



CITY OF TOLEDO
Lincoln County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2020

CITY OF TOLEDO
Lincoln County, Oregon

CITY OFFICIALS

June 30, 2020

MAYOR

Rod Cross

931 NE Alder Street
Toledo, OR 97391

CITY COUNCIL

Joshua Smith

Council President
543 E. Graham Street
Toledo, OR 97391

Stu Strom

361 E. Graham Street
Toledo, OR 97391

Jackie Kauffman

316 N Main Street
Toledo, OR 97391

Betty Kamikawa

1267 N Nye Street
Toledo, OR 97391

Heather Jukich

395 SE Alder Street
Toledo, OR 97391

William Dalbey

710 N. Bay Road
Toledo, OR 97391

CITY MANAGER

Judy Richter

CITY ATTORNEY

Osterlund Law Office
217 S. Main Street
Toledo, OR 97391

CITY OF TOLEDO
Lincoln County, Oregon

TABLE OF CONTENTS

June 30, 2020

Page
Number

INTRODUCTORY SECTION

- Title Page
- City Officials
- Table of Contents

FINANCIAL SECTION

Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-11
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	12-13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet - Governmental Funds.....	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Net Position - Proprietary Funds.....	19-20
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds.....	21-22
Statement of Cash Flows - Proprietary Funds.....	23-24
Notes to Basic Financial Statements.....	25-61
Required Supplementary Information	
Schedule of the City's Proportionate Share of the Net Pension Liability	62
Schedule of City Contributions	62
Schedules of Changes in OPEB Liability and Related Ratios - Medical Benefit.....	63
Schedule of Revenues, Expenditures, and Changes in Fund Balance -	
Budget and Actual -	
General Fund.....	64
Street Fund	65
Stabilization Fund	66
Revolving Loan Fund	67
Other Supplementary Information - Combining and Individual Fund Statements and Schedules	
Combining Balance Sheet - Nonmajor Governmental Funds.....	68-69

	<u>Page Number</u>
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds.....	70-71
Combining Statement of Net Position – Nonmajor Enterprise Funds	72
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position – Nonmajor Enterprise Funds	73
Combining Statement of Cash Flows – Nonmajor Enterprise Funds.....	74
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual –	
Forfeiture Revenue Fund	75
Grant Fund.....	76
City Council Strategic Reserve Fund	77
Solid Waste Fund	78
911 System Fund	79
General Reserve Fund	80
Library Reserve Fund	81
Footpaths and Bicycle Trail Fund.....	82
Street Reserve Fund	83
Public Works Equipment Reserve Fund.....	84
Debt Service Fund.....	85
Water Construction Fund	86
Building and Property Reserve Fund	87
Schedule of Revenues, Expenses, and Changes in Fund Net Position – Budget and Actual –	
Water Fund	88
Sewer Fund	89
Water Reserve Fund	90
System Development Fund	91
Sewer Reserve Fund	92

**AUDIT COMMENTS AND DISCLOSURES REQUIRED BY FEDERAL AND
STATE REGULATIONS**

Independent Auditor’s Report Required by Oregon State Regulations	93-94
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	95-96
Schedule of Findings and Responses	97

FINANCIAL SECTION



Independent Auditor's Report

The Honorable Mayor and
Members of the City Council
City of Toledo
Toledo, Oregon

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Toledo, Oregon as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Toledo, Oregon as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedules of the City's proportionate share of the net pension liability, OPEB medical liability and City contributions, and the budgetary comparison information on pages 4 through 11 and 62 through 67, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole. We do not express an opinion or provide any assurance on the management's discussion and analysis because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Toledo's basic financial statements as a whole. The combining and individual fund statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The aforementioned information is the responsibility of management, and was derived from and relates directly to the underlying accounting and other

records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2020 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 of Toledo's internal control over financial reporting and compliance.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated December 28, 2020 on our tests of the City's compliance with certain provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Hanford & Associates, LLC
West Richland, Washington
December 28, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION

As management of the City of Toledo, Lincoln County, Oregon, we offer readers this narrative overview and analysis of the financial activities of the City for the fiscal year ended June 30, 2020. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- At June 30, 2020, total net position of the City of Toledo amounted to \$23,694,962. Of this amount, \$15,778,819 was invested in capital assets, net of related debt. The remaining balance included \$3,635,406 restricted for various purposes and \$4,280,736 of unrestricted net position.
- At June 30, 2020, the City's governmental funds reported combined ending net position of \$7,073,510.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City of Toledo's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic 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 a private-sector business.

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

The statement of activities presents information showing how the City'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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

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 and charges (business-type activities). The governmental activities of the City include general government, public safety, highways and streets, and culture and recreation. The business-type activities of the City include water and sewer services.

The government-wide financial statements can be found on pages 12 through 14 of this report.

