



Dave Yost • Auditor of State

CITY OF TOLEDO
LUCAS COUNTY
DECEMBER 31, 2017

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Prepared by Management:	
Schedule of Expenditures of Federal Awards	1
Notes to the Schedule of Expenditures of Federal Awards.....	3
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	5
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.....	7
Schedule of Findings.....	11
Prepared by Management:	
Summary Schedule of Prior Audit Findings.....	17
Corrective Action Plan	18

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CITY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017

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>				
Community Development Block Grants/Entitlement Grants				
36th Year CDBG Grant	14.218			\$26,447
37th Year CDBG Grant	14.218			341,825
38th Year CDBG Grant	14.218			55,881
39th Year CDBG Grant	14.218			29,356
40th Year CDBG Grant	14.218			31,297
41st Year CDBG Grant	14.218			120,790
42nd Year CDBG Grant	14.218		\$1,172,416	3,762,728
43rd Year CDBG Grant	14.218		473,566	1,680,415
2008 Neighborhood Stabilization	14.218			293,876
2010 Neighborhood Stabilization	14.218			200
Total Community Development Block Grants/Entitlement Grants			<u>1,645,982</u>	<u>6,342,815</u>
Emergency Solutions Grants Program:				
29th Year Emergency Shelter	14.231		48,637	48,637
30th Year Emergency Shelter	14.231		398,180	398,180
Total Emergency Solutions Grant Program			<u>446,817</u>	<u>446,817</u>
HOME Investment Partnerships Program	14.239			1,431,583
ARRA - Neighborhood Stabilization Program	14.256			<u>343,337</u>
Total U.S. Department of Housing and Urban Development				<u>8,564,552</u>
U.S. DEPARTMENT OF JUSTICE				
<i>Passed through Ohio's Office of Criminal Justice</i>				
Violence Against Women Formula Grants	16.588			14,181
Public Safety Partnership and Community Policing Grants	16.710			167,713
Edward Byrne Memorial Justice Assistance Grant Program:				
2015 Justice Assistance Grant	16.738			140,860
2016 Justice Assistance Grant	16.738			156,713
2017 Violence Against Women - Justice Assistance Grant	16.738			20,666
Total Edward Byrne Memorial Justice Assistance Grant Program				<u>318,239</u>
Total U.S. Department of Justice				<u>500,133</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Passed through Ohio Department of Transportation</i>				
Highway Planning and Construction:				
Miami Over NSRR Bridge	20.205	PID89264		418,815
Anthony Wayne Trail I-75 to Erie Street	20.205	PID95676		1,947,138
Douglas/Dorr Intersection	20.205	PID95673		170,319
Jefferson Avenue Improvements	20.205	PID102681		74,937
Dorr Street Safety Project	20.205	PID90259		15,072
Central-Upton to Cherry	20.205	PID95813		724,154
Bancroft-Secor to Parkside	20.205	PID95686		2,575,047
Detroit-Arlington to I-75 Resurfacing	20.205	PID93960		243,152
Glendale - Anthony Wayne Trail to Broadway	20.205	PID98932		143,486
Central-Secor to Upton	20.205	PID93918		39,757
Safe Routes to School - Toledo Sidewalks	20.205	PID102156		173,080
Alexis-Telegraph	20.205	PID95814		1,010,558
Total Highway Planning and Construction				<u>7,535,515</u>
Total U.S. Department of Transportation				<u>7,535,515</u>

(Continued)

CITY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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. ENVIRONMENTAL PROTECTION AGENCY				
<i>Passed through Ohio Environmental Protection Agency</i>				
Air Pollution Control Program Support:				
Tire Amnesty Grant	66.001			10,913
2014 Title V	66.001			94,397
2016 Title V	66.001			94,766
2018 Title V	66.001			79,933
2014 State Air Grant	66.001			147,824
2016 State Air Grant	66.001			283,526
2018 State Air Grant	66.001			195,744
Total Air Pollution Control Program Support				<u>907,103</u>
Capitalization Grants for Clean Water State Revolving Funds				
Grit Facility - 161B Consent Decree Project	66.458			2,400
International Park Storage Basin	66.458			10,171,464
Oakdale Storage Basin	66.458			74,707
Ottawa River Storage Facility Phase II Project	66.458			20,216,347
Detroit SSOE Phase 1	66.458			359,959
Ayers-Monroe Storage	66.458			2,400
Columbus Ash Storage Pipeline	66.458			68,945
Arlington/Heatherdowns	66.458			1,136,491
Dearborn Storage CSO Storage Project	66.458			16,827
Total Capitalization Grants for Clean Water State Revolving Funds				<u>32,049,540</u>
Capitalization Grants for Drinking Water State Revolving Funds				
GLRI Toledo Green Project	66.468			236,839
PAC & PotassiumGA/HAB Plan	66.468			16,744
Total Capitalization Grants for Drinking Water State Revolving Funds				<u>253,583</u>
Total U.S. Environmental Protection Agency				<u>33,210,226</u>
EXECUTIVE OFFICE OF THE PRESIDENT				
<i>Direct Award</i>				
High Intensity Drug Trafficking Areas Program - 2016	95.001			38,237
High Intensity Drug Trafficking Areas Program - 2017	95.001			53,005
Total High Intensity Drug Trafficking Areas Program				<u>91,242</u>
Total Executive Office of the President				<u>91,242</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>Passed through Ohio Department of Public Safety</i>				
Emergency Management Performance Grants:				
High Risk Hose Pack Assemblies	97.042			52,910
MMRS Grant	97.042			5,515
Total Emergency Management Performance Grants				<u>58,425</u>
<i>Passed through Lucas County Emergency Management Agency</i>				
Homeland Security Grant Program	97.067			1,288
Homeland Security Grant Program	97.067			2,825
Homeland Security Grant Program	97.067			14,973
Total Homeland Security Grant Program				<u>19,086</u>
Total U.S. Department of Homeland Security				<u>77,511</u>
Total Expenditures of Federal Awards			<u>\$2,092,799</u>	<u>\$49,979,179</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, 2017**

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) under programs of the federal government for the year ended December 31, 2017. 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The City has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE C - 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 an 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 D - 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, 2017 is \$3,976,958.

NOTE E - 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 2040
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, 2017, 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, 2018, wherein we noted the beginning balances of net position for the governmental activities and business-type activities have been restated to correct misstatements in capital asset amounts and loans payable recorded in the prior year.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses and significant deficiencies.

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 a 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. We consider findings 2017-003 and 2017-004 described in the accompanying schedule of findings to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of internal control deficiencies less severe than a material weakness, yet important enough to merit attention by those charged with governance. We

consider findings 2017-001, 2017-002 and 2017-005 described in the accompanying schedule of findings to be significant deficiencies.

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 responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit the City's responses and, accordingly, we express no opinion on them.

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.



Dave Yost
Auditor of State

Columbus, Ohio

June 28, 2018



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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 2040
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, 2017. 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, 2017.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which Uniform Guidance requires us to report, described in the accompanying schedule of findings as item 2017-006. Our opinion on *each* major federal program is not modified with respect to this matter.

The City's response to our noncompliance finding is described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion it.

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's compliance requirement will not be prevented, or timely detected or corrected. *A significant deficiency in internal over compliance* is a deficiency or a combination of deficiencies in internal control over compliance with a 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness, described in the accompanying schedule of findings as item 2017-006.

The City's response to our internal control over compliance finding is described in the accompanying corrective action plan. We did not audit the City's response and, accordingly, we express no opinion on it.

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on the 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

as of and for the year ended December 31, 2017, 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, 2018. Our opinion also explained that the City restated the beginning balances of net position for the governmental activities and business-type activities to correct misstatements in capital asset amounts and loans payable recorded in the prior year. 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.



Dave Yost
Auditor of State

Columbus, Ohio

June 28, 2018

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CITY OF TOLEDO
LUCAS COUNTY

SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2017

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	Yes
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	Yes
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grants / Entitlement Grants Capitalization Grants for Clean Water State Revolving Funds
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$1,499,375 Type B: all others
<i>(d)(1)(ix)</i>	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 2017-001

Significant Deficiency

IT – SAP Access

Only authorized users who require access to perform their job responsibilities should have access within the financial application systems. Duties within an organization should be segregated to separate authorization of transactions, custody of the assets, and recording of transactions. Effective assignment of access rights within the financial systems supports proper segregation of duties. Documentation of

access roles includes sufficient information to ensure managers can request and authorize user access, and security administrators can properly assign roles and monitor the system to maintain the intended segregation of duties.

There were thirty-nine accounts with access to setup user access rights. These accounts could grant users access to any accounting or payroll application module and could modify their own or any other user's access and circumvent the intended segregation of duties. In addition, the procedures for authorizing and documenting access were not consistently applied or documented.

Without complete documentation and understanding of access roles and permissions, users may have access which circumvents the intended segregation of duties. Without documented authorization for each user; users may have access that does not match their job responsibilities. Excessive access rights could result in intentional or accidental modification of financial or payroll data.

The City should implement controls to help ensure proper segregation of duties within the accounting and payroll application modules. The City should document the intended segregation of duties and the SAP roles and permissions which support them to establish a baseline for user access. The ability to add or modify user access should be restricted to a few individuals and should only be performed after receipt of documentation authorizing the user and the specific roles and permissions required for performance of their job responsibilities.

FINDING NUMBER 2017-002

Significant Deficiency

IT – Program Change Procedures

Information technology departments establish and follow comprehensive program change control procedures to reasonably ensure only properly tested, reviewed, and approved changes are transferred into the live environment. As part of those procedures, logical access roles must be in place to help ensure key program change steps are only performed by authorized personnel.

The City did not have formal change control procedures in place during the year ended December 31, 2017. Users also had access to change and move their changes into the production environment.

Without formal change control procedures, unauthorized or unapproved program changes could be transferred into production. Unauthorized or untested changes could result in a failure in the functionality of the financial application.

The City should continue their efforts in formalizing change control procedures that need to be followed for all changes made to the SAP application.

FINDING NUMBER 2017-003

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. To help ensure the City's financial statements are complete and accurate, the City has contracted with an independent CPA firm as a consultant to perform a final review of their annual report to identify and correct errors, omissions, and misclassifications. However, the City did not provide their consultant with their final draft report until the day of the filing deadline with the Auditor of State. This did not give their consultant adequate time to identify and correct errors, omissions, and misclassifications prior to the time of filing with the Auditor of State. Work completed for projects funded by OWDA loans that had not yet been reimbursed and added to the respective loans was recorded as accounts receivable and a deferred inflow for deferred revenue – debt (Water - \$1,492,016 and Sewer \$14,381,195). Because the future debt proceeds will be offset by a loan payable, the amount does not meet the classification of deferred inflows or accounts receivable. While the error was subsequently noted by their consultant, it had to be included as an audit adjustment due to the timing issues noted.

Additionally, the following debt issuances for the governmental activities were not included in the City's debt footnote or statement of net position:

- A Job's Ohio loan issued in 2015 with a balance at year-end of \$650,000. There were no payments on this loan during 2017, and the loan will be forgiven after five years if requirements are met. However, the amount should be carried on the City's debt schedule and accounting records until forgiveness is granted.
- The Southwyck Acquisition bond issued in 2014 with a balance at year-end of \$1,370,000. Principal and interest payments were properly included in the City's accounting system and financial statements. However, the ending balance should be carried as bonds payable on the Statement of Net Position and footnote disclosure.

The City's basic financial statements and notes to the basic financial statements have been adjusted to correct these errors. These errors were a result of inadequate policies and procedures in reviewing the financial statements, footnotes and accounting records throughout the audit period, in addition to not having their annual report prepared within an adequate review period prior to the filing deadline. The City should implement policies and procedures, including completion of their annual report prior to the deadline to allow time for a thorough final review by management and their consultant.

FINDING NUMBER 2017-004

Material Weakness

Capital Assets

Detailed capital asset records are required for all governmental entities by Ohio Admin. Code §117-2-02(D). A capital asset ledger should be maintained and regularly updated. At a minimum, the records should contain the following data a) department name and location; b) date of purchase; c) description; d) model/serial vehicle identification number, if applicable; e) asset tag number; f) quantity; g) purchase cost; h) annual depreciation amount; i) accumulated depreciation amount; i) book value; j) fund ownership; k) useful life of assets; l) disposition date and m) check number and fund/account purchased. The City should also regularly reassess its asset's remaining useful lives.

The City does maintain a detailed capital asset listing integrated in their SAP accounting system following Ohio Admin. Code §117-2-02(D).

However, the listing as of December 31, 2017 contained the following errors:

- Items were listed as unidentified assets without documentation to support their location or book value;
- Assets were incorrectly listed with negative values;
- Amounts set aside for an arts reserve were included on the listing and were being depreciated but are not capital assets;
- Several correcting journal entries were double counted in the 2017 footnote disclosures, inflating both additions and deletions for the year.

The table below illustrates the total financial impact on capital assets, net of accumulated depreciation, as of December 31, 2017:

	Governmental Activities	Water	Sewer	Non-Major Enterprise	Total Business- Type Activities
Unidentified assets	\$32,183,347	\$1,468,488	\$4,791,097	\$677,159	\$6,936,744
Negative asset values	(34,188,966)	(1,432,477)	(3,779,558)	(2,108)	(5,214,143)
Arts Reserve	2,338,355				-
Duplicate additions	4,145,822	11,779,490	1,134,834	1,687,578	14,601,902
Duplicate deletions	(4,145,822)	(11,779,490)	(1,481,760)	(1,340,652)	(14,601,902)
Net effect	\$332,736	\$36,011	\$664,613	\$1,021,977	\$1,722,601

These errors were a result of inadequate policies, procedures, and internal controls over capital assets, and caused capital assets, net of accumulated depreciation, to be misstated on the City's statement of net position. Although the net effect was not material to the financial statements, the effect on the capital asset footnote disclosure was material. Therefore, the City's basic financial statements and notes to the basic financial statements have been adjusted to correct these errors. Additionally, beginning balances of net position have been restated to reflect the correction of the unidentified assets and negative asset values.

The City should implement policies, procedures, and internal controls over capital assets, including reviewing the existing listing for items lacking key information necessary for tracking capital assets and maintaining an accurate listing. The City should also verify their capital asset listing with department heads at least annually to identify errors and omissions.

FINDING NUMBER 2017-005

Significant Deficiency

Bank Reconciliations

Bank reconciliations should be performed on a monthly basis with any variances investigated, explained, and adjusted if necessary. In addition, long outstanding checks should periodically be investigated and either re-issued, voided, or put in an unclaimed money fund, and long outstanding reconciling items should be periodically investigated and removed as necessary.

We noted a total of 1,015 outstanding checks from 2010 through 2016 and several reconciling items dated prior to December 31, 2016 as of December 31, 2017. These checks and reconciling items totaled \$805,000 at year end.

In addition, as of June 18, 2018, the City's primary checking account and accounts payable account had only been reconciled through February 28, 2018. These accounts contain a significant portion of the City's financial activity and had an aggregate bank balance over \$14 million at December 31, 2017.

These errors were caused due to inadequate policies and procedures over the cash reconciliation process. Failure to reconcile bank balances to the accounting system and correct reconciling items in a timely manner can result in unauthorized activity or errors occurring without detection. Failure to properly monitor and correct long outstanding checks can also result in fund balances being understated.

The City should perform bank reconciliations each month that are completed timely after the previous months end. The City should also create a policy that states how long checks can remain outstanding before payment is cancelled and the check is voided. The status of the outstanding checks should be investigated and the Finance Department should take the appropriate action to remove them from the outstanding check lists.

3. FINDINGS FOR FEDERAL AWARDS

Federal Expenditures

Finding Number	2017-006		
CFDA Title and Number	(1) CFDA #14.218 – Community Development Block Grants/ Entitlement Grants (2) CFDA #66.458 - Capitalization Grants for Clean Water State Revolving Funds		
Federal Award Identification Number / Year	2017		
Federal Agency	(1) U.S. Department of Housing and Urban Development (2) U.S. Environmental Protection Agency		
Compliance Requirement	Other		
Pass-Through Entity	(1) N/A – Direct Award (2) Ohio Environmental Protection Agency		
Repeat Finding from Prior Audit?	No	Finding Number (if repeat)	

Noncompliance and Material Weakness

2 C.F.R. § 200.510(b) provides that the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with §200.502 Basis for determining Federal awards expended.

At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA

- number or other identifying number when the CFDA information is not available.
- (4) Include the total amount provided to subrecipients from each Federal program.
 - (5) For loan or loan guarantee programs described in §_200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period.
 - (6) Include notes that describe the significant accounting policies used in preparing the schedule, and note whether or not the auditee has elected to use the 10 percent de minimis cost rate as covered in §_200.414 Indirect (F&A) costs.

The City did prepare its Schedule of Expenditures of Federal Awards (the Schedule) in compliance with the requirements above. However, the City overstated the Community Development Block Grants/Entitlement Grants major program by \$253,482 and understated the Capitalization Grants for Clean Water State Revolving Funds major program by \$2,497,160. Additional errors were noted in non-major programs. The Schedule has been adjusted to correct these errors.

These errors were a result of inadequate policies and procedures in preparing and reviewing the Schedule. Inaccurate completion of the Schedule could lead to inaccurate reporting of Federal expenditures by the City. The City should remain knowledgeable of its Federal programs and Federal requirements. The City should also implement policies and procedures, including a final review of the Schedule, to help ensure the Schedule is accurately completed.

Officials' Response to Finding 2017-001 through 2017-006:

See corrective action plan.

CITY OF TOLEDO



Wade Kapszukiewicz
Mayor

Melanie Campbell
Acting Director of Finance

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
DECEMBER 31, 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material weakness over financial reporting due to material audit adjustments.	Not corrected and repeated as Finding 2017-003 in this report.	This finding reoccurred due to inadequate policies and procedures in reviewing the financial statements and accounting records throughout the audit period, in addition to not having our annual report prepared within an adequate review period prior to the filing deadline. The City is implementing procedures to correct these errors for the future.

CITY OF TOLEDO



Wade Kapszukiewicz
Mayor

Melanie Campbell
Acting Director of Finance

CORRECTIVE ACTION PLAN
2 CFR § 200.511(c)
DECEMBER 31, 2017

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2017-001	<p>Based upon discussions between the State Auditors and the Director of Information Technology, the ERP Analysts began reviewing authorized access to SAP modules and the authorities that staffs have to perform transactions. As a result of this review staff access will be limited to only those SAP modules and transactions that are determined to be necessary for the performance of their job duties. This review began April 1, 2018.</p> <p>For newly employed, transferred or promoted staff, SAP authorization requests are forwarded by department managers to ERP staff. ERP staff will review requests to authorize access to only those modules and functions determined necessary to perform the staff member's position. This action began April 1, 2018.</p>	10/31/2018	Director of Finance
2017-002	<p>Based upon discussions between the State Auditors and the Director of Information Technology, the ERP Analysts limited the authorization to change SAP software configuration and programming to two (2) ERP staff. This action includes transports and changes in all SAP modules. This action took place April 30, 2018.</p>	4/30/2018	Director of Finance
2017-003	<p>The Finance Department will conduct a review of all financial procedures used by departmental staff to accomplish the goal of timely completion for reporting deadlines. This review will include:</p> <ul style="list-style-type: none"> • Inclusion of monthly deadlines for transaction entry. • Clarity of instructions regarding the use of SAP modules to enter transactions. 	12/31/2018	Director of Finance

	<ul style="list-style-type: none"> • That the procedure clearly provides an audit trail for financial reviews. • That a procedure has been developed for all SAP transactions used by city staff. • That the procedure indicates what documentation must be attached to each type of SAP transaction. • Availability of training and procedure manuals to support the entry of an SAP transaction. 		
2017-004	The Finance Department is working with all departments to identify assets that are presently labeled as unidentified. An initial review of the enterprise funds unidentified assets has resulted in identifying several of the assets on the auditor's list. The review must be performed within two ERP systems, the current SAP system and the data tables from the previous ROSS ERP system. Finance is finding that the transition from ROSS to the SAP system has been part of the issue. The review will also address procedures, SAP configuration, training aids for the proper entry of assets into SAP, and transaction review in the production system.	12/31/2018	Director of Finance
2017-005	The Finance Accounts and Treasury staffs are reviewing reconciliation procedures for all city bank accounts. The objective of this review is to develop procedures and deadlines for all departments with the objective of completing bank reconciliations 30 calendar days after the closing of a monthly period.	9/30/2018	Director of Finance
2017-006	Finance department will be meeting throughout the year with other city departments that receive federal awards to review and reconcile expense entries recorded in the SAP system. The initial plan is to meet with departments 3 times during the year and create interim SEFA reports. Specific procedures will be developed for how the expenses will be entered in SAP. The interim SEFA reports should provide the opportunity to reconcile the SEFA report data with grant program data.	12/31/2018	Director of Finance

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2017

**Comprehensive Annual Financial Report
City of Toledo, Ohio**



For the Year Ended December 31, 2017

CITY OF TOLEDO, OHIO

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED DECEMBER 31, 2017



**WADE KAPSZUKIEWICZ
MAYOR**

**MELANIE CAMPBELL
FINANCE DIRECTOR**

City of Toledo, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

Table of Contents

Title Page	Page No.
Table of Contents	1-4

INTRODUCTORY SECTION

Letter of Transmittal	5-10
GFOA Certificate of Achievement	11
List of Principal Officials	12
Organizational Chart.....	13

FINANCIAL SECTION

Independent Auditors' Report	15-17
Management's Discussion and Analysis	19-32

Basic Financial Statements:

Government-wide Financial Statements:

Statement of Net Position	33
Statement of Activities	34-35

Fund Financial Statements:

Balance Sheet - Governmental Funds.....	36-37
Reconciliation of the Balance Sheet to the Statement of Net Position of Governmental Funds	39
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	40-41
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities of Governmental Funds	43
Statement of Net Position - Proprietary Funds	44-45
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Funds	46-47
Statement of Cash Flows - Proprietary Funds	48-49
Statement of Fiduciary Assets and Liabilities - Fiduciary Funds - Agency	50

Notes to Basic Financial Statements.....	51-104
--	--------

Required Supplementary Information

Schedule of the City's Proportionate Share of the Net Pension Liability:

Ohio Public Employees Retirement System (OPERS) - Last Four Years	106
Ohio Police and Fire (OP&F) Pension Fund - Last Four Years	107

Schedules of City Contributions:

Ohio Public Employees Retirement System (OPERS) - Last Five Years	108-109
Ohio Police and Fire (OP&F) Pension Fund - Last Five Years.....	110-111

Notes to the Pension Required Supplementary Information.....	112
--	-----

City of Toledo, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

Table of Contents
(Continued)

Required Supplementary Information (continued)

Page No.

General Fund and Special Assessment Services Fund:

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

General Fund	113
Special Assessment Services Fund.....	114

Notes to the Budgetary Required Supplementary Information.....	115-116
--	---------

Supplementary Information

Combining Balance Sheet - Nonmajor Governmental Funds (by fund type)	119
--	-----

Combining Statement of Revenues, Expenditures and Changes in Fund Balances

Nonmajor Governmental Funds (by fund type)	120
--	-----

Nonmajor Governmental Funds:

Nonmajor Special Revenue Funds:

Fund Descriptions	121
Combining Balance Sheet	122-124
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	126-128

Nonmajor Debt Service Funds:

Fund Descriptions	129
Combining Balance Sheet	130
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	131

Nonmajor Capital Projects Funds:

Fund Descriptions	132
Combining Balance Sheet	133
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	134

Nonmajor Permanent Fund:

Fund Description	135
------------------------	-----

Nonmajor Enterprise Funds:

Fund Descriptions - Nonmajor Enterprise Funds	137
Combining Statement of Net Position	138-139
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	140-141
Combining Statement of Cash Flows	142-145

Internal Service Funds:

Fund Descriptions - Internal Service Funds	147
Combining Statement of Net Position	148-149
Combining Statement of Revenues, Expenses and Changes in Fund Net Position	150-151
Combining Statement of Cash Flows	152-153

City of Toledo, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

Table of Contents
(Continued)

	Page No.
Supplementary Information (continued)	
Agency Funds:	
Fund Descriptions - Agency Funds	154
Combining Statement of Assets and Liabilities	155
Special Budgetary Comparison Section:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances-Budget to Actual:	
Major Governmental Funds:	
General Fund	156-163
Capital Improvements	164-167
Special Assessment Services	168-170
Nonmajor Special Revenue Funds:	
Federal Block Grants	171-172
Operation Grants	173-175
Urban Development Action Grants	176
Street Construction Maintenance and Repair	177-179
Cemetery Maintenance	180
Golf Improvements	181
Parkland Replacement	182
Cemeteries Property Acquisition and Site Development	183
Marina Development	184
Expendable Trusts	185-188
Toledo City Parks	189
Toledo Home Program	190
Right of Way	191
Nonmajor Debt Service Funds:	
Jeep Municipal Public Improvement TIF	192
General Obligation	193
Special Assessment	194
Nonmajor Capital Projects Funds:	
Special Assessment Improvements	195
Franklin Park/Westfield Municipal Public Improvement TIF	196
Nonmajor Permanent Fund:	
Cemetery Perpetual Care	197
 STATISTICAL SECTION (UNAUDITED)	
Table of Contents	199
Table	
Net Position by Component - Last Ten Fiscal Years	1..... 200-201
Changes in Net Position by Component - Last Ten Fiscal Years	2..... 202-205
Fund Balances, Governmental Funds - Last Ten Fiscal Years	3..... 206-207
Changes in Fund Balances, Governmental Funds - Last Ten Fiscal Years	4..... 208-209
General Revenues by Source, Governmental Funds - Last Ten Fiscal Years	5..... 210-211
Income Tax Revenues - Last Ten Fiscal Years	6..... 212-213
Assessed Value and Estimated Actual Value of	
Taxable Property - Last Ten Fiscal Years	7..... 214-215

City of Toledo, Ohio
Comprehensive Annual Financial Report
For the Year Ended December 31, 2017

Table of Contents
(Continued)

STATISTICAL SECTION (UNAUDITED)	Page No.
	Table
Property Tax Rates Direct and Overlapping Governments –	
Last Ten Fiscal Years	8..... 216-217
Top 75 Income Tax Withholding Agents	
By Industry - Last Ten Fiscal Years	9..... 218-219
Real and Public Utility Property Tax Levies and Collections -	
Last Ten Fiscal Years.....	10..... 220
Ratios of Outstanding Debt by Type - Last Ten Fiscal Years	11..... 222-223
Ratios of Net General Bonded Debt to Assessed Value and	
Net Bonded Debt Per Capita - Last Ten Fiscal Years.....	12..... 224-225
Computation of Direct and Overlapping Debt	13..... 226
Legal Debt Margin Information - Last Ten Fiscal Years.....	14..... 228-229
Pledged Revenue Coverage - Last Ten Fiscal Years	15..... 230
Demographic and Economic Statistics - Last Ten Fiscal Years	16..... 231
Principal Employers, Toledo Major Service Area	
As of December 31, 2017 and December 31, 2008	17..... 232
Full Time Equivalent City Government Employees	
By Functional Area - Last Ten Fiscal Years.....	18..... 233
Operating Indicators by Function/Program - Last Ten Fiscal Years	19..... 234-235
Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	20..... 236-237

**INTRODUCTORY
SECTION**

CITY OF TOLEDO



Wade Kapszukiewicz
Mayor

Melanie Campbell
Acting Director of Finance

June 28, 2018

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

As Acting 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, 2017.

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, 2017. 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 62 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, is undertaking 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 three 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 will begin 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 expected 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 more than 60 employees from Maumee to Downtown Toledo. 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 is set to begin in May 2018 and 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 will employ 300 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 a basis other than GAAP. For financial reporting purposes, the accounting records for all governmental funds are converted to the modified accrual basis, whereby revenues are recognized when measurable and available 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 2017, 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, 2016. The certificate is valid for a period of one year. This is the thirty-fifth 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.

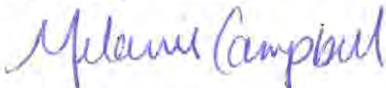
We believe that our current year report continues to conform to the stringent guidelines and requirement of the program, and the City continues to submit a CAFR to the GFOA to determine its current eligibility for another certificate.

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,



Melanie Campbell
Acting 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, 2016

Christopher P. Morvill

Executive Director/CEO

CITY OF TOLEDO, OHIO
LIST OF PRINCIPAL CITY OFFICIALS
As of 12-31-2017

Mayor: Paula Hicks-Hudson

MEMBERS OF COUNCIL

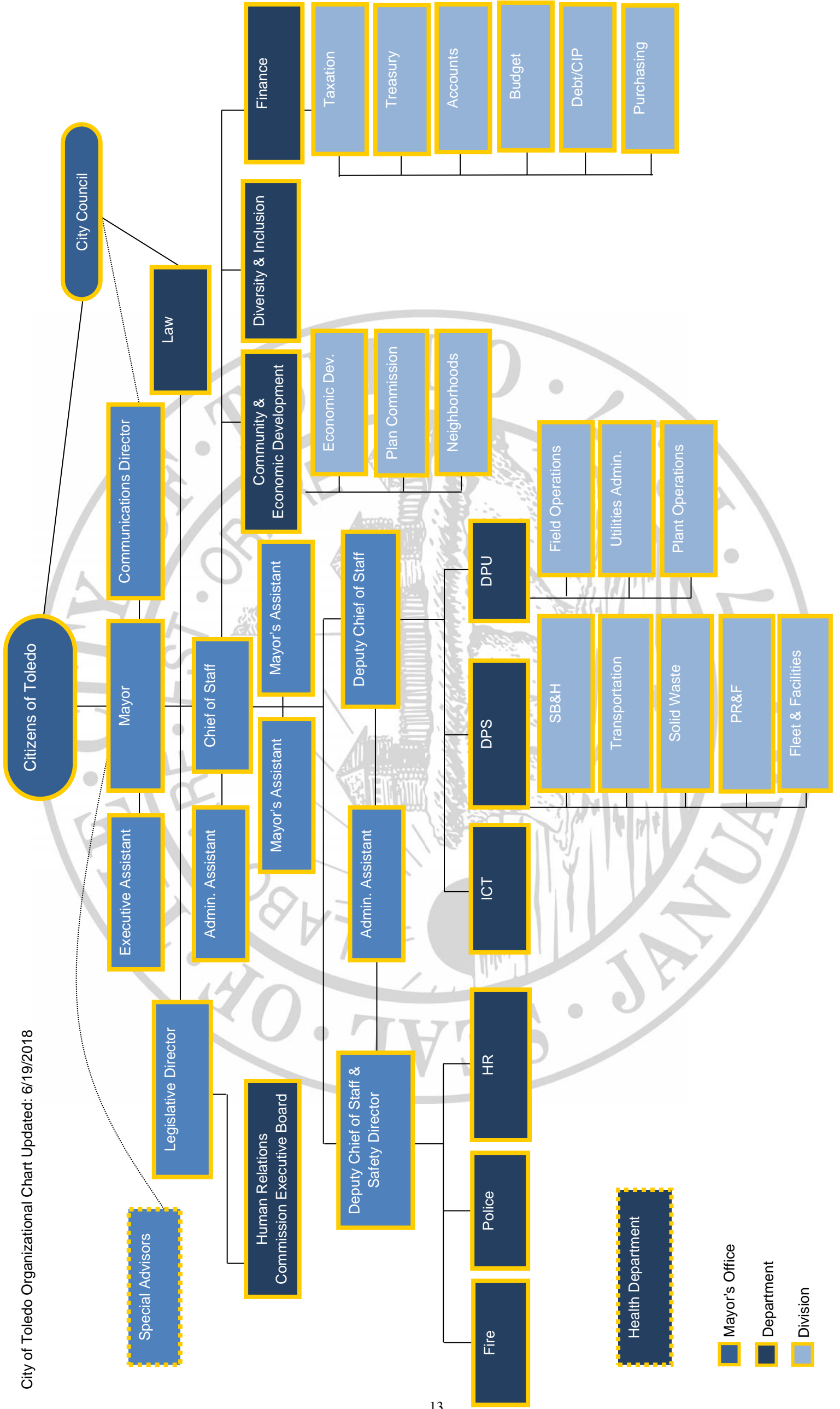
<u>District Seats</u>	<u>Length of Current Terms</u>
District 1: Tyrone Riley (West-Central).....	Six Years
District 2: Matt Cherry (South-West).....	Four Years
District 3: Peter Ujvagi (East Toledo-Historic South).....	Two Years
District 4: Yvonne Harper (Central City).....	Three Years
District 5: Tom Waniewski (North-West).....	Ten Years
District 6: Lindsay Webb (North Toledo-Point Place).....	Ten Years

At-Large Seats

Dr. Cecelia Adams.....	Three Years
Kurt Young.....	One Year
Rob Ludeman.....	Eight Years
Sandy Spang.....	Four Years
Steven Steel (President).....	Nine Years
Larry Sykes (Chairman, Finance, HR, & IT Committee).....	Five Years

Appointed Positions

Clerk of Council.....	Gerald E. Dendinger.....	Twenty-Two Years
Acting Director of Finance....	Peter M. Rancatore, Jr.	One Year
Treasurer.....	Bryan Benner.....	One Year
City Auditor.....	John A. Jaksetic, CPA.....	Four Years



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**FINANCIAL
SECTION**



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

City of Toledo
Lucas County
One Government Center, Suite 2040
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, 2017, 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, 2017, 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 Matter

As discussed in Note 16 to the financial statements, during 2017, the City restated the beginning balances of net position for the governmental activities and business-type activities to correct misstatements in capital asset amounts and loans payable 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, and schedules of net pension liabilities and pension 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, 2018, 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

June 28, 2018

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City of Toledo, Ohio Management's Discussion and Analysis For the Year Ended December 31, 2017

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, 2017. 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 2017 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 2017 by \$769.5 million. Of this amount (\$217.9) million is considered unrestricted. The unrestricted net position of the City's business-type activities are \$51.1 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 (\$269.0) million.
- The City's total net position increased \$62.6 million or 8.9 percent in 2017. Net position of the governmental activities increased \$6.2 million in 2017 as restated from 2016 (see Note 16), which represents a 3.6 percent increase from 2016. Net position of the business-type activities increased \$56.4 million or 10.5 percent from 2016 as restated (see Note 16).
- The net cost of the City's programs decreased approximately \$39.7 million, or 19.1%. The cost of governmental activities decreased approximately 31.1 million or 12.5 percent, while the cost of business-type activities decreased \$8.6 million or 21.1 percent.
- At the close of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$39.4 million. The combined fund balance of the governmental funds increased \$17.1 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, 2017
(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, Toledo Public Power and Erie Street Market. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions including municipal garage, capital replacement, facility operations, storeroom and printshop, 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.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

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 the City's schedule of contributions to OPERS and OP&F. 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.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

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 2016 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, 2017 compared to December 31, 2016, as restated (see Note 16).

