206

¹The Tangible Personal Property tax was completely phased out after 2010.

Source: Lucas County Auditor

Total		Ratio of Total		Direct Tax Rate
Assessed Value	Estimated Actual Value	Assessed Value to Total Estimated Actual Value		
\$ 3,319,773	\$ 9,731,209	34.1%		4.4
3,172,916	9,280,698	34.2%		4.4
3,162,278	9,226,759	34.3%		4.4
3,200,375	9,328,123	34.3%		4.4
3,211,551	9,347,930	34.4%		4.4
3,232,265	9,390,063	34.4%		4.4
3,753,096	10,864,052	34.6%		4.4
3,805,777	10,873,648	35.0%		4.4
3,862,842	12,163,278	31.8%		4.4
4,297,595	13,590,713	31.6%		4.4

Table 8
City of Toledo, Ohio
Property Tax Rates - Direct and Overlapping Governments
Last Ten Fiscal Years¹
(Rate Per \$1,000 of Assessed Value)

Overlapping Subdivisions	2018	2017	2016	2015
City of Toledo				
General Fund	3.80	3.80	3.80	3.80
Police Pension	0.30	0.30	0.30	0.30
Fire Pension	0.30	0.30	0.30	0.30
Sub-Total - Toledo City	4.40	4.40	4.40	4.40
Regional Transit	2.50	2.50	2.50	2.50
Port Authority	0.40	0.40	0.40	0.40
Lucas County	17.37	17.07	17.07	17.07
MetroParks	2.30	2.30	2.30	2.30
Toledo-Lucas County Public Library	3.70	2.90	2.90	2.90
Sub-Total District Wide	30.67	29.57	29.57	29.57
 ²School Districts in the City of Toledo				
Maumee City School District	88.65	88.65	88.65	88.75
Ottawa Hills Local School District	139.05	139.05	140.05	142.65
Springfield Local School District	78.55	80.32	80.53	74.75
Sylvania City School District	88.56	88.45	83.30	83.50
Toledo City School District	73.58	73.58	73.10	73.10
Washington Local School District	83.50	83.50	83.50	83.50
 ³ Penta County Career Center	 3.20	 3.20	 3.20	 3.20
 ⁴Recreation Districts in Sylvania Schools; Toledo, Ohio				
Sylvania Joint Recreation District.	2.11	2.11	2.10	2.10
Olander Park	1.00	0.20	0.70	0.70
Sub-Total Recreation Districts	3.11	2.31	2.80	2.80
 Total Rate with Corresponding School District				
Maumee City School District	122.52	121.42	121.42	121.52
Ottawa Hills Local School District	169.72	168.62	169.62	172.22
Springfield Local School District	112.42	113.09	113.30	107.52
Sylvania City School District	122.34	120.33	115.67	115.87
Toledo City School District	104.25	103.15	102.67	102.67
Washington Local School District	114.17	113.07	113.07	113.07

¹Represents Tax Collection Years

²The Toledo City School District and the Washington Local School District are located entirely within the City of Toledo. Other school districts overlap with but are only partially located in Toledo.

³The Penta County Career Center serves and is included as part of the tax rate in the Maumee City School District and the Springfield Local School District.

⁴The Sylvania Joint Recreation District and Olander Park are located in the same taxing district as Sylvania City Schools in the City of Toledo.

Source: Lucas County Auditor

2014	2013	2012	2011	2010	2009
3.80	3.80	3.80	3.80	3.80	3.80
0.30	0.30	0.30	0.30	0.30	0.30
0.30	0.30	0.30	0.30	0.30	0.30
4.40	4.40	4.40	4.40	4.40	4.40
2.50	2.50	2.50	2.50	2.50	2.50
0.40	0.40	0.40	0.40	0.40	0.40
16.92	15.07	14.07	14.07	14.07	14.07
2.30	2.30	1.70	1.70	1.70	1.70
2.90	2.90	2.00	2.00	2.00	2.00
29.42	27.57	25.07	25.07	25.07	25.07
84.95	84.55	84.65	79.45	79.45	75.25
142.65	135.65	134.75	133.05	126.05	125.85
75.15	75.15	75.05	75.05	70.85	70.85
83.60	83.60	83.00	78.30	67.70	66.90
67.40	67.40	65.90	67.70	67.70	67.70
78.60	78.60	78.60	73.70	73.70	73.70
3.20	3.20	3.20	3.20	3.20	3.20
2.10	2.10	1.65	1.65	1.62	1.62
0.70	0.70	0.70	0.70	0.70	0.70
2.80	2.80	2.35	2.35	2.32	2.32
117.57	115.32	112.92	107.72	107.72	103.52
172.07	163.22	159.82	158.12	151.12	150.92
107.77	105.92	103.32	103.32	99.12	99.12
115.82	113.97	110.42	105.72	95.09	94.29
96.82	94.97	90.97	92.77	92.77	92.77
108.02	106.17	103.67	98.77	98.77	98.77