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Fund Financial Statements

The fund financial statements are designed to demonstrate compliance with finance-related legal requirements overseeing the use of fund accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. All of the funds of the City of Toledo can be divided into two categories: governmental funds and proprietary 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 near-term inflows and outflows of available resources, as well as on the balances of available resources at the end of the fiscal year. Such information may be useful in evaluating the City'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 City's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds 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 17 individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances for the General, Street, Stabilization and Revolving Loan Funds, all of which are considered to be major governmental funds. Data from the nonmajor governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Toledo adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for each fund individually to demonstrate compliance with their respective budgets.

The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

□ **Proprietary Funds**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The City maintains five enterprise funds and two internal service funds.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses the enterprise funds to account for its water and sewer utility operations.

Internal service funds serve as an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses the internal service funds to account for its public works. Because these services predominantly benefit governmental functions rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 19 through 24 of this report.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the financial data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 25 through 61 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, which includes the City's proportionate share of the net pension liability and City contributions, as well as budgetary comparison information for the General, Street, Stabilization, and Revolving Loan Funds. This required supplementary information can be found on pages 62 through 67 of this report.

The combining statements referred to earlier, in connection with nonmajor governmental and proprietary funds, are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 68 through 92 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. At June 30, 2020, the City's assets exceeded liabilities by \$23,694,962.

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings,

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

and equipment) less any related debt used to acquire those assets that is still outstanding. Although the City's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City's Net Position

The City's net position increased by \$342,956 during the current fiscal year. This increase is primarily due to an increase in charges for services. Condensed statement of net position information is shown below.

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Assets						
Current and other assets	\$ 7,978,062	\$ 7,862,791	\$ 2,764,456	\$ 2,195,494	\$ 10,742,517	\$ 10,058,285
Restricted assets	-	299,182	738,515	720,095	738,515	1,019,277
Net capital assets	8,272,806	8,518,691	13,960,993	13,964,890	22,233,799	22,483,581
Total assets	16,250,868	16,680,664	17,463,964	16,880,479	33,714,831	33,561,143
Deferred Outflows of Resources						
	391,908	580,185	137,698	208,319	529,606	788,504
Liabilities						
Current liabilities	886,653	774,552	168,453	131,317	1,055,106	905,869
Noncurrent liabilities	8,435,248	9,106,303	724,844	749,810	9,160,092	9,856,113
Total liabilities	9,321,901	9,880,855	893,297	881,127	10,215,198	10,761,982
Deferred Inflows of Resources						
	247,366	118,805	86,912	116,854	334,278	235,659
Net position						
Net investment in capital assets	1,817,826	1,499,482	13,960,993	13,964,890	15,778,819	15,464,372
Restricted for various purposes	2,917,837	2,436,493	717,569	716,939	3,635,406	3,153,432
Unrestricted	2,337,846	3,325,214	1,942,890	1,408,988	4,280,736	4,734,202
Total net position	\$ 7,073,510	\$ 7,261,189	\$ 16,621,452	\$ 16,090,817	\$ 23,694,962	\$ 23,352,006

City's Changes in Net Position

The condensed statement of activities information shown on the following page explains changes in net position.

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

	Governmental Activities		Business-Type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Program revenues						
Charges for services	\$ 431,200	\$ 559,118	\$ 2,759,217	\$ 2,657,789	\$ 3,190,417	\$ 3,216,907
Operating grants and contributions	60,543	24,238	395	360	60,938	24,598
Capital grants and contributions	-	-	552,561	-	552,561	-
Total program revenues	491,743	583,356	3,312,173	2,658,149	3,803,916	3,241,505
General revenues						
Property taxes - general	2,106,962	2,020,891	-	-	2,106,962	2,020,891
Property taxes - debt service	168,868	166,547	-	-	168,868	166,547
Franchise fees	1,676,311	1,390,248	-	-	1,676,311	1,390,248
Motor fuel taxes	247,185	275,477	-	-	247,185	275,477
Alcohol/cigarette taxes	75,156	74,670	-	-	75,156	74,670
911 taxes	17,629	13,610	-	-	17,629	13,610
Intergovernmental	206,039	224,017	-	-	206,039	224,017
Investment earnings	170,144	175,614	63,249	63,537	233,393	239,151
Rents and leases	17,545	12,020	12,116	11,184	29,661	23,204
Miscellaneous	136,645	66,196	40,601	46,474	177,246	112,670
Total general revenues	4,822,484	4,419,290	115,966	121,195	4,938,450	4,540,485
Total revenues	5,314,227	5,002,646	3,428,139	2,779,344	8,742,366	7,781,990
Program expenses						
General government	1,582,416	2,125,802	-	-	1,582,416	2,125,802
Public safety	2,252,903	2,066,079	-	-	2,252,903	2,066,079
Highways and streets	608,969	374,814	-	-	608,969	374,814
Culture and recreation	382,800	352,637	-	-	382,800	352,637
Interest on long-term debt	-	-	-	-	-	-
Water	-	-	1,655,708	1,425,142	1,655,708	1,425,142
Sewer	-	-	1,194,297	1,071,164	1,194,297	1,071,164
Total program expenses	4,827,089	4,919,332	2,850,005	2,496,306	7,677,094	7,415,638
Transfers	47,500	589,487	(47,500)	(589,487)	-	-
Change in net position	534,638	672,801	530,634	(306,449)	1,065,272	366,352
Net position - beginning	6,588,387	6,588,387	16,090,818	16,397,268	22,679,205	22,985,655
Prior period adjustment	(49,515)	-	-	-	(49,515)	-
Net position - end of year	\$ 7,073,510	\$ 7,261,188	\$ 16,621,452	\$ 16,090,819	\$ 23,694,962	\$ 23,352,007