Net Position
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	2017	Restated 2016	2017	Restated 2016	2017	Restated 2016
Assets						
Current and Other Assets	\$ 237,989	\$ 214,397	\$ 407,836	\$ 407,189	\$ 645,825	\$ 621,586
Capital Assets	523,971	521,357	1,055,730	982,408	1,579,701	1,503,765
Total Assets	<u>761,960</u>	<u>735,754</u>	<u>1,463,566</u>	<u>1,389,597</u>	<u>2,225,526</u>	<u>2,125,351</u>
Deferred Outflows of Resources	<u>79,570</u>	<u>93,969</u>	<u>17,232</u>	<u>14,148</u>	<u>96,802</u>	<u>108,117</u>
Liabilities						
Long-Term Liabilities						
Net Pension Liability	327,567	339,104	44,970	37,098	372,537	376,202
Other Long-Term Amounts	203,637	211,632	804,363	803,473	1,008,000	1,015,105
Other Liabilities	88,590	93,163	38,256	27,183	126,846	120,346
Total Liabilities	<u>619,794</u>	<u>643,899</u>	<u>887,589</u>	<u>867,754</u>	<u>1,507,383</u>	<u>1,511,653</u>
Deferred Inflows of Resources	<u>43,864</u>	<u>14,157</u>	<u>1,552</u>	<u>741</u>	<u>45,416</u>	<u>14,898</u>
Net Position						
Net Investment in Capital Assets	397,325	327,948	425,274	451,710	822,599	779,658
Restricted	49,575	60,434	115,302	51,990	164,877	112,424
Unrestricted (deficit)	<u>(269,028)</u>	<u>(216,715)</u>	<u>51,081</u>	<u>31,550</u>	<u>(217,947)</u>	<u>(185,165)</u>
Total Net Position	<u>\$ 177,872</u>	<u>\$ 171,667</u>	<u>\$ 591,657</u>	<u>\$ 535,250</u>	<u>\$ 769,529</u>	<u>\$ 706,917</u>

Net Pension Liability

The City applies GASB Statement No. 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement No. 27*, which provides standards for reporting pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the City's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB Statement No. 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB Statement No. 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under GASB Statement No. 68, the net pension liability equals the City's proportionate share of each plan's collective:

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

GASB notes that pension 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. GASB noted that the unfunded portion of this pension 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 this liability. 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 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 pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *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 pension system is responsible for the administration of the plan.

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. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, 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 the required pension 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 is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB Statement No. 68, the City's statements prepared on the accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

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 \$769.5 million at the close of the most recent fiscal year.

The largest portion of the City's net position (106.9 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

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

An additional portion of the City's net position (21.4 percent) represents resources that are subject to use restrictions. The remaining balance of the unrestricted net position (a deficit of 28.3 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 \$217.9 million, the unrestricted net position of the City's business-type activities, \$51.1 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 \$269.0 million.

- The overall net position of the City increased \$62.6 million or 8.9 percent in 2017. The net position for governmental activities increased \$6.2 million or 3.6 percent.
- The net position of business-type activities of the City increased by \$56.4 million or 10.5 percent. The increase in revenue stems from rate increases authorized by City Council that systematically upgrades the public utility infrastructure.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

The following table provides a summary of the change in net position from 2016, as restated (see Note 16), to 2017.

	Changes in Net Position					
	(Amounts in Thousands)					
	Governmental Activities		Business-Type Activities		Total	
	Restated		Restated		Restated	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues						
Program Revenues:						
Charges for Services and Sales	\$ 80,371	\$ 76,778	\$ 188,216	\$ 176,770	\$ 268,587	\$ 253,548
Operating Grants	4,358	7,698	-	-	4,358	7,698
Capital Grants	17,964	15,786	1,178	343	19,142	16,129
Total Program Revenues	<u>102,693</u>	<u>100,262</u>	<u>189,394</u>	<u>177,113</u>	<u>292,087</u>	<u>277,375</u>
General Revenue:						
Income Taxes	176,056	175,958	-	-	176,056	175,958
Property Taxes	12,269	10,059	-	-	12,269	10,059
Investment Earnings	1,164	793	3,150	1,875	4,314	2,668
Intergovernmental Services	28,430	29,416	-	-	28,430	29,416
Other	9,317	8,144	-	-	9,317	8,144
Total General Revenues	<u>227,236</u>	<u>224,370</u>	<u>3,150</u>	<u>1,875</u>	<u>230,386</u>	<u>226,245</u>
Total Revenues	<u>329,929</u>	<u>324,632</u>	<u>192,544</u>	<u>178,988</u>	<u>522,473</u>	<u>503,620</u>
Expenses						
General Government	22,753	24,154	-	-	22,753	24,154
Public Service	60,478	64,777	-	-	60,478	64,777
Public Safety	193,527	211,044	-	-	193,527	211,044
Public Utilities	3,567	3,735	-	-	3,567	3,735
Community Environment	19,005	20,944	-	-	19,005	20,944
Health	9,302	9,561	-	-	9,302	9,561
Parks and Recreation	2,871	5,202	-	-	2,871	5,202
Interest and Fiscal Charges	8,329	9,075	-	-	8,329	9,075
Water	-	-	60,012	56,931	60,012	56,931
Sewer	-	-	57,838	58,723	57,838	58,723
Other Enterprise Activities	-	-	22,179	20,699	22,179	20,699
Total Expense	<u>319,832</u>	<u>348,492</u>	<u>140,029</u>	<u>136,353</u>	<u>459,861</u>	<u>484,845</u>
Increase (Decrease) in Net Position						
Before Transfers	10,097	(23,860)	52,515	42,635	62,612	18,775
Transfers	(3,892)	(204)	3,892	204	-	-
Change in Net Position	6,205	(24,064)	56,407	42,839	62,612	18,775
Net Position - Beginning (Restated - Note 16)	171,667	N/A	535,250	N/A	706,917	N/A
Net Position - Ending	<u>\$ 177,872</u>	<u>\$ 171,667</u>	<u>\$ 591,657</u>	<u>\$ 535,250</u>	<u>\$ 769,529</u>	<u>\$ 706,917</u>

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

Governmental activities: Governmental activities increased the City's net position by \$6.2 million. Key elements of the net position are as follows:

- Income tax revenue, which represents 53.4 percent of the City's governmental revenue, finished 2017 \$0.1 million or 0.1 percent higher, due to strength in the local service industry, whose gains overcame temporary manufacturing layoffs and the issuance of large income tax refunds.
- Charges for services increased by \$3.6 million or 4.7 percent as the City benefited from increases in landfill and recycling charges, and the increased activity related to the City's partnership with the Lucas County Land Reutilization Corporation.

Business-type activities: Net position of the City's Business-type activities increased \$56.4 million. Key elements of the changes in net position are as follows:

- Charges for services increased \$11.4 million or 6.5 percent in 2017, 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 2017 as a result of additional water reclamation projects with the Ohio Public Works Commission (OPWC).
- Expenses were \$3.7 million higher in 2017 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, 2017, the City's governmental funds reported a combined ending fund balance of \$39.4 million, an increase of \$17.1 million in comparison with the prior year. There is an *unassigned fund balance* deficit of \$71.6 million. The *nonspendable fund balance* of \$6.2 million represents the City's prepaid items and investment in inventory. The \$93.9 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 \$10.8 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, 2017, the total fund balance of the general fund was \$22.2 million. The fund balance of the City's general fund increased \$6.4 million during 2017. The City's income tax revenue increased by \$0.7 million or 0.4 percent, due to continued strength in the local economy, which included bonuses paid at year end in the automotive sector, and State changes in the law that resulted in an extra estimated tax payment during 2017. Expenditures remained relatively flat with a nominal \$0.1 million or 0.0 percent increase as the City continued spending controls and benefitted from decreases in health care and workers' compensation.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

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, 2017, total fund balance of the capital improvements fund is \$50.9 million. The fund balance of the Capital Improvements Fund increased \$5.2 million during 2017 mainly due to the increase in income tax revenues collected by the general fund and transferred to the capital improvement fund in 2017.

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, 2017, total fund balance of the special assessment services funds was a deficit of \$57.6 million, thus reducing the deficit by \$2.0 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 2017), 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 \$205.9 million, of which \$27.3 million is unrestricted. The net position of the water fund increased \$24.7 million or 13.6 percent in 2017. Operating revenues increased by \$6.6 million or 9.0 percent over comparable revenue in 2016, due to a scheduled rate increase as part of the four year rate plan approved by City Council. Operating expenses remained consistent with the prior year decreasing less than 1%.

Sewer: The total net position of the Sewer fund at the end of the year amounted to \$323.0 million of which \$18.2 million is unrestricted. The net position of the sewer fund increased \$23.9 million or 8.0 percent. Operating revenue increased \$4.3 million with help from the scheduled rate increases, or 5.8% in 2017. Operating expenses decreased by \$0.5 million or 1.1 percent as compared to 2016.

Utility Administration Services: The total net position of the Utility Administration Services fund at the end of the year amounted to \$2.4 million, of which \$2.2 million is unrestricted. The net position of the utility administration services fund decreased by \$0.3 million. Operating revenues for fiscal year 2017 decreased by \$0.1 million or 0.4 percent. Operating expenses for fiscal year 2017 increased by \$0.4 million or 3.3 percent, as a number of vacant positions were filled.

Nonmajor: The total net position of the nonmajor enterprise funds at the end of the year amounted to \$60.3 million of which \$3.4 million is unrestricted. The net position of the nonmajor enterprise funds increased \$8.2 million, or 15.6 percent. Operating revenues for fiscal year 2017 increased by \$0.7 million or 5.2 percent over comparable revenue in 2016, due to additional billing in the Storm Sewer Fund and participation in a rebate program in the Toledo Public Power Fund. Operating expenses for fiscal year 2017 increased \$1.1 million or 13.5 percent over comparable expenses in 2016 due to an increase in personnel costs in the Storm Sewer Fund as some personnel resources were reallocated from the Sewer Fund to the Storm Sewer Fund.

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

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

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.

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 decreased \$1.8 million from \$258.1 million to \$256.3 million. Actual revenues and other financing sources of \$256.5 million were more than final budgeted revenues and other financing sources by \$0.5 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 \$6.2 million lower than the final budgeted amounts, primarily due to expenditures for general government and public safety being less than budgeted.

The following schedule is a summary of comparable general fund revenue for 2017 and 2016:

Revenues and Other Financing Sources
(Amounts in Thousands)

	2017	Percentage of Total	Increase (Decrease) from 2016	Percentage Change from 2016
Income Taxes	\$ 176,362	68.7%	\$ 683	0.4%
Property Taxes	12,025	4.7%	2,119	21.4%
Licenses and Permits	2,942	1.1%	74	2.6%
Intergovernmental Services	18,878	7.4%	1,337	7.6%
Charges for Services	29,299	11.4%	991	3.5%
Investment Earnings	462	0.2%	232	100.9%
Fines and Forfeitures	9,845	3.8%	2,334	31.1%
Other Revenue	1,155	0.5%	(1,504)	-56.6%
Gain on Sale of Capital Assets	151	0.1%	151	100%
Transfers In	5,419	2.1%	851	18.6%
Total	<u>\$ 256,538</u>	<u>100.0%</u>	<u>\$ 7,268</u>	

Key elements of the changes in revenues are as follows:

- Income tax revenue increased \$0.7 million or 0.4 percent due to strength in the service industry whose gains overcame temporary layoffs in the manufacturing industry and two large income tax refunds issued on business net profits.
- Charges for service increased \$1.0 million or 3.5 percent over comparable revenue from 2016, as previously instituted refuse and recycling increases better offset their program costs.
- Revenue from fines and forfeitures increased \$2.3 million from comparable revenue in 2016 due to the additional revenue from the speed enforcement program.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

- Other Revenue decreased by \$1.5 million, as the City did not receive the one-time 9-1-1 refund that it received in 2016.
- Transfers In increased by \$0.9 million due to a transfer from the Capital Fund to the General Fund related to the defeasance of a debt issuance.

The 2017 final General Fund total expense budget was \$256.3 million.

The following schedule is a summary of comparable General Fund expenditures for 2017 and 2016:

Expenditures and Other Financing Uses
(Amounts in Thousands)

	<u>2017</u>	<u>Percentage of Total</u>	<u>Increase (Decrease) from 2016</u>	<u>Percentage Change from 2016</u>
General Government	\$ 23,283	9.3%	\$ (531)	-2.2%
Public Service	1,507	0.6%	(151)	-9.1%
Public Safety	163,427	65.4%	(2,649)	-1.6%
Community Environment	5,061	2.0%	647	14.7%
Health	8,138	3.3%	2,861	54.2%
Parks and Recreation	2,502	1.0%	(117)	-4.5%
Principal retirement	618	0.2%	24	4.0%
Interest and Fiscal Charges	79	0.0%	(18)	-18.6%
Transfers Out	<u>45,526</u>	<u>18.2%</u>	<u>6,417</u>	16.4%
Total	<u>\$ 250,141</u>	<u>100.0%</u>	<u>\$ 6,483</u>	

Generally, General Fund expenditures declined across various functions, as Workers' Compensation and health care costs declined, which drove the Public Safety Category lower by \$2.6 million. Additionally:

- The Health function category increased due to the adjusted methodology used to record charges for the Toledo-Lucas County Regional Health District, whose costs are deducted by the County Auditor in the real estate tax distribution. This property tax revenue and the corresponding charges were previously unrecorded.
- Transfers rose as City Council authorized the General Fund equity transfer of \$3,000 of unassigned fund balance to the Capital Improvements Fund. Additionally, the increase in income tax revenue necessitates an increase in transfer to the Capital Improvements Fund due to the City's codified formula for funding the Capital Improvement Fund.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

General Fund Equity: Total equity in the General Fund was a positive balance of \$22.2 million. The equity balance is comprised of the following:

- *Nonspendable* – Inventory and prepaid items of \$1.2 million comprised in 2017.
- *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 \$3.8 million in 2017.
- *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 \$9.5 million in 2017. The City did not utilize monies in the Budget Stabilization Designation for expenditures in 2017.
- *Unassigned* – This is the residual classification for the remaining funds that have not been reported in any other classification. In 2017, the unassigned fund balance totaled \$ 7.7 million.

Capital Asset and Debt Administration

Capital assets: The City has restated the December 31, 2016 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, 2017, amounts to \$1.6 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	
	2017	2016	2017	2016	2017	2016
Land	\$ 29,168	\$ 29,169	\$ 6,351	\$ 6,389	\$ 35,519	\$ 35,558
Construction in Progress	166,007	138,515	449,173	402,806	615,180	541,321
Building	34,109	35,558	20,555	21,479	54,664	57,037
Furniture and Fixtures	376	536	203	263	579	799
Improvements	42,554	44,973	58,606	59,363	101,160	104,336
Infrastructure	217,043	234,892	491,527	462,293	708,570	697,185
Machinery and Equipment	34,714	37,714	29,315	29,815	64,029	67,529
Total	\$ 523,971	\$ 521,357	\$ 1,055,730	\$ 982,408	\$ 1,579,701	\$ 1,503,765

Major capital asset events during 2017 included the following:

- Total investment in capital assets increased \$75.9 million or 5.0 percent.
- Business-type capital assets increased by \$73.3 million or 7.5 percent net of \$21.2 million in current year depreciation expense. The increase is attributed to City's continued investment into its water and sewer system infrastructure.

City of Toledo, Ohio
Management's Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

- Governmental capital assets increased by \$2.6 million or 0.5 percent net of \$31.3 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, 2017, the City had \$1.4 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 obligation issued by the City are general obligation bonds and notes. There were \$30.0 thousand in assessment bonds and \$39.1 million in assessment notes all related to governmental activities outstanding at December 31, 2017. The revenue bonds of the City represent bonds secured solely by specified revenue sources.

Long-Term Debt Outstanding
(Amounts in Thousands)

	Governmental Activities		Business-Type Activities		Total	
	Restated				Restated	
	2017	2016	2017	2016	2017	2016
General Obligation						
Bonds and Notes	\$ 136,741	\$ 140,345	\$ 11,038	\$ 15,749	\$ 147,779	\$ 156,094
Revenue Bonds and Notes	39,100	38,500	354,135	365,826	393,235	404,326
Non-taxable revenue bonds	1,370	2,020	-	-	1,370	2,020
Loans Outstanding	21,524	26,099	431,491	414,034	453,015	440,133
Capital Lease Obligations	8,085	8,825	2,757	2,816	10,842	11,641
Other Obligations	371,809	382,260	49,912	42,146	421,721	424,406
Total	<u>\$ 578,629</u>	<u>\$ 598,049</u>	<u>\$ 849,333</u>	<u>\$ 840,571</u>	<u>\$ 1,427,962</u>	<u>\$ 1,438,620</u>

Total long-term debt outstanding at December 31, 2017 decreased \$10.7 million or 0.7 percent as compared to the amount outstanding at December 31, 2016 as restated (see Note 16).

On December 31, 2017, 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.

City of Toledo, Ohio
Management’s Discussion and Analysis
For the Year Ended December 31, 2017
(continued)

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, 2017 as well as current assessed valuation, the City’s voted and nonvoted nonexempt debt capacities within the direct debt limitations were:

	<u>Limitation</u>	<u>Nonexempt Debt Outstanding</u>	<u>Additional Debt Capacity Within Limitation</u>
10.50%	\$ 333,005	\$ 136,605	\$ 196,400
5.50%	\$ 174,431	\$ 136,605	\$ 37,826

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.

As of December 31, 2017, 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 2018 is \$255.2 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, 2017
(Amounts in Thousands)

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents with Treasurer	\$ 10,477	\$ 35,253	\$ 45,730
Cash and cash equivalents held by escrow agent	2,901	27,512	30,413
Cash and cash equivalents other	10	2	12
Investments	58,926	92,050	150,976
Restricted investments	30,864	196,554	227,418
Receivables (net of allowances)	111,904	52,247	164,151
Due from other governments	15,169	-	15,169
Internal balances	1,262	(1,262)	-
Prepaid items	-	23	23
Inventory	6,476	4,696	11,172
Prepaid bond insurance	-	761	761
Capital assets:			
Land and construction in progress	195,175	455,524	650,699
Other capital assets, net of accumulated depreciation	328,796	600,206	929,002
Total Assets	<u>761,960</u>	<u>1,463,566</u>	<u>2,225,526</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pensions	<u>79,570</u>	<u>17,232</u>	<u>96,802</u>
LIABILITIES			
Accounts payable	11,485	19,368	30,853
Customer deposits	2,978	2,701	5,679
Accrued wages and benefits	14,314	1,042	15,356
Accrued interest payable	626	6,106	6,732
Retainage	612	8,850	9,462
Due to other governments	-	189	189
Other current liabilities	10,500	-	10,500
Notes payable	48,075	-	48,075
Current portion of long-term liabilities:			
Compensated absences	287	9	296
Bonds, notes, loans and other obligations	19,941	36,135	56,076
Long-term liabilities:			
Compensated absences	29,792	4,933	34,725
Bonds, notes, loans and other obligations	153,617	763,286	916,903
Net pension liabilities	327,567	44,970	372,537
Total Liabilities	<u>619,794</u>	<u>887,589</u>	<u>1,507,383</u>
DEFERRED INFLOWS OF RESOURCES			
Revenues levied for the next year	24,067	-	24,067
Pensions	19,797	1,552	21,349
Total Deferred Inflows of Resources	<u>43,864</u>	<u>1,552</u>	<u>45,416</u>
NET POSITION			
Net investment in capital assets	397,325	425,274	822,599
Restricted for:			
Debt service	284	11,358	11,642
Replacement	-	70,140	70,140
Capital improvement	28,975	33,804	62,779
Community programs	13,697	-	13,697
Other purposes	6,619	-	6,619
Unrestricted (deficit)	(269,028)	51,081	(217,947)
Total Net Position	<u>\$ 177,872</u>	<u>\$ 591,657</u>	<u>\$ 769,529</u>

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Statement of Activities
For the Year Ended December 31, 2017
(Amounts in Thousands)

Functions/Programs	Expenses	Charges for Services	Operating Grants	Capital Grants
Governmental activities:				
General government	\$ 22,753	\$ 15,612	\$ -	\$ -
Public service	60,478	28,858	2	1,521
Public safety	193,527	19,282	1,422	-
Public utilities	3,567	-	-	6,395
Community environment	19,005	3,021	1,618	10,048
Health	9,302	13,476	1,316	-
Parks and recreation	2,871	122	-	-
Interest and fiscal charges	8,329	-	-	-
Total governmental activities	319,832	80,371	4,358	17,964
Business-type activities:				
Water	60,012	79,468	-	-
Sewer	57,838	77,709	-	1,006
Storm utility	7,698	10,115	-	172
Utilities administration	12,113	17,628	-	-
Property management	568	-	-	-
Small business development	6	-	-	-
Municipal tow lot	1,084	2,247	-	-
Toledo Public Power	710	1,049	-	-
Total business-type activities	140,029	188,216	-	1,178
Total	\$ 459,861	\$ 268,587	\$ 4,358	\$ 19,142

General revenues:

Income taxes
Property taxes
Investment earnings
Intergovernmental services
Other revenue

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning (Restated, see Note 16)

Net position - ending

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government

Governmental Activities	Business-type Activities	Total
\$ (7,141)	\$ -	\$ (7,141)
(30,097)	-	(30,097)
(172,823)	-	(172,823)
2,828	-	2,828
(4,318)	-	(4,318)
5,490	-	5,490
(2,749)	-	(2,749)
(8,329)	-	(8,329)
<u>(217,139)</u>	<u>-</u>	<u>(217,139)</u>
-	19,456	19,456
-	20,877	20,877
-	2,589	2,589
-	5,515	5,515
-	(568)	(568)
-	(6)	(6)
-	1,163	1,163
-	339	339
<u>-</u>	<u>49,365</u>	<u>49,365</u>
(217,139)	49,365	(167,774)
176,056	-	176,056
12,269	-	12,269
1,164	3,150	4,314
28,430	-	28,430
9,317	-	9,317
(3,892)	3,892	-
<u>223,344</u>	<u>7,042</u>	<u>230,386</u>
6,205	56,407	62,612
171,667	535,250	706,917
<u>\$ 177,872</u>	<u>\$ 591,657</u>	<u>\$ 769,529</u>

City of Toledo, Ohio
Balance Sheet
Governmental Funds
December 31, 2017
(Amounts in Thousands)

	<u>General</u>	<u>Capital Improvements</u>	<u>Special Assessments Services</u>	<u>Nonmajor Governmental Funds</u>
ASSETS				
Cash and Equivalents				
Cash and Equivalents with Treasurer	\$ 10,477	\$ -	\$ -	\$ -
Cash and Equivalents Held by Escrow Agent	-	2,200	-	-
Cash and Equivalents Other	9	-	-	1
Investments	58,790	99	-	37
Restricted Investments	3,764	25,778	673	649
Receivables (Net of Allowance)	45,839	311	53,318	11,761
Due From Other:				
Funds	-	26,790	-	33,531
Governments	6,228	-	224	8,717
Inventory of Supplies	1,189	1,056	2,243	1,049
Total Assets	<u>\$ 126,296</u>	<u>\$ 56,234</u>	<u>\$ 56,458</u>	<u>\$ 55,745</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 6,897	\$ 226	\$ 396	\$ 1,539
Deposits	358	13	-	2,314
Retainage	-	598	-	14
Due To Other:				
Funds	40,154	-	21,120	20,871
Accrued Wages and Benefits	13,557	58	268	271
Other Current Liabilities	4,300	-	-	-
Compensated Absences Payable	220	-	12	46
Notes Payable	-	4,450	39,100	1,275
Total Liabilities	<u>65,486</u>	<u>5,345</u>	<u>60,896</u>	<u>26,330</u>
Deferred Inflows of Resources:				
Revenues Levied for the next year and Unavailable Revenue	38,622	-	53,192	5,504
Fund Balances:				
Nonspendable	1,189	1,056	2,243	1,698
Restricted	3,764	49,833	673	39,634
Committed	9,480	-	-	1,359
Unassigned (deficit)	7,755	-	(60,546)	(18,780)
Total Fund Balances (deficit)	<u>22,188</u>	<u>50,889</u>	<u>(57,630)</u>	<u>23,911</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 126,296</u>	<u>\$ 56,234</u>	<u>\$ 56,458</u>	<u>\$ 55,745</u>

See accompanying notes to the basic financial statements.

**Total
Governmental
Funds**

\$ 10,477
2,200
10
58,926
30,864
111,229

60,321
15,169
5,537

\$ 294,733

\$ 9,058
2,685
612

82,145
14,154
4,300
278
44,825

158,057

97,318

6,186
93,904
10,839
(71,571)

39,358

\$ 294,733

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City of Toledo, Ohio
Reconciliation of the Balance Sheet to the Statement of Net Position
Governmental Funds
December 31, 2017
(Amounts in Thousands)

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

Total fund balances for governmental funds		\$ 39,358
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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		500,006
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Revenue will be collected beyond the 60 day period use statements. Revenue and a corresponding receivable are included in the government-wide statements		
Special assessments	54,062	
Income taxes	9,055	
Delinquent property taxes	3,090	
Capital grants	2,676	
Operating grants	849	
Other revenue	1,833	
Reimbursements from other governments	1,686	73,251

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.		28,672
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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	(127,766)	
Non-taxable revenue bonds	(2,020)	
Compensated absences	(29,792)	
Loans outstanding from federal agencies	(2,095)	
Loans outstanding from state agencies	(10,844)	
Loans outstanding from other sources	(8,585)	
Accrued interest	(626)	
Landfill closure	(14,163)	
Capital leases	(3,633)	(199,524)

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	74,851	
Deferred inflows-pensions	(19,745)	
Net pension liability	(318,997)	(263,891)

Total net position of governmental activities		\$ 177,872
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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, 2017
(Amounts in Thousands)

	General	Capital Improvements	Special Assessments Services	Nonmajor Governmental Funds
REVENUES				
Income Taxes	\$ 176,362	\$ -	\$ -	\$ -
Property Taxes	12,025	-	-	-
Special Assessments	-	-	29,011	177
Licenses and Permits	2,942	-	-	-
Intergovernmental Services	18,878	-	-	18,683
Charges for Services	29,299	-	-	903
Investment Earnings	462	684	7	11
Fines and Forfeitures	9,845	-	-	1,584
Grants	-	7,917	-	13,139
Other Revenue	1,155	21	31	5,168
Total Revenues	<u>250,968</u>	<u>8,622</u>	<u>29,049</u>	<u>39,665</u>
EXPENDITURES				
Current:				
General Government	23,283	197	703	253
Public Service	1,507	-	24,917	11,488
Public Safety	163,427	-	-	3,659
Public Utilities	-	-	-	2
Community Environment	5,061	-	-	12,740
Health	8,138	-	434	1,360
Parks and Recreation	2,502	-	177	21
Capital Outlay	-	30,035	123	2,767
Debt Service:				
Principal Retirement	618	4,074	-	13,838
Interest and Fiscal Charges	79	971	752	5,589
Debt Issuance Costs	-	165	-	-
Total Expenditures	<u>204,615</u>	<u>35,442</u>	<u>27,106</u>	<u>51,717</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>46,353</u>	<u>(26,820)</u>	<u>1,943</u>	<u>(12,052)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	5,419	42,126	-	16,620
Transfers (Out)	(45,526)	(21,146)	-	(1,385)
Capital Lease Proceeds	-	2,200	-	-
Issuance of Bonds and Loans	-	8,176	-	-
Premiums on Bonds and Notes	-	762	-	9
Proceeds (Loss) from Sale of Capital Assets	151	39	-	-
Total Other Financing Sources (Uses)	<u>(39,956)</u>	<u>32,157</u>	<u>-</u>	<u>15,244</u>
Net Change in Fund Balance	6,397	5,337	1,943	3,192
Fund Balance (Deficit) at Beginning of Year	15,754	45,643	(59,672)	20,548
Increase (Decrease) for Inventory	37	(91)	99	171
Fund Balance (Deficit) at End of Year	<u>\$ 22,188</u>	<u>\$ 50,889</u>	<u>\$ (57,630)</u>	<u>\$ 23,911</u>

See accompanying notes to the basic financial statements.