Table 9
City of Toledo, Ohio
Top 75 Income Tax Withholding Agents by Industry
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Nonprofit	\$ 15,685	\$ 15,482	\$ 17,014	\$ 14,835
Hospital	8,561	8,775	8,663	8,579
Manufacturing	25,073	21,918	23,787	22,910
Government	9,426	8,811	8,596	8,555
Services	20,190	18,196	15,807	16,964
Retail	1,687	1,560	1,294	1,346
Banking	871	840	840	897
Grocery	684	728	670	723
Transportation	419	379	361	440
Technology	-	-	-	-
Utility	-	367	-	-
Construction	124	201	230	-
Total	<u>\$ 82,720</u>	<u>\$ 77,257</u>	<u>\$ 77,262</u>	<u>\$ 75,249</u>

2014	2013	2012	2011	2010	2009
\$ 14,155	\$ 12,870	\$ 14,674	\$ 13,405	\$ 14,092	\$ 14,825
8,293	9,751	9,333	13,159	12,494	13,484
21,799	18,242	14,887	16,576	15,211	11,706
8,390	9,137	10,156	10,078	10,107	10,276
16,242	13,897	13,071	9,960	6,872	8,140
1,389	1,166	1,452	1,266	1,184	1,375
1,109	1,212	1,080	969	911	907
740	775	819	732	751	766
423	392	548	385	348	563
-	-	-	343	356	411
-	-	-	-	-	-
-	-	-	-	-	-
\$ 72,540	\$ 67,442	\$ 66,020	\$ 66,873	\$ 62,326	\$ 62,453

Table 10
City of Toledo, Ohio
Real and Public Utility Property Tax Levies and Collections
Last Ten Fiscal Years
(Amounts in Thousands, except %)

Tax Collection Year	Total Tax Levy	Current Tax Collections	Percent of Levy Collected	Delinquent Collections	Amount of Total Tax Collections	Percent of Total Tax Collections to Tax Levy
2018	\$ 13,955	\$ 12,988	\$ 1	\$ 721	\$ 13,709	98.2%
2017	13,961	12,903	92.4%	720	13,623	97.6%
2016	13,914	12,887	92.6%	873	13,760	98.9%
2015	14,110	12,660	89.7%	1,151	13,811	97.9%
2014	14,163	12,451	87.9%	974	13,425	94.8%
2013	14,262	12,461	87.4%	1,048	13,509	94.7%
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%

Source: Lucas County Auditor

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Table: 11
City of Toledo, Ohio
Ratios of Outstanding Debt by Type¹
Last Ten Fiscal Years
(Amounts in Thousands, except per Capita)

Fiscal Year	Governmental Activities				
	General Obligation Bonds	Non-Taxable Revenue Bonds	General Obligation Notes ³	Assessed Services	General Fund Capital Projects Loans & Leases
2018	\$ 119,821	\$ 695	\$ 5,835	\$ 40,200	\$ 21,757
2017	127,766	1,370	8,975	39,100	30,259
2016	140,345	2,020	-	38,500	34,924
2015	131,146	2,650	-	40,100	49,023
2014	123,648	3,250	-	40,700	49,652
2013	116,597	-	-	35,800	52,644
2012	123,859	-	-	35,600	47,640
2011	118,845	-	-	39,960	47,909
2010	130,166	-	-	41,060	52,716
2009	136,623	-	-	41,200	53,432

Notes: ¹Information regarding outstanding debt can be found in Notes 8 & 9 of the financial statements.

²Table 16 contains personal income and per capita data.

³Beginning in 2017, general obligation notes were reported separately from bonds.