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measurement of the City's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the City's governmental funds reported combined fund balances of \$7,073,510. Of this amount, \$2,337,846 constitutes unassigned fund balance, which is available for spending at the City's discretion.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance of the General Fund was \$1,907,181. This entire amount constitutes unassigned fund balance.

Proprietary Funds

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

Total net position of the proprietary funds amounted to \$16,621,452 at year-end. Of this amount, \$13,960,993 was invested in capital assets, net of related debt. The remaining balance included \$717,569 restricted for various purposes and \$1,942,890 of unrestricted net position.

BUDGETARY HIGHLIGHTS

Budget amounts shown in the financial statements reflect the original budget amounts and final budget amounts.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets for its governmental activities and business-type activities as of June 30, 2020 amounted to \$8,272,806 and \$13,960,993, net of accumulated depreciation, respectively. This investment in capital assets includes land, buildings and structures, equipment and vehicles, land improvements, and infrastructure. The total depreciation expense related to the City's investment in capital assets for its governmental activities and business-type activities during the current fiscal year was \$585,851 and \$663,907, respectively.

Additional information on the City's capital assets can be found in Note II-D on pages 40 through 42 of this report.

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

Long-Term Liabilities

At the end of the current fiscal year, the City had total debt outstanding for its governmental activities and business-type activities of \$6,954,980 and \$0, respectively. These amounts are comprised of general obligation bonds, and bond premiums. The City's total debt decreased by \$549,229 during the current fiscal year, due to a payments made in accordance with debt agreements. Additional information on the City's long-term liabilities can be found in Note II-G on pages 44 through 46 of this report.

The City took out a loan of \$650,000 for wastewater system improvements. Half (\$325,000) of this is expected to be forgiven in 2021, when the debt will be reported in the City's financial statements.

KEY ECONOMIC FACTORS AND BUDGET INFORMATION FOR THE FUTURE

At the time these financial statements were prepared and audited, the City was aware of the following circumstances that could affect its future financial health:

Revenues

- The City's electricity franchise rate increased from 4.25% to 5.0% in the 2016-2017 fiscal year. This increase along with rate increases and increased electrical consumption is estimated to continue to bring in an additional \$220,000 annually in revenues.
- The revenues received from the Lincoln County Library District are estimated to be down slightly from the previous year at \$84,515.
- Revenue from the Toledo Rural Fire Protection District is projected to be the same as the previous year at an estimated \$155,000.
- State shared Marijuana tax revenue is expected to be received in this budget cycle although the amount the City will receive has yet to be determined.
- Swimming Pool revenue will no longer be received due to the transfer of pool operations to the Greater Toledo Pool and Recreation District.
- The combined unappropriated fund balance is projected to increase by approximately \$1.3 million.

Expenditures

- Staffing levels are proposed to see a net reduction of -2.67 FTE due to the elimination of Swimming Pool personnel and the Assistant City Recorder position.
- The Budget includes funding for a 1.0 FTE City Planner position and a 1.0 FTE Treatment Plant Operator Trainee position subject to City Council Approval.
- This budget reflects anticipated increases in wages and compensation as the result of Collective Bargaining Agreements and other projected cost of living wage increases.
- General Fund Contract services has been increased to reflect continued outsourcing of legal services for the City Attorney/Legal services.
- The budget contains funding for professional engineering and architectural services for the initial design and renovation of the Public Safety Building acquired by the City in 2017.

CITY OF TOLEDO
Lincoln County, Oregon

MANAGEMENT'S DISCUSSION AND ANALYSIS

All of these factors were considered in preparing the City's budget for fiscal year 2020-2021.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest. Questions concerning any of the information provided in the report or requests for additional information should be addressed to the City Manager at the following address: P.O. Box 220, Toledo, Oregon 97391.