**Total
Governmental
Funds**

\$ 176,362
12,025
29,188
2,942
37,561
30,202
1,164
11,429
21,056
6,375

328,304

24,436
37,912
167,086
2
17,801
9,932
2,700
32,925

18,530
7,391
165

318,880

9,424

64,165
(68,057)
2,200
8,176
771
190

7,445

16,869

22,273
216

\$ 39,358

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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, 2017
(Amounts in Thousands)

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

Net change in fund balances for governmental funds	\$	16,869
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:		
Capital asset additions	\$	38,379
Depreciation expense		<u>(29,623)</u>
		8,756
In the statement of activities, loss on disposal of capital assets is reported, whereas only proceeds from sales are reported in the funds.		(4,571)
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		(2,688)
Income taxes		(306)
Delinquent property taxes		244
Capital grants		1,945
Operating grants		(679)
Other revenue		335
Reimbursements from other governments		<u>(168)</u>
		(1,317)
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.		(860)
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.		(267)
The issuances of bonds, loans, and capital leases 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.		(10,376)
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).		18,768
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		216
In the statement of activities, interest is accrued on outstanding bonds and loans, whereas in the funds, an interest expenditure is reported when due. The following items contributed to less interest being reported in the statement of activities:		
Decrease in accrued interest payable		156
Premiums incurred in the current year		(762)
Amortization of bond premiums		<u>671</u>
		65
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.		(2,052)
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		23,252
Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		<u>(42,278)</u>
Changes in net position of governmental activities	<u>\$</u>	<u>6,205</u>

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Statement of Net Position
Proprietary Funds
December 31, 2017
(Amounts in Thousands)

	Business-Type Activities			
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds
ASSETS				
<u>Current:</u>				
Cash and Equivalents with Treasury	\$ 3,651	\$ 16,913	\$ 14,136	\$ 553
Cash and Equivalents Held by Escrow	25,399	2,113	-	-
Cash and Equivalents Other	2	-	-	-
Investments	25,915	21,564	-	12,045
Restricted Investments	98,430	961	-	376
Receivables (Net of Allowance)	15,828	27,611	309	8,499
Due From Other:				
Funds	-	22,864	-	3,457
Prepaid Items	-	23	-	-
Inventory of Supplies	3,562	1,118	16	-
Total current assets	<u>172,787</u>	<u>93,167</u>	<u>14,461</u>	<u>24,930</u>
<u>Noncurrent:</u>				
Investments	19,944	12,582	-	-
Restricted Investments	87,704	-	-	9,083
Prepaid Bond Insurance	742	19	-	-
Land and Construction in Progress	179,847	263,413	-	12,264
Other Capital Assets, net of Accumulated Depreciation	172,556	395,894	141	31,615
Total noncurrent assets	<u>460,793</u>	<u>671,908</u>	<u>141</u>	<u>52,962</u>
Total Assets	<u>633,580</u>	<u>765,075</u>	<u>14,602</u>	<u>77,892</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pensions	<u>5,835</u>	<u>6,615</u>	<u>3,119</u>	<u>1,663</u>
LIABILITIES				
<u>Current:</u>				
Accounts Payable	6,949	11,828	360	231
Customer Deposits	2,095	556	-	50
Retainage	2,375	6,439	-	36
Due To Other:				
Funds	22,018	-	5,458	107
Governments	21	153	-	15
Other Current Liabilities	-	-	-	-
Accrued Interest Payable	1,865	4,184	-	57
Accrued Wages and Benefits	328	407	208	99
Current Portion of:				
Compensated Absences Payable	3	5	-	1
Bonds, Loans and Notes Payable, net	11,872	23,123	-	1,140
Total current liabilities	<u>47,526</u>	<u>46,695</u>	<u>6,026</u>	<u>1,736</u>
<u>Noncurrent:</u>				
Compensated Absences Payable	1,664	2,046	867	356
Bonds, Loans and Notes Payable, net	368,453	382,124	-	12,709
Net Pension Liabilities	15,229	17,263	8,138	4,340
Total noncurrent liabilities	<u>385,346</u>	<u>401,433</u>	<u>9,005</u>	<u>17,405</u>
Total Liabilities	<u>432,872</u>	<u>448,128</u>	<u>15,031</u>	<u>19,141</u>
DEFERRED INFLOWS OF RESOURCES				
Pensions	<u>628</u>	<u>521</u>	<u>319</u>	<u>84</u>
NET POSITION				
Net Investment in Capital Assets	127,615	257,134	141	40,384
Restricted:				
Debt Service	4,836	6,500	-	22
Replacement	12,591	41,077	-	16,472
Improvement	33,604	100	-	100
Unrestricted	27,269	18,230	2,230	3,352
Total Net Position	<u>\$ 205,915</u>	<u>\$ 323,041</u>	<u>\$ 2,371</u>	<u>\$ 60,330</u>

See accompanying notes to the basic financial statements.

		Governmental Activities	
Total Enterprise Funds		Internal Services Funds	
\$	35,253	\$	-
	27,512		701
	2		-
	59,524		-
	99,767		-
	52,247		675
	26,321		24,559
	23		-
	4,696		939
	<u>305,345</u>		<u>26,874</u>
	32,526		-
	96,787		-
	761		-
	455,524		2,065
	600,206		21,900
	<u>1,185,804</u>		<u>23,965</u>
	<u>1,491,149</u>		<u>50,839</u>
	17,232		4,719
	19,368		2,427
	2,701		293
	8,850		-
	27,583		1,473
	189		-
	-		6,200
	6,106		-
	1,042		160
	9		9
	36,135		4,594
	<u>101,983</u>		<u>15,156</u>
	4,933		-
	763,286		3,108
	44,970		8,570
	<u>813,189</u>		<u>11,678</u>
	<u>915,172</u>		<u>26,834</u>
	1,552		52
	425,274		16,964
	11,358		-
	70,140		-
	33,804		-
	51,081		11,708
\$	<u>591,657</u>	\$	<u>28,672</u>

City of Toledo, Ohio
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year ended December 31, 2017
(Amounts in Thousands)

	Business-Type Activities			
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for Services	\$ 79,468	\$ 77,559	\$ 17,628	\$ 12,742
Other Revenue	-	150	-	669
Total Operating Revenue	<u>79,468</u>	<u>77,709</u>	<u>17,628</u>	<u>13,411</u>
OPERATING EXPENSES				
Personnel Services	15,913	18,375	8,966	4,249
Contractual Services	12,298	8,206	2,620	2,767
Materials and Supplies	8,470	2,528	459	534
Utilities	2,915	3,697	53	719
Depreciation	4,970	15,102	15	1,126
Total Operating Expenses	<u>44,566</u>	<u>47,908</u>	<u>12,113</u>	<u>9,395</u>
Operating Income (Loss)	<u>34,902</u>	<u>29,801</u>	<u>5,515</u>	<u>4,016</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment Earnings	2,602	367	-	181
Interest Expense and Fiscal Charges	(15,446)	(9,930)	-	(671)
Total Non-operating Revenues (Expenses)	<u>(12,844)</u>	<u>(9,563)</u>	<u>-</u>	<u>(490)</u>
Income (Loss) Before Transfers and Contributions	<u>22,058</u>	<u>20,238</u>	<u>5,515</u>	<u>3,526</u>
Capital Contributions	-	1,006	-	172
Transfers in	2,742	2,681	-	5,594
Transfers Out	(141)	(75)	(5,769)	(1,140)
Change in Net Position	24,659	23,850	(254)	8,152
Net Position at January 1, restated (see Note 16)	<u>181,256</u>	<u>299,191</u>	<u>2,625</u>	<u>52,178</u>
Net Position at December 31	<u>\$ 205,915</u>	<u>\$ 323,041</u>	<u>\$ 2,371</u>	<u>\$ 60,330</u>

See accompanying notes to the basic financial statements.

Total Enterprise Funds	Governmental Activities Internal Services Funds
\$ 187,397	\$ 24,616
819	2,942
<u>188,216</u>	<u>27,558</u>
47,503	9,147
25,891	10,869
11,991	4,962
7,384	2,177
21,213	1,721
<u>113,982</u>	<u>28,876</u>
<u>74,234</u>	<u>(1,318)</u>
3,150	-
<u>(26,047)</u>	<u>(734)</u>
<u>(22,897)</u>	<u>(734)</u>
<u>51,337</u>	<u>(2,052)</u>
1,178	-
11,017	-
<u>(7,125)</u>	<u>-</u>
56,407	(2,052)
<u>535,250</u>	<u>30,724</u>
<u>\$ 591,657</u>	<u>\$ 28,672</u>

City of Toledo, Ohio
Statement of Cash Flows
Proprietary Funds
For the Year ended December 31, 2017
(Amounts in Thousands)

	Business-Type Activities			
	Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 78,007	\$ 63,970	\$ 29,012	\$ 14,150
Cash paid to employees	(13,932)	(16,236)	(8,116)	(3,688)
Cash paid to supplies	(33,613)	(3,700)	(3,087)	(9,274)
Other receipts	-	150	-	669
Net Cash Flows From Operating Activities	<u>30,462</u>	<u>44,184</u>	<u>17,809</u>	<u>1,857</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers in	2,601	2,606	-	5,519
Transfers out	-	-	(5,769)	(1,065)
Net Cash Flows From Noncapital Financing Activities	<u>2,601</u>	<u>2,606</u>	<u>(5,769)</u>	<u>4,454</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital grants	-	1,006	-	172
Purchases of property, plant and equipment	(48,169)	(45,127)	(31)	(1,208)
Principal payments	(9,239)	(23,818)	-	(4,809)
Proceeds from the issuance of bonds, loans and notes	1,511	38,597	-	141
Interest and fiscal charges paid on bonds, loans and notes	(16,611)	(10,063)	-	(762)
Net Cash Flows From Capital and Related Financing Activities	<u>(72,508)</u>	<u>(39,405)</u>	<u>(31)</u>	<u>(6,466)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	48,521	5,989	2	10,087
Purchase of investment	(18,216)	(10,897)	-	(10,562)
Investment income received on investments	2,602	367	-	181
Net Cash Flows From Investing Activities	<u>32,907</u>	<u>(4,541)</u>	<u>2</u>	<u>(294)</u>
Change in cash and cash equivalents	(6,538)	2,844	12,011	(449)
Cash and cash equivalents at January 1	35,590	16,182	2,125	1,002
Cash and cash equivalents at December 31	<u>29,052</u>	<u>19,026</u>	<u>14,136</u>	<u>553</u>
Reconciliation of net operating income (loss) to net cash from operating activities:				
Operating income (loss)	\$ 34,902	\$ 29,801	\$ 5,515	\$ 4,016
Adjustments to reconcile operating income (loss) to net cash from operating activities:				
Depreciation	4,970	15,102	15	1,126
Increase (decrease) in allowance for doubtful accounts	388	322	-	(202)
Change in assets, liabilities, deferred outflows and deferred inflows:				
Receivables	(1,849)	(9,383)	7	(98)
Due to (from) other:				
Funds	(10,965)	(4,521)	11,377	(3,244)
Governments	(4)	(7)	-	(1)
Prepaid expenses	-	(11)	-	-
Inventory of supplies	654	(180)	3	-
Accounts payable and other liabilities	(176)	9,352	42	66
Customer deposits	(147)	-	-	(366)
Retainage	707	1,569	-	(1)
Other current liabilities	-	-	-	-
Accrued wages and benefits	13	15	9	3
Compensated absences	102	(43)	(161)	(4)
Deferred outflows - pensions	(963)	(1,246)	(528)	(347)
Net pension liability	2,457	3,174	1,347	894
Deferred inflows - pensions	373	240	183	15
Net cash from operating activities	<u>\$ 30,462</u>	<u>\$ 44,184</u>	<u>\$ 17,809</u>	<u>\$ 1,857</u>

See accompanying notes to the basic financial statements.

		Governmental Activities	
Total Enterprise Funds		Internal Services Funds	
\$	185,139	\$	26,175
	(41,972)		(7,656)
	(49,674)		(20,421)
	819		2,941
	<u>94,312</u>		<u>1,039</u>
	10,726		-
	(6,834)		-
	<u>3,892</u>		<u>-</u>
	1,178		-
	(94,535)		(148)
	(37,866)		(779)
	40,249		-
	(27,436)		(735)
	<u>(118,410)</u>		<u>(1,662)</u>
	64,599		-
	(39,675)		-
	3,150		-
	<u>28,074</u>		<u>-</u>
	7,868		(623)
	54,899		1,324
	<u>62,767</u>		<u>701</u>
\$	74,234	\$	(1,318)
	21,213		1,721
	508		-
	(11,323)		(81)
	(7,353)		1,621
	(12)		-
	(11)		277
	477		(453)
	9,284		(218)
	(513)		-
	2,275		-
	-		(2,000)
	40		(96)
	(106)		9
	(3,084)		(3,323)
	7,872		4,921
	811		(21)
\$	<u>94,312</u>	\$	<u>1,039</u>

City of Toledo, Ohio
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
December 31, 2017
(Amounts in Thousands)

	Agency Funds
ASSETS	
Cash and cash equivalents other	\$ 907
Receivables (net of allowances)	2,682
Total Assets	3,589
 LIABILITIES	
Accounts payable	372
Deposits	3,217
Total Liabilities	\$ 3,589

See accompanying notes to the basic financial statements.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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 2017 fiscal year, and therefore no activity is reflected in this report.

Jointly Governed Organizations

City of Toledo-City of Rossford

In February 1992, the City entered into a contract with the City of Rossford to create a Joint Economic Development Zone (JEDZ). The purpose of this contract is to facilitate planned, orderly, new and expanded commercial and industrial growth within the region; creating retaining and enhancing employment opportunities for the benefit of the City of Toledo and the City of Rossford and their residents and all of the residents of the region.

The zone has helped foster successful retail and other developments in the zone. 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 \$72 in revenues from the JEDZ in 2017.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Jointly Governed Organizations (continued)

City of Toledo-City of Maumee-Monclova Township

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 \$1,530 in revenues from the JEDZ in 2017.

City of Toledo-City of Sylvania

In July 2008, the City entered into a revenue sharing contract with the City of Sylvania. The purpose of this contract is to facilitate new and expanded commercial growth or economic development in the State and the City of Sylvania. The agreement results in an income tax that shall be imposed based on the City of Sylvania's Municipal Code at a rate of 1.5%. The City will receive 40% of the net revenues in excess of the baseline revenues established yearly generated by this agreement. The City did not receive revenues from this agreement in 2017.

City of Toledo-Perrysburg Township

In October 2008, the City entered into a contract with Perrysburg Township to create a Joint Economic Development District (JEDD). The purpose of this contract is to facilitate economic development; create or preserve jobs and employment opportunities and to improve the economic welfare of the people and businesses located in the State, Township, City and District. The agreement results in a payroll income tax that shall be imposed based on the City'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 \$42 in revenues from the JEDD in 2017.

City of Toledo-Lake Township

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 2017.

City of Toledo-Troy Township

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 \$145 in revenues from the JEDD in 2017.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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 years after 2017. The City will receive one third of the net revenues generated by this agreement. The City received \$9 in revenues from the JEDD in 2017.

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.

In 2016, the City entered into a distinctly separate agreement with Lucas County for incarceration costs formerly associated with the Commission. The arrangement called for the City to pay Lucas County for 20 beds specifically reserved for offenders charged under the Toledo Municipal Code. During 2017, Toledo paid \$405 to Lucas County under this arrangement. Nearing the end of 2017, the City established a new agreement for incarceration costs with Wood County, which reserved 10 beds for the City for offenders charged under the Toledo Municipal Code. In 2017, Toledo paid Wood County \$1 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.

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Presentation (continued)

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 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.

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Accounting (continued)

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, 2017
(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, 2017
(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

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 represent 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 for deferred outflows of resources related the City's net pension liability.

Deferred Inflows of Resources

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, 2017, but which were levied to finance 2018 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, special assessments, 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 for deferred inflows of resources related to the City's net pension liability. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgetary Information

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

Cash and Cash Equivalents

Cash balances of the City's Governmental Activities 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 Funds are maintained and reported by the General Fund as "Cash and Cash Equivalents with Treasurer". The Business-type Activities 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 2017, 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 2017, the City invested in STAR Plus. STAR Plus enables STAR Ohio participants to generate a competitive yield on cash deposits in a network of carefully selected FDIC-insured banks via a single, convenient account.

During 2017, 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 2017, 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 \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 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, 2017
(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, 2017
(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

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems 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, 2017
(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 (resolution) 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, 2017
(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, 2017
(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, 2017, the City had un-invested cash in the amount of \$30,413 being held by a third-party trustee.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Cash and Cash Equivalents Other

At December 31, 2017, 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 is \$2.

At December 31, 2017, the amounts recorded in the City's general ledger for the Toledo Municipal Court, an agency fund of the City, was \$907 and the bank balance was \$1,209. Of the bank balance, the Federal Depository Insurance will cover up to \$250 per account.

Deposits with Financial Institutions

At December 31, 2017, the carrying amount of all City deposits, including deposits with STAR Plus and nonnegotiable certificates of deposit, was \$46,748 and the bank balance was \$49,547. 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, 2017
(Amounts in Thousands)

NOTE 2 – DEPOSITS AND INVESTMENTS (continued)

Investments

As of December 31, 2017, 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	\$ 86,113	\$ 55,917	\$ 30,196
FHLB	70,483	30,286	40,197
FHLMC	68,450	36,170	32,280
FNMA	81,793	36,444	45,349
Municipal Bonds	13,287	3,990	9,297
Amortized Cost:			
STAR Ohio	<u>57,250</u>	<u>57,250</u>	<u>-</u>
Total	<u>\$ 377,376</u>	<u>\$ 220,057</u>	<u>\$ 157,319</u>

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.

At December 31, 2017, \$3,973 of the City's bank balance of \$49,547 was exposed to custodial credit risk. Certain timing issues related to fluctuations in depository balances contributed to the uncollateralized balance. These insufficiencies were corrected the next business day.

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, 2017
(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, 2017, the City had the following investment concentrations:

<u>Measurement/ Investment type</u>	<u>Measurement Amount</u>	<u>% of Total</u>
Fair Value:		
FFCB	\$ 86,113	22.82%
FHLB	70,483	18.68%
FHLMC	68,450	18.14%
FNMA	81,793	21.67%
Municipal Bonds	13,287	3.52%
Amortized Cost:		
STAR Ohio	<u>57,250</u>	<u>15.17%</u>
Total	<u>\$ 377,376</u>	<u>100.00%</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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, 2017:

<u>Cash and Investments per Note</u>	
Carrying Amount of Deposits	\$ 46,748
Investments	377,376
Cash and Cash Equivalents Held by Escrow Agent	30,413
Cash and Cash Equivalents Other	919
Total	<u>\$ 455,456</u>
 <u>Cash and investments on Financial Statements</u>	
Governmental Activities	\$ 103,178
Business-Type Activities	351,371
Agency Funds	907
Total	<u>\$ 455,456</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 3 – RECEIVABLES

Receivables at December 31, 2017 consist of the following:

	Taxes	Customer and Other	Special Assessments	Notes Receivable
Governmental Funds:				
General	\$ 48,400	\$ 10,985	\$ -	\$ -
Capital Improvements	-	254	-	-
Special Assessments Services	-	125	53,193	-
Nonmajor Governmental Funds	-	9,801	870	30,614
Total Governmental Funds	<u>48,400</u>	<u>21,165</u>	<u>54,063</u>	<u>30,614</u>
Enterprise Funds:				
Water	-	18,219	-	-
Sewer	-	35,122	-	-
Utility Administrative Services	-	309	-	-
Nonmajor Enterprise Funds	-	5,236	-	22,730
Total Enterprise Funds	<u>-</u>	<u>58,886</u>	<u>-</u>	<u>22,730</u>
Internal Service Funds	<u>-</u>	<u>1,021</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 48,400</u>	<u>\$ 81,072</u>	<u>\$ 54,063</u>	<u>\$ 53,344</u>
			Less:	
	Interest Receivable	Gross Receivables	Allowance for Uncollectibles	Receivables Net
Governmental Funds (continued):				
General	\$ 143	\$ 59,528	\$ (13,689)	\$ 45,839
Capital Improvements	62	316	(5)	311
Special Assessments Services	-	53,318	-	53,318
Nonmajor Governmental Funds	-	41,285	(29,524)	11,761
Total Governmental Funds	<u>205</u>	<u>154,447</u>	<u>(43,218)</u>	<u>111,229</u>
Enterprise Funds (continued):				
Water	634	18,853	(3,025)	15,828
Sewer	74	35,196	(7,585)	27,611
Utility Administrative Services	-	309	-	309
Nonmajor Enterprise Funds	52	28,018	(19,519)	8,499
Total Enterprise Funds	<u>760</u>	<u>82,376</u>	<u>(30,129)</u>	<u>52,247</u>
Internal Service Funds	<u>-</u>	<u>1,021</u>	<u>(346)</u>	<u>675</u>
Total	<u>\$ 965</u>	<u>\$ 237,844</u>	<u>\$ (73,693)</u>	<u>\$ 164,151</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, 2017
(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 2016 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 revaluated 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 1, 2017, with the remainder payable by July 26, 2017.

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 2017 public utility property taxes became a lien on December 31, 2016, were levied on October 1, 2017 and will be collected in 2018 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, 2017 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 2017 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, 2017 was \$4.40 per \$1,000 of assessed value. The assessed values of real and tangible personal property upon which 2017 property tax receipts were based are as follows:

Public Utility Real and Tangible Personal Property	\$ 188,321
Real Property (Other than Public Utility)	<u>2,984,595</u>
Total Assessed Value	<u><u>\$ 3,172,916</u></u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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, 2017, the City had 1,222 participants in the CRA Program and abated \$623 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, 2017
(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, 2017, the City had 3 participants in the Enterprise Zone Program and abated \$77 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, 2017, the City had 11 businesses eligible for the program, with 1 active participating business claiming \$1,400 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, 2017, the City had 33 participants and paid \$522 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, 2017
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS

Capital asset activity for the Governmental Activities for the year ended December 31, 2017, was as follows. Capital assets of the Governmental Activities at December 31, 2016 has been restated by (\$4,934) as described in Note 16. The restatement had the follow effect on the various Governmental Activities capital asset categories:

	Balance 1/1/2017	Adjustments	Restated Balance 1/1/2017
<i>Governmental Activities:</i>			
<i>Capital Assets not being Depreciated:</i>			
Land	\$ 29,169	\$ -	\$ 29,169
Construction in Progress	<u>107,325</u>	<u>31,190</u>	<u>138,515</u>
Total Capital Assets not being Depreciated	<u>136,494</u>	<u>31,190</u>	<u>167,684</u>
<i>Capital Assets being Depreciated:</i>			
Buildings	71,520	-	71,520
Furniture & Fixtures	9,990	(2,995)	6,995
Improvements	79,852	427	80,279
Infrastructure	863,317	(122,268)	741,049
Machinery & Equipment	<u>184,025</u>	<u>-</u>	<u>184,025</u>
Total Capital Assets being Depreciated	<u>1,208,704</u>	<u>(124,836)</u>	<u>1,083,868</u>
<i>Less: Accumulated Depreciation</i>			
Buildings	35,962	-	35,962
Furniture & Fixtures	6,790	(331)	6,459
Improvements	35,156	150	35,306
Infrastructure	594,688	(88,531)	506,157
Machinery & Equipment	<u>146,311</u>	<u>-</u>	<u>146,311</u>
Total Accumulated Depreciation	<u>818,907</u>	<u>(88,712)</u>	<u>730,195</u>
Total Capital Assets being Depreciated, net	<u>389,797</u>	<u>(36,124)</u>	<u>353,673</u>
Governmental Activities Capital Assets, net	<u>\$ 526,291</u>	<u>\$ (4,934)</u>	<u>\$ 521,357</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS (continued)

	Restated Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
Governmental Activities:				
<i>Capital Assets not being Depreciated:</i>				
Land	\$ 29,169	\$ -	\$ (1)	\$ 29,168
Construction in Progress	138,515	30,231	(2,739)	166,007
Total Capital Assets not being Depreciated	<u>167,684</u>	<u>30,231</u>	<u>(2,740)</u>	<u>195,175</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	71,520	-	-	71,520
Furniture & Fixtures	6,995	229	(96)	7,128
Improvements	80,279	2,220	(851)	81,648
Infrastructure	741,049	2,861	-	743,910
Machinery & Equipment	184,025	2,988	(2,772)	184,241
Total Capital Assets being Depreciated	<u>1,083,868</u>	<u>8,298</u>	<u>(3,719)</u>	<u>1,088,447</u>
<i>Less: Accumulated Depreciation</i>				
Buildings	35,962	1,449	-	37,411
Furniture & Fixtures	6,459	402	(109)	6,752
Improvements	35,306	3,860	(72)	39,094
Infrastructure	506,157	20,809	(99)	526,867
Machinery & Equipment	146,311	4,824	(1,608)	149,527
Total Accumulated Depreciation	<u>730,195</u>	<u>31,344</u>	<u>(1,888)</u>	<u>759,651</u>
Total Capital Assets being Depreciated, net	<u>353,673</u>	<u>(23,046)</u>	<u>(1,831)</u>	<u>328,796</u>
Governmental Activities Capital Assets, net	<u>\$ 521,357</u>	<u>\$ 7,185</u>	<u>\$ (4,571)</u>	<u>\$ 523,971</u>

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

General Government	\$ 502
Public Service	19,800
Public Safety	2,647
Public Utility	3,691
Community Environment	265
Health	1,106
Parks and Recreation	3,333
Total Depreciation - Governmental Activities	<u>\$ 31,344</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, 2017, the Department owned approximately 94 parcels at an estimated historical cost of \$2,034. 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, 2017
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS (continued)

Capital asset activity for the Business-Type Activities for the year ended December 31, 2017, was as follows. Capital assets of the Business-Type Activities at December 31, 2016 has been restated by (\$1,973) as described in Note 16. The restatement had the follow effect on the various Business-Type Activities capital asset categories:

	Balance 1/1/2017	Adjustment	Restated Balance 1/1/2017
<i>Business-Type Activities:</i>			
<i>Capital Assets not being Depreciated:</i>			
Land	\$ 6,389	\$ -	\$ 6,389
Construction in Progress	399,247	3,559	402,806
Total Capital Assets not being Depreciated	<u>405,636</u>	<u>3,559</u>	<u>409,195</u>
<i>Capital Assets being Depreciated:</i>			
Buildings	51,267	-	51,267
Furniture & Fixtures	1,993	-	1,993
Improvements	94,149	1,299	95,448
Infrastructure	822,431	(6,849)	815,582
Machinery & Equipment	127,928	-	127,928
Total Capital Assets being Depreciated	<u>1,097,768</u>	<u>(5,550)</u>	<u>1,092,218</u>
<i>Less: Accumulated Depreciation</i>			
Buildings	29,788	-	29,788
Furniture & Fixtures	1,730	-	1,730
Improvements	35,764	321	36,085
Infrastructure	354,153	(864)	353,289
Machinery & Equipment	97,588	525	98,113
Total Accumulated Depreciation	<u>519,023</u>	<u>(18)</u>	<u>519,005</u>
Total Capital Assets being Depreciated, net	<u>578,745</u>	<u>(5,532)</u>	<u>573,213</u>
Business-Type Activities Capital Assets, net	<u>\$ 984,381</u>	<u>\$ (1,973)</u>	<u>\$ 982,408</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 7 – CAPITAL ASSETS (continued)

	Restated Balance 1/1/2017	Additions	Deletions	Balance 12/31/2017
<i>Business-Type Activities:</i>				
<i>Capital Assets not being Depreciated:</i>				
Land	\$ 6,389	\$ -	\$ (38)	\$ 6,351
Construction in Progress	<u>402,806</u>	<u>98,759</u>	<u>(52,392)</u>	<u>449,173</u>
Total Capital Assets not being Depreciated	<u>409,195</u>	<u>98,759</u>	<u>(52,430)</u>	<u>455,524</u>
<i>Capital Assets being Depreciated:</i>				
Buildings	51,267	-	-	51,267
Furniture & Fixtures	1,993	-	-	1,993
Improvements	95,448	2,709	(143)	98,014
Infrastructure	815,582	41,473	(982)	856,073
Machinery & Equipment	<u>127,928</u>	<u>4,867</u>	<u>282</u>	<u>133,077</u>
Total Capital Assets being Depreciated	<u>1,092,218</u>	<u>49,049</u>	<u>(843)</u>	<u>1,140,424</u>
<i>Less: Accumulated Depreciation</i>				
Buildings	29,788	924	-	30,712
Furniture & Fixtures	1,730	60	-	1,790
Improvements	36,085	3,295	28	39,408
Infrastructure	353,289	11,279	(22)	364,546
Machinery & Equipment	<u>98,113</u>	<u>5,655</u>	<u>(6)</u>	<u>103,762</u>
Total Accumulated Depreciation	<u>519,005</u>	<u>21,213</u>	<u>-</u>	<u>540,218</u>
Total Capital Assets being Depreciated, net	<u>573,213</u>	<u>27,836</u>	<u>(843)</u>	<u>600,206</u>
Business-Type Activities Capital Assets, net	<u>\$ 982,408</u>	<u>\$ 126,595</u>	<u>\$ (53,273)</u>	<u>\$ 1,055,730</u>

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

Water	\$ 4,970
Sewer	15,102
Utility Administrative Services	15
NonMajor	<u>1,126</u>
Total Depreciation - Business-Type Activities	<u>\$ 21,213</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 8 – NOTES PAYABLE

The City's Notes Payable obligations at December 31, 2017 and a schedule of current year activity are as follows:

	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 1/1/2017	Increase	Decrease	Balance 12/31/2017	Amount Due In One Year
General Obligations:								
Capital Projects	2017	1.25-1.36	\$ 5,165	\$ 4,450	\$ 4,450	\$ (4,450)	4,450	\$ 4,450
Special Assessments	2017	1.25	1,275	1,114	1,275	(1,114)	1,275	1,275
Building	2017	1.375	3,250	3,250	3,250	(3,250)	3,250	3,250
Revenue Obligations:								
Assessed Services 2015	2017	1.74	19,200	19,200		(19,200)	-	-
Assessed Services 2016	2018	2.03	19,300	19,300	-	-	19,300	19,300
Assessed Services 2017	2019	2.03	19,800	-	19,800	-	19,800	-
				<u>\$ 47,314</u>	<u>\$ 28,775</u>	<u>\$ (28,014)</u>	<u>\$ 48,075</u>	<u>\$ 28,275</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 2017, the City retired \$4,450 and reissued \$4,450 of Taxable Industrial Development Notes for the purpose of property acquisitions.

In 2017, the City retired \$1,114 and reissued \$1,275 of Special Assessment Notes for the purpose of supporting special assessment projects.

In 2017, the City retired \$3,250 and reissued \$3,250 of Building Acquisition Notes to mature in September of 2018.

In 2017, the City issued \$19,800 in Special Assessment Notes for City Services. These notes mature on June 1 and December 1 of 2019.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS

The City's Governmental Activities Long-Term Obligations at December 31, 2017 and a schedule of current year activity are as follows. The restatement was made to include \$2,020 in non-taxable revenue bonds related to the Southwyck acquisition that were not previously included.