Business Type Activities

Water Revenue Bonds		Sanitary Sewer Revenue Bonds		General Obligation Bonds		Capital Projects Loans		Capital Leases		Total Primary Government	Percentage of Personal Income²	Per Capita²
\$	333,657	\$	10,693	\$	10,082	\$	458,767	\$	2,693	1,004,200	3.7%	1,659
	342,553		11,582		11,038		431,491		2,757	1,006,891	3.8%	1,651
	351,137		14,689		15,749		414,034		2,816	1,014,214	4.0%	1,683
	261,550		16,635		16,895		332,021		120	850,140	3.4%	1,382
	287,273		20,553		18,204		350,789		577	894,646	5.3%	2,046
	295,462		23,385		19,192		320,493		1,016	864,589	5.3%	1,990
	110,086		26,011		28,553		277,491		10,158	659,398	4.4%	1,549
	67,439		28,514		21,022		242,636		11,086	577,411	4.0%	1,408
	72,909		30,932		23,449		216,342		16,866	584,440	4.0%	1,406
	75,850		33,682		21,685		220,330		10,138	592,940	4.1%	1,399

Table: 12
City of Toledo, Ohio
Ratio of Net General Bonded Debt to Assessed Value¹
and Net Bonded Debt Per Capita
Last Ten Fiscal Years
(Amounts in Thousands, except Population, per Capita, and %)

Fiscal Year	Population²	Assessed Value²	Gross General Obligation Bonded Debt	Less Balance in Debt Service Fund	General Bonded Debt
2018	276,491	3,319,773	129,903	-	129,903
2017	276,491	3,172,916	138,804	-	138,804
2016	279,217	3,162,278	156,094	-	156,094
2015	279,789	3,200,375	141,852	(994)	142,846
2014	281,031	3,211,552	141,120	-	141,120
2013	287,208	3,232,265	142,560	-	142,560
2012	287,208	3,753,096	142,184	-	142,184
2011	287,208	3,805,777	143,832	(190)	144,022
2010	287,208	4,128,523	152,563	(118)	152,681
2009	313,619	4,297,595	136,904	(90)	136,994

¹Personal Property values were completely phased out after 2010.

²Source: Lucas County Auditor.

Net Bonded Debt to Assessed Value	Bonded Debt Per Capita
3.9%	469.83
4.9%	502.02
4.5%	559.04
4.4%	510.55
4.4%	502.15
4.4%	496.37
3.8%	495.06
4.0%	501.46
3.3%	531.60
3.1%	436.82

Table 13
City of Toledo, Ohio
Computation of Direct and Overlapping Debt
at December 31, 2018
(Amounts in Thousands)

	<u>Amount of Debt</u>	<u>Applicable To City</u>	<u>City's Share</u>
Total direct debt	\$ 188,308	100.00%	\$ 188,308
Subdivision overlapping debt: **			
Toledo City School District	118,020	70.82%	83,586
Lucas County	95,763	43.57%	41,720
Sylvania City School District	74,660	3.16%	2,359
Maumee City School District	23,519	1.32%	312
Springfield Local School District	4,850	1.88%	91
Sylvania Area Joint Recreation Dist	7,125	3.16%	225
Total subdivision overlapping debt	<u>323,937</u>		<u>128,293</u>
Total direct and overlapping debt	<u>\$ 512,245</u>		<u>\$ 316,601</u>

General obligation debt may be issued by the City without a vote of the electors, subject to overlapping restrictions. Total debt service charges for any one year of all overlapping debt must not exceed ten mills per \$1.00 of assessed valuation. This indirect debt limitation is imposed by a combination of provisions of the Ohio Constitution and the Ohio Revised Code.

** Source: Ohio Municipal Advisory Council

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Table: 14
City of Toledo, Ohio
Legal Debt Margin Information
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt limit	\$ 348,576	\$ 333,005	\$ 333,156	\$ 336,039
Total net debt applicable to limit	<u>121,375</u>	<u>136,605</u>	<u>140,345</u>	<u>154,234</u>
Legal debt margin	<u>\$ 227,201</u>	<u>\$ 196,400</u>	<u>\$ 192,811</u>	<u>\$ 181,805</u>
Total net debt applicable to limit as a percentage of legal debt margin	53.42%	69.55%	72.79%	84.83%

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 336,039	\$ 356,648	\$ 339,388	\$ 394,075	\$ 399,607	\$ 405,598
<u>143,540</u>	<u>141,120</u>	<u>145,180</u>	<u>138,879</u>	<u>143,832</u>	<u>152,563</u>
<u>\$ 192,499</u>	<u>\$ 215,528</u>	<u>\$ 194,208</u>	<u>\$ 255,196</u>	<u>\$ 255,775</u>	<u>\$ 253,035</u>
74.57%	65.48%	74.75%	54.42%	56.23%	60.29%