BASIC FINANCIAL STATEMENTS

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 7,388,795	\$ 2,404,359	\$ 9,793,154
Cash with agent	-	-	-
Receivables, current portion	31,091	263,684	294,775
Prepays	-	-	-
Property taxes receivable	49,340	-	49,340
Inventory	20,563	96,413	116,976
Total current assets	7,489,789	2,764,456	10,254,245
Restricted assets			
Cash and cash equivalents	-	738,515	738,515
Cash with agent	-	-	-
Total restricted assets	-	738,515	738,515
Receivables, less current portion	279,822	-	279,822
Housing rehabilitation loans receivable	208,451	-	208,451
Assets held for sale	-	-	-
Capital assets not being depreciated	1,054,662	823,714	1,878,376
Capital assets being depreciated, net	7,218,144	13,137,279	20,355,423
Total assets	16,250,868	17,463,964	33,714,831
DEFERRED OUTFLOWS OF RESOURCES	391,908	137,698	529,606
LIABILITIES			
Current liabilities			
Accounts payable	239,996	70,999	310,995
Compensated absences	130,662	36,368	167,030
Accrued interest	-	-	-
Deposits payable	15,995	61,086	77,081
Long-term debt, current portion	500,000	-	500,000
Total current liabilities	886,653	168,453	1,055,106

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF NET POSITION

June 30, 2020

	Governmental Activities	Business-Type Activities	Total
Noncurrent liabilities			
Net pension liability	1,822,177	666,978	2,489,155
OPEB liability	158,091	57,866	215,957
Long-term debt, less current portion	6,454,980	-	6,454,980
Total noncurrent liabilities	8,435,248	724,844	9,160,092
Total liabilities	9,321,901	893,297	10,215,198
DEFERRED INFLOWS OF RESOURCES	247,366	86,912	334,278
NET POSITION			
Net investment in capital assets	1,817,826	13,960,993	15,778,819
Restricted for various purposes	2,917,837	717,569	3,635,406
Unrestricted	2,337,846	1,942,890	4,280,736
Total net position	\$ 7,073,510	\$ 16,621,452	\$ 23,694,962

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Functions/Programs	Program Revenues				Net(expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental activities							
General government	\$ 1,582,416	\$ 94,093	\$ -	\$ -	\$ (1,488,323)	\$ -	\$ (1,488,323)
Public safety	2,252,903	148,209	44,501	-	(2,060,193)	-	(2,060,193)
Highways and streets	608,969	103,942	-	-	(505,027)	-	(505,027)
Culture and recreation	382,800	84,956	16,042	-	(281,802)	-	(281,802)
Total governmental activities	\$ 4,827,089	\$ 431,200	\$ 60,543	\$ -	(4,335,346)	-	(4,335,346)
Business-type activities							
Water	1,655,708	1,603,964	395	-	-	(51,349)	(51,349)
Sewer	1,194,297	1,155,253	-	552,561	-	513,517	513,517
Total business-type activities	\$ 2,850,005	\$ 2,759,217	\$ 395	\$ 552,561	-	462,168	462,168
General Revenues							
Property taxes - general					2,106,962	-	2,106,962
Property taxes - debt service					168,868	-	168,868
Franchise fees					1,676,311	-	1,676,311
Motor fuel taxes					247,185	-	247,185
Alcohol and cigarette taxes					75,156	-	75,156
Privilege taxes					17,629	-	17,629
Intergovernmental					206,039	-	206,039
Investment earnings					170,144	63,249	233,393
Rents and leases					17,545	12,116	29,661
Miscellaneous					136,645	40,601	177,246
Total general revenues					4,822,484	115,966	4,938,450
Transfers					47,500	(47,500)	-
Change in net position					534,638	530,634	1,065,272
Net position - beginning					6,588,387	16,090,818	22,679,205
Prior period adjustment					(49,515)	-	(49,515)
Net position - ending					\$ 7,073,510	\$16,621,452	\$23,694,962

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon
BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2020