	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Restated Balance 1/1/2017	Increase	Decrease	Balance 12/31/2017	Amount Due In One Year
Government Activities:									
General Obligation Bonds:									
Capital Projects	Various	Various	1.50-6.08	\$ 169,440	\$ 122,874	\$ 7,010	\$ (10,851)	119,033	\$ 11,096
Unamortized Premiums	Various	Various	NA	9,945	8,612	762	(671)	8,703	-
Special Assessments	Various	Various	1.55-5.00	115	45	-	(15)	30	15
Total General Obligation Bonds				<u>179,500</u>	<u>131,531</u>	<u>7,772</u>	<u>(11,537)</u>	<u>127,766</u>	<u>11,111</u>
Non-Taxable Revenue Bonds:									
Southwyck Acquisition	2014	2019	3.45	<u>3,250</u>	<u>2,020</u>	<u>-</u>	<u>(650)</u>	<u>1,370</u>	<u>675</u>
Loans Outstanding:									
State Agencies:									
Ohio Public Works Commission									
Capital Projects	Various	Various	0.00	10,259	4,403	1,166	(661)	4,908	598
Ohio Water Dev Authority									
Capital Projects	Various	Various	4.02-4.12	9,843	2,778	-	(618)	2,160	644
ODOD Chapter 166									
Capital Projects	1998	2018	4.00	10,000	1,433	-	(769)	664	664
State Infrastructure Bank									
Marina District - Riverside	2010	2019	3.00	3,968	3,295	-	(369)	2,926	378
MLK Memorial Bridge	2009	2019	3.25	901	305	-	(119)	186	123
Total Loans from State Agencies				<u>34,971</u>	<u>12,214</u>	<u>1,166</u>	<u>(2,536)</u>	<u>10,844</u>	<u>2,407</u>
Federal Agencies:									
HUD 108									
Capital Projects	Various	Various	6.56-7.96	24,530	4,125	-	(2,030)	2,095	2,095
Other Loans:									
Capital Projects	Various	Various	0.00-6.55	14,120	9,760	-	(525)	9,235	485
Total Loans Outstanding				<u>73,621</u>	<u>26,099</u>	<u>1,166</u>	<u>(5,091)</u>	<u>22,174</u>	<u>4,987</u>
Capital Lease Obligations:									
Ambulance	2012	2017	1.66	1,413	292	-	(292)	-	-
Fire Rescue Squads	2014	2018	1.75	948	383	-	(190)	193	193
Fire Engines & Bucket Truck	2015	2019	1.75	3,600	2,160	-	(708)	1,452	720
Pumper Trucks	2015	2020	1.75	940	759	-	(229)	530	189
Pickup Trucks & Brine Facility	2015	2019	1.85	1,833	954	-	(209)	745	372
Single & Double Axle Trucks	2015	2021	1.85	4,997	3,225	-	(315)	2,910	711
Forestry Equipment	2015	2020	1.85	1,324	1,052	-	(255)	797	260
Police Vehicles	2017	2019	1.74	2,200	-	2,200	(742)	1,458	723
Total Capital Lease Obligations				<u>17,255</u>	<u>8,825</u>	<u>2,200</u>	<u>(2,940)</u>	<u>8,085</u>	<u>3,168</u>
Other Obligations:									
Landfill Closure					13,896	267	-	14,163	-
Compensated Absences					29,260	1,794	(975)	30,079	287
Net Pension Liability:									
OPERS					64,264	14,073	-	78,337	-
OP&F					274,840	-	(25,610)	249,230	-
Total Other Obligations					<u>382,260</u>	<u>16,134</u>	<u>(26,585)</u>	<u>371,809</u>	<u>287</u>
Total Governmental Activities					<u>\$ 550,735</u>	<u>\$ 27,272</u>	<u>\$ (46,803)</u>	<u>\$ 531,204</u>	<u>\$ 20,228</u>

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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 and Notes Payable at December 31, 2017 for the City’s Governmental Activities:

Year	General Obligation Bonds			Non-Taxable Revenue Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 10,796	\$ 5,078	\$ 15,874	\$ 675	\$ 47	\$ 722
2019	10,741	4,621	15,362	695	24	719
2020	10,766	4,139	14,905	-	-	-
2021	11,176	3,661	14,837	-	-	-
2022	11,510	3,176	14,686	-	-	-
2023-2027	42,370	9,316	51,686	-	-	-
2028-2032	21,114	2,100	23,214	-	-	-
2033-2037	590	24	614	-	-	-
	<u>\$ 119,063</u>	<u>\$ 32,115</u>	<u>\$ 151,178</u>	<u>\$ 1,370</u>	<u>\$ 71</u>	<u>\$ 1,441</u>

Year	State Agency Loans			Federal Agency and Other Loans **		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 2,407	\$ 191	\$ 2,598	\$ 2,580	\$ 529	\$ 3,109
2019	1,735	123	1,858	505	467	972
2020	1,658	82	1,740	530	441	971
2021	1,021	52	1,073	560	414	974
2022	878	36	914	585	386	971
2023-2027	2,738	34	2,772	3,135	1,428	4,563
2028-2032	289	-	289	2,785	570	3,355
2033-2037	98	-	98	-	-	-
2038-2043	20	-	20	-	-	-
	<u>\$ 10,844</u>	<u>\$ 518</u>	<u>\$ 11,362</u>	<u>\$ 10,680</u>	<u>\$ 4,235</u>	<u>\$ 14,915</u>

** 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 (see page 82).

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

The City's Business-Type Activities Long-Term Obligations at December 31, 2017 and a schedule of current year activity are as follows:

Business-Type Activities	Issue Date	Maturity Date	Interest Rate (%)	Original Issue Amount	Balance 1/1/2017	Increase	Decrease	Balance 12/31/2017	Amount Due In One Year
General Obligation Bonds:									
Tow Lot	2015	2024	4.00-5.00	\$ 2,835	\$ 1,215	\$ -	\$ (155)	\$ 1,060	\$ 150
Property Management	Various	Various	2.00-7.00	18,775	14,435	-	(4,465)	9,970	805
Premium	Various	Various	-	4,196	99	-	(91)	8	1
Total General Obligation Bonds					<u>15,749</u>	<u>-</u>	<u>(4,711)</u>	<u>11,038</u>	<u>956</u>
Revenue Obligation Bonds:									
Water System	Various	Various	1.25-6.20	331,040	316,360	-	(7,420)	308,940	8,605
Premium	Various	Various	1.25-6.20	39,488	34,777	-	(1,164)	33,613	1,257
Sanitary Sewer System	Various	Various	2.00-6.45	29,200	13,805	-	(2,975)	10,830	830
Premium	Various	Various	-	1,541	884	-	(132)	752	59
Total Revenue Obligation Bonds					<u>365,826</u>	<u>-</u>	<u>(11,691)</u>	<u>354,135</u>	<u>10,751</u>
Loans Outstanding:									
State Agencies:									
Ohio Public Works Commission									
Water System	Various	Various	0.00	2,526	1,828	113	(112)	1,829	132
Sanitary Sewer System	Various	Various	0.00	9,773	6,869	1,163	(471)	7,561	476
Storm Water System	Various	Various	0.00	2,280	1,330	-	(117)	1,213	119
Ohio Water Dev Authority									
Water System	Various	Various	3.25	44,273	36,252	1,398	(1,707)	35,943	1,878
Sanitary Sewer System	Various	Various	2.38-4.80	635,024	366,226	37,434	(20,313)	383,347	21,694
Storm Water System	Various	Various	2.25-3.34	1,727	1,529	141	(72)	1,598	65
Total State Agency Loans					<u>414,034</u>	<u>40,249</u>	<u>(22,792)</u>	<u>431,491</u>	<u>24,364</u>
Capital Lease Obligations:									
Norfolk Southern	2016	2035	2.50	2,967	2,816	-	(59)	2,757	64
Other Obligations:									
Compensated Absences					5,048	535	(641)	4,942	9
Net Pension Liabilities:									
OPERS					37,098	7,872	-	44,970	-
Total Other Obligations					<u>42,146</u>	<u>8,407</u>	<u>(641)</u>	<u>49,912</u>	<u>9</u>
Total Business-Type Activities					<u>\$ 840,571</u>	<u>\$ 48,656</u>	<u>\$ (39,894)</u>	<u>\$ 849,333</u>	<u>\$ 36,144</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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, 2017 for the City's Business-Type Activities:

Year	General Obligation Bonds			Revenue Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2018	\$ 955	\$ 509	\$ 1,464	\$ 9,435	\$ 15,297	\$ 24,732
2019	1,000	473	1,473	9,840	14,906	24,746
2020	1,090	429	1,519	10,265	14,470	24,735
2021	950	381	1,331	10,800	14,033	24,833
2022	775	339	1,114	11,285	13,506	24,791
2023-2027	5,335	969	6,304	63,480	58,676	122,156
2028-2032	925	46	971	75,770	42,777	118,547
2033-2037	-	-	-	94,520	22,956	117,476
2038-2042	-	-	-	34,375	2,999	37,374
	<u>\$ 11,030</u>	<u>\$ 3,146</u>	<u>\$ 14,176</u>	<u>\$ 319,770</u>	<u>\$ 199,620</u>	<u>\$ 519,390</u>

Year	State Agency Loans		
	Principal	Interest	Total
2018	\$ 25,076	\$ 11,510	\$ 36,586
2019	25,264	10,866	36,130
2020	26,316	10,300	36,616
2021	26,699	9,594	36,293
2022	26,753	8,853	35,606
2023-2027	137,894	32,818	170,712
2028-2032	93,075	16,192	109,267
2033-2037	60,654	4,995	65,649
2038-2043	9,760	296	10,056
	<u>\$ 431,491</u>	<u>\$ 105,424</u>	<u>\$ 536,915</u>

New Bond and Loans Issuances

During 2017, the City issued the following bonds and loans supporting Governmental Activities:

\$7,010 of General Obligation Bonds for the purpose of funding certain permanent improvements and refunding existing obligations with a lower net interest cost, including \$6,850 dedicated to street and bridge improvement notes.

\$1,166 in Ohio Public Works Commission (OPWC) loans. The City issued seven OPWC loans during 2017 supporting Governmental Activities. The primary loans supported road improvements to Arlington Avenue from Byrne to Detroit Avenue, road improvements to Detroit Avenue from Arlington to I-75, and bridge improvements to the Bancroft Street Bridge over the Ottawa River.

During 2017, the City issued the following loans supporting Business-Type Activities:

\$1,276 in OPWC loans for water and sewer projects. The City issued four OPWC loans during 2017 supporting Business-Type Activities. Of this total \$113 was for Jackman Road water main replacement and \$1,163 supported sewer operations primarily related to Ottawa River south Storage Basin.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

New Bond and Loans Issuances (continued)

\$38,973 in Ohio Water Development Authority (OWDA) loans. The City issued 24 OWDA loans during 2017 supporting Business-Type Activities. The primary loans supported sewer improvements and consisted of Ottawa River South Conveyance, E3 International Park Storage Pipeline, and LTCP 2C design.

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.

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 2017 principal and interest payments on the Water revenue bonds required 57.8% of net revenues. Principal and interest paid for the current year and total net revenues were \$23,063 and \$39,872, respectively. The 2017 principal and interest payments on the Sewer revenue bonds required 7.9% of net revenues. Principal and interest paid for the current year and total net revenues were \$3,548 and \$44,903, respectively.

Ohio Public Works Commission

Ohio Public Works Commission (OPWC) extends both grants and loans to the City. Monies received by the City after the grant commitment has been fulfilled by OPWC are then considered loans. Only the loan portion need be repaid by the City. 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, 2017 was \$423,048. Of this amount, \$35,943 is obligations incurred to help finance the water distribution system and are to be repaid from charges from water services. Of this amount, \$383,347 is obligations incurred to help finance the sanitary sewage facilities and are to be repaid from charges from sanitary sewer services; \$1,598 is obligations incurred to help finance storm sewer and bio-swale services. The remaining amount of \$2,160 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 \$3,112 as of December 31, 2017.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

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 41 years.

The \$14,163 reported as landfill closure and post-closure care liability at December 31, 2017 represents the cumulative amount reported to date based on the use of 62.4% of the used capacity of the landfill. The City will recognize the remaining estimated cost of closure and post-closure care of \$8,725 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 2017 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 April 2018, the project is 89% complete and \$469,420 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 2022. 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 exiting infrastructure; and c) install short and long term Harmful Algae Bloom treatment barriers. Future projects include upgrade and expansion of the treatment plant maintenance and administration facilities (2018); 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 (2022).

As of April 2018, \$308,500 of financing has been secured for the water system improvements, comprised of municipal revenue bond issuances in 2012, 2013, and 2016; an Ohio Water Development Authority (OWDA) loan in 2014; and an Ohio EPA Water Supply Revolving Loan Application (WSRLA) loan in 2015. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 9 – LONG-TERM OBLIGATIONS (continued)

Pollution Remediation, Water and Sewer Infrastructure Liabilities (Continued)

To fund future improvements, the City will issue \$30,000 of revenue bonds in 2018; and plans to secure \$101,500 of WSRLA and OWDA loans in 2018 and 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 2017, compensated absences in the Governmental Activities were liquidated at a rate of approximately 86.8 percent from the general fund, 10.3 percent from other governmental funds, and 2.9 percent from the internal service funds. Compensated absences in the Business-Type Activities were liquidated primarily from the Water and Sewer Enterprise Funds.

Net Pension Liability

The City pays obligations related to employee compensation from the fund benefitting from their service. See Note 13 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. The City has the option to renew the lease in five year increments through June 30, 2030. During 2017, the City made rental payments totaling \$1,327. The City also leases various facilities and equipment under various operating leases whose expense totaled \$1,325 in 2017.

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 2012, the City entered into a non-cancelable long-term master equipment lease with PNC Equipment Finance for the lease of ambulances. The 5-year lease was paid in full during 2017.

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 \$755.

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 \$2,148.

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 \$410.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 10 – LEASES AND OTHER COMMITMENTS (continued)

Capital Leases (continued)

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 \$2,087.

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 \$1,088.

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 \$527.

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 \$742.

Future minimum lease payments on these capital leases together with the present value of the net minimum lease payments as of December 31, 2017 are as follows:

Year	Governmental Activities	Business-Type Activities	Total
2018	\$ 3,320	\$ 133	\$ 3,453
2019	3,117	135	3,252
2020	1,199	138	1,337
2021	733	141	874
2022	-	144	144
2023-2027	-	762	762
2028-2032	-	841	841
2033-2037	-	1,361	1,361
Total Minimum Lease Payments	8,369	3,655	12,024
Less: Amount Representing Interest	(284)	(898)	(1,182)
Present Value of Future Minimum Lease Payments	<u>\$ 8,085</u>	<u>\$ 2,757</u>	<u>\$ 10,842</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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 10 – LEASES AND OTHER COMMITMENTS (continued)

Other Commitments (continued)

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 2017 requires an assessment of \$307.

Encumbrances

Outstanding 2017 encumbrances will be funded with 2017 budgetary resources. Outstanding encumbrances for the Year Ended December 31, 2017 were as follows:

Governmental Funds:

General	\$ 1,021
Capital Improvements	11,190
Special Assessments Services	311
Nonmajor Governmental	<u>5,636</u>
Total Governmental Funds	<u>18,158</u>

Enterprise Funds:

Water	112,426
Sewer	62,494
Utility Administrative Services	93
Nonmajor Enterprise	<u>360</u>
Total Enterprise Funds	<u>175,373</u>

Internal Service Funds 1,298

Total \$ 194,829

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 receipted 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.

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, 2017.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 11 – INTERFUND ACTIVITY (continued)

	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
<i>Governmental Funds:</i>		
General	\$ -	\$ 40,154
Capital Improvements	26,790	-
Special Assessments Services	-	21,120
Nonmajor Governmental	<u>33,531</u>	<u>20,871</u>
Total Governmental Funds	<u>60,321</u>	<u>82,145</u>
<i>Enterprise Funds:</i>		
Water	-	22,018
Sewer	22,864	-
Utility Administrative Services	-	5,458
Nonmajor Enterprise	<u>3,457</u>	<u>107</u>
Total Enterprise Funds	<u>26,321</u>	<u>27,583</u>
<i>Internal Service Funds</i>		
	<u>24,559</u>	<u>1,473</u>
Total	<u>\$ 111,201</u>	<u>\$ 111,201</u>

Interfund transfers for the Year Ended December 31, 2017, consisted of the following, as reported on the Fund Statements:

<u>Transfers Out</u>	<u>Transfers In</u>						<u>Total</u>
	<u>General Fund</u>	<u>Capital Improvements</u>	<u>Nonmajor Governmental Funds</u>	<u>Water</u>	<u>Sewer</u>	<u>Nonmajor Enterprise Funds</u>	
<i>Governmental Funds:</i>							
General	\$ -	\$ 41,582	\$ -	\$ -	\$ -	\$ 3,944	\$ 45,526
Capital Improvements	4,054	-	15,788	-	-	1,304	21,146
Nonmajor Governmental Funds	<u>300</u>	<u>478</u>	<u>607</u>	-	-	-	<u>1,385</u>
Total Governmental Funds	<u>4,354</u>	<u>42,060</u>	<u>16,395</u>	-	-	<u>5,248</u>	<u>68,057</u>
<i>Enterprise Funds:</i>							
Water	-	66	75	-	-	-	141
Sewer	-	-	75	-	-	-	75
Utility Administrative Services	-	-	-	2,742	2,681	346	5,769
Nonmajor Enterprise Funds	<u>1,065</u>	<u>-</u>	<u>75</u>	-	-	-	<u>1,140</u>
Total Enterprise Funds	<u>1,065</u>	<u>66</u>	<u>225</u>	<u>2,742</u>	<u>2,681</u>	<u>346</u>	<u>7,125</u>
Total	<u>\$ 5,419</u>	<u>\$ 42,126</u>	<u>\$ 16,620</u>	<u>\$ 2,742</u>	<u>\$ 2,681</u>	<u>\$ 5,594</u>	<u>\$ 75,182</u>

In 2017, the General Fund transferred \$41,582 into the Capital Improvement Fund. This amount represents 2017 income tax collection amounts required and authorized by Toledo Municipal Code, Toledo City Council, and the Mayor.

In 2017, the Capital Improvement Fund transferred \$4,054 into the General Fund. City of Toledo voters approved a portion of the City income tax transferred to the Capital Improvement Fund to be reallocated to the General Fund for operating expenses.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 12 – FUND BALANCE

A summary of Fund Balances as of December 31, 2017 by category is as follows:

	<u>General</u>	<u>Capital Improvements</u>	<u>Special Assessments Services</u>	<u>Nonmajor Governmental</u>	<u>Total</u>
<i>Nonspendable:</i>					
Inventory	\$ 1,189	\$ 1,056	\$ 2,243	\$ 1,049	\$ 5,537
Cemetery Perpetual Care	-	-	-	649	649
Total Nonspendable	<u>1,189</u>	<u>1,056</u>	<u>2,243</u>	<u>1,698</u>	<u>6,186</u>
<i>Restricted for:</i>					
Cemetery Perpetual Care	\$ -	\$ -	\$ -	\$ 47	\$ 47
Landfill Activities	3,764	-	-	-	3,764
Capital Improvements	-	49,833	-	-	49,833
Grant Programs	-	-	-	13,498	13,498
Street Projects	-	-	-	5,230	5,230
Special Assessments	-	-	673	-	673
Various Trust Purposes	-	-	-	9,338	9,338
Westfield Muni Public Improvement TIF	-	-	-	11,299	11,299
Right of Way Activities	-	-	-	22	22
Debt Service	-	-	-	200	200
Total Restricted	<u>3,764</u>	<u>49,833</u>	<u>673</u>	<u>39,634</u>	<u>93,904</u>
<i>Committed to:</i>					
Budget Stabilization	\$ 9,480	\$ -	\$ -	\$ -	\$ 9,480
Cemetery Activities	-	-	-	489	489
General Obligation Debt	-	-	-	1	1
Facilities Maintenance	-	-	-	733	733
Various Trust Purposes	-	-	-	37	37
Parks and Recreation	-	-	-	99	99
Total Committed	<u>9,480</u>	<u>-</u>	<u>-</u>	<u>1,359</u>	<u>10,839</u>
Unassigned (deficit)	<u>7,755</u>	<u>-</u>	<u>(60,546)</u>	<u>(18,780)</u>	<u>(71,571)</u>
Total Fund Balances	<u>\$ 22,188</u>	<u>\$ 50,889</u>	<u>\$ (57,630)</u>	<u>\$ 23,911</u>	<u>\$ 39,358</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 2017. 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 2017, the amount committed for Budget Stabilization increased \$4,726 in the General Fund.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

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 Statement No. 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 bases 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
For the Year Ended December 31, 2017
(Amounts in Thousands)

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 62 with 5 years of service credit or Age 57 with 25 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>
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0 %
Total Employer	<u>14.0 %</u>
Employee	<u>10.0 %</u>

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

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 \$9,158 for 2017. Of this amount, \$424 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 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
For the Year Ended December 31, 2017
(Amounts in Thousands)

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:

	Police	Firefighters
2017 Statutory Maximum Contribution Rates		
Employer	19.50 %	24.00 %
Employee	12.25 %	12.25 %
 2017 Actual Contribution Rates		
Employer:		
Pension	19.00 %	23.50 %
Post-employment Health Care Benefits	0.50 %	0.50 %
Total Employer	19.50 %	24.00 %
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 \$18,070 for 2017. Of this amount \$754 is reported as due to other governments.

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, 2016, 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, 2016 and was determined by rolling forward the total pension liability as of January 1, 2016, to December 31, 2016. The City's proportion of the net pension liability was based on the City's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	OPERS	OP&F	Total
Proportion of the net pension liability prior measurement date	0.58519200%	4.27230500%	
Proportion of the net pension liability current measurement date	0.54300400%	3.93485500%	
Change in proportionate share	(0.04218800%)	(0.33745000%)	
 Proportionate share of the net pension liability	 \$ 123,307	 \$ 249,230	 \$ 372,537
Pension expense	24,565	28,866	53,431

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

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

At December 31, 2017, 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	\$ 167	\$ 71	\$ 238
Net difference between projected and actual earnings on pension plan investments	18,365	24,236	42,601
Changes of assumptions	19,558	-	19,558
Changes in employer's proportionate percentage/difference between employer contributions and proportionate share of contributions	1,435	5,742	7,177
City contributions subsequent to the measurement date	9,158	18,070	27,228
Total deferred outflows of resources	\$ 48,683	\$ 48,119	\$ 96,802
Deferred inflows of resources:			
Differences between expected and actual experience	\$ 733	\$ 574	\$ 1,307
Changes in employer's proportionate percentage/difference between employer contributions and proportionate share of contributions	4,778	15,264	20,042
Total deferred inflows of resources	\$ 5,511	\$ 15,838	\$ 21,349

\$27,228 reported as deferred outflows of resources related to pension resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending December 31, 2018. 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:			
2018	\$ 13,792	\$ 7,575	\$ 21,367
2019	14,366	7,575	21,941
2020	6,392	5,378	11,770
2021	(536)	(3,274)	(3,810)
2022	-	(2,745)	(2,745)
Thereafter	-	(298)	(298)
Total	\$ 34,014	\$ 14,211	\$ 48,225

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

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, 2016, using the following actuarial assumptions applied to all prior periods included in the measurement in accordance with the requirements of GASB Statement No. 67. In 2016, the Board’s actuarial consultants conducted an experience study for the period 2011 through 2015, comparing assumptions to actual results. The experience study incorporates both a historical review and forward-looking projections to determine the appropriate set of assumptions to keep the plan on a path toward full funding. Information from this study led to changes in both demographic and economic assumptions, with the most notable being a reduction in the actuarially assumed rate of return from 8.00% down to 7.50%, for the defined benefit investments, decreasing the wage inflation from 3.75% to 3.25% and changing the future salary increases from a range of 4.25%-10.05% to 3.25%-10.75%.

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

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

Mortality rates are based on the RP-2014 Healthy Annuitant mortality table. For males, Healthy Annuitant Mortality tables were used, adjusted for mortality improvement back to the observation period base of 2006 and then established the base year as 2015. For females, Healthy Annuitant Mortality tables were used, adjusted for mortality improvements back to the observation period base year of 2006 and then established the base year as 2010. The mortality rates used in evaluating disability allowances were based on the RP-2014 Disabled mortality tables, adjusted for mortality improvement back to the observation base year of 2006 and then established the base year as 2015 for males and 2010 for females. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OPERS (continued)

During 2016, OPERS managed investments in four investment portfolios: the Defined Benefit portfolio, the 401(h) Health Care Trust portfolio, the 115 Health Care Trust portfolio and the Defined Contribution portfolio. The 401(h) Health Care Trust portfolio was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. The Defined Benefit portfolio contains the investment assets of the Traditional Pension Plan, the defined benefit component of the Combined Plan and the annuitized accounts of the Member-Directed Plan. The Defined Benefit portfolio historically included the assets of the Member-Directed retiree medical accounts funded through the VEBA Trust. However, the VEBA Trust was closed as of June 30, 2016 and the net position transferred to the 115 Health Care Trust portfolio on July 1, 2016. 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 is 8.3% for 2016.

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. The table below displays the Board-approved asset allocation policy for 2016 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	23.00 %	2.75 %
Domestic equities	20.70	6.34
Real estate	10.00	4.75
Private equity	10.00	8.97
International equities	18.30	7.95
Other investments	18.00	4.92
Total	100.00 %	5.66 %

Discount Rate - The discount rate used to measure the total pension liability was 7.50%, post-experience study results, for the Traditional Pension Plan. A discount rate of 8.00% was used in the previous measurement period. 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 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:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 188,379	\$ 123,307	\$ 69,081

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OP&F

OP&F's total pension liability as of December 31, 2016 is based on the results of an actuarial valuation date of January 1, 2016 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.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of January 1, 2016, are presented below:

Valuation date	January 1, 2016
Actuarial cost method	Entry age normal
Investment rate of return	8.25%
Projected salary increases	4.25% - 11.00%
Payroll increases	3.75%
Inflation assumptions	3.25%
Cost of living adjustments	2.60% 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 OP&F'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. 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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

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, 2016 are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>10 Year Expected Real Rate of Return **</u>	<u>30 Year Expected Real Rate of Return **</u>
Cash and Cash Equivalents	- %		
Domestic Equity	16.00	4.46 %	5.21 %
Non-US Equity	16.00	4.66	5.40
Core Fixed Income *	20.00	1.67	2.37
Global Inflation			
Protected Securities *	20.00	0.49	2.33
High Yield	15.00	3.33	4.48
Real Estate	12.00	4.71	5.65
Private Markets	8.00	7.31	7.99
Timber	5.00	6.87	6.87
Master Limited Partnerships	8.00	6.92	7.36
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 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 pension liability was calculated using the discount rate of 8.25%. 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 8.25%. 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 8.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.25%), or one percentage point higher (9.25%) than the current rate.

	<u>1% Decrease (7.25%)</u>	<u>Current Discount Rate (8.25%)</u>	<u>1% Increase (9.25%)</u>
City's proportionate share of the net pension liability	\$ 331,945	\$ 249,230	\$ 179,128

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 13 – DEFINED BENEFIT PENSION PLANS (continued)

Actuarial Assumptions - OP&F (continued)

Changes Between Measurement Date and Report Date - In October 2017, the OP&F Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of January 1, 2017. The most significant change is a reduction in the discount rate from 8.25% to 8.00%. Although the exact amount of these changes is not known, it has the potential to impact to the City's net pension liability.

NOTE 14 – POSTEMPLOYMENT BENEFITS

Ohio Public Employees Retirement System

Plan Description - 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 health care coverage, age-and-service retirees under the Traditional Pension and Combined plans must have 20 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 45. Please see the Plan Statement in the OPERS 2016 CAFR for details.

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 OPERS Board of Trustees (OPERS Board) in Chapter 145 of the Ohio Revised Code.

Disclosures for the healthcare plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (800) 222-7377.

Funding Policy - The post-employment healthcare plan was established under, and is administered in accordance with, Internal Revenue Code Section 401(h). State statute requires that public employers fund post-employment healthcare through contributions to OPERS. A portion of each employer's contribution to the Traditional or Combined Plans is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active employees. In 2017, local government employers contributed 14.00% of covered payroll. Each year the OPERS' Retirement Board determines the portion of the employer contribution rate that will be set aside for the funding of the postemployment health care benefits. The portion of employer contributions allocated to fund post-employment healthcare for members in the Traditional Plan and Combined Plan for 2017 was 1.00%.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 14 – POSTEMPLOYMENT BENEFITS (continued)

Ohio Public Employees Retirement System (continued)

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment healthcare plan.

The City's OPERS contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$704, \$1,516, and \$1,376, respectively; 95.70% has been contributed for 2017 and 100% has been contributed for 2016 and 2015. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 19, 2012, with a transition plan commencing January 1, 2014. With the recent passage of pension legislation under State Bill 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4.00% of the employer contributions toward the health care fund after the end of the transition period.

Ohio Police and Fire Pension Fund

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

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

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

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

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, 19.50% and 24.00% of covered payroll for police and fire employers, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.50% of covered payroll for police employer units and 24.00% 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, one account is for health care benefits under an Internal Revenue Code Section 115 trust and the other account is for Medicare Part B reimbursements administered as an Internal Revenue Code Section 401(h) account, both of which are within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 14 – POSTEMPLOYMENT BENEFITS - (Continued)

Ohio Police and Fire Pension Fund (continued)

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan into the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. The portion of employer contributions allocated to health care was .5% of covered payroll from January 1, 2017 thru December 31, 2017. The amount of employer contributions allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that the pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

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

The City's OP&F contributions allocated to fund post-employment health care benefits for the years ended December 31, 2017, 2016, and 2015 were \$429, \$430, and \$444, respectively; 95.92% has been contributed for 2017 and 100% has been contributed for 2016 and 2015. The remaining 2017 post-employment health care benefits liability has been reported as due to other governments on the basic financial statements.

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. Although \$4,300 current liability exists in the general fund, claims activity is generally 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 2017, 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 and 2017 for Risk Management and the General Fund were:

Year	Beginning Balance	Current Year Claims and Change in Estimate	Claims Payments	Ending Balance
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

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(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 2017, the City contracted with various insurance companies to provide the following coverage:

	Coverage <u>(in Whole Dollars)</u>	Deductible <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	-
Accident/Liability Policy- Mobil Speedvan	1,000,000	500
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
Hull/Liability Policy for Helicopter (through 8/16/2017)	10,000,000	10,000
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	-

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 15 – RISK MANAGEMENT (continued)

Workers’ Compensation (continued)

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.

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 \$5,000 reported at December 31, 2017 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 and 2017 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

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 15 – RISK MANAGEMENT (continued)

Health, Dental, and Prescription Drug Benefits (continued)

Changes in the claim liability amount for this category in 2015, 2016 and 2017 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

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE

Prior Period Adjustment

The City has reported prior period adjustments to properly state the balance of capital assets for the Governmental Activities and Business-Type Activities and long-term obligations for the Governmental Activities at December 31, 2016. Upon review by the City, it was determined that the following issues occurred with capital assets previously reported: (a) certain assets were being reported that could not be identified by the City, (b) certain items previously reported as construction in progress should be adjusted to reflect their correct value and (c) an arts reserve account that was being capitalized despite not being a capital asset. Upon review by the City, non-taxable revenue bonds related to the Southwyck Acquisition were not previously reported. The prior period adjustments had the following effect on net position of the Governmental Activities, Business-Type Activities and enterprise funds as previously reported:

	Governmental Activities	Business-Type Activities				Total Enterprise Funds / Business- Type Activities
		Water	Sewer	Utility Administrative Services	Nonmajor Enterprise Funds	
Net Position at 12/31/2016, as previously reported	\$ 178,621	\$ 181,344	\$ 300,296	\$ 2,625	\$ 52,958	\$ 537,223
Adjustment to Capital Assets	(4,934)	(88)	(1,105)	-	(780)	(1,973)
Adjustment to Long-Term Obligations	(2,020)	-	-	-	-	-
Restated Net Position at 1/1/2017	<u>\$ 171,667</u>	<u>\$ 181,256</u>	<u>\$ 299,191</u>	<u>\$ 2,625</u>	<u>\$ 52,178</u>	<u>\$ 535,250</u>

Change in Accounting Principles

For 2017, the City has implemented GASB Statement No. 80, “Blending Requirements for Certain Component Units - An Amendment of GASB Statement No. 14”, GASB Statement No. 81 “Irrevocable Split-Interest Agreements”, and GASB Statement No. 82, “Pension Issues - An Amendment of GASB Statements No. 67, No. 68, and No. 73”.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the City.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 16 – ACCOUNTABILITY AND COMPLIANCE (continued)

Change in Accounting Principles (continued)

GASB Statement No. 81 improves the accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The implementation of GASB Statement No. 81 did not have an effect on the financial statements of the City.

GASB Statement No. 82 addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the City.

Fund Balance Deficits

The following deficit fund balances existed at December 31, 2017:

	Deficit
<i>Governmental Funds:</i>	
Special Assessments Services Fund	\$ 57,630
Nonmajor Governmental:	
Special Assessment Improvements Fund	2,022
Jeep Muni Public Improvement TIF	16,758
Total Governmental Funds	76,410
<i>Enterprise Funds:</i>	
Nonmajor Enterprise:	
Property Management Fund	4,184
Total	\$ 80,594

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.