Table: 15
City of Toledo, Ohio
Pledged-Revenue Coverage
Last Ten Fiscal Years*
(Amounts in Thousands)

Fiscal Year	Utility Service Income	Less: Operating Expenses	Net Available Revenue	Debt Service		Total	Coverage
				Principal	Interest		
Water Revenue Bonds							
2018	\$ 80,270	\$ 42,353	\$ 37,917	\$ 8,605	\$ 14,828	\$ 23,433	1.6
2017	79,468	39,596	39,872	7,420	15,643	23,063	1.7
2016	74,238	39,850	34,388	8,380	12,097	20,477	1.7
2015	64,021	39,164	24,857	5,909	13,808	19,717	1.3
2014	58,572	35,300	23,272	5,905	13,844	19,749	1.2
2013	53,349	30,719	22,630	4,905	3,254	8,159	2.8
2012	44,366	32,997	11,369	5,405	2,943	8,348	1.4
2011	43,678	32,599	11,079	5,215	3,125	8,340	1.3
2010	42,682	29,049	13,633	5,240	3,628	8,868	1.5
2009	36,262	26,847	9,415	5,015	3,835	8,850	1.1
Sewer Revenue Bonds							
2018	\$ 81,954	\$ 36,488	\$ 45,466	\$ 830	\$ 477	\$ 1,307	34.8
2017	77,709	32,806	44,903	2,975	573	3,548	12.7
2016	73,534	33,390	40,144	2,962	663	3,625	11.1
2015	70,924	31,456	39,468	2,770	752	3,522	11.2
2014	69,903	37,402	32,501	2,700	862	3,562	9.1
2013	69,727	29,321	40,406	2,545	1,120	3,665	11.0
2012	66,652	39,941	26,711	2,445	1,224	3,669	7.3
2011	65,672	38,020	27,652	2,360	1,305	3,665	7.5
2010	57,560	33,736	23,824	2,360	1,361	3,721	6.4
2009	54,311	30,610	23,701	3,140	1,590	4,730	5.0

Notes: * Amounts prior to 2016 were restated to reflect adjustments of "other revenue" in the Utility Service Income section while also reducing the total debt service payments to eliminated premiums and refunding transactions

Table: 16
City of Toledo, Ohio
Demographic and Economic Statistics
Last Ten Fiscal Years
(Amounts in Thousands)

Fiscal Year	City of Toledo Population	Personal Income¹	Per Capita Personal Income¹	Median Age	Public School Enrollment	Unemployment Rate
2018	276,491	\$ 27,065,000	\$ 44,834	35.2	23,096	5.7%
2017	276,491	26,301,910	43,458	34.2	21,849	6.5%
2016	279,217	25,503,153	42,087	35.2	21,618	4.7%
2015	279,789	24,684,223	33,485	34.9	38,959	5.4%
2014	281,031	16,846,330	38,604	34.3	22,256	5.7%
2013	287,208	16,443,243	37,542	37.5	22,283	7.9%
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%

Sources: U.S. Bureau of Economic Analysis
U.S. Bureau of Labor Statistics

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.

¹ Values are calculated using Lucas County statistics

Table: 17
City of Toledo, Ohio
Principal Employers, Toledo Major Service Area
As of December 31, 2018 and December 31, 2009

2018			
Employer	Employees	Rank	of Total MSA Employees²
Promedica Health Systems	14,465	1	4.41%
Mercy Health Partners	8,827	2	2.69%
University of Toledo ¹	6,662	3	2.03%
Whirlpool Corporation	6,182	4	1.88%
Fiat Chrysler	6,159	5	1.88%
Toledo City School District	4,800	6	1.46%
Lucas County	3,247	7	0.99%
The City of Toledo	2,715	8	0.83%
General Motors Corp./GM Powertrain Division	1,971	9	0.60%
HCR Manor Care, Inc	1,845	10	0.56%
Total	<u>56,873</u>		<u>17.33%</u>
2009			
	Employees	Rank	of Total MSA Employment
Promedica Health Systems	9,945	1	10.03%
Mercy Health Partners	6,625	2	6.83%
Bowling Green State University	6,025	3	5.52%
University of Toledo ¹	6,000	4	5.08%
Toledo City School District	4,400	5	4.60%
Lucas County	3,876	6	4.02%
The Kroger Company	2,354	7	2.85%
The City of Toledo	2,635	8	2.83%
Sauder Woodworking Co.	2,640	9	2.81%
State of Ohio	2,249	10	2.51%
Total	<u>46,749</u>		<u>47.08%</u>