	Special Revenue				Nonmajor Governmental Funds	Total Governmental Funds
	General Fund	Street Fund	Stabilization Fund	Revolving Loan Fund		
ASSETS						
Cash and cash equivalents	\$ 2,056,753	\$ 2,635,235	\$ 470,688	\$ 61,664	\$ 2,164,455	\$ 7,388,795
Cash with agent	-	-	-	-	-	-
Accounts receivable, net of uncollectible accounts	301,375	9,538	-	-	-	310,913
Prepays	-	-	-	-	-	-
Property taxes receivable	45,664	-	-	-	3,676	49,340
Notes receivable	-	-	-	208,451	-	208,451
Total assets	<u>2,403,792</u>	<u>2,644,773</u>	<u>470,688</u>	<u>270,115</u>	<u>2,168,131</u>	<u>7,957,499</u>
LIABILITIES						
Accounts payable	208,328	10,327	-	-	21,341	239,996
Deposits payable	15,995	-	-	-	-	15,995
Total liabilities	<u>224,323</u>	<u>10,327</u>	<u>-</u>	<u>-</u>	<u>21,341</u>	<u>255,991</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Property taxes	27,783	-	-	-	2,236	30,019
Notes receivable	-	-	-	208,451	-	208,451
Court fines	244,505	-	-	-	-	244,505
Total deferred inflows of resources	<u>272,288</u>	<u>-</u>	<u>-</u>	<u>208,451</u>	<u>2,236</u>	<u>482,975</u>
FUND BALANCES						
Restricted	-	2,634,446	-	61,664	221,727	2,917,837
Committed	-	-	470,688	-	1,032,146	1,502,834
Assigned	-	-	-	-	890,681	890,681
Unassigned	1,907,181	-	-	-	-	1,907,181
Total fund balances	<u>1,907,181</u>	<u>2,634,446</u>	<u>470,688</u>	<u>61,664</u>	<u>2,144,554</u>	<u>7,218,533</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,403,792</u>	<u>\$ 2,644,773</u>	<u>\$ 470,688</u>	<u>\$ 270,115</u>	<u>\$ 2,168,131</u>	<u>\$ 7,957,499</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET
POSITION OF GOVERNMENTAL ACTIVITIES

June 30, 2020

Total fund balances		\$ 7,957,499
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Cost	16,091,689	
Accumulated Depreciation	<u>(7,818,883)</u>	8,272,806
Other long-term assets are not available as current financial resources and are therefore not reported as assets in the governmental funds.		
Housing rehabilitation loans receivable	208,451	
Assets held for sale	<u>-</u>	208,451
Property tax revenue is recognized in the net position of governmental activities when the taxes are levied; however, in the governmental fund statements, it is recognized when available to be used for current year operations. Taxes not collected within 60 days of the end of the year are not considered available to pay for current year operations and are therefore not reported as revenue in the governmental funds.		
		(30,019)
Court fines and fees are recognized as revenue in the net position of governmental activities when the fines are assessed; however, in the governmental fund statements, they are recognized when available to be used for current year operations.		
		(434,423)
Inventory is not reported at the fund level.		
		20,563
Amounts relating to the City's proportionate share of net pension liability or assets for the Oregon Public Retirement System (PERS) are not reported in governmental fund statements. In the governmental fund statements, pension expense is recognized when due. The amounts consist of:		
Deferred outflows of resources relating to pension expense	391,908	
Deferred inflows of resources relating to the return on pension assets	(247,366)	
Net OPEB (liability)	(158,091)	
Net pension asset (liability)	<u>(1,822,177)</u>	<u>(1,835,725)</u>
Long term liabilities are not due or payable in the in the current period and are therefore not reported in the governmental funds. Interest on long-term, debt is not accrued in the governmental funds, but rather, is recognized as an expenditure when due. These liabilities consist of:		
Compensated absences payable	(130,662)	
Accrued interest	-	
Bonds payable	<u>(6,954,980)</u>	<u>(7,085,642)</u>
Net position of governmental activities		<u>\$ 7,073,510</u>

The accompanying notes are an integral part of these financial statements

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Special Revenue					Total Government Funds
	General Fund	Street Fund	Stabilization Fund	Revolving Loan Fund	Nonmajor Governmental Funds	
REVENUES						
Taxes						
Property	\$ 2,106,962	\$ -	\$ -	\$ -	\$ 168,868	\$ 2,275,830
Franchise	1,005,790	670,521	-	-	-	1,676,311
Motor fuel	-	244,714	-	-	2,471	247,185
Alcohol	56,065	-	-	-	-	56,065
Cigarette	19,091	-	-	-	-	19,091
Privilege	-	-	-	-	17,629	17,629
Licenses, permits, and fees	83,734	103,942	-	-	10,359	198,035
Grants and contributions	44,501	-	-	-	16,042	60,543
Charges for services	84,956	-	-	-	-	84,956
Intergovernmental charges	206,039	-	-	-	-	206,039
State revenue sharing	52,296	-	-	-	-	52,296
Fines	95,913	-	-	-	-	95,913
Investment earnings	46,291	48,223	21,290	1,350	52,990	170,144
Rents and leases	17,545	-	-	-	-	17,545
Miscellaneous	47,351	1,335	3,665	-	84,294	136,645
Total revenues	3,866,534	1,068,735	24,955	1,350	352,653	5,314,227
EXPENDITURES						
Current						
General government	1,253,225	-	504,907	-	354,092	2,112,224
Public safety	2,081,560	-	-	-	-	2,081,560
Highways and streets	-	377,281	-	-	-	377,281
Culture	295,840	-	-	-	58,434	354,274
Debt service	-	-	-	-	171,950	171,950
Capital outlay	-	-	-	-	82,378	82,378
Total expenditures	3,630,625	377,281	504,907	-	666,854	5,179,667
Excess (deficiency) of revenues over (under) expenditures	235,909	691,454	(479,952)	1,350	(314,201)	134,560
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	457,814	457,814
Transfers out	(200,000)	(210,314)	-	-	-	(410,314)
Total other financing sources (uses)	(200,000)	(210,314)	-	-	457,814	47,500
Net change in fund balances	35,909	481,140	(479,952)	1,350	143,613	182,060
Fund balances - beginning	1,920,787	2,153,306	950,640	60,314	2,000,941	7,085,988
Prior period adjustment	\$ (49,515)	\$ -	\$ -	\$ -	\$ -	\$ (49,515)
Fund balances - ending	\$ 1,907,181	\$ 2,634,446	\$ 470,688	\$ 61,664	\$ 2,144,554	\$ 7,218,533