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.

City of Toledo, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017
(Amounts in Thousands)

NOTE 17 – CONTINGENCIES (continued)

Litigation (continued)

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, 2017 and at the date of this Statement, is sufficient to meet the claims and judgments that may arise in 2018. 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 2017, 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

On May 15, 2018, legislation was presented to City Council authorizing the issuance and sale of Water System Revenue Bonds of the City for the purpose of paying costs of various capital improvements to the City's water supply, storage and distribution system in an aggregate principal amount not to exceed \$35,000.

The City is involved in litigation with Lucas County over the financial responsibility of incarceration costs associated with inmates charged or convicted in the City of Toledo for misdemeanors under state law (as opposed to crimes associated with the Toledo Municipal Code). Lucas County unsuccessfully appealed the decision of the Common Pleas Court. In February of 2018, Lucas County appealed the decision of the Court of Appeals, who also ruled in favor of the City of Toledo. The Ohio Supreme Court refused to hear the case, so the appellate court ruling in favor of the City stands. Separately but somewhat related, the Corrections Center of NW Ohio (CCNO) filed litigation to recover costs allegedly owed by the City under the now terminated agreement between the City and CCNO (see Note 1, *Jointly Governed Organizations*). The City is prepared to defend the case vigorously. A permanent and mutually agreeable resolution remains under consideration and negotiation.

REQUIRED SUPPLEMENTARY INFORMATION

City of Toledo, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Public Employees Retirement System (OPERS)
Last Four Years
(Amounts in Thousands)

<i>Traditional Plan:</i>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	0.543004%	0.585192%	0.585985%	0.585985%
City's proportionate share of the net pension liability	\$ 123,307	\$ 101,362	\$ 70,676	\$ 69,078
City's covered payroll	\$ 73,825	\$ 64,392	\$ 71,842	\$ 62,938
City's proportionate share of the net pension liability as a percentage of its covered payroll	167.03%	157.41%	98.38%	109.75%
Plan fiduciary net position as a percentage of the total pension liability	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 year were determined as of the City's measurement date which is the prior year-end.

See accompanying notes to the pension required supplementary information

City of Toledo, Ohio
Required Supplementary Information
Schedule of the City's Proportionate Share of the Net Pension Liability
Ohio Police and Fire (OP&F) Pension Fund
Last Four Years
(Amounts in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
City's proportion of the net pension liability	3.93485500%	4.27230500%	4.10854390%	4.10854390%
City's proportionate share of the net pension liability	\$ 249,230	\$ 274,840	\$ 212,840	\$ 200,099
City's covered payroll	\$ 89,039	\$ 91,976	\$ 84,450	\$ 81,411
City's proportionate share of the net pension liability as a percentage of its covered payroll	279.91%	298.82%	252.03%	245.79%
Plan fiduciary net position as a percentage of the total pension liability	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 year were determined as of the City's measurement date which is the prior year-end.

See accompanying notes to the pension required supplementary information

City of Toledo, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Public Employees Retirement System (OPERS)
Last Five Years
(Amounts in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<i>Traditional Plan:</i>				
Contractually required contribution	\$ 9,158	\$ 8,859	\$ 7,727	\$ 8,621
Contributions in relation to the contractually required contribution	<u>(9,158)</u>	<u>(8,859)</u>	<u>(7,727)</u>	<u>(8,621)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 70,449	\$ 73,825	\$ 64,392	\$ 71,842
Contributions as a percentage of covered payroll	13.00%	12.00%	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 pension required supplementary information

2013

\$ 8,182

(8,182)

\$ -

\$ 62,938

13.00%

City of Toledo, Ohio
Required Supplementary Information
Schedule of City Contributions
Ohio Police and Fire (OP&F) Pension Fund
Last Five Years
(Amounts in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 18,070	\$ 17,888	\$ 18,478	\$ 17,194
Contributions in relation to the contractually required contribution	<u>(18,070)</u>	<u>(17,888)</u>	<u>(18,478)</u>	<u>(17,194)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered payroll	\$ 85,955	\$ 89,039	\$ 91,976	\$ 84,450
Contributions as a percentage of covered payroll	21.02%	20.09%	20.09%	20.36%

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 pension required supplementary information

2013

\$ 13,905

(13,905)

\$ -

\$ 81,411

17.08%

City of Toledo, Ohio
Notes to the Pension Required Supplementary Information
For the Year Ended December 31, 2017

OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM (OPERS)

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

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%.

OHIO POLICE AND FIRE (OP&F) PENSION FUND

Changes in benefit terms : There were no changes in benefit terms from the amounts reported for 2014-2017.

Changes in assumptions : There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.

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, 2017
(Amounts in Thousands)

	Budgeted amounts		Actuals	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Income taxes	\$ 173,650	\$ 176,000	\$ 176,362	\$ 362
Property taxes	11,975	11,975	12,025	50
Licenses and permits	2,896	2,896	2,942	46
Intergovernmental services	17,690	16,990	18,878	1,888
Charges for services	30,459	30,059	29,299	(760)
Investment earnings	200	200	462	262
Fines and forfeitures	7,056	9,856	9,845	(11)
Other revenue	1,170	1,294	1,155	(139)
Total revenues	245,096	249,270	250,968	1,698
EXPENDITURES				
Current:				
General government	25,382	25,237	23,283	1,954
Public service	1,968	1,967	1,507	460
Public safety	174,954	169,121	163,427	5,694
Community environment	5,518	5,639	5,061	578
Health	8,248	8,292	8,138	154
Parks and recreation	2,572	2,678	2,502	176
Debt service:				-
Principal retirement	618	618	618	-
Interest and fiscal charges	108	108	79	29
Total expenditures	219,368	213,660	204,615	9,045
Excess of revenues over expenditures	25,728	35,610	46,353	10,743
OTHER FINANCING SOURCES (USES)				
Transfers in	12,724	6,778	5,419	(1,359)
Transfers out	(38,702)	(42,646)	(45,526)	(2,880)
Proceeds from sale of capital assets	-	-	151	151
Total other financing sources (uses)	(25,978)	(35,868)	(39,956)	(4,088)
Net change in fund balance	\$ (250)	\$ (258)	6,397	\$ 6,655
Fund balance at beginning of year			15,754	
Increase for inventory			37	
Fund balance at year end			\$ 22,188	

See accompanying notes to the budgetary required supplementary information

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, 2017
(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	\$ 30,957	\$ 30,957	\$ 29,011	\$ (1,946)
Investment earnings	4	4	7	3
Other revenue	26	26	31	5
Total revenues	<u>30,987</u>	<u>30,987</u>	<u>29,049</u>	<u>(1,938)</u>
EXPENDITURES				
Current:				
General government	852	854	703	151
Public service	31,234	31,105	24,917	6,188
Health	634	634	434	200
Parks and recreation	332	337	177	160
Capital outlay	9	131	123	8
Debt service:				
Principal retirement	19,200	19,200	-	19,200
Interest and fiscal charges	441	441	752	(311)
Total expenditures	<u>52,702</u>	<u>52,702</u>	<u>27,106</u>	<u>25,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,715)</u>	<u>(21,715)</u>	<u>1,943</u>	<u>23,658</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	<u>19,760</u>	<u>19,760</u>	<u>-</u>	<u>(19,760)</u>
Total other financing sources (uses)	<u>19,760</u>	<u>19,760</u>	<u>-</u>	<u>(19,760)</u>
Net change in fund balance	<u>\$ (1,955)</u>	<u>\$ (1,955)</u>	<u>1,943</u>	<u>\$ 3,898</u>
Fund balance (deficit) at beginning of year			(59,672)	
Increase for inventory			99	
Fund balance (deficit) at year end			<u>\$ (57,630)</u>	

See accompanying notes to the budgetary required supplementary information

City of Toledo, Ohio
Notes to the Budgetary Required Supplementary Information
December 31, 2017

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, 2017

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, 2017
(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 Equivalents:					
Cash and Equivalents Other	\$ 1	\$ -	\$ -	\$ -	\$ 1
Investments	37	-	-	-	37
Restricted Investments	-	-	-	649	649
Receivables (Net of Allowance)	10,855	47	859	-	11,761
Due From Other:					
Funds	21,725	201	11,227	378	33,531
Governments	8,717	-	-	-	8,717
Inventory of Supplies	1,049	-	-	-	1,049
Total assets	\$ 42,384	\$ 248	\$ 12,086	\$ 1,027	\$ 55,745
Liabilities:					
Accounts payable	\$ 1,508	\$ 31	\$ -	\$ -	\$ 1,539
Deposits	1,983	-	-	331	2,314
Retainage	6	-	8	-	14
Due to Other:					
Funds	3,406	16,727	738	-	20,871
Accrued Wages and Benefits Payable	270	-	1	-	271
Compensated Absences Payable	46	-	-	-	46
Notes Payable	-	-	1,275	-	1,275
Total liabilities	7,219	16,758	2,022	331	26,330
Deferred inflows of resources:					
Revenues Levied for the next year and Unavailable Revenue	4,634	47	823	-	5,504
Fund balances:					
Nonspendable	1,049	-	-	649	1,698
Restricted	28,124	200	11,263	47	39,634
Committed	1,358	1	-	-	1,359
Unassigned (deficit)	-	(16,758)	(2,022)	-	(18,780)
Total fund balances (deficit)	30,531	(16,557)	9,241	696	23,911
Total liabilities, deferred inflows of resources and fund balances	\$ 42,384	\$ 248	\$ 12,086	\$ 1,027	\$ 55,745

City of Toledo, Ohio
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2017
(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	\$ -	\$ 21	\$ 156	\$ -	\$ 177
Intergovernmental Services	13,494	3,036	2,153	-	18,683
Charges for Services	903	-	-	-	903
Investment Earnings	11	-	-	-	11
Fines and Forfeitures	1,584	-	-	-	1,584
Grants	13,139	-	-	-	13,139
Other Revenue	5,168	-	-	-	5,168
Total Revenues	34,299	3,057	2,309	-	39,665
Expenditures:					
Current:					
General government	253	-	-	-	253
Public Service	11,488	-	-	-	11,488
Public Safety	3,659	-	-	-	3,659
Public Utilities	2	-	-	-	2
Community Environment	12,740	-	-	-	12,740
Health	1,360	-	-	-	1,360
Parks and Recreation	21	-	-	-	21
Capital outlay	785	-	1,982	-	2,767
Debt service:					
Principal retirement	-	13,838	-	-	13,838
Interest and fiscal charges	-	5,565	24	-	5,589
Total expenditures	30,308	19,403	2,006	-	51,717
Excess (deficiency) of revenues over (under) Expenditures	3,991	(16,346)	303	-	(12,052)
Other Financing Sources (Uses):					
Transfers in	832	15,788	-	-	16,620
Transfers out	(1,385)	-	-	-	(1,385)
Premium on Bonds and Notes	-	-	9	-	9
Total Other Financing Sources (Uses)	(553)	15,788	9	-	15,244
Net change in fund balances	3,438	(558)	312	-	3,192
Fund Balances (Deficit) at Beginning of Year	26,922	(15,999)	8,929	696	20,548
Increase for Inventory	171	-	-	-	171
Fund Balances (Deficit) at End of Year	\$ 30,531	\$ (16,557)	\$ 9,241	\$ 696	\$ 23,911

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, 2017
(Amounts in Thousands)

	Federal Block Grants	Operation Grants	Urban Development Action Grants	Street Construction Maintenance and Repair
Assets:				
Cash and Equivalents:				
Cash and Equivalents Other	\$ -	\$ -	\$ -	\$ -
Investments	-	-	-	-
Receivables (Net of Allowance)	2,719	2,956	-	116
Due From Other:				
Funds	-	8,917	688	3,661
Governments	1,946	365	-	6,136
Inventory of Supplies	-	-	-	1,041
Total assets	\$ 4,665	\$ 12,238	\$ 688	\$ 10,954
Liabilities:				
Accounts payable	\$ 634	\$ 247	\$ -	\$ 259
Deposits	1,451	141	-	-
Retainage	-	-	-	-
Due to Other:				
Funds	1,919	-	-	-
Accrued Wages and Benefits Payable	77	33	-	148
Compensated Absences Payable	-	-	-	46
Total liabilities	4,081	421	-	453
Deferred inflows of resources:				
Revenues Levied for the next year and Unavailable Revenue	19	343	-	4,230
Fund balances:				
Nonspendable	-	-	-	1,041
Restricted	565	11,474	688	5,230
Committed	-	-	-	-
Total fund balances	565	11,474	688	6,271
Total liabilities, deferred inflows of resources and fund balances	\$ 4,665	\$ 12,238	\$ 688	\$ 10,954

Cemetery Maintenance	Golf Improvements	Parkland Replacement	Cemeteries Property Acquisition Site Development	Marina Development	Expendable Trusts
\$ -	\$ -	\$ -	\$ -	\$ 1	\$ -
-	-	-	-	-	37
-	-	16	-	4	2,823
56	312	333	437	74	7,101
-	-	-	-	-	-
-	-	-	-	-	8
<u>\$ 56</u>	<u>\$ 312</u>	<u>\$ 349</u>	<u>\$ 437</u>	<u>\$ 79</u>	<u>\$ 9,969</u>
\$ 1	\$ -	\$ -	\$ -	\$ 5	\$ 210
-	-	-	3	-	363
-	-	-	-	-	6
-	-	-	-	-	-
-	-	-	-	2	7
-	-	-	-	-	-
<u>1</u>	<u>-</u>	<u>-</u>	<u>3</u>	<u>7</u>	<u>586</u>
-	-	-	-	-	-
-	-	-	-	-	8
-	-	-	-	-	9,338
<u>55</u>	<u>312</u>	<u>349</u>	<u>434</u>	<u>72</u>	<u>37</u>
<u>55</u>	<u>312</u>	<u>349</u>	<u>434</u>	<u>72</u>	<u>9,383</u>
<u>\$ 56</u>	<u>\$ 312</u>	<u>\$ 349</u>	<u>\$ 437</u>	<u>\$ 79</u>	<u>\$ 9,969</u>

(Continued)

City of Toledo, Ohio
Combining Balance Sheet
Nonmajor Special Revenue Funds (continued)
December 31, 2017
(Amounts in Thousands)

	Toledo City Parks	Toledo Home Program	Right Of Way	Total Nonmajor Special Revenue Funds
Assets:				
Cash and Equivalents:				
Cash and Equivalents Other	\$ -	\$ -	\$ -	\$ 1
Investments	-	-	-	37
Receivables (Net of Allowance)	-	2,221	-	10,855
Due From Other:				
Funds	99	-	47	21,725
Governments	-	270	-	8,717
Inventory of Supplies	-	-	-	1,049
Total assets	<u>\$ 99</u>	<u>\$ 2,491</u>	<u>\$ 47</u>	<u>\$ 42,384</u>
Liabilities:				
Accounts payable	\$ -	\$ 152	\$ -	\$ 1,508
Deposits	-	-	25	1,983
Retainage	-	-	-	6
Due to Other:				
Funds	-	1,487	-	3,406
Accrued Wages and Benefits Payable	-	3	-	270
Compensated Absences Payable	-	-	-	46
Total liabilities	<u>-</u>	<u>1,642</u>	<u>25</u>	<u>7,219</u>
Deferred inflows of resources:				
Revenues Levied for the next year and Unavailable Revenue	<u>-</u>	<u>42</u>	<u>-</u>	<u>4,634</u>
Fund balances:				
Nonspendable	-	-	-	1,049
Restricted	-	807	22	28,124
Committed	<u>99</u>	<u>-</u>	<u>-</u>	<u>1,358</u>
Total fund balances	<u>99</u>	<u>807</u>	<u>22</u>	<u>30,531</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 99</u>	<u>\$ 2,491</u>	<u>\$ 47</u>	<u>\$ 42,384</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, 2017
(Amounts in Thousands)

	Federal Block Grants	Operation Grants	Urban Development Action Grants	Street Construction Maintenance and Repair
Revenues:				
Intergovernmental Services	\$ -	\$ -	\$ -	\$ 13,494
Charges for Services	-	-	-	3
Investment Earnings	-	-	-	-
Fines and Forfeitures	-	1	-	199
Grants	6,547	4,985	-	-
Other Revenue	15	247	-	9
Total Revenues	<u>6,562</u>	<u>5,233</u>	<u>-</u>	<u>13,705</u>
Expenditures:				
Current:				
General government	-	18	-	233
Public Service	-	-	-	11,488
Public Safety	-	2,051	-	124
Public Utilities	-	-	-	2
Community Environment	6,690	1,410	-	11
Health	-	1,176	-	-
Parks and Recreation	-	-	-	-
Capital outlay	-	-	-	661
Total Expenditures	<u>6,690</u>	<u>4,655</u>	<u>-</u>	<u>12,519</u>
Excess (deficiency) of revenues over (under) Expenditures	<u>(128)</u>	<u>578</u>	<u>-</u>	<u>1,186</u>
Other Financing Sources (Uses):				
Transfers in	-	-	-	225
Transfers out	(398)	-	-	(462)
Total Other Financing Sources (Uses)	<u>(398)</u>	<u>-</u>	<u>-</u>	<u>(237)</u>
Net change in fund balances	(526)	578	-	949
Fund Balances at Beginning of Year	1,091	10,896	688	5,151
Increase for Inventory	-	-	-	171
Fund Balances at End of Year	<u>\$ 565</u>	<u>\$ 11,474</u>	<u>\$ 688</u>	<u>\$ 6,271</u>

Cemetery Maintenance	Golf Improvements	Parkland Replacement	Cemeteries Property Acquisition Site Development	Marina Development	Expendable Trusts
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
33	250	-	16	27	574
5	-	-	-	-	6
-	-	-	-	-	1,384
-	-	-	-	-	51
-	-	6	-	-	4,850
<u>38</u>	<u>250</u>	<u>6</u>	<u>16</u>	<u>27</u>	<u>6,865</u>
-	-	-	-	-	2
-	-	-	-	-	-
-	-	-	-	-	1,484
-	-	-	-	-	-
-	51	-	-	-	2,869
8	-	-	-	-	176
-	-	-	-	11	10
-	-	-	-	-	124
<u>8</u>	<u>51</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>4,665</u>
<u>30</u>	<u>199</u>	<u>6</u>	<u>16</u>	<u>16</u>	<u>2,200</u>
-	-	-	-	-	-
-	(300)	-	-	-	-
-	(300)	-	-	-	-
30	(101)	6	16	16	2,200
25	413	343	418	56	7,183
-	-	-	-	-	-
<u>\$ 55</u>	<u>\$ 312</u>	<u>\$ 349</u>	<u>\$ 434</u>	<u>\$ 72</u>	<u>\$ 9,383</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, 2017
(Amounts in Thousands)

	Toledo City Parks	Toledo Home Program	Right Of Way	Total Nonmajor Special Revenue Funds
Revenues:				
Intergovernmental Services	\$ -	\$ -	\$ -	\$ 13,494
Charges for Services	-	-	-	903
Investment Earnings	-	-	-	11
Fines and Forfeitures	-	-	-	1,584
Grants	-	1,556	-	13,139
Other Revenue	-	32	9	5,168
Total Revenues	-	1,588	9	34,299
Expenditures:				
Current:				
General government	-	-	-	253
Public Service	-	-	-	11,488
Public Safety	-	-	-	3,659
Public Utilities	-	-	-	2
Community Environment	-	1,709	-	12,740
Health	-	-	-	1,360
Parks and Recreation	-	-	-	21
Capital outlay	-	-	-	785
Total Expenditures	-	1,709	-	30,308
Excess (deficiency) of revenues over (under) Expenditures	-	(121)	9	3,991
Other Financing Sources (Uses):				
Transfers in	-	382	225	832
Transfers out	-	-	(225)	(1,385)
Total Other Financing Sources (Uses)	-	382	-	(553)
Net change in fund balances	-	261	9	3,438
Fund Balances at Beginning of Year	99	546	13	26,922
Increase for Inventory	-	-	-	171
Fund Balances at End of Year	\$ 99	\$ 807	\$ 22	\$ 30,531

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, 2017
(Amounts in Thousands)

	Jeep Municipal Public Improvement TIF	General Obligation	Special Assessment	Total Nonmajor Debt Service Funds
Assets:				
Receivables (Net of Allowance)	\$ -	\$ -	\$ 47	\$ 47
Due From Other: Funds	-	1	200	201
Total assets	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 247</u>	<u>\$ 248</u>
Liabilities:				
Accounts payable	\$ 31	\$ -	\$ -	\$ 31
Due to Other: Funds	16,727	-	-	16,727
Total Liabilities	<u>16,758</u>	<u>-</u>	<u>-</u>	<u>16,758</u>
Deferred inflows of resources:				
Revenues Levied for the next year and Unavailable Revenue	-	-	47	47
Fund balances:				
Restricted	-	-	200	200
Committed	-	1	-	1
Unassigned (deficit)	(16,758)	-	-	(16,758)
Total fund balances (deficit)	<u>(16,758)</u>	<u>1</u>	<u>200</u>	<u>(16,557)</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 247</u>	<u>\$ 248</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, 2017
(Amounts in Thousands)

	Jeep Municipal Public Improvement TIF	General Obligation	Special Assessment	Total Nonmajor Debt Service Funds
Revenues:				
Special Assessments	\$ -	\$ -	\$ 21	\$ 21
Intergovernmental Services	3,036	-	-	3,036
Total revenues	<u>3,036</u>	<u>-</u>	<u>21</u>	<u>3,057</u>
Expenditures:				
Debt service:				
Principal retirement	3,208	10,615	15	13,838
Interest and fiscal charges	390	5,173	2	5,565
Total expenditures	<u>3,598</u>	<u>15,788</u>	<u>17</u>	<u>19,403</u>
Excess (deficiency) of revenues over (under) Expenditures	(562)	(15,788)	4	(16,346)
Other Financing Sources:				
Transfers in	-	15,788	-	15,788
Net change in fund balances	(562)	-	4	(558)
Fund balances (deficit) at beginning of year	<u>(16,196)</u>	<u>1</u>	<u>196</u>	<u>(15,999)</u>
Fund balances (deficit) at end of year	<u>\$ (16,758)</u>	<u>\$ 1</u>	<u>\$ 200</u>	<u>\$ (16,557)</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, 2017
(Amounts in Thousands)

	Special Assessment Improvements	Franklin Park/ Westfield Municipal Public Improvement TIF	Total Nonmajor Capital Projects Funds
Assets:			
Receivables (Net of Allowance)	\$ 823	\$ 36	\$ 859
Due From Other:			
Funds	-	11,227	11,227
Total assets	<u>\$ 823</u>	<u>\$ 11,263</u>	<u>\$ 12,086</u>
Liabilities:			
Retainage	\$ 8	\$ -	\$ 8
Due to Other:			
Funds	738	-	738
Accrued Wages and Benefits Payable	1	-	1
Notes Payable	<u>1,275</u>	<u>-</u>	<u>1,275</u>
Total liabilities	<u>2,022</u>	<u>-</u>	<u>2,022</u>
Deferred inflows of resources:			
Revenues Levied for the next year and Unavailable Revenue	<u>823</u>	<u>-</u>	<u>823</u>
Fund balances:			
Restricted	-	11,263	11,263
Unassigned (deficit)	<u>(2,022)</u>	<u>-</u>	<u>(2,022)</u>
Total fund balances	<u>(2,022)</u>	<u>11,263</u>	<u>9,241</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 823</u>	<u>\$ 11,263</u>	<u>\$ 12,086</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, 2017
(Amounts in Thousands)

	Special Assessment Improvements	Franklin Park/ Westfield Municipal Public Improvement TIF	Total Nonmajor Capital Projects Funds
Revenues:			
Special Assessments	\$ 156	\$ -	\$ 156
Intergovernmental Services	-	2,153	2,153
Total revenues	<u>156</u>	<u>2,153</u>	<u>2,309</u>
Expenditures:			
Capital outlay	344	1,638	1,982
Debt service:			
Interest and fiscal charges	24	-	24
Total expenditures	<u>368</u>	<u>1,638</u>	<u>2,006</u>
Excess (deficiency) of revenues over (under) Expenditures	(212)	515	303
Other Financing Sources:			
Premium on Bonds and Notes	9	-	9
Net change in fund balances	(203)	515	312
Fund balances (deficit) at beginning of year	<u>(1,819)</u>	<u>10,748</u>	<u>8,929</u>
Fund balances (deficit) at end of year	<u>\$ (2,022)</u>	<u>\$ 11,263</u>	<u>\$ 9,241</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 Operating

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

Toledo Public Power

To account for the revenues and 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, 2017
(Amounts in Thousands)

	<u>Storm Sewer</u>	<u>Property Management</u>	<u>Small Business Development</u>	<u>Municipal Tow Lot</u>
Assets:				
Current:				
Cash and Equivalents with Treasury	\$ 553	\$ -	\$ -	\$ -
Investments	12,045	-	-	-
Restricted Investments	-	-	-	-
Receivables (Net of Allowance)	2,906	5,211	-	325
Due From Other:				
Funds	2,944	26	-	183
Total current assets	<u>18,448</u>	<u>5,237</u>	<u>-</u>	<u>508</u>
Noncurrent:				
Restricted Investments	9,083	-	-	-
Land and Construction in progress	10,805	609	153	697
Other Capital Assets, net of Accumulated Depreciation	31,581	-	-	34
Total noncurrent assets	<u>51,469</u>	<u>609</u>	<u>153</u>	<u>731</u>
Total assets	<u>69,917</u>	<u>5,846</u>	<u>153</u>	<u>1,239</u>
Deferred Outflows of Resources				
Pension	<u>1,663</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities:				
Current:				
Accounts Payable	54	-	-	76
Customer Deposits	-	-	-	-
Retainage	36	-	-	-
Due to Other:				
Funds	-	-	107	-
Governments	15	-	-	-
Accrued Interest Payable	-	52	-	5
Accrued Wages and Benefits	99	-	-	-
Current Portion of:				
Compensated Absences Payable	1	-	-	-
Bonds, Loans, and Notes Payable, net	184	806	-	150
Total current liabilities	<u>389</u>	<u>858</u>	<u>107</u>	<u>231</u>
Noncurrent:				
Compensated Absences Payable	356	-	-	-
Bonds, Loans, and Notes Payable, net	2,627	9,172	-	910
Net Pension Liabilities	4,340	-	-	-
Total noncurrent liabilities	<u>7,323</u>	<u>9,172</u>	<u>-</u>	<u>910</u>
Total liabilities	<u>7,712</u>	<u>10,030</u>	<u>107</u>	<u>1,141</u>
Deferred Inflows of Resources:				
Pensions	<u>84</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	39,575	609	153	(329)
Restricted:				
Debt Service	22	-	-	-
Replacement	16,472	-	-	-
Improvement	100	-	-	-
Unrestricted (deficit)	7,615	(4,793)	(107)	427
Total Net Position (deficit)	<u>\$ 63,784</u>	<u>\$ (4,184)</u>	<u>\$ 46</u>	<u>\$ 98</u>

Marina Operations	Toledo Public Power	Total Nonmajor Enterprise Funds
\$ -	\$ -	\$ 553
-	-	12,045
-	376	376
-	57	8,499
<u>1</u>	<u>303</u>	<u>3,457</u>
<u>1</u>	<u>736</u>	<u>24,930</u>
-	-	9,083
-	-	12,264
-	-	31,615
-	-	52,962
<u>1</u>	<u>736</u>	<u>77,892</u>
-	-	1,663
1	100	231
-	50	50
-	-	36
-	-	107
-	-	15
-	-	57
-	-	99
-	-	1
-	-	1,140
<u>1</u>	<u>150</u>	<u>1,736</u>
-	-	356
-	-	12,709
-	-	4,340
-	-	17,405
<u>1</u>	<u>150</u>	<u>19,141</u>
-	-	84
-	376	40,384
-	-	22
-	-	16,472
-	-	100
-	210	3,352
<u>\$ -</u>	<u>\$ 586</u>	<u>\$ 60,330</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, 2017
(Amounts in Thousands)

	Storm Sewer	Property Management	Small Business Development	Municipal Tow Lot
Operating Revenues:				
Charges for services	\$ 10,102	\$ -	\$ -	\$ 1,957
Other Revenue	13	-	-	290
Total Operating Revenues	10,115	-	-	2,247
Operating Expenses:				
Personal services	4,249	-	-	-
Contract services	1,885	26	3	852
Materials and supplies	502	-	-	32
Utilities	-	-	3	18
Depreciation	1,002	-	-	124
Total Operating Expenses	7,638	26	6	1,026
Operating Income (Loss)	2,477	(26)	(6)	1,221
Nonoperating Revenues (Expenses):				
Investment Earnings	138	39	-	-
Interest Expense and Fiscal Charges	(60)	(542)	-	(58)
Total nonoperating revenues (expenses)	78	(503)	-	(58)
Income (loss) before				
Transfers and Contributions	2,555	(529)	(6)	1,163
Capital contributions	172	-	-	-
Transfers in	346	5,248	-	-
Transfers out	(75)	-	-	(1,065)
Change in net position	2,998	4,719	(6)	98
Net position (deficit) at beginning of year, restated	60,786	(8,903)	52	-
Net position (deficit) at end of year	\$ 63,784	\$ (4,184)	\$ 46	\$ 98

Toledo Public Power	Total Nonmajor Enterprise Funds
\$ 683	\$ 12,742
366	669
<u>1,049</u>	<u>13,411</u>
-	4,249
1	2,767
-	534
698	719
-	1,126
<u>699</u>	<u>9,395</u>
350	4,016
4	181
<u>(11)</u>	<u>(671)</u>
<u>(7)</u>	<u>(490)</u>
343	3,526
-	172
-	5,594
<u>-</u>	<u>(1,140)</u>
343	8,152
<u>243</u>	<u>52,178</u>
<u>\$ 586</u>	<u>\$ 60,330</u>

City of Toledo, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds
For the Year Ended December 31, 2017
(Amounts in Thousands)

	Storm Sewer	Property Management	Small Business Development	Municipal Tow Lot
Cash flows from operating activities:				
Cash received from customers	\$ 11,675	\$ -	\$ -	\$ 1,865
Cash paid to employees	(3,688)	-	-	-
Cash paid to suppliers	(2,447)	(4,985)	-	(877)
Other receipts	13	-	-	290
Net cash provided by (used in) operating activities	<u>5,553</u>	<u>(4,985)</u>	<u>-</u>	<u>1,278</u>
Cash flows from noncapital financing activities:				
Transfer in	271	5,248	-	-
Transfer out	-	-	-	(1,065)
Net cash provided by (used in) noncapital financing activities	<u>271</u>	<u>5,248</u>	<u>-</u>	<u>(1,065)</u>
Cash flows from capital and related financing activities:				
Proceeds from capital grants and contributions	172	-	-	-
Purchases of property, plant, and equipment	(1,246)	38	-	-
Principal payments	(189)	(4,465)	-	(155)
Proceeds from the issuance of bonds, loans, and notes	141	-	-	-
Interest and fiscal charges paid on bonds, loans, and notes	(60)	(633)	-	(58)
Net cash (used in) capital and related financing activities	<u>(1,182)</u>	<u>(5,060)</u>	<u>-</u>	<u>(213)</u>
Cash flows from investing activities:				
Proceeds from sales and maturities of investments	4,365	5,722	-	-
Purchase of investments	(9,591)	(967)	-	-
Investment income received on investments	138	39	-	-
Net cash provided by (used in) investing activities	<u>(5,088)</u>	<u>4,794</u>	<u>-</u>	<u>-</u>
Net (decrease) in cash and cash equivalents	(446)	(3)	-	-
Cash and cash equivalents at beginning of year	999	3	-	-
Cash and cash equivalents at end of year	<u>\$ 553</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Toledo Public Power	Total Nonmajor Enterprise Funds
\$ 610	\$ 14,150
-	(3,688)
(965)	(9,274)
<u>366</u>	<u>669</u>
 11	 1,857
 -	 5,519
 -	 (1,065)
 <u>-</u>	 <u>4,454</u>
 -	 172
 -	 (1,208)
 -	 (4,809)
 -	 141
 <u>(11)</u>	 <u>(762)</u>
 <u>(11)</u>	 <u>(6,466)</u>
 -	 10,087
 (4)	 (10,562)
 <u>4</u>	 <u>181</u>
 <u>-</u>	 <u>(294)</u>
 -	 (449)
 -	 1,002
 <u>\$ -</u>	 <u>\$ 553</u>