Source: Dun & Bradstreet reports and the Toledo Regional Growth Partnership

¹Medical College of Ohio merged with University of Toledo

²Total MSA Employees includes only Toledo; therefore, Bowling Green State University and Sauder Woodworking Co were omitted in current year

Table 18
City of Toledo, Ohio
Full Time Equivalent City Government Employees by Functional Area
***Last Ten Fiscal Years**

Function/Program	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<u>General Government:</u>										
Building Inspection	22	22	21	20	19					
City Council	23	21	21	21	21					
Diversity & Inclusion	5	5	5	4	6					
Economic Development	5	6	6	4	6					
Finance										
Accounts	11	10	10	11	9					
Budget/Debt/Financial Admin	7	8	11	10	10					
ERP	1	1	2	2	4					
Purchasing	4	3	3	3	7					
Taxation and Treasury	40	39	37	41	41					
Subtotal Finance	63	61	63	67	71					
Human Resources	15	15	16	17	17					
Info/Communications Tech	13	15	15	12	12					
Law	24	25	23	22	23					
Mayor	11	9	9	10	10					
Municipal Court (Clerks)	78	76	78	81	81					
Municipal Court (Judges)	108	105	104	103	104					
Plan Commission	11	10	10	10	9					
Subtotal General Government	378	370	371	371	379	263	420	428	423	327
<u>Public Service:</u>										
Engineering Services	58	53	56	59	64					
Fleet and Facilities	84	74	75	81	85					
Solid Waste	13	12	14	14	14					
Streets, Bridges, and Harbor	163	158	162	172	164					
Transportation	43	40	40	43	47					
Subtotal Public Service	361	337	347	369	374	236	374	381	377	427
<u>Public Safety</u>										
Uniformed Fire	519	544	544	523	517					
Fire Civilian	99	96	88	92	99					
Subtotal Fire	618	640	632	615	616					
Uniformed Police	627	620	614	628	612					
Police - Civilians	61	60	58	58	59					
Subtotal Police	688	680	672	686	671					
Subtotal Safety	1,306	1,320	1,304	1,301	1,287	1,518	1,138	1,160	1,152	1,191
<u>Public Utilities:</u>										
Sewer and Drainage	108	104	110	104	113					
Utilities Administration	86	85	80	76	66					
Water Distribution	129	117	126	125	130					
Water Reclamation	97	92	96	102	105					
Water Treatment	84	81	87	85	80					
Subtotal Public Utilities	504	479	499	492	494	641	552	563	564	575
<u>Community Environment:</u>										
Environmental Services	45	41	42	44	44					
Community Relations	1	1	1	2	2					
Neighborhoods	53	54	56	61	63					
Subtotal Com Environment	99	96	99	107	109	101	80	82	79	81
<u>Parks and Recreation:</u>										
Parks, Forestry, & Recreation	67	61	61	67	76	63	64	65	63	64
Totals	2,715	2,663	2,681	2,707	2,719	2,822	2,628	2,679	2,658	2,665

*Detailed information prior to 2014 is unavailable.

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

Function/Program	2018	2017	2016	2015
General government				
Building permits	3,788	3,459	2,875	4,162
Value of permits (in thousands)	231,869	328,589	117,100	355,428
Total board-ups	1,044	1,278	1,195	858
Total demolitions	410	467	469	404
Police				
Traffic citations	34,999	32,810	37,269	49,165
Red light cameras	127,689	133,470	87,476	44,621
Number of offenses	39,259	39,180	7,429	8,183
911 call volume	311,778	328,392	354,742	213,987
Non-emergency calls	85,880	99,877	98,521	69,783
Fire				
Emergency runs	52,831	53,904	56,249	52,059
Fire runs	7,046	6,758	6,589	6,839
Total runs	59,877	60,662	62,838	58,898
Public Utilities				
Water Customers	128,000	131,525	123,699	124,574
Sewer Customers	115,000	106,203	117,510	118,418
New water connections	107	150	349	149
Water main breaks	432	274	319	297
Average daily water consumption (millions of gallons)	67.2	66.7	69.0	69.3
Average daily water waste treatment (millions of gallons)	72.2	66.1	63.5	67.9
Other public works				
Traffic signs manufactured/installed	22,555	22,566	17,430	15,321
Energy reduction (traffic signals)	1.0%	1.0%	1.0%	3.5%
Traffic signals replaced	507	303	285	288
Traffic signal calls	3,551	3,825	3,674	4,026