The accompanying notes are an integral part of these financial statements

CITY OF TOLEDO
Lincoln County, Oregon

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2020

Net change in fund balances \$182,060

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

Governmental funds report capital outlay as expenditures; however, in the statement of activities, the costs of these assets are allocated over their estimated useful lives and are reported as depreciation expense.

Capital outlay expenditures - governmental funds	343,293	
Capital asset disposals, net of related depreciation	355,744	
Depreciation expense recorded in the current year	<u>(585,851)</u>	113,186

The issuance of long-term debt (e.g. bonds, loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

485,000

Some expenses reported in the statement of activities do not require the use of current financial resources and are therefore not reported as expenditures in the governmental funds:

Change in compensated absences	(11,719)	
Change in inventory	<u>(3,625)</u>	(15,344)

Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the statement of activities, property taxes are recognized when levied.

Change in deferred revenue		-
----------------------------	--	---

Pension expense or credits that do not meet the measurable and available criteria are not recognized as revenue or expense in the current year in governmental funds. In the statement of activities, pension expense or credit is recognized when determined to have been accrued.

Pension expense		<u>(230,264)</u>
-----------------	--	------------------

Change in net position		<u>\$534,638</u>
------------------------	--	------------------

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2020

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
ASSETS					
Current assets					
Cash and cash equivalents	\$ 55,240	\$ 197,678	\$ 2,151,441	\$ -	\$ 2,404,359
Accounts receivable	149,972	113,712	-	-	263,684
Inventory	82,206	14,206	-	-	96,413
Total current assets	287,418	325,596	2,151,441	-	2,764,456
Restricted assets					
Cash and cash equivalents	-	-	-	738,515	738,515
Capital assets not being depreciated	353,686	470,028	-	-	823,714
Capital assets being depreciated, net	8,213,926	4,923,353	-	-	13,137,279
Total assets	8,855,030	5,718,977	2,151,441	738,515	17,463,964
DEFERRED OUTFLOWS OF RESOURCES					
	68,849	68,849	-	-	137,698
LIABILITIES					
Current liabilities					
Accounts payable	27,478	16,499	6,076	20,946	70,999
Compensated absences	19,250	17,118	-	-	36,368
Deposits payable	61,086	-	-	-	61,086
Total current liabilities	107,814	33,617	6,076	20,946	168,453
Noncurrent liabilities					
Net pension liability	333,489	333,489	-	-	666,978
OPEB liability	28,933	28,933	-	-	57,866
Total liabilities	470,236	396,039	6,076	20,946	893,297

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

June 30, 2020

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
DEFERRED INFLOWS OF RESOURCES	43,456	43,456	-	-	86,912
NET POSITION					
Net investment in capital assets	8,567,612	5,393,381	-	-	13,960,993
Restricted for:			-		
Debt Service	-	-	-	-	-
System Improvement	-	-	-	141,170	141,170
System Development	-	-	-	576,399	576,399
Unrestricted	(157,425)	(45,050)	2,145,365	-	1,942,890
Total net position	\$ 8,410,187	\$ 5,348,331	\$ 2,145,365	\$ 717,569	\$ 16,621,452

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
Operating revenues					
Water sales	\$ 1,242,036	\$ -	\$ -	\$ -	\$ 1,242,036
Water sales - Seal Rock	353,359	-	-	-	353,359
Sewer charges	-	1,155,253	-	-	1,155,253
Fees and charges	8,569	-	-	-	8,569
Grants and contributions	395	-	-	-	395
Rents and leases	12,116	-	-	-	12,116
	<u>1,616,475</u>	<u>1,155,253</u>	<u>-</u>	<u>-</u>	<u>2,771,728</u>
Total operating revenues					
Operating expenses					
Cost of sales and services	1,212,568	812,670	58,088	102,772	2,186,098
Administration	-	-	-	-	-
Materials and supplies	-	-	-	-	-
Depreciation	385,052	278,855	-	-	663,907
	<u>1,597,620</u>	<u>1,091,525</u>	<u>58,088</u>	<u>102,772</u>	<u>2,850,005</u>
Total operating expenses					
Operating income (loss)	<u>18,855</u>	<u>63,728</u>	<u>(58,088)</u>	<u>(102,772)</u>	<u>(78,277)</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO
Lincoln County, Oregon

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
Nonoperating revenues (expenses)					
Investment earnings	10,484	3,114	33,596	16,055	63,249
Miscellaneous	547	3,695	-	36,359	40,601
Interest expense	-	-	-	-	-
Total nonoperating revenues (expenses)	11,031	6,809	33,596	52,414	103,850
Income (loss) before contributions and transfers	29,886	70,537	(24,492)	(50,358)	25,573
Loan proceeds	-	-	-	552,561	552,561
Transfers in	-	511,573	669,717	10,000	1,191,290
Transfers out	(692,217)	(35,000)	-	(511,573)	(1,238,790)
Change in net position	(662,331)	547,110	645,225	630	530,634
Total net position - beginning	9,072,518	4,801,221	1,500,140	716,939	16,090,818
Total net position - ending	<u>\$ 8,410,187</u>	<u>\$ 5,348,331</u>	<u>\$ 2,145,365</u>	<u>\$ 717,569</u>	<u>\$ 16,621,452</u>

The accompanying notes are an integral part of these financial statements.

CITY OF TOLEDO

Lincoln County, Oregon

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	<u>Water</u>	<u>Sewer</u>	<u>Water Reserve</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total Enterprise Funds</u>
CASH FLOWS FROM					
OPERATING ACTIVITIES					
Receipts from customers	\$1,609,610	\$1,142,448	\$ -	\$ -	\$2,752,058
Receipts from rentals	12,116	-	-	-	12,116
Other receipts	8,964	-	-	-	8,964
Payments to employees	(465,946)	(492,876)	-	-	(958,822)
Payments to suppliers	<u>(750,635)</u>	<u>(303,348)</u>	<u>(52,012)</u>	<u>(81,826)</u>	<u>(1,187,822)</u>
Net cash provided (used) by operating activities	<u>414,109</u>	<u>346,224</u>	<u>(52,012)</u>	<u>(81,826)</u>	<u>626,494</u>
CASH FLOWS FROM NONCAPITAL					
FINANCING ACTIVITIES					
Miscellaneous Income	<u>547</u>	<u>3,695</u>	<u>-</u>	<u>552,561</u>	<u>556,803</u>
Net cash provided (used) by noncapital financing activities	<u>547</u>	<u>3,695</u>	<u>-</u>	<u>552,561</u>	<u>556,803</u>
CASH FLOWS FROM CAPITAL AND					
RELATED FINANCING ACTIVITIES					
System development charges	-	-	-	36,359	36,359
Transfers from other funds - capital purposes	-	-	669,717	10,000	679,717
Transfers to other funds - capital purposes	(692,217)	(35,000)	-	-	(727,217)
Sale of surplus property	-	-	-	-	-
Principal paid on capital debt	-	(88,400)	-	-	(88,400)
Interest paid on capital debt	-	(59,938)	-	-	(59,938)
Purchase of capital assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>(514,729)</u>	<u>(514,729)</u>
Net Cash provided (used) by capital and related financing activities	<u>(692,217)</u>	<u>(183,338)</u>	<u>669,717</u>	<u>(468,370)</u>	<u>(674,208)</u>
CASH FLOWS FROM					
INVESTING ACTIVITIES					
Interest income	<u>10,484</u>	<u>3,114</u>	<u>33,596</u>	<u>16,055</u>	<u>63,249</u>
Net cash provided (used) by investing activities	<u>10,484</u>	<u>3,114</u>	<u>33,596</u>	<u>16,055</u>	<u>63,249</u>
Net increase (decrease) in cash and cash equivalents	(267,077)	169,695	651,301	18,420	572,338

The accompanying notes are an integral part of the financial statements.

CITY OF TOLEDO
Lincoln County, Oregon
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2020

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash and cash equivalents - beginning (including \$720,095 in nonmajor enterprise funds reported in restricted accounts)	322,317	27,983	1,500,140	720,095	2,570,535
Cash and cash equivalents - ending (including \$738,515 in nonmajor enterprise funds reported in restricted accounts)	55,240	197,678	2,151,441	738,515	3,142,873
Reconciliation of operating income (loss) to net cash provided (used) by operating activities					
Operating Income (loss)	18,855	63,728	(58,088)	(102,772)	(78,277)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	385,052	278,855	-	-	663,907
Capital contributions		-	-	-	-
(Increase) decrease in:					
Receivables	7,104	(12,805)	-	-	(5,701)
Inventories	(9,352)	(2,696)	-	-	(12,049)
Deferred outflows of resources	35,310	35,310	-	-	70,620
Increase (decrease) in:					
Accounts payable	(5,363)	15,133	6,076	20,946	36,792
Compensated absences	2,846	(3,847)	-	-	(1,001)
Customer deposits	7,111	-	-	-	7,111
Net pension/OPEB liability	(12,483)	(12,483)	-	-	(24,966)
Deferred inflows of resources	(14,971)	(14,971)	-	-	(29,942)
Net cash provided (used) by operating activities	\$ 414,109	\$ 346,224	\$ (52,012)	\$ (81,826)	\$ 626,495

The accompanying notes are an integral part of these financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statements of activities) report information on all of the activities of the City. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support.

B. Reporting Entity

The City of Toledo was incorporated in 1905 and is situated on a bend of the Yaquina River, surrounded by wooded hills. Toledo is just seven miles inland from the Central Oregon Coast and is the only inland coastal community with a deep-water channel. The historic town cascades over the hillsides to the river. The mission of Toledo's city government is to provide efficient, and necessary public services that protect and enhance the quality of life in Toledo, now and in the future, as determined by citizens, law, and available economic resources. The City provides basic services to citizens within the city limits. Control of the City is vested in its mayor and city council, elected to office by voters within the City.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities incorporate data from governmental funds, while the business-type activities incorporate data from enterprise funds. Separate financial statements are provided for all governmental and proprietary funds. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate financial statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The City reports the following major governmental funds:

General Fund - The General Fund is the primary operating fund of the City. It accounts for all financial resources except those required to be accounted for in another fund. The primary source of revenue is property taxes.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Special Revenue Fund

Street Fund – The Street Fund accounts for the maintenance, operation, and construction of the City’s streets. The primary sources of revenue are state shared highway funds.

Stabilization Fund – The Stabilization Fund is used to accumulate funds for future expenditures, including expected increases in PERS contribution rates, insurance costs, and fluctuations in General Fund revenues. The primary source of revenue is transfers.

Revolving Loan Fund – The Revolving Loan Fund accounts for the repayment and relending of funds originally obtained through federal programs. The primary source of revenue is loan repayments.

Capital Projects Fund

Water Construction Fund – The Water Construction Fund accounts for bond funded projects.

Debt Service Fund – The Debt Service Fund accounts for the repayment of the City’s long-term debt. The primary source of revenue is property taxes. The primary use of revenue is for the payment of principal and interest due on long-term debt.

The City reports the following major proprietary funds:

Enterprise Funds

Water Fund – The Water Fund accounts for the resources and expenses related to the supply, treatment, and distribution of water. The primary source of revenue is user fees.

Sewer Fund – The Sewer Fund accounts for the resources and expenses related to the collection and treatment of wastewater. The primary source of revenue is user fees.

Water Reserve Fund – The Water Reserve Fund is used to accumulate funds for future system development costs. The primary source of revenue is transfers.

Additionally, the City reports the following nonmajor funds:

Special Revenue Funds

Forfeiture Revenue Fund – The Forfeiture Revenue Fund accounts for amounts received from government agencies.

Grant Fund – The Grant Fund accounts for financial resources from various grants. The primary use of revenue is expenditures for meeting purposes of the grants.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

City Council Strategic Reserve Fund – The City Council Strategic Reserve Fund accounts for income from loan repayments to be used for future expenses at the Council’s discretion.

Solid Waste Fund – The Solid Waste Fund is used to accumulate funds dedicated to landfill closure expenses. The primary source of revenue is user fees.

911 System Fund – The 911 System Fund accounts for the operation of the 911 call center. The primary source of revenue is from 911 Oregon State Tax revenues.

General Reserve Fund – The General Reserve Fund is used to accumulate funds for future equipment expenditures. The primary source of revenue is transfers.

Library Reserve Fund – The Library Reserve Fund is used to accumulate funds for future library programs, maintenance, and equipment costs.

Footpaths and Bicycle Trail Fund – The Footpaths and Bicycle Trail Fund accounts for required expenditures of state highway funds dedicated to the development and maintenance of footpaths and bicycle trails. The primary source of revenue is state highway taxes.

Street Reserve Fund – The Street Reserve Fund is used to accumulate funds for future maintenance, operation, and construction of the City’s streets. The primary source of revenue is transfers.

Public Works Equipment Reserve Fund – The Public Works Equipment Reserve Fund is used to accumulate funds for future equipment acquisitions. The primary source of revenue is transfers.

Capital Projects Fund

Building and Property Reserve Fund – The Building and Property Reserve Fund is used to accumulate funds for future building and property purchases. The primary source of revenue is transfers committed by the City Council.

Enterprise Funds

System Development Fund – The System Development Fund is used to accumulate funds for future system development costs. The primary sources of revenue are user fees and transfers.

Sewer Reserve Fund – The Sewer Reserve Fund is used to accumulate funds for system development. The primary source of revenue is transfers.