(continued)

City of Toledo, Ohio
Combining Statement of Cash Flows
Nonmajor Enterprise Funds (continued)
For the Year Ended December 31, 2017
(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 (used in) operating activities:				
Operating income (loss)	\$ 2,477	\$ (26)	\$ (6)	\$ 1,221
Adjustments:				
Depreciation	1,002	-	-	124
(Decrease) in allowance for doubtful accounts	(202)	-	-	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Receivables	(150)	12	-	35
Due to (from) other:				
Funds	1,926	(4,971)	6	(127)
Governments	(1)	-	-	-
Accounts payable	(59)	-	-	25
Customer deposits	-	-	-	-
Retainage	(1)	-	-	-
Accrued wages and benefits	3	-	-	-
Compensated absences	(4)	-	-	-
Deferred outflows of resources - pension	(347)	-	-	-
Net pension liability	894	-	-	-
Deferred inflows of resources - pension	15	-	-	-
Net cash provided by (used in) operating activities	<u>\$ 5,553</u>	<u>\$ (4,985)</u>	<u>\$ -</u>	<u>\$ 1,278</u>

Toledo Public Power	Total Nonmajor Enterprise Funds
\$ 350	\$ 4,016
-	1,126
-	(202)
5	(98)
(78)	(3,244)
-	(1)
100	66
(366)	(366)
-	(1)
-	3
-	(4)
-	(347)
-	894
-	15
<u>\$ 11</u>	<u>\$ 1,857</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, 2017
(Amounts in Thousands)

	<u>Municipal Garage</u>	<u>Capital Replacement</u>	<u>Storeroom and Printshop</u>	<u>Information Technology</u>
Assets:				
Current:				
Cash and Equivalents Held by Escrow	\$ -	\$ 701	\$ -	\$ -
Receivables (Net of Allowance)	391	-	2	206
Due From Other:				
Funds	6,958	-	221	588
Inventory of Supplies	934	-	5	-
Total current assets	<u>8,283</u>	<u>701</u>	<u>228</u>	<u>794</u>
Noncurrent:				
Land and Construction in progress	350	1,715	-	-
Other Capital Assets, net of Accumulated Depreciation	8,662	10,344	-	-
Total noncurrent assets	<u>9,012</u>	<u>12,059</u>	<u>-</u>	<u>-</u>
Total assets	<u>17,295</u>	<u>12,760</u>	<u>228</u>	<u>794</u>
Deferred Outflows of Resources				
Pension	<u>1,985</u>	<u>-</u>	<u>28</u>	<u>1,152</u>
Liabilities:				
Current:				
Accounts Payable	562	76	143	170
Customer Deposits	291	-	-	2
Due to Other:				
Funds	-	1,473	-	-
Other Current Liabilities	-	-	-	-
Accrued Wages and Benefits	96	-	1	22
Current Portion of:				
Compensated Absences Payable	7	-	-	-
Bonds, Loans, and Notes Payable, net	-	1,344	-	-
Total current liabilities	<u>956</u>	<u>2,893</u>	<u>144</u>	<u>194</u>
Noncurrent:				
Bonds, Loans, and Notes Payable, net	-	3,108	-	-
Net Pension Liabilities	4,969	-	37	1,517
Total noncurrent liabilities	<u>4,969</u>	<u>3,108</u>	<u>37</u>	<u>1,517</u>
Total liabilities	<u>5,925</u>	<u>6,001</u>	<u>181</u>	<u>1,711</u>
Deferred Inflows of Resources:				
Pensions	<u>31</u>	<u>-</u>	<u>-</u>	<u>9</u>
Net Position:				
Net Investment in Capital Assets	9,012	8,308	-	-
Unrestricted (deficit)	4,312	(1,549)	75	226
Total Net Position	<u>\$ 13,324</u>	<u>\$ 6,759</u>	<u>\$ 75</u>	<u>\$ 226</u>

Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
\$ -	\$ -	\$ -	\$ 701
1	53	22	675
6,834	808	9,150	24,559
-	-	-	939
<u>6,835</u>	<u>861</u>	<u>9,172</u>	<u>26,874</u>
-	-	-	2,065
-	2,894	-	21,900
-	2,894	-	23,965
<u>6,835</u>	<u>3,755</u>	<u>9,172</u>	<u>50,839</u>
<u>243</u>	<u>1,058</u>	<u>253</u>	<u>4,719</u>
69	118	1,289	2,427
-	-	-	293
-	-	-	1,473
1,200	-	5,000	6,200
2	34	5	160
-	2	-	9
-	3,250	-	4,594
<u>1,271</u>	<u>3,404</u>	<u>6,294</u>	<u>15,156</u>
-	-	-	3,108
321	1,393	333	8,570
321	1,393	333	11,678
<u>1,592</u>	<u>4,797</u>	<u>6,627</u>	<u>26,834</u>
<u>2</u>	<u>8</u>	<u>2</u>	<u>52</u>
-	(356)	-	16,964
5,484	364	2,796	11,708
<u>\$ 5,484</u>	<u>\$ 8</u>	<u>\$ 2,796</u>	<u>\$ 28,672</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, 2017
(Amounts in Thousands)

	<u>Municipal Garage</u>	<u>Capital Replacement</u>	<u>Storeroom and Printshop</u>	<u>Information Technology</u>
Operating Revenues:				
Charges for services	\$ 9,696	\$ 1,430	\$ 475	\$ 4,843
Other Revenue	182	-	-	-
Total Operating Revenues	<u>9,878</u>	<u>1,430</u>	<u>475</u>	<u>4,843</u>
Operating Expenses:				
Personal services	4,905	-	46	1,776
Contract services	908	-	261	1,236
Materials and supplies	4,311	-	134	196
Utilities	21	-	-	2,043
Depreciation	224	1,404	-	-
Total Operating Expenses	<u>10,369</u>	<u>1,404</u>	<u>441</u>	<u>5,251</u>
Operating Income (Loss)	(491)	26	34	(408)
Nonoperating Expenses:				
Interest Expense and Fiscal Charges	-	(651)	-	-
Change in net position	(491)	(625)	34	(408)
Net position at beginning of year	<u>13,815</u>	<u>7,384</u>	<u>41</u>	<u>634</u>
Net position at end of year	<u>\$ 13,324</u>	<u>\$ 6,759</u>	<u>\$ 75</u>	<u>\$ 226</u>

Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
\$ 2,202	\$ 3,280	\$ 2,690	\$ 24,616
-	23	2,737	2,942
<u>2,202</u>	<u>3,303</u>	<u>5,427</u>	<u>27,558</u>
354	1,649	417	9,147
783	1,050	6,631	10,869
-	321	-	4,962
-	113	-	2,177
-	93	-	1,721
<u>1,137</u>	<u>3,226</u>	<u>7,048</u>	<u>28,876</u>
1,065	77	(1,621)	(1,318)
-	(83)	-	(734)
1,065	(6)	(1,621)	(2,052)
<u>4,419</u>	<u>14</u>	<u>4,417</u>	<u>30,724</u>
<u>\$ 5,484</u>	<u>\$ 8</u>	<u>\$ 2,796</u>	<u>\$ 28,672</u>

City of Toledo, Ohio
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2017
(Amounts in Thousands)

	Municipal Garage	Capital Replacement	Storeroom and Printshop	Information Technology
Cash flows from operating activities:				
Cash received from customers	\$ 9,872	\$ 1,430	\$ 492	\$ 5,435
Cash paid to employees	(4,204)	-	(36)	(1,504)
Cash paid to suppliers	(5,849)	(474)	(456)	(3,931)
Other receipts	181	-	-	-
Net cash provided by operating activities	-	956	-	-
Cash flows from capital and related financing activities:				
Purchases of property, plant, and equipment	-	(148)	-	-
Principal payments	-	(779)	-	-
Interest and fiscal charges paid on bonds, loans, and notes	-	(652)	-	-
Net cash (used in) capital and related financing activities	-	(1,579)	-	-
Net (decrease) in cash and cash equivalents	-	(623)	-	-
Cash and cash equivalents at beginning of year	-	1,324	-	-
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)	\$ (491)	\$ 26	\$ 34	\$ (408)
Adjustments:				
Depreciation	224	1,404	-	-
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:				
Receivables	(78)	-	-	-
Due to (from) other:				
Funds	254	(19)	17	592
Prepaid expenses	-	277	-	-
Inventory of supplies	(450)	-	(3)	-
Accounts payable	(159)	(732)	(57)	(455)
Other current liabilities	-	-	-	-
Accrued wages and benefits	4	-	-	(103)
Compensated absences	7	-	-	-
Deferred outflows of resources - pension	(589)	-	(28)	(1,152)
Net pension liability	1,320	-	37	1,517
Deferred inflows of resources - pension	(42)	-	-	9
Net cash provided by operating activities	<u>\$ -</u>	<u>\$ 956</u>	<u>\$ -</u>	<u>\$ -</u>

Risk Management	Facility Operations	Workers' Compensation	Total Internal Service Funds
\$ 1,026	\$ 2,836	\$ 5,084	\$ 26,175
(274)	(1,302)	(336)	(7,656)
(752)	(1,474)	(7,485)	(20,421)
-	23	2,737	2,941
-	83	-	1,039
-	-	-	(148)
-	-	-	(779)
-	(83)	-	(735)
-	(83)	-	(1,662)
-	-	-	(623)
-	-	-	1,324
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 701</u>

\$ 1,065	\$ 77	\$ (1,621)	\$ (1,318)
-	93	-	1,721
-	(3)	-	(81)
(1,176)	(441)	2,394	1,621
-	-	-	277
-	-	-	(453)
30	10	1,145	(218)
-	-	(2,000)	(2,000)
1	2	-	(96)
-	2	-	9
(243)	(1,058)	(253)	(3,323)
321	1,393	333	4,921
2	8	2	(21)
<u>\$ -</u>	<u>\$ 83</u>	<u>\$ -</u>	<u>\$ 1,039</u>

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, 2017
(Amounts in Thousands)

	Beginning Balance 12/31/2016	Additions	Reductions	Ending Balance 12/31/2017
General Agency				
Assets:				
Receivables	\$ 2,676	\$ 2,682	\$ 2,676	\$ 2,682
Liabilities:				
Accounts Payable	\$ 327	\$ 372	\$ 327	\$ 372
Customer Deposit	2,349	2,310	2,349	2,310
Total liabilities	\$ 2,676	\$ 2,682	\$ 2,676	\$ 2,682
Municipal Court				
Assets:				
Cash and Cash Equivalents Other	\$ 875	\$ 907	\$ 875	\$ 907
Liabilities:				
Customer Deposit	\$ 875	\$ 907	\$ 875	\$ 907
Total Agency Funds				
Assets:				
Cash and Cash Equivalents Other	\$ 875	\$ 907	\$ 875	\$ 907
Receivables	2,676	2,682	2,676	2,682
Total assets	\$ 3,551	\$ 3,589	\$ 3,551	\$ 3,589
Liabilities:				
Accounts Payable	\$ 327	\$ 372	\$ 327	\$ 372
Customer Deposit	3,224	3,217	3,224	3,217
Total liabilities	\$ 3,551	\$ 3,589	\$ 3,551	\$ 3,589

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, 2017
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Income taxes	\$ 173,650	\$ 176,000	\$ 176,362	\$ 362
Property taxes	11,975	11,975	12,025	50
Licenses and permits	2,896	2,896	2,942	46
Intergovernmental services	17,690	16,990	18,878	1,888
Charges for services	30,459	30,059	29,299	(760)
Investment earnings	200	200	462	262
Fines and forfeitures	7,056	9,856	9,845	(11)
Other revenue	1,170	1,294	1,155	(139)
Total revenues	<u>245,096</u>	<u>249,270</u>	<u>250,968</u>	<u>1,698</u>
EXPENDITURES				
Current:				
General government				
Accounts				
Personnel services	1,101	1,073	922	151
Materials and supplies	8	8	2	6
Contractual services	263	263	220	43
Accounts total	<u>1,372</u>	<u>1,344</u>	<u>1,144</u>	<u>200</u>
Diversity and inclusion				
Personnel services	378	368	350	18
Materials and supplies	2	1	1	-
Contractual services	21	22	24	(2)
Diversity and inclusion total	<u>401</u>	<u>391</u>	<u>375</u>	<u>16</u>
Auditor				
Personnel services	99	96	103	(7)
Materials and supplies	2	1	-	1
Contractual services	2	3	2	1
Auditor total	<u>103</u>	<u>100</u>	<u>105</u>	<u>(5)</u>
Beautification action team				
Personnel services	25	25	25	-
Materials and supplies	6	6	4	2
Contractual services	51	171	160	11
Beautification action team total	<u>82</u>	<u>202</u>	<u>189</u>	<u>13</u>
Board of community relations				
Personnel services	95	92	90	2
Materials and supplies	3	2	-	2
Contractual services	13	14	11	3
Board of community relations total	<u>111</u>	<u>108</u>	<u>101</u>	<u>7</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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
General government (continued)				
City council				
Personnel services	1,260	1,228	1,166	62
Materials and supplies	16	16	15	1
Contractual services	184	184	120	64
Debt and other	-	-	-	-
City council total	<u>1,460</u>	<u>1,428</u>	<u>1,301</u>	<u>127</u>
Facility operations				
Contractual services	<u>542</u>	<u>542</u>	<u>519</u>	<u>23</u>
Facility operations total	<u>542</u>	<u>542</u>	<u>519</u>	<u>23</u>
Finance administration				
Personnel services	204	198	199	(1)
Materials and supplies	3	8	1	7
Contractual services	<u>132</u>	<u>127</u>	<u>126</u>	<u>1</u>
Finance administration total	<u>339</u>	<u>333</u>	<u>326</u>	<u>7</u>
Finance ERP				
Personnel services	351	274	246	28
Materials and supplies	2	2	4	(2)
Contractual services	<u>55</u>	<u>123</u>	<u>120</u>	<u>3</u>
Finance ERP total	<u>408</u>	<u>399</u>	<u>370</u>	<u>29</u>
Financial analysis				
Personnel services	459	448	332	116
Materials and supplies	3	3	-	3
Contractual services	<u>14</u>	<u>14</u>	<u>12</u>	<u>2</u>
Financial analysis total	<u>476</u>	<u>465</u>	<u>344</u>	<u>121</u>
General fund utilities				
Contractual services	<u>1,536</u>	<u>1,536</u>	<u>1,383</u>	<u>153</u>
General fund utilities total	<u>1,536</u>	<u>1,536</u>	<u>1,383</u>	<u>153</u>
General non-departmental services				
Personnel services	(1,100)	(1,100)	(12)	(1,088)
Contractual services	<u>11,855</u>	<u>11,855</u>	<u>10,721</u>	<u>1,134</u>
General non-departmental services total	<u>10,755</u>	<u>10,755</u>	<u>10,709</u>	<u>46</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, 2017
(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 resources				
Personnel services	913	890	794	96
Materials and supplies	17	17	11	6
Contractual services	526	526	361	165
Human resources total	<u>1,456</u>	<u>1,433</u>	<u>1,166</u>	<u>267</u>
Law				
Personnel services	1,782	1,733	1,639	94
Materials and supplies	18	21	17	4
Contractual services	203	200	111	89
Law total	<u>2,003</u>	<u>1,954</u>	<u>1,767</u>	<u>187</u>
Office of the mayor				
Personnel services	741	720	660	60
Materials and supplies	20	19	13	6
Contractual services	142	142	89	53
Office of the mayor total	<u>903</u>	<u>881</u>	<u>762</u>	<u>119</u>
Purchasing and supplies				
Personnel services	265	258	250	8
Materials and supplies	10	10	6	4
Contractual services	49	49	31	18
Purchasing and supplies total	<u>324</u>	<u>317</u>	<u>287</u>	<u>30</u>
Safety administration				
Personnel services	13	12	13	(1)
Contractual services	124	124	74	50
Safety administration total	<u>137</u>	<u>136</u>	<u>87</u>	<u>49</u>
Streets, bridges & harbor				
Personnel services	40	39	49	(10)
Streets, bridges & harbor total	<u>40</u>	<u>39</u>	<u>49</u>	<u>(10)</u>
Taxation				
Personnel services	1,896	1,847	1,493	354
Materials and supplies	205	210	118	92
Contractual services	255	250	208	42
Taxation total	<u>2,356</u>	<u>2,307</u>	<u>1,819</u>	<u>488</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, 2017
(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>		
General government (continued)				
Treasury				
Personnel services	239	233	228	5
Materials and supplies	12	14	10	4
Contractual services	83	81	70	11
Treasury total	<u>334</u>	<u>328</u>	<u>308</u>	<u>20</u>
Utilities administrative service				
Personnel services	103	101	78	23
Utility Administrative Service Total	<u>103</u>	<u>101</u>	<u>78</u>	<u>23</u>
Youth commission				
Personnel services	92	90	64	26
Materials and supplies	6	5	3	2
Contractual services	43	43	27	16
Youth commission total	<u>141</u>	<u>138</u>	<u>94</u>	<u>44</u>
General government total	<u>25,382</u>	<u>25,237</u>	<u>23,283</u>	<u>1,954</u>
Public service				
General fund utilities				
Contractual services	1,684	1,684	1,284	400
General fund utilities total	<u>1,684</u>	<u>1,684</u>	<u>1,284</u>	<u>400</u>
Parks & forestry				
Personnel services	37	36	38	(2)
Materials and supplies	1	1	1	-
Contractual services	246	246	184	62
Parks & forestry total	<u>284</u>	<u>283</u>	<u>223</u>	<u>60</u>
Public service total	<u>1,968</u>	<u>1,967</u>	<u>1,507</u>	<u>460</u>
Public safety				
Clerk of municipal court				
Personnel services	5,340	5,206	4,677	529
Materials and supplies	415	415	354	61
Contractual services	424	423	462	(39)
Clerk of municipal court total	<u>6,179</u>	<u>6,044</u>	<u>5,493</u>	<u>551</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, 2017
(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 (continued)				
Fire				
Personnel services	67,375	65,978	64,469	1,509
Materials and supplies	935	935	887	48
Contractual services	3,502	3,502	3,250	252
Fire total	<u>71,812</u>	<u>70,415</u>	<u>68,606</u>	<u>1,809</u>
General non-departmental services				
Contractual services	62	62	68	(6)
General non-departmental services total	<u>62</u>	<u>62</u>	<u>68</u>	<u>(6)</u>
Law				
Personnel services	919	894	792	102
Contractual services	5	5	4	1
Law total	<u>924</u>	<u>899</u>	<u>796</u>	<u>103</u>
Municipal court judges				
Personnel services	6,325	6,162	5,423	739
Materials and supplies	141	141	112	29
Contractual services	2,638	2,638	2,645	(7)
Municipal court judges total	<u>9,104</u>	<u>8,941</u>	<u>8,180</u>	<u>761</u>
Police				
Personnel services	74,798	73,530	71,328	2,202
Materials and supplies	1,428	1,694	1,682	12
Contractual services	5,010	4,899	4,922	(23)
Police total	<u>81,236</u>	<u>80,123</u>	<u>77,932</u>	<u>2,191</u>
Safety administration				
Contractual services	5,637	2,637	2,352	285
Safety administration total	<u>5,637</u>	<u>2,637</u>	<u>2,352</u>	<u>285</u>
Public safety total	<u>174,954</u>	<u>169,121</u>	<u>163,427</u>	<u>5,694</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, 2017
(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	1,837	1,619	1,544	75
Materials and supplies	27	38	36	2
Contractual services	310	466	446	20
Building inspection total	<u>2,174</u>	<u>2,123</u>	<u>2,026</u>	<u>97</u>
Code enforcement				
Personnel services	657	640	623	17
Materials and supplies	15	12	13	(1)
Contractual services	399	401	333	68
Code enforcement total	<u>1,071</u>	<u>1,053</u>	<u>969</u>	<u>84</u>
Economic development				
Personnel services	392	381	359	22
Materials and supplies	5	5	3	2
Contractual services	950	910	685	225
Economic development total	<u>1,347</u>	<u>1,296</u>	<u>1,047</u>	<u>249</u>
Engineering services				
Personnel services	83	80	91	(11)
Contractual services	37	37	30	7
Engineering services total	<u>120</u>	<u>117</u>	<u>121</u>	<u>(4)</u>
General non-departmental services				
Contractual services	27	27	-	27
General non-departmental services total	<u>27</u>	<u>27</u>	<u>-</u>	<u>27</u>
Housing				
Personnel services	4	4	1	3
Contractual services		219	218	1
Housing total	<u>4</u>	<u>223</u>	<u>219</u>	<u>4</u>
Neighborhoods administration				
Personnel services	12	12	10	2
Contractual services		40	35	5
Neighborhoods administration total	<u>12</u>	<u>52</u>	<u>45</u>	<u>7</u>
Planning commission				
Personnel services	441	430	387	43
Materials and supplies	12	11	9	2
Contractual services	35	36	32	4
Planning commission total	<u>488</u>	<u>477</u>	<u>428</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, 2017
(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	135	131	97	34
Materials and supplies	1	1	1	-
Contractual services	139	139	108	31
Real estate total	<u>275</u>	<u>271</u>	<u>206</u>	<u>65</u>
Community environment total	<u>5,518</u>	<u>5,639</u>	<u>5,061</u>	<u>578</u>
Health				
City Council				
Contractual services	-	90	90	-
Council total	<u>-</u>	<u>90</u>	<u>90</u>	<u>-</u>
Environmental services				
Personnel services	166	162	154	8
Contractual services	15	15	13	2
Environmental services total	<u>181</u>	<u>177</u>	<u>167</u>	<u>10</u>
General non-departmental services				
Contractual services	2,250	2,250	2,236	14
General non-departmental services total	<u>2,250</u>	<u>2,250</u>	<u>2,236</u>	<u>14</u>
Municipal court judges				
Personnel services	339	330	317	13
Municipal court judges total	<u>339</u>	<u>330</u>	<u>317</u>	<u>13</u>
Parks & forestry				
Personnel services	167	163	197	(34)
Materials and supplies	13	13	13	-
Contractual services	296	296	265	31
Parks & forestry total	<u>476</u>	<u>472</u>	<u>475</u>	<u>(3)</u>
Waste disposal				
Personnel services	1,200	1,171	997	174
Materials and supplies	213	213	138	75
Contractual services	3,589	3,589	3,718	(129)
Waste disposal total	<u>5,002</u>	<u>4,973</u>	<u>4,853</u>	<u>120</u>
Health total	<u>8,248</u>	<u>8,292</u>	<u>8,138</u>	<u>154</u>
Parks and recreation				
Parks & forestry				
Personnel services	65	64	150	(86)
Materials and supplies	49	49	50	(1)
Contractual services	1,155	1,154	1,152	2
Parks & forestry total	<u>1,269</u>	<u>1,267</u>	<u>1,352</u>	<u>(85)</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, 2017
(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	492	480	390	90
Materials and supplies	15	39	30	9
Contractual services	796	892	730	162
Recreation total	<u>1,303</u>	<u>1,411</u>	<u>1,150</u>	<u>261</u>
Parks and recreation total	<u>2,572</u>	<u>2,678</u>	<u>2,502</u>	<u>176</u>
Debt service:				
Principal retirement	618	618	618	-
Interest and fiscal charges	108	108	79	29
Debt service total	<u>726</u>	<u>726</u>	<u>697</u>	<u>29</u>
Total expenditures	<u>219,368</u>	<u>213,660</u>	<u>204,615</u>	<u>9,045</u>
Excess of revenues over expenditures	<u>25,728</u>	<u>35,610</u>	<u>46,353</u>	<u>10,743</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	12,724	6,778	5,419	(1,359)
Transfers out	(38,702)	(42,646)	(45,526)	(2,880)
Proceeds from sale of capital assets	-	-	151	151
Total other financing sources (uses)	<u>(25,978)</u>	<u>(35,868)</u>	<u>(39,956)</u>	<u>(4,088)</u>
Net change in fund balance	<u>\$ (250)</u>	<u>\$ (258)</u>	6,397	<u>\$ 6,655</u>
Fund balance at beginning of year			15,754	
Increase for inventory			37	
Fund balance at year end			<u>\$ 22,188</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, 2017
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	<u>(Negative)</u>
REVENUES				
Intergovernmental Services	\$ 4,850	\$ -	\$ -	\$ -
Charges for services	276	683	-	(683)
Investment earnings	320	320	684	364
Grants	13,031	33,777	7,917	(25,860)
Other revenue	-	-	21	21
Total revenues	<u>18,477</u>	<u>34,780</u>	<u>8,622</u>	<u>(26,158)</u>
EXPENDITURES				
General government				
Debt management				
Personnel services				
Materials and supplies	1	1	-	1
Contractual services	110	110	-	110
Debt management total	<u>111</u>	<u>111</u>	<u>-</u>	<u>111</u>
Facility operations				
Contractual services	255	255	107	148
Facility operations total	<u>255</u>	<u>255</u>	<u>107</u>	<u>148</u>
Finance ERP				
Contractual services	82	82	78	4
Finance ERP total	<u>82</u>	<u>82</u>	<u>78</u>	<u>4</u>
Office of the mayor				
Personnel services	13	13	12	1
Office of the mayor total	<u>13</u>	<u>13</u>	<u>12</u>	<u>1</u>
General government total	461	461	197	264
Health				
Parks and forestry				
Contractual services	-	1	-	1
Health total	<u>-</u>	<u>1</u>	<u>-</u>	<u>1</u>
Capital outlay				
Diversity and inclusion				
Personnel services	21	21	20	1
Diversity and inclusion total	<u>21</u>	<u>21</u>	<u>20</u>	<u>1</u>
City council				
Contractual services	-	50	-	50
City council total	<u>-</u>	<u>50</u>	<u>-</u>	<u>50</u>

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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	<u>(Negative)</u>
Capital outlay (continued)				
Debt management				
Personnel services	\$ 124	\$ 124	\$ 117	\$ 7
Debt management total	124	124	117	7
Economic development				
Contractual services	-	282	33	249
Capital outlay	-	835	-	835
Economic development total	-	1,117	33	1,084
Engineering services				
Personnel services	762	1,427	1,427	-
Contractual services	14,136	56,919	21,176	35,743
Engineering services total	14,898	58,346	22,603	35,743
Fire				
Materials and supplies	-	2	-	2
Contractual services	-	9	-	9
Fire total	-	11	-	11
Facility operations				
Materials and supplies	-	18	18	-
Contractual services	-	916	400	516
Capital outlay	-	30	-	30
Facility operations total	-	964	418	546
Information & communication technology				
Contractual services	-	623	197	426
Information & communication technology total	-	623	197	426
Municipal court judges				
Contractual services	-	250	-	250
Municipal court judges total	-	250	-	250
Office of the mayor				
Contractual services	-	50	36	14
Office of the mayor total	-	50	36	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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
Capital outlay (continued)				
Parks & forestry				
Materials and supplies	\$ -	\$ 16	\$ 4	\$ 12
Contractual services	-	1,516	12	1,504
Parks & forestry total	-	1,532	16	1,516
Planning commission				
Personnel services	83	83	80	3
Planning commission total	83	83	80	3
Police				
Materials and supplies	-	78	77	1
Contractual services	-	72	72	-
Capital outlay	-	2,244	1,286	958
Police total	-	2,394	1,435	959
Recreation				
Contractual services	-	1,447	396	1,051
Recreation total	-	1,447	396	1,051
Streets, bridges & harbor				
Personnel services	138	238	203	35
Materials and supplies	523	598	551	47
Contractual services	11	6,285	3,403	2,882
Streets, bridges & harbor total	672	7,121	4,157	2,964
Taxation				
Materials and supplies	-	6	5	1
Contractual services	-	70	-	70
Taxation total	-	76	5	71
Transportation				
Personnel services	682	682	455	227
Materials and supplies	9	217	66	151
Contractual services	4	371	1	370
Capital outlay	1	1	-	1
Transportation total	696	1,271	522	749