Source: Respective city departments

2014	2013	2012	2011	2010	2009
3,446	3,192	3,492	3,631	4,984	4,260
162,718	101,687	140,436	297,612	168,415	138,153
1,325	1,152	1,594	774	748	704
265	726	382	412	325	300
54,855	59,345	50,418	41,990	23,895	21,966
54,021	63,574	71,664	27,166	20,008	19,681
8,726	9,278	11,944	13,194	35,568	36,433
213,789	225,677	443,697	438,287	389,112	389,112
84,768	87,298	93,843	91,373	87,412	87,412
48,709	47,458	48,949	47,112	41,154	42,639
6,713	6,307	6,930	7,274	6,958	6,812
55,422	53,765	55,879	54,386	48,112	49,451
125,559	126,647	125,343	123,474	129,935	133,361
119,333	120,400	119,275	117,922	107,538	127,187
198	257	220	715	725	618
377	402	365	300	315	306
78.0	78.0	120.0	78.0	75.8	76.6
72.5	62.1	70.0	71.0	70.7	71.4
13,081	13,938	13,000	29,879	29,879	29,879
9.0%	8.0%	88.0%	17.9%	17.9%	17.9%
336	320	301	358	324	386
4,136	4,200	1,044	5,612	5,648	5,867

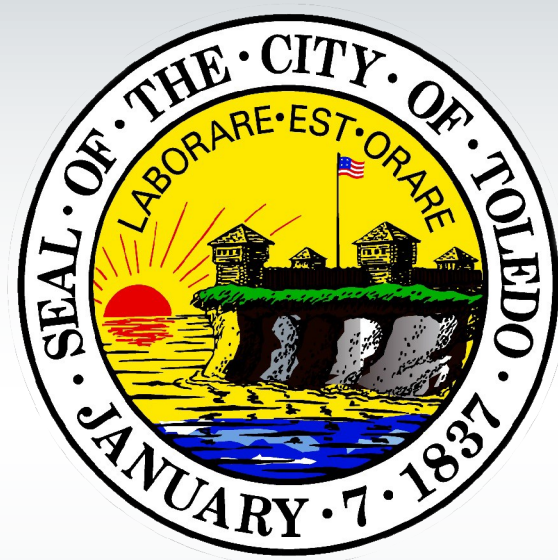
Table 20
City of Toledo, Ohio
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/ Program	2018	2017	2016	2015
Public safety				
Police				
Number of stations	2	3	3	3
Number of substations	2	1	1	1
Number of employees with arrest power	627	582	646	616
Number of neighborhood offices	-	-	-	-
Fire				
Number of stations	18	19	19	19
Number of firefighters	519	544	544	514
Public service				
Other Public Works				
Streets (in miles)	1,146	1,144	1,124	1,224
Rail (in miles)	1,200	1,200	1,200	1,200
Parks & recreation				
Acreage	2,160	2,162	2,185	2,185
Number of parks	138	140	144	144
Number of tree cuts	1,770	1,804	2,109	2,799
Number of tree trims	2,125	2,130	1,939	
Public pools	7	7	7	9
Golf courses	4	3	4	4
Public utilities				
Water				
Water lines (in miles)	1,190	1,190	1,169	1,168
Storage capacity (in millions of gallons)	70	70	70	94
Plant capacity (in millions of gallons)	120	120	120	120
Wastewater				
Sanitary sewers (in miles)	1,100	1,100	1,027	961
Treatment capacity (in millions of gallons)	130	130	130	130

Source: Respective city departments

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
3	2	3	3	3	2
1	1	2	2	1	2
612	648	582	578	566	583
-	-	4	4	4	3
18	18	18	18	17	17
517	541	502	489	482	462
1,224	1,139	1,139	1,123	1,123	1,122
1,200	1,200	1,200	1,200	1,200	1,200
2,185	2,177	2,687	2,368	2,368	2,368
144	145	145	145	145	145
10	10	11	12	12	12
4	4	4	4	4	4
1,168	1,165	1,188	1,165	1,165	1,165
78	78	80	78	78	78
150	150	150	150	150	150
961	961	955	960	960	960
102	102	102	102	102	102

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One Government Center, Suite 2050
Toledo, OH 43604-2284

For questions, please call:
Division of Accounts
(419) 245-1648

www.toledo.oh.gov/services/finance

OHIO AUDITOR OF STATE KEITH FABER



CITY OF TOLEDO

LUCAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 16, 2019**