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, 2017
(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	\$ -	\$ 546	\$ -	\$ 546
Capital outlay	-	376	-	376
Waste disposal total	-	922	-	922
Capital outlay total	<u>16,494</u>	<u>76,402</u>	<u>30,035</u>	<u>46,367</u>
Debt service:				
Principal retirement	10,902	8,436	4,074	4,362
Interest and fiscal charges	1,189	844	971	(127)
Debt issuance cost	-	-	165	(165)
Debt service total	<u>12,091</u>	<u>9,280</u>	<u>5,210</u>	<u>4,070</u>
Total expenditures	<u>29,046</u>	<u>86,144</u>	<u>35,442</u>	<u>50,702</u>
Excess of expenditures over revenues	<u>(10,569)</u>	<u>(51,364)</u>	<u>(26,820)</u>	<u>24,544</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	39,164	39,164	42,126	2,962
Transfers out	(28,789)	(22,843)	(21,146)	1,697
Capital lease proceeds	-	2,200	2,200	-
Issuance of debt	4,862	14,180	8,176	(6,004)
Premium on bond	-	-	762	762
Proceeds from sale of capital assets	-	-	39	39
Total other financing sources (uses)	<u>15,237</u>	<u>32,701</u>	<u>32,157</u>	<u>(544)</u>
Net change in fund balance	<u>\$ 4,668</u>	<u>\$ (18,663)</u>	5,337	<u>\$ 24,000</u>
Fund balance at beginning of year			45,643	
Decrease for inventory			(91)	
Fund balance at year end			<u>\$ 50,889</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, 2017
(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	\$ 30,957	\$ 30,957	\$ 29,011	\$ (1,946)
Investment earnings	4	4	7	3
Other revenue	26	26	31	5
Total revenues	<u>30,987</u>	<u>30,987</u>	<u>29,049</u>	<u>(1,938)</u>
EXPENDITURES				
Current:				
General government				
Debt management				
Personnel services	82	82	78	4
Contractual services	<u>2</u>	<u>2</u>	<u>1</u>	<u>1</u>
Debt management total	84	84	79	5
Finance ERP				
Contractual services	96	96	91	5
Finance ERP total	<u>96</u>	<u>96</u>	<u>91</u>	<u>5</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	13	13	12	1
Office of the mayor total	<u>13</u>	<u>13</u>	<u>12</u>	<u>1</u>
Streets, bridges & harbor				
Personnel services	314	314	177	137
Materials and supplies	3	3	2	1
Contractual services	<u>333</u>	<u>335</u>	<u>334</u>	<u>1</u>
Streets, bridges & harbor total	<u>650</u>	<u>652</u>	<u>513</u>	<u>139</u>
General government total	<u>852</u>	<u>854</u>	<u>703</u>	<u>151</u>
Public service				
Engineering services				
Personnel services	86	86	76	10
Contractual services	<u>76</u>	<u>76</u>	<u>32</u>	<u>44</u>
Engineering services total	162	162	108	54
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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
Public service (continued)				
General fund utilities				
Contractual services	3,957	3,957	3,241	716
General fund utilities total	<u>3,957</u>	<u>3,957</u>	<u>3,241</u>	<u>716</u>
Parks & forestry				
Personnel services	4,145	4,145	3,541	604
Materials and supplies	260	260	70	190
Contractual services	2,846	2,719	1,815	904
Parks & forestry total	<u>7,251</u>	<u>7,124</u>	<u>5,426</u>	<u>1,698</u>
Streets, bridges & harbor				
Personnel services	7,826	7,826	6,423	1,403
Materials and supplies	1,665	1,659	488	1,171
Contractual services	7,197	7,201	6,432	769
Streets, bridges & harbor total	<u>16,688</u>	<u>16,686</u>	<u>13,343</u>	<u>3,343</u>
Treasury				
Personnel services	190	190	180	10
Materials and supplies	66	66	40	26
Contractual services	2,615	2,615	2,338	277
Treasury total	<u>2,871</u>	<u>2,871</u>	<u>2,558</u>	<u>313</u>
Utilities Admin Service				
Personnel services	305	305	241	64
Utilities Admin Service	<u>305</u>	<u>305</u>	<u>241</u>	<u>64</u>
Public service total	<u>31,234</u>	<u>31,105</u>	<u>24,917</u>	<u>6,188</u>
Health				
Parks & forestry				
Personnel services	321	321	172	149
Materials and supplies	25	25	17	8
Contractual services	288	288	245	43
Parks & forestry total	<u>634</u>	<u>634</u>	<u>434</u>	<u>200</u>
Health total	<u>634</u>	<u>634</u>	<u>434</u>	<u>200</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, 2017
(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				
Parks & forestry				
Materials and supplies	37	32	20	12
Contractual services	295	305	157	148
Parks & forestry total	<u>332</u>	<u>337</u>	<u>177</u>	<u>160</u>
Parks and recreation total	<u>332</u>	<u>337</u>	<u>177</u>	<u>160</u>
Capital outlay:				
Streets, bridges & harbor				
Capital outlay	6	6	1	5
Streets, bridges & harbor total	<u>6</u>	<u>6</u>	<u>1</u>	<u>5</u>
Capital outlay:				
Treasury				
Capital outlay	3	2	-	2
Treasury total	<u>3</u>	<u>2</u>	<u>-</u>	<u>2</u>
Parks and Forestry				
Capital outlay	-	123	122	1
Parks and Forestry total	<u>-</u>	<u>123</u>	<u>122</u>	<u>1</u>
Capital outlay total	<u>9</u>	<u>131</u>	<u>123</u>	<u>8</u>
Debt service:				
Principal retirement	19,200	19,200	-	19,200
Interest and fiscal charges	441	441	752	(311)
Debt service total	<u>19,641</u>	<u>19,641</u>	<u>752</u>	<u>18,889</u>
Total expenditures	<u>52,702</u>	<u>52,702</u>	<u>27,106</u>	<u>25,596</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(21,715)</u>	<u>(21,715)</u>	<u>1,943</u>	<u>23,658</u>
OTHER FINANCING SOURCES				
Issuance of debt	19,760	19,760	-	(19,760)
Net change in fund balance	<u>\$ (1,955)</u>	<u>\$ (1,955)</u>	<u>1,943</u>	<u>\$ 3,898</u>
Fund balance (deficit) at beginning of year			(59,672)	
Increase for inventory			99	
Fund balance (deficit) at year end			<u>\$ (57,630)</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, 2017
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Charges for services	\$ -	\$ 42	\$ -	\$ (42)
Grants	6,736	16,346	6,547	(9,799)
Other revenue	-	1,526	15	(1,511)
Total revenues	<u>6,736</u>	<u>17,914</u>	<u>6,562</u>	<u>(11,352)</u>
EXPENDITURES				
Current:				
Community environment				
Beautification action team				
Personnel services	294	541	280	261
Materials and supplies	8	28	18	10
Contractual services	805	1,319	629	690
Beautification action team total	<u>1,107</u>	<u>1,888</u>	<u>927</u>	<u>961</u>
Code enforcement				
Personnel services	495	994	451	543
Materials and supplies	17	34	7	27
Contractual services	108	699	107	592
Code enforcement total	<u>620</u>	<u>1,727</u>	<u>565</u>	<u>1,162</u>
Economic development				
Personnel services	76	172	25	147
Materials and supplies	-	3	-	3
Contractual services	-	390	-	390
Economic development total	<u>76</u>	<u>565</u>	<u>25</u>	<u>540</u>
Housing division				
Personnel services	1,266	2,841	1,340	1,501
Materials and supplies	5	72	5	67
Contractual services	254	2,582	1,135	1,447
Housing division total	<u>1,525</u>	<u>5,495</u>	<u>2,480</u>	<u>3,015</u>
Law				
Personnel services	55	92	53	39
Law total	<u>55</u>	<u>92</u>	<u>53</u>	<u>39</u>
Neighborhoods administration				
Personnel services	1,110	1,665	1,048	617
Materials and supplies	-	28	15	13
Contractual services	-	829	509	320
Neighborhoods administration total	<u>1,110</u>	<u>2,522</u>	<u>1,572</u>	<u>950</u>
Planning commission				
Personnel services	87	154	90	64
Planning commission total	<u>87</u>	<u>154</u>	<u>90</u>	<u>64</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, 2017
(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	118	246	122	124
Real estate total	<u>118</u>	<u>246</u>	<u>122</u>	<u>124</u>
Third party partners				
Contractual services	2,038	3,854	856	2,998
Third party partners total	<u>2,038</u>	<u>3,854</u>	<u>856</u>	<u>2,998</u>
Community environment total	<u>6,736</u>	<u>16,543</u>	<u>6,690</u>	<u>9,853</u>
Capital Outlay	-	6	-	6
Total expenditures	<u>6,736</u>	<u>16,549</u>	<u>6,690</u>	<u>9,859</u>
Excess (deficiency) of revenues over (under) expenditures	-	1,365	(128)	(1,493)
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(398)	(398)	-
Transfers in	-	120	-	(120)
Proceeds from sale of capital assets	-	8	-	(8)
Total other financing sources (uses)	<u>-</u>	<u>(270)</u>	<u>(398)</u>	<u>(128)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,095</u>	(526)	<u>\$ (1,621)</u>
Fund balance at beginning of year			1,091	
Fund balance at year end			<u>\$ 565</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, 2017
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Fees and forfeitures	\$ -	\$ 1	\$ 1	\$ -
Grants	5,142	11,737	4,985	(6,752)
Other revenue	-	372	247	(125)
Total revenues	<u>5,142</u>	<u>12,110</u>	<u>5,233</u>	<u>(6,877)</u>
EXPENDITURES				
Current:				
General government				
Board of community relations				
Contractual services	-	1	-	1
Board of community relations total	-	1	-	1
Finance Admin				
Contractual services	-	45	18	27
Finance Admin total	-	45	18	27
General government total	<u>-</u>	<u>46</u>	<u>18</u>	<u>28</u>
Public safety				
Clerk of municipal court				
Contractual services	14	14	14	-
Clerk of municipal court total	14	14	14	-
Fire				
Personnel services	-	44	3	41
Materials and supplies	22	185	108	77
Contractual services	-	131	6	125
Fire total	22	360	117	243
Municipal court judges				
Personnel services	583	730	257	473
Materials and supplies	80	94	17	77
Contractual services	955	1,396	530	866
Municipal court judges total	1,618	2,220	804	1,416
Police				
Personnel services	172	696	407	289
Materials and supplies	157	305	300	5
Contractual services	228	496	154	342
Police total	557	1,497	861	636
Streets, bridges and harbor				
Contractual services	-	300	255	45
Streets, bridges and harbor total	-	300	255	45
Public safety total	<u>2,211</u>	<u>4,391</u>	<u>2,051</u>	<u>2,340</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, 2017
(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	-	64	22	42
Code enforcement total	-	64	22	42
Economic development				
Contractual services	-	8	-	8
Economic development total	-	8	-	8
Environmental services				
Contractual services	-	871	343	528
Environmental services total	-	871	343	528
Housing division				
Personnel services	-	200	46	154
Contractual services	-	813	291	522
Housing division total	-	1,013	337	676
Neighborhoods administration				
Personnel services	-	54	7	47
Contractual services	973	1,835	473	1,362
Neighborhoods administration total	973	1,889	480	1,409
Planning commission				
Personnel services	233	353	219	134
Materials and supplies	-	11	8	3
Contractual services	-	4	1	3
Planning commission total	233	368	228	140
Community environment total	1,206	4,213	1,410	2,803
Health				
Environmental services				
Personnel services	1,421	1,914	738	1,176
Materials and supplies	-	56	14	42
Contractual services	304	2,525	424	2,101
Environmental services total	1,725	4,495	1,176	3,319
Health total	1,725	4,495	1,176	3,319

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, 2017
(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	-	10	-	10
Total expenditures	5,142	13,155	4,655	8,500
Excess (deficiency) of revenues over (under) expenditures	-	(1,045)	578	1,623
OTHER FINANCING SOURCES				
Transfers in	-	7	-	(7)
Net change in fund balance	<u>\$ -</u>	<u>\$ (1,038)</u>	578	<u>\$ 1,616</u>
Fund balance at beginning of year			10,896	
Fund balance at year end			<u>\$ 11,474</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, 2017
(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, 2017
(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				
Intergovernmental services	\$ 12,520	\$ 12,520	\$ 13,494	\$ 974
Charges for services	4	4	3	(1)
Fines and forfeitures	126	126	199	73
Other revenue	12	12	9	(3)
Total revenues	<u>12,662</u>	<u>12,662</u>	<u>13,705</u>	<u>1,043</u>
EXPENDITURES				
Current:				
General government				
Finance ERP				
Contractual services	25	25	23	2
Finance ERP total	<u>25</u>	<u>25</u>	<u>23</u>	<u>2</u>
General non-departmental services				
Personnel services	-	-	44	(44)
General non-departmental services total	<u>-</u>	<u>-</u>	<u>44</u>	<u>(44)</u>
Human resources				
Personnel services	18	18	17	1
Human resources total	<u>18</u>	<u>18</u>	<u>17</u>	<u>1</u>
Streets, bridges & harbor				
Personnel services	138	138	142	(4)
Materials and supplies	3	3	4	(1)
Contractual services	5	5	3	2
Streets, bridges & harbor total	<u>146</u>	<u>146</u>	<u>149</u>	<u>(3)</u>
General government total	<u>189</u>	<u>189</u>	<u>233</u>	<u>(44)</u>
Public service				
Engineering services				
Personnel services	814	814	631	183
Contractual services	437	437	310	127
Engineering services total	<u>1,251</u>	<u>1,251</u>	<u>941</u>	<u>310</u>
General fund utilities				
Contractual services	355	355	347	8
General fund utilities total	<u>355</u>	<u>355</u>	<u>347</u>	<u>8</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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		<u>(Negative)</u>
Public service (continued)				
Streets, bridges & harbor				
Personnel services	3,063	3,063	3,614	(551)
Materials and supplies	938	998	784	214
Contractual services	1,616	1,659	1,660	(1)
Streets, bridges & harbor total	<u>5,617</u>	<u>5,720</u>	<u>6,058</u>	<u>(338)</u>
Transportation				
Personnel services	3,002	3,002	2,653	349
Materials and supplies	481	481	443	38
Contractual services	1,329	1,329	1,046	283
Transportation total	<u>4,812</u>	<u>4,812</u>	<u>4,142</u>	<u>670</u>
Public service total	<u>12,035</u>	<u>12,138</u>	<u>11,488</u>	<u>650</u>
Public safety				
Police				
Personnel services	174	174	119	55
Contractual services	5	5	5	-
Police total	<u>179</u>	<u>179</u>	<u>124</u>	<u>55</u>
Public safety total	<u>179</u>	<u>179</u>	<u>124</u>	<u>55</u>
Public Utilities				
Transportation				
Contractual services	-	-	2	(2)
Public Utilities total	<u>-</u>	<u>-</u>	<u>2</u>	<u>(2)</u>
Community environment				
Building inspection				
Personnel services	12	12	11	1
Building inspection total	<u>12</u>	<u>12</u>	<u>11</u>	<u>1</u>
Community environment total	<u>12</u>	<u>12</u>	<u>11</u>	<u>1</u>
Capital outlay				
Streets, bridges & harbor				
Capital outlay	9	674	661	13
Streets, bridges & harbor total	<u>9</u>	<u>674</u>	<u>661</u>	<u>13</u>
Transportation				
Capital outlay	-	465	-	465
Transportation total	<u>-</u>	<u>465</u>	<u>-</u>	<u>465</u>
Capital outlay total	<u>9</u>	<u>1,139</u>	<u>661</u>	<u>478</u>
Total expenditures	<u>12,424</u>	<u>13,657</u>	<u>12,519</u>	<u>1,138</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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>		<u>Actuals</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget
				(Negative)
Excess (deficiency) of revenues over (under) expenditures	238	(995)	1,186	2,181
OTHER FINANCING SOURCES (USES)				
Transfers in	225	225	225	-
Transfers out	(462)	(462)	(462)	-
Total other financing sources (uses)	(237)	(237)	(237)	-
Net change in fund balance	<u>\$ 1</u>	<u>\$ (1,232)</u>	949	<u>\$ 2,181</u>
Fund balance at beginning of year			5,151	
Increase for inventory			171	
Fund balance at year end			<u>\$ 6,271</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, 2017
(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	\$ 25	\$ 25	\$ 33	\$ 8
Investment earnings	3	3	5	2
Total revenues	<u>28</u>	<u>28</u>	<u>38</u>	<u>10</u>
EXPENDITURES				
Current:				
Health				
Parks & forestry				
Material and Supplies	-	2	2	-
Contractual Services	25	23	6	17
Total expenditures	<u>25</u>	<u>25</u>	<u>8</u>	<u>17</u>
Net change in fund balance	<u>\$ 3</u>	<u>\$ 3</u>	30	<u>\$ 27</u>
Fund balance at beginning of year			25	
Fund balance at year end			<u>\$ 55</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, 2017
(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	\$ 300	\$ 300	\$ 250	\$ (50)
Total revenues	<u>300</u>	<u>300</u>	<u>250</u>	<u>(50)</u>
EXPENDITURES				
Current:				
Community environment				
Golf				
Material and Supplies	-	60	51	9
Total expenditures	<u>-</u>	<u>60</u>	<u>51</u>	<u>9</u>
Excess of revenues over expenditures	<u>300</u>	<u>240</u>	<u>199</u>	<u>(41)</u>
OTHER FINANCING USES				
Transfers out	(300)	(300)	(300)	-
Total other financing uses	<u>(300)</u>	<u>(300)</u>	<u>(300)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (60)</u>	(101)	<u>\$ (41)</u>
Fund balance at beginning of year			413	
Fund balance at year end			<u>\$ 312</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, 2017
(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				
Other revenue	\$ 10	\$ 10	\$ 6	\$ (4)
Net change in fund balance	<u>\$ 10</u>	<u>\$ 10</u>	6	<u>\$ (4)</u>
Fund balance at beginning of year			<u>343</u>	
Fund balance at year end			<u>\$ 349</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, 2017
(Amounts in Thousands)

	<u>Budgeted amounts</u>		<u>Actuals</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Charges for services	\$ 26	\$ 26	\$ 16	\$ (10)
Net change in fund balance	<u>\$ 26</u>	<u>\$ 26</u>	16	<u>\$ (10)</u>
Fund balance at beginning of year			<u>418</u>	
Fund balance at year end			<u>\$ 434</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, 2017
(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	15	15	11	4
Total expenditures	<u>15</u>	<u>15</u>	<u>11</u>	<u>4</u>
Net change in fund balance	<u>\$ 11</u>	<u>\$ 11</u>	16	<u>\$ 5</u>
Fund balance at beginning of year			56	
Fund balance at year end			<u>\$ 72</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, 2017
(Amounts in Thousands)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</u>	
REVENUES				
Charges for services	\$ -	\$ 565	\$ 574	\$ 9
Investment earnings	-	7	6	(1)
Fines and forfeitures	-	1,384	1,384	-
Grants	-	51	51	-
Other revenue	-	4,726	4,850	124
Total revenues	<u>-</u>	<u>6,733</u>	<u>6,865</u>	<u>132</u>
EXPENDITURES				
Current:				
General government				
City council				
Debt and other	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
City council total	<u>-</u>	<u>40</u>	<u>-</u>	<u>40</u>
Municipal court judges				
Contractual Services	<u>-</u>	<u>75</u>	<u>-</u>	<u>75</u>
Municipal court judges total	<u>-</u>	<u>75</u>	<u>-</u>	<u>75</u>
Office of the mayor				
Contractual Services	<u>-</u>	<u>71</u>	<u>2</u>	<u>69</u>
Office of the mayor total	<u>-</u>	<u>71</u>	<u>2</u>	<u>69</u>
Treasury				
Contractual Services	<u>-</u>	<u>537</u>	<u>-</u>	<u>537</u>
Treasury total	<u>-</u>	<u>537</u>	<u>-</u>	<u>537</u>
General government total	<u>-</u>	<u>723</u>	<u>2</u>	<u>721</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, 2017
(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	-	194	-	194
Clerk of municipal court total	-	194	-	194
Fire				
Materials and supplies	-	67	34	33
Contractual services	-	7	-	7
Fire total	-	74	34	40
Law				
Contractual services	-	216	142	74
Law total	-	216	142	74
Municipal court judges				
Personnel services	-	138	114	24
Materials and supplies	-	409	336	73
Contractual services	-	9,604	516	9,088
Municipal court judges total	-	10,151	966	9,185
Police				
Materials and supplies	-	272	68	204
Contractual services	-	3,037	274	2,763
Police total	-	3,309	342	2,967
Public safety total	-	13,944	1,484	12,460
Community environment				
Economic development				
Contractual services	-	22	17	5
Economic development total	-	22	17	5

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, 2017
(Amounts in Thousands)
(continued)

	<u>Budgeted amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actuals</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	-	195	14	181
Municipal court judges total	-	204	17	187
Neighborhoods administration				
Personnel services	-	39	-	39
Materials and supplies	-	29	-	29
Contractual services	-	845	-	845
Neighborhoods administration total	-	913	-	913
Recreation				
Materials and supplies	-	51	49	2
Contractual services	-	269	62	207
Recreation total	-	320	111	209
Streets, bridges & harbor				
Personnel services	-	1,118	885	233
Materials and supplies	-	271	182	89
Contractual services	-	1,714	1,657	57
Streets, bridges & harbor total	-	3,103	2,724	379
Community environment total	-	4,563	2,869	1,694
Health				
Environmental services				
Contractual services	-	80	20	60
Environmental services total	-	80	20	60
Waste disposal				
Contractual services	-	433	156	277
Waste disposal total	-	433	156	277
Health total	-	513	176	337

(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, 2017
(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	-	16	5	11
Contractual services	-	621	4	617
Parks & forestry total	-	637	9	628
Recreation				
Contractual services	-	2	-	2
Recreation total	-	2	-	2
Youth commission				
Contractual Services	-	4	1	3
Youth commission total	-	4	1	3
Parks and recreation total	-	644	10	632
Capital outlay	-	457	124	333
Total expenditures	-	20,844	4,665	16,177
Excess (deficiency) of revenues over (under) expenditures	-	(14,111)	2,200	16,309
OTHER FINANCING USES				
Transfers out	-	(10)	-	(10)
Total other financing uses	-	(10)	-	(10)
Net change in fund balance	<u>\$ -</u>	<u>\$ (14,121)</u>	2,200	<u>\$ 16,299</u>
Fund balance at beginning of year			7,183	
Fund balance at year end			<u>\$ 9,383</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, 2017
(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, 2017
(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	\$ 1,611	\$ 5,365	\$ 1,556	\$ (3,809)
Other revenue	-	-	32	32
Total revenues	<u>1,611</u>	<u>5,365</u>	<u>1,588</u>	<u>(3,777)</u>
EXPENDITURES				
Current:				
Community environment				
Housing division				
Personnel services	124	220	93	127
Materials and supplies	16	37	16	21
Contractual services	1,471	4,900	1,600	3,300
Total expenditures	<u>1,611</u>	<u>5,157</u>	<u>1,709</u>	<u>3,448</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>208</u>	<u>(121)</u>	<u>(329)</u>
OTHER FINANCING SOURCES				
Transfers in	-	431	382	(49)
Total other financing sources	<u>-</u>	<u>431</u>	<u>382</u>	<u>(49)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 639</u>	261	<u>\$ (378)</u>
Fund balance at beginning of year			546	
Fund balance at year end			<u>\$ 807</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, 2017
(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				
Other revenue	\$ -	\$ -	\$ 9	\$ 9
Total revenues	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</u>
Excess of revenues over expenditures	<u>-</u>	<u>-</u>	<u>9</u>	<u>9</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>9</u>	<u>\$ 9</u>
Fund balance at beginning of year			<u>13</u>	
Fund balance at year end			<u>\$ 22</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, 2017
(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	\$ 3,036	\$ 36
Total revenues	<u>-</u>	<u>3,000</u>	<u>3,036</u>	<u>36</u>
EXPENDITURES				
Debt service:				
Principal retirement	-	3,208	3,208	-
Interest and fiscal charges	-	395	390	5
Total expenditures	<u>-</u>	<u>3,603</u>	<u>3,598</u>	<u>5</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (603)</u>	<u>(562)</u>	<u>\$ 41</u>
Fund balance (deficit) at beginning of year			<u>(16,196)</u>	
Fund balance (deficit) at year end			<u>\$ (16,758)</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, 2017
(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	\$ 10,620	\$ 10,620	\$ 10,615	\$ 5
Interest and fiscal charges	5,365	5,365	5,173	192
Total expenditures	<u>15,985</u>	<u>15,985</u>	<u>15,788</u>	<u>197</u>
Excess of expenditures over revenues	<u>(15,985)</u>	<u>(15,985)</u>	<u>(15,788)</u>	<u>197</u>
OTHER FINANCING SOURCES				
Transfers in	<u>15,985</u>	<u>15,985</u>	<u>15,788</u>	<u>(197)</u>
Total other financing sources	<u>15,985</u>	<u>15,985</u>	<u>15,788</u>	<u>(197)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance at beginning of year			<u>1</u>	
Fund balance at year end			<u>\$ 1</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, 2017
(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	\$ 25	\$ 25	\$ 21	\$ (4)
Total revenues	<u>25</u>	<u>25</u>	<u>21</u>	<u>(4)</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>\$ 8</u>	<u>\$ 8</u>	4	<u>\$ (4)</u>
Fund balance at beginning of year			<u>196</u>	
Fund balance at year end			<u>\$ 200</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, 2017
(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	\$ 180	\$ 180	\$ 156	\$ (24)
Total revenues	<u>180</u>	<u>180</u>	<u>156</u>	<u>(24)</u>
EXPENDITURES				
Current:				
Capital outlay				
Engineering services				
Personnel services	98	98	95	3
Contractual services	54	354	249	105
Capital outlay total	<u>152</u>	<u>452</u>	<u>344</u>	<u>108</u>
Debt service:				
Principal retirement	1,105	1,105	-	1,105
Interest and fiscal charges	-	24	24	-
Debt service total	<u>1,105</u>	<u>1,129</u>	<u>24</u>	<u>1,105</u>
Total expenditures	<u>1,257</u>	<u>1,581</u>	<u>368</u>	<u>1,213</u>
Excess of expenditures over revenues	<u>(1,077)</u>	<u>(1,401)</u>	<u>(212)</u>	<u>1,189</u>
OTHER FINANCING SOURCES				
Issuance of Debt	975	975	-	(975)
Premium on Bonds and Notes	-	-	9	9
Total other financing sources	<u>975</u>	<u>975</u>	<u>9</u>	<u>(966)</u>
Net change in fund balance	<u>\$ (102)</u>	<u>\$ (426)</u>	(203)	<u>\$ 223</u>
Fund balance (deficit) at beginning of year			(1,819)	
Fund balance (deficit) at year end			<u>\$ (2,022)</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, 2017
(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	\$ 2,153	\$ 303
Total revenues	<u>-</u>	<u>1,850</u>	<u>2,153</u>	<u>303</u>
EXPENDITURES				
Current:				
Capital outlay				
Engineering services				
Personnel services	-	1	-	1
Contractual services	-	4,278	1,638	2,640
Total expenditures	<u>-</u>	<u>4,279</u>	<u>1,638</u>	<u>2,641</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (2,429)</u>	515	<u>\$ 2,944</u>
Fund balance at beginning of year			<u>10,748</u>	
Fund balance at year end			<u>\$ 11,263</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, 2017
(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**

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.

Contents

Tables

Financial Trends

200 - 209

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

Revenue Capacity

210 - 220

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

Debt Capacity

222 - 230

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.

Demographic and Economic Information

231 - 232

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

Operating Information

233 - 237

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.

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>2017</u>	<u>2016 (2)</u>	<u>2015</u>	<u>2014 (1)</u>
Governmental activities:				
Net investment in capital assets	\$ 397,325	\$ 327,948	\$ 349,748	\$ 377,025
Restricted	49,575	60,434	49,575	58,721
Unrestricted	<u>(269,028)</u>	<u>(216,715)</u>	<u>(196,638)</u>	<u>(198,341)</u>
Total governmental activities	<u><u>177,872</u></u>	<u><u>171,667</u></u>	<u><u>202,685</u></u>	<u><u>237,405</u></u>
Business-type activities:				
Net investment in capital assets	425,274	451,710	404,882	391,748
Restricted	115,302	51,990	75,073	89,146
Unrestricted	<u>51,081</u>	<u>31,550</u>	<u>14,429</u>	<u>(17,624)</u>
Total business-type activities	<u><u>591,657</u></u>	<u><u>535,250</u></u>	<u><u>494,384</u></u>	<u><u>463,270</u></u>
Primary government activities:				
Net investment in capital assets	822,599	779,658	754,630	768,773
Restricted	164,877	112,424	124,648	147,867
Unrestricted	<u>(217,947)</u>	<u>(185,165)</u>	<u>(182,209)</u>	<u>(215,965)</u>
Total primary government activities	<u><u>\$ 769,529</u></u>	<u><u>\$ 706,917</u></u>	<u><u>\$ 697,069</u></u>	<u><u>\$ 700,675</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.

2013	2012	2011	2010	2009	2008
\$ 379,066	\$ 368,093	\$ 342,304	\$ 343,145	\$ 333,510	\$ 338,428
59,009	81,257	65,509	73,630	83,098	52,032
26,195	18,429	31,418	5,002	(14,200)	-
<u>464,270</u>	<u>467,779</u>	<u>439,231</u>	<u>421,777</u>	<u>402,408</u>	<u>390,460</u>
372,533	388,287	383,122	388,160	327,984	305,182
88,854	33,221	7,476	31,760	36,259	41,367
5,265	17,424	29,078	6,676	47,785	59,097
<u>466,652</u>	<u>438,932</u>	<u>419,676</u>	<u>426,596</u>	<u>412,028</u>	<u>405,646</u>
751,599	756,380	725,426	731,305	661,494	643,610
147,863	114,478	72,985	105,390	119,357	93,399
31,460	35,853	60,496	11,678	33,585	59,097
<u>\$ 930,922</u>	<u>\$ 906,711</u>	<u>\$ 858,907</u>	<u>\$ 848,373</u>	<u>\$ 814,436</u>	<u>\$ 796,106</u>

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

	2017	2016	2015	2014
Government activities				
Charges for services:				
General government	\$ 15,612	\$ 14,616	\$ 17,835	\$ 22,583
Public service	28,858	29,997	27,852	21,517
Public safety	19,282	16,715	15,338	17,406
Public utilities	-	-	14	22
Community environment	3,021	2,875	2,440	2,389
Health	13,476	12,507	10,454	10,575
Parks and recreation	122	68	479	138
Operating grants	4,358	7,698	9,022	14,160
Capital grants	17,964	15,786	19,996	14,486
Total governmental activities program revenues	<u>102,693</u>	<u>100,262</u>	<u>103,430</u>	<u>103,276</u>
Business-type activities:				
Charges for services:				
Water	79,468	72,878	63,323	57,205
Sewer	77,709	73,438	70,863	69,890
Storm utility	10,115	9,885	9,921	11,046
Utilities administration	17,628	17,706	16,222	12,163
Parking	-	-	-	-
Toledo public power	1,049	631	688	774
Property management	-	11	-	1,745
Erie street market	-	2	97	107
Small business development	-	-	-	8
Tow lot	2,247	2,219	1,854	2,566
Capital grants	1,178	343	1,524	2,483
Total business-type activities revenues	<u>189,394</u>	<u>177,113</u>	<u>164,492</u>	<u>157,987</u>
Total primary governmental revenues	<u>\$ 292,087</u>	<u>\$ 277,375</u>	<u>\$ 267,922</u>	<u>\$ 261,263</u>
Government-type activities				
General government	\$ 22,753	\$ 24,154	\$ 23,241	\$ 29,937
Public service	60,478	64,777	68,533	67,217
Public safety	193,527	211,044	199,620	177,419
Public utilities	3,567	3,735	3,880	3,753
Community environment	19,005	20,944	23,550	21,427
Health	9,302	9,561	7,410	9,743
Parks and recreation	2,871	5,202	6,388	6,702
Interest and fiscal charges	8,329	9,076	16,676	7,460
Total governmental activities expenses	<u>319,832</u>	<u>348,493</u>	<u>349,298</u>	<u>323,658</u>
Business-type activities				
Water	60,012	56,931	56,417	53,472
Sewer	57,838	58,723	58,407	63,174
Storm utility	7,698	6,638	6,673	6,358
Utility administration	12,113	11,721	11,204	12,176
Parking	-	-	-	-
Property management	568	652	678	970
Small business development	6	47	57	52
Toledo public power	710	543	662	747
Tow lot	1,084	1,089	1,055	1,056
Erie street market	-	9	75	109
Total business-activities expenses	<u>140,029</u>	<u>136,353</u>	<u>135,228</u>	<u>138,114</u>
Total primary government expenses	<u>\$ 459,861</u>	<u>\$ 484,846</u>	<u>\$ 484,526</u>	<u>\$ 461,772</u>

	2013	2012	2011	2010	2009	2008
\$	37,121	\$ 72,061	\$ 41,828	\$ 46,960	\$ 72,777	\$ 59,916
	26,198	-	25,381	26,003	-	-
	17,042	15,907	12,748	9,363	8,103	9,408
	-	351	-	-	-	-
	2,527	2,928	8,044	5,421	6,364	7,464
	11,709	9,813	11,221	11,184	5,853	5,580
	164	635	206	200	111	116
	20,492	29,533	35,731	12,675	40,689	33,081
	10,630	16,590	4,509	33,739	18,348	15,537
	<u>125,883</u>	<u>147,818</u>	<u>139,668</u>	<u>145,545</u>	<u>152,245</u>	<u>131,102</u>
	52,476	44,112	43,250	42,487	35,913	38,070
	69,719	66,608	65,608	57,354	54,189	56,064
	9,620	10,331	10,234	9,798	10,069	9,034
	9,945	12,462	11,323	10,071	8,696	10,564
	-	-	1,887	1,383	1,459	1,509
	588	136	-	-	-	-
	-	-	24	470	208	262
	146	115	197	177	-	-
	-	-	-	-	-	-
	2,536	2,007	1,929	1,911	1,418	2,549
	640	1,448	2,709	5,423	-	-
	<u>145,670</u>	<u>137,219</u>	<u>137,161</u>	<u>129,074</u>	<u>111,952</u>	<u>118,052</u>
\$	<u>271,553</u>	<u>285,037</u>	<u>276,829</u>	<u>274,619</u>	<u>264,197</u>	<u>249,154</u>
\$	35,031	\$ 28,807	\$ 21,651	\$ 25,421	\$ 28,464	\$ 28,673
	55,070	34,715	48,606	54,469	56,085	57,508
	173,274	165,810	164,396	157,436	157,024	170,767
	1,876	1,268	493	2	139	167
	20,090	37,867	27,058	32,543	19,634	18,915
	9,265	19,197	18,012	16,966	17,569	19,104
	6,443	5,419	5,396	6,139	6,933	7,397
	8,003	11,762	14,332	12,060	12,442	14,731
	<u>309,052</u>	<u>304,845</u>	<u>299,944</u>	<u>305,036</u>	<u>298,290</u>	<u>317,262</u>
	46,912	41,997	41,495	39,138	36,556	36,708
	51,310	67,507	64,705	56,888	49,974	50,484
	6,801	11,291	8,005	4,968	5,191	5,331
	11,285	7,067	10,608	9,876	10,185	10,048
	-	-	644	820	934	962
	895	1,286	1,691	1,691	1,949	5,111
	63	78	380	380	76	42
	567	138	-	-	-	-
	963	911	986	986	1,229	1,141
	48	124	-	-	-	-
	<u>118,844</u>	<u>130,399</u>	<u>128,514</u>	<u>114,747</u>	<u>106,094</u>	<u>109,827</u>
\$	<u>427,896</u>	<u>435,244</u>	<u>428,458</u>	<u>419,783</u>	<u>404,384</u>	<u>427,089</u>

(continued)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental activities	\$ (217,139)	\$ (248,230)	\$ (245,868)	\$ (220,382)
Business-type activities	49,365	40,760	29,264	19,873
Total primary governmental revenue (expenses), net	<u>(167,774)</u>	<u>(207,470)</u>	<u>(216,604)</u>	<u>(200,509)</u>
General revenues and other changes in net position:				
Governmental activities:				
Income taxes	176,056	175,958	171,053	163,653
Property taxes	12,269	10,059	9,793	9,585
Unrestricted investments earnings	1,164	793	850	454
Grants and entitlements not restricted to specific programs	-	-	-	-
Intergovernmental services	28,430	29,416	24,536	26,740
Gain on sale of capital assets	-	-	-	167
Other revenue grants	9,317	8,144	5,640	10,534
Transfers	(3,892)	(204)	(724)	1,200
Total government activities	<u>223,344</u>	<u>224,166</u>	<u>211,148</u>	<u>212,333</u>
Business-type activities:				
Unrestricted investments earnings	3,150	1,875	1,078	1,818
Gain on sale of capital assets and	-	-	48	673
Other revenue grants	-	-	-	-
Transfers	3,892	204	724	(1,200)
Total business-type activities	<u>7,042</u>	<u>2,079</u>	<u>1,850</u>	<u>1,291</u>
Total primary governmental general revenues and other changes in net position	<u>230,386</u>	<u>226,245</u>	<u>212,998</u>	<u>213,624</u>
Changes in Net Position				
Governmental activities	6,205	(24,064)	(34,720)	(8,049)
Business-type activities	56,407	42,839	31,114	21,164
Total primary governmental net change	<u>\$ 62,612</u>	<u>\$ 18,775</u>	<u>\$ (3,606)</u>	<u>\$ 13,115</u>

	2013	2012	2011	2010	2009	2008
\$	(183,169)	\$ (157,027)	\$ (163,464)	\$ (159,491)	\$ (146,045)	\$ (186,160)
	26,826	6,820	8,647	14,327	5,858	8,225
	<u>(156,343)</u>	<u>(150,207)</u>	<u>(154,817)</u>	<u>(145,164)</u>	<u>(140,187)</u>	<u>(177,935)</u>
	158,176	158,128	152,864	146,886	138,474	154,475
	9,708	11,361	12,168	12,465	15,518	18,078
	508	1,017	1,240	1,605	2,483	5,582
	-	5,272	-	-	-	-
	2,215	-	-	-	-	-
	87	-	859	-	-	-
	8,728	4,789	4,707	4,572	6,928	14,469
	238	(289)	10,244	534	655	1,232
	<u>179,660</u>	<u>180,278</u>	<u>182,082</u>	<u>166,062</u>	<u>164,058</u>	<u>193,836</u>
	1,132	937	1,092	781	899	4,064
	-	-	(6,836)	(6)	280	120
	(238)	289	(10,244)	(534)	(655)	(1,232)
	<u>894</u>	<u>1,226</u>	<u>(15,988)</u>	<u>241</u>	<u>524</u>	<u>2,952</u>
	<u>180,554</u>	<u>181,504</u>	<u>166,094</u>	<u>166,303</u>	<u>164,582</u>	<u>196,788</u>
	(3,509)	23,251	18,618	6,571	18,013	7,676
	27,720	8,046	(7,341)	14,568	6,382	11,177
\$	<u>24,211</u>	<u>\$ 31,297</u>	<u>\$ 11,277</u>	<u>\$ 21,139</u>	<u>\$ 24,395</u>	<u>\$ 18,853</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Fund				
Nonspendable	\$ 1,189	\$ 1,158	\$ 1,204	\$ 1,594
Restricted	3,764	3,814	4,771	5,317
Reserved	-	-	-	-
Unreserved	-	-	-	-
Committed	9,480	4,754	1,948	1,553
Unassigned (deficit)	7,755	6,028	2,255	1,331
Total general fund	<u>22,188</u>	<u>15,754</u>	<u>10,178</u>	<u>9,795</u>
Capital Improvement Fund				
Nonspendable	1,056	1,147	1,053	1,117
Restricted	49,833	44,496	21,607	18,023
Reserved	-	-	-	-
Unreserved	-	-	-	-
Total capital improvement fund	<u>50,889</u>	<u>45,643</u>	<u>22,660</u>	<u>19,140</u>
Special Assessment Services Fund				
Nonspendable	2,243	2,145	4,074	3,956
Restricted	673	377	-	280
Reserved	-	-	-	-
Unreserved	-	-	-	-
Unassigned (deficit)	(60,546)	(62,194)	(64,667)	(61,144)
Total special assessment services fund	<u>(57,630)</u>	<u>(59,672)</u>	<u>(60,593)</u>	<u>(56,908)</u>
Nonmajor Governmental Funds				
Nonspendable	1,698	1,520	1,726	1,957
Restricted	39,634	35,651	23,213	23,403
Reserved	-	-	-	-
Unreserved	-	-	-	-
Committed	1,359	1,392	10,114	15,559
Unassigned (deficit)	(18,780)	(18,015)	(2,041)	(2,775)
Total nonmajor governmental funds	<u>23,911</u>	<u>20,548</u>	<u>33,012</u>	<u>38,144</u>
Total fund balance governmental funds	<u>\$ 39,358</u>	<u>\$ 22,273</u>	<u>\$ 5,257</u>	<u>\$ 10,171</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.

	2013	2012	2011	2010	2009 (1)	2008 (1)
\$	1,143	\$ 850	\$ 712	\$ 697	\$ -	\$ -
	5,420	5,406	5,376	5,320	-	-
	-	-	-	-	8,263	8,187
	-	-	-	-	(16,283)	(3,796)
	326	326	-	-	-	-
	1,088	(1,574)	(5,762)	(19,729)	-	-
	<u>7,977</u>	<u>5,008</u>	<u>326</u>	<u>(13,712)</u>	<u>(8,020)</u>	<u>4,391</u>
	1,239	1,005	782	856	-	-
	18,062	43,191	34,896	23,379	-	-
	-	-	-	-	28,449	35,289
	-	-	-	-	18,882	(8,220)
	<u>19,301</u>	<u>44,196</u>	<u>35,678</u>	<u>24,235</u>	<u>47,331</u>	<u>27,069</u>
	1,743	2,864	1,438	1,807	-	-
	1,509	218	384	4,977	-	-
	-	-	-	-	2,827	2,784
	-	-	-	-	(53,450)	(51,764)
	(54,046)	(53,293)	(53,153)	(56,328)	-	-
	<u>(50,794)</u>	<u>(50,211)</u>	<u>(51,331)</u>	<u>(49,544)</u>	<u>(50,623)</u>	<u>(48,980)</u>
	889	912	623	1,417	-	-
	25,080	19,876	18,699	8,961	-	-
	-	-	-	-	8,129	8,868
	-	-	-	-	19,423	13,486
	13,993	12,462	12,542	13,179	-	-
	(2,447)	(2,359)	(1,996)	(9,097)	-	-
	<u>37,515</u>	<u>30,891</u>	<u>29,868</u>	<u>14,460</u>	<u>27,552</u>	<u>22,354</u>
\$	<u>13,999</u>	<u>29,884</u>	<u>14,541</u>	<u>(24,561)</u>	<u>16,240</u>	<u>4,834</u>

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Revenues:				
Income taxes	\$ 176,362	\$ 175,679	\$ 169,045	\$ 164,787
Property taxes	12,025	10,733	9,911	9,552
Special assessments	29,188	30,449	24,374	21,822
Licenses and permits	2,942	2,870	2,459	2,476
Intergovernmental services	37,561	34,325	35,953	35,358
Charges for services	30,202	29,416	28,515	27,532
Investment earnings	1,164	793	850	454
Fines and forfeitures	11,429	9,113	7,032	7,491
Grants	21,056	25,876	31,670	30,873
Other revenue	6,375	7,362	5,485	10,104
Total revenues	<u>328,304</u>	<u>326,616</u>	<u>315,294</u>	<u>310,449</u>
Expenditures:				
General government	24,436	24,667	25,925	26,951
Public services	37,912	39,566	43,866	41,760
Public safety	167,086	170,181	170,965	168,872
Public utilities	2	30	-	8
Community environment	17,801	19,254	21,070	20,969
Health	9,932	7,243	7,747	7,939
Parks and recreation	2,700	2,813	2,845	2,959
Capital outlay	32,925	32,406	40,235	41,991
Debt service:				
Principal	18,530	18,466	21,076	25,523
Interest and fiscal charges	7,391	7,052	8,359	6,983
Debt issuance costs	165	185	-	219
Total expenditures	<u>318,880</u>	<u>321,863</u>	<u>342,088</u>	<u>344,174</u>
Excess of revenues over (under) expenditures	9,424	4,753	(26,794)	(33,725)
Other financing sources (uses):				
Transfers in	64,165	60,160	67,122	72,899
Transfers out	(68,057)	(60,364)	(67,846)	(71,699)
Issuance of debt	8,176	24,229	26,044	22,884
Premium on bond	771	2,806	2,784	1,972
Capital lease proceeds	2,200	-	4,540	948
Payments to escrow	-	(10,284)	(10,181)	-
Sale of capital assets	190	-	1	167
Total other financing sources (uses)	<u>7,445</u>	<u>16,547</u>	<u>22,464</u>	<u>27,171</u>
Net change in fund balance	<u>\$ 16,869</u>	<u>\$ 21,300</u>	<u>\$ (4,330)</u>	<u>\$ (6,554)</u>
Debt services as a percentage of noncapital expenditures	9.2%	9.7%	10.8%	12.1%

	2013	2012	2011	2010	2009	2008
\$	158,775	\$ 158,523	\$ 153,581	\$ 144,581	\$ 141,554	\$ 154,475
	9,598	11,381	11,845	11,936	13,612	18,078
	25,450	23,925	25,691	26,592	23,965	24,737
	2,414	2,283	2,303	2,363	2,103	2,541
	38,020	37,589	38,861	76,659	89,942	72,285
	28,130	27,249	27,987	24,347	21,516	21,104
	508	1,007	1,240	1,605	2,483	5,582
	8,590	7,952	5,829	5,648	5,971	7,268
	27,499	45,775	47,464	-	-	-
	8,505	4,538	4,544	4,277	8,653	2,521
	<u>307,489</u>	<u>320,222</u>	<u>319,345</u>	<u>298,008</u>	<u>309,799</u>	<u>308,591</u>
	28,465	17,392	15,923	15,844	18,024	19,007
	35,062	34,660	36,599	34,834	35,432	37,589
	163,565	165,245	172,055	159,374	155,040	170,803
	1	1	7	2	115	154
	19,273	27,799	26,047	31,079	18,017	18,078
	7,940	18,019	17,344	13,727	16,473	18,199
	3,487	3,018	2,791	2,660	2,742	3,490
	53,174	48,647	20,740	44,303	50,835	49,179
	23,307	27,401	18,329	25,396	18,903	16,633
	7,124	10,435	13,343	11,913	9,620	10,596
	-	-	-	-	-	-
	<u>341,398</u>	<u>352,617</u>	<u>323,178</u>	<u>339,132</u>	<u>325,201</u>	<u>343,728</u>
	(33,909)	(32,395)	(3,833)	(41,124)	(15,402)	(35,137)
	70,140	73,235	76,615	63,947	53,893	47,280
	(69,902)	(73,524)	(63,921)	(63,414)	(65,903)	(46,989)
	14,046	41,455	763	19,933	34,277	20,528
	884	1,498	89	171	3,763	482
	3,386	3,001	231	-	-	-
	-	-	-	-	-	-
	87	-	12,129	101	746	26
	<u>18,641</u>	<u>45,665</u>	<u>25,906</u>	<u>20,738</u>	<u>26,776</u>	<u>21,327</u>
\$	<u>(15,268)</u>	<u>\$ 13,270</u>	<u>\$ 22,073</u>	<u>\$ (20,386)</u>	<u>\$ 11,374</u>	<u>\$ (13,810)</u>
	11.8%	14.2%	11.7%	14.5%	11.6%	10.2%

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Income taxes	\$ 176,362	\$ 175,679	\$ 169,045	\$ 164,787
Property taxes	12,025	9,906	9,911	9,552
Special assessments	29,188	30,449	24,374	21,822
Licenses and permits	2,942	2,870	2,459	2,476
Intergovernmental services	37,561	35,152	35,953	35,358
Charges for services	30,202	29,416	28,515	27,532
Investment earnings	1,164	793	850	454
Fines and forfeitures	11,429	9,113	7,032	7,491
Grants	21,056	25,876	31,670	30,873
Other revenue	6,375	7,362	5,485	10,104
Total	<u>\$ 328,304</u>	<u>\$ 326,616</u>	<u>\$ 315,294</u>	<u>\$ 310,449</u>

2013	2012	2011	2010	2009	2008
\$ 158,775	\$ 158,523	\$ 153,581	\$ 144,581	\$ 141,554	\$ 154,475
9,598	11,381	11,845	11,936	13,612	18,078
25,451	23,925	25,691	26,592	23,965	24,737
2,414	2,283	2,303	2,363	2,103	2,541
38,020	37,589	40,371	42,521	89,942	72,285
28,130	27,249	27,987	24,347	21,516	21,104
508	1,007	856	1,605	2,483	5,582
8,590	7,952	5,829	5,648	5,971	7,268
27,859	45,775	46,563	34,138	-	-
8,505	4,538	5,101	4,277	8,660	2,521
\$ 307,850	\$ 320,222	\$ 320,127	\$ 298,008	\$ 309,806	\$ 308,591

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Withholding	\$ 148,903	\$ 147,099	\$ 145,346	\$ 139,396
Utility	-	-	-	-
Business	19,821	20,735	16,330	18,898
Individuals	7,638	7,845	7,369	6,493
Total	<u>\$ 176,362</u>	<u>\$ 175,679</u>	<u>\$ 169,045</u>	<u>\$ 164,787</u>

2013	2012	2011	2010	2009	2008
\$ 131,343	\$ 128,215	\$ 129,855	\$ 124,108	\$ 122,927	\$ 132,948
10	1,867	321	589	891	1,542
19,710	19,956	15,468	13,051	11,872	14,353
7,712	8,485	7,937	6,833	5,864	5,632
<u>\$ 158,775</u>	<u>\$ 158,523</u>	<u>\$ 153,581</u>	<u>\$ 144,581</u>	<u>\$ 141,554</u>	<u>\$ 154,475</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
2017	2,984,595	8,527,414	188,321	753,284	-	-
2016	2,994,559	8,555,883	167,719	670,876	-	-
2015	3,039,205	8,683,443	161,170	644,680	-	-
2014	3,060,991	8,745,689	150,560	602,241	-	-
2013	3,096,856	8,848,545	135,380	541,518	-	-
2012	3,629,878	10,371,080	123,218	492,972	-	-
2011	3,687,360	10,535,314	118,417	338,334	-	-
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
2008	4,197,056	11,991,589	155,080	620,320	239,911	959,644

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

Source: Lucas County Auditor

Assessed Value	Total Estimated Actual Value	Ratio of Total Assessed Value to Total Estimated Actual Value	Direct Tax Rate
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
4,592,047	13,571,553	33.8%	4.4

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

Overlapping Subdivisions	2017	2016	2015	2014
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	17.07	17.07	17.07	16.92
MetroParks	2.30	2.30	2.30	2.30
Toledo-Lucas County Public Library	2.90	2.90	2.90	2.90
Sub-Total District Wide	29.57	29.57	29.57	29.42
 ²School Districts in the City of Toledo				
Maumee City School District	88.65	88.65	88.75	84.95
Ottawa Hills Local School District	139.05	140.05	142.65	142.65
Springfield Local School District	80.32	80.53	74.75	75.15
Sylvania City School District	88.45	83.30	83.50	83.60
Toledo City School District	73.58	73.10	73.10	67.40
Washington Local School District	83.50	83.50	83.50	78.60
 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	2.10	2.10	2.10
Olander Park	0.20	0.70	0.70	0.70
Sub-Total Recreation Districts	2.31	2.80	2.80	2.80
 Total Rate with Corresponding School District				
Maumee City School District	121.42	121.42	121.52	117.57
Ottawa Hills Local School District	168.62	169.62	172.22	172.07
Springfield Local School District	113.09	113.30	107.52	107.77
Sylvania City School District	120.33	115.67	115.87	115.82
Toledo City School District	103.15	102.67	102.67	96.82
Washington Local School District	113.07	113.07	113.07	108.02

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

2013	2012	2011	2010	2009	2008
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
15.07	14.07	14.07	14.07	14.07	13.90
2.30	1.70	1.70	1.70	1.70	1.70
2.90	2.00	2.00	2.00	2.00	2.00
27.57	25.07	25.07	25.07	25.07	24.90
84.55	84.65	79.45	79.45	75.25	76.25
135.65	134.75	133.05	126.05	125.85	126.15
75.15	75.05	75.05	70.85	70.85	70.85
83.60	83.00	78.30	67.70	66.90	66.90
67.40	65.90	67.70	67.70	67.70	62.80
78.60	78.60	73.70	73.70	73.70	69.80
3.20	3.20	3.20	3.20	3.20	3.20
2.10	1.65	1.65	1.62	1.62	1.20
0.70	0.70	0.70	0.70	0.70	0.70
2.80	2.35	2.35	2.32	2.32	1.90
115.32	112.92	107.72	107.72	103.52	104.35
163.22	159.82	158.12	151.12	150.92	151.05
105.92	103.32	103.32	99.12	99.12	98.95
113.97	110.42	105.72	95.09	94.29	93.70
94.97	90.97	92.77	92.77	92.77	87.70
106.17	103.67	98.77	98.77	98.77	94.70

Table 9
City of Toledo, Ohio
Top 75 Income Tax Withholding Agents by Industry
Last Ten Fiscal Years
(Amounts in Thousands)

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Nonprofit	\$ 15,482	\$ 17,014	\$ 14,835	\$ 14,155
Hospital	8,775	8,663	8,579	8,293
Manufacturing	21,918	23,787	22,910	21,799
Government	8,811	8,596	8,555	8,390
Services	18,196	15,807	16,964	16,242
Retail	1,560	1,294	1,346	1,389
Banking	840	840	897	1,109
Grocery	728	670	723	740
Transportation	379	361	440	423
Technology	-	-	-	-
Utility	367	-	-	-
Construction	201	230	-	-
Total	<u>\$ 77,257</u>	<u>\$ 77,262</u>	<u>\$ 75,249</u>	<u>\$ 72,540</u>

	2013	2012	2011	2010	2009	2008
\$	12,870	\$ 14,674	\$ 13,405	\$ 14,092	\$ 14,825	\$ 14,174
	9,751	9,333	13,159	12,494	13,484	9,077
	18,242	14,887	16,576	15,211	11,706	15,934
	9,137	10,156	10,078	10,107	10,276	10,723
	13,897	13,071	9,960	6,872	8,140	10,984
	1,166	1,452	1,266	1,184	1,375	943
	1,212	1,080	969	911	907	1,009
	775	819	732	751	766	1,442
	392	548	385	348	563	367
	-	-	343	356	411	1,447
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>\$ 67,442</u>	<u>\$ 66,020</u>	<u>\$ 66,873</u>	<u>\$ 62,326</u>	<u>\$ 62,453</u>	<u>\$ 66,100</u>

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
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%
2008	19,180	16,574	86.4%	1,326	17,900	93.3%

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
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
2008	120,809	-	-	40,300	50,898

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
\$	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
	79,962		36,231		22,755		212,184		11,270	574,409	4.0%	1,383

Table: 12
City of Toledo, Ohio
Ratio of Net General Bonded Debt to Assessed Value²
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
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
2008	313,619	4,592,047	131,821	(58)	131,879

¹Personal Property values were completely phased out after 2010.

²Source: Lucas County Auditor.

Net Bonded Debt to Assessed Value	Bonded Debt Per Capita
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
2.8%	420.51

Table 13
City of Toledo, Ohio
Computation of Direct and Overlapping Debt
at December 31, 2017
(Amounts in Thousands)

	<u>Amount of Debt</u>	<u>Applicable To City</u>	<u>City's Share</u>
Total direct debt	\$ 207,470	100.00%	\$ 207,470
Subdivision overlapping debt: **			
Toledo City School District	123,406	70.82%	87,400
Lucas County	86,030	43.57%	37,479
Sylvania City School District	78,285	3.19%	2,500
Maumee City School District	25,220	1.32%	334
Springfield Local School District	5,575	1.88%	105
Sylvania Area Joint Recreation Dist	6,861	3.16%	217
Total subdivision overlapping debt	<u>325,377</u>		<u>128,035</u>
Total direct and overlapping debt	<u>\$ 532,847</u>		<u>\$ 335,505</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>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Debt limit	\$ 333,005	\$ 333,156	\$ 336,039	\$ 336,039
Total net debt applicable to limit	<u>136,605</u>	<u>140,345</u>	<u>154,234</u>	<u>143,540</u>
Legal debt margin	<u>\$ 196,400</u>	<u>\$ 192,811</u>	<u>\$ 181,805</u>	<u>\$ 192,499</u>
Total net debt applicable to limit as a percentage of legal debt margin	69.55%	72.79%	84.83%	74.57%

<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
\$ 356,648	\$ 339,388	\$ 394,075	\$ 399,607	\$ 405,598	\$ 451,247
<u>141,120</u>	<u>145,180</u>	<u>138,879</u>	<u>143,832</u>	<u>152,563</u>	<u>136,904</u>
<u>\$ 215,528</u>	<u>\$ 194,208</u>	<u>\$ 255,196</u>	<u>\$ 255,775</u>	<u>\$ 253,035</u>	<u>\$ 314,343</u>
65.48%	74.75%	54.42%	56.23%	60.29%	43.55%

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							
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
2008	40,012	27,072	12,940	4,880	4,011	8,891	1.5
Sewer Revenue Bonds							
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
2008	57,201	31,317	25,884	3,015	1,721	4,736	5.5

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
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%
2008	313,619	14,525,628	34,578	35.1	26,500	8.9%

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, 2017 and December 31, 2008

2017			
Employer	Employees	Rank	of Total MSA Employees²
Promedica Health Systems	15,000	1	4.57%
Mercy Health Partners	8,827	2	2.69%
University of Toledo ¹	6,662	3	2.03%
Fiat Chrysler	6,147	4	1.87%
Toledo City School District	4,532	5	1.38%
Lucas County	3,086	6	0.94%
The City of Toledo	2,626	7	0.80%
General Motors Corp./GM Powertrain Division	1,971	8	0.60%
The Kroger Company	1,400	9	0.43%
Wal-Mart	1,107	10	0.34%
Total	<u>51,358</u>		<u>15.65%</u>
2008			
	Employees	Rank	of Total MSA Employment
Promedica Health Systems	9,810	1	2.99%
Mercy Health Partners	6,675	2	2.03%
Bowling Green State University	5,400	3	1.65%
University of Toledo ¹	4,963	4	1.51%
Toledo City School District	4,500	5	1.37%
Lucas County	3,934	6	1.20%
Sauder Woodworking Co.	2,789	7	0.85%
The City of Toledo	2,769	8	0.84%
The Kroger Company	2,747	9	0.84%
Wal-Mart	2,451	10	0.75%
Total	<u>46,038</u>		<u>14.03%</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	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
<u>General Government:</u>										
Building Inspection	22	21	20	19						
City Council	21	21	21	21						
Diversity & Inclusion	5	5	4	6						
Economic Development	6	6	4	6						
Finance										
Accounts	10	10	11	9						
Budget/Debt/Financial Admin	8	11	10	10						
ERP	1	2	2	4						
Purchasing	3	3	3	7						
Taxation and Treasury	39	37	41	41						
Subtotal Finance	61	63	67	71						
Human Resources	15	16	17	17						
Info/Communications Tech	15	15	12	12						
Law	25	23	22	23						
Mayor	9	9	10	10						
Municipal Court (Clerks)	76	78	81	81						
Municipal Court (Judges)	105	104	103	104						
Plan Commission	10	10	10	9						
Subtotal General Government	370	371	371	379	263	420	428	423	327	343
<u>Public Service:</u>										
Engineering Services	53	56	59	64						
Fleet and Facilities	74	75	81	85						
Solid Waste	12	14	14	14						
Streets, Bridges, and Harbor	158	162	172	164						
Transportation	40	40	43	47						
Subtotal Public Service	337	347	369	374	236	374	381	377	427	430
<u>Public Safety</u>										
Uniformed Fire	544	544	523	517						
Fire Civilian	96	88	92	99						
Subtotal Fire	640	632	615	616						
Uniformed Police	620	614	628	612						
Police - Civilians	60	58	58	59						
Subtotal Police	680	672	686	671						
Subtotal Safety	1,320	1,304	1,301	1,287	1,518	1,138	1,160	1,152	1,191	1,270
<u>Public Utilities:</u>										
Sewer and Drainage	104	110	104	113						
Utilities Administration	85	80	76	66						
Water Distribution	117	126	125	130						
Water Reclamation	92	96	102	105						
Water Treatment	81	87	85	80						
Subtotal Public Utilities	479	499	492	494	641	552	563	564	575	578
<u>Community Environment:</u>										
Environmental Services	41	42	44	44						
Community Relations	1	1	2	2						
Neighborhoods	54	56	61	63						
Subtotal Com Environment	96	99	107	109	101	80	82	79	81	84
<u>Parks and Recreation:</u>										
Parks, Forestry, & Recreation	61	61	67	76	63	64	65	63	64	75
Totals	2,663	2,681	2,707	2,719	2,822	2,628	2,679	2,658	2,665	2,780

*Detailed information prior to 2014 is unavailable.

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

Function/Program	2017	2016	2015	2014
General government				
Building permits	3,459	2,875	4,162	3,446
Value of permits (in thousands)	328,589	117,100	355,428	162,718
Total board-ups	1,278	1,195	858	1,325
Total demolitions	467	469	404	265
Police				
Traffic citations	32,810	37,269	49,165	54,855
Red light cameras	133,470	87,476	44,621	54,021
Number of offenses	39,180	7,429	8,183	8,726
911 call volume	328,392	354,742	213,987	213,789
Non-emergency calls	99,877	98,521	69,783	84,768
Fire				
Emergency runs	53,904	56,249	52,059	48,709
Fire runs	6,758	6,589	6,839	6,713
Total runs	60,662	62,838	58,898	55,422
Public Utilities				
Water Customers	131,525	123,699	124,574	125,559
Sewer Customers	106,203	117,510	118,418	119,333
New water connections	150	349	149	198
Water main breaks	274	319	297	377
Average daily water consumption (millions of gallons)	66.7	69.0	69.3	78.0
Average daily water waste treatment (millions of gallons)	66.1	63.5	67.9	72.5
Other public works				
Traffic signs manufactured/installed	22,566	17,430	15,321	13,081
Energy reduction (traffic signals)	1.0%	1.0%	3.5%	9.0%
Traffic signals replaced	303	285	288	336
Traffic signal calls	3,825	3,674	4,026	4,136

Source: Respective city departments

2013	2012	2011	2010	2009	2008
3,192	3,492	3,631	4,984	4,260	5,055
101,687	140,436	297,612	168,415	138,153	196,578
1,152	1,594	774	748	704	710
726	382	412	325	300	300
59,345	50,418	41,990	23,895	21,966	55,694
63,574	71,664	27,166	20,008	19,681	18,142
9,278	11,944	13,194	35,568	36,433	22,738
225,677	443,697	438,287	389,112	389,112	392,969
87,298	93,843	91,373	87,412	87,412	101,882
47,458	48,949	47,112	41,154	42,639	40,003
6,307	6,930	7,274	6,958	6,812	10,346
53,765	55,879	54,386	48,112	49,451	50,349
126,647	125,343	123,474	129,935	133,361	136,239
120,400	119,275	117,922	107,538	127,187	129,600
257	220	715	725	618	622
402	365	300	315	306	333
78.0	120.0	78.0	75.8	76.6	76.6
62.1	70.0	71.0	70.7	71.4	75.9
13,938	13,000	29,879	29,879	29,879	31,491
8.0%	88.0%	17.9%	17.9%	17.9%	17.8%
320	301	358	324	386	458
4,200	1,044	5,612	5,648	5,867	6,125

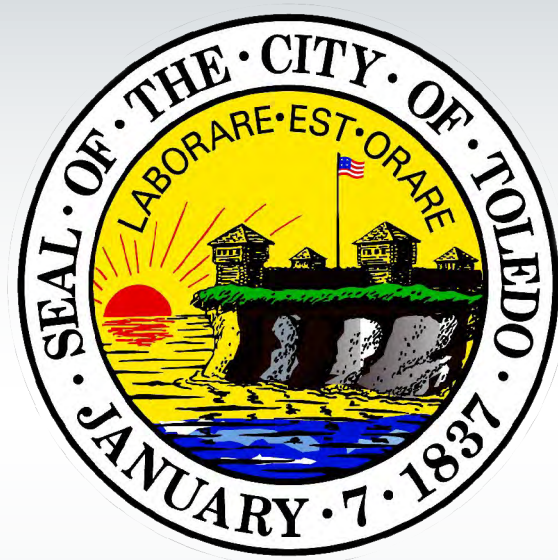
Table 20
City of Toledo, Ohio
Capital Asset Statistics by Function/Program
Last Ten Fiscal Years

Function/ Program	2017	2016	2015	2014
Public safety				
Police				
Number of stations	3	3	3	3
Number of substations	1	1	1	1
Number of employees with arrest power	582	646	616	612
Number of neighborhood offices	-	-	-	-
Fire				
Number of stations	19	19	19	18
Number of firefighters	544	544	514	517
Public service				
Other Public Works				
Streets (in miles)	1,144	1,124	1,224	1,224
Rail (in miles)	1,200	1,200	1,200	1,200
Parks & recreation				
Acreage	2,162	2,185	2,185	2,185
Number of parks	140	144	144	144
Number of tree cuts	1,804	2,109	2,799	
Number of tree trims	2,130	1,939		
Public pools	7	7	9	10
Golf courses	3	4	4	4
Public utilities				
Water				
Water lines (in miles)	1,190	1,169	1,168	1,168
Storage capacity (in millions of gallons)	70	70	94	78
Plant capacity (in millions of gallons)	120	120	120	150
Wastewater				
Sanitary sewers (in miles)	1,100	1,027	961	961
Treatment capacity (in millions of gallons)	130	130	130	102

Source: Respective city departments

2013	2012	2011	2010	2009	2008
2	3	3	3	2	2
1	2	2	1	2	3
648	582	578	566	583	637
-	4	4	4	3	7
18	18	18	17	17	17
541	502	489	482	462	478
1,139	1,139	1,123	1,123	1,122	1,122
1,200	1,200	1,200	1,200	1,200	1,200
2,177	2,687	2,368	2,368	2,368	2,368
145	145	145	145	145	145
10	11	12	12	12	12
4	4	4	4	4	4
1,165	1,188	1,165	1,165	1,165	1,165
78	80	78	78	78	78
150	150	150	150	150	150
961	955	960	960	960	960
102	102	102	102	102	102

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Toledo, OH 43604-2284

For questions, please call:
Division of Accounts
(419) 245-1648

www.toledo.oh.gov/services/finance



Dave Yost • Auditor of State

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 12, 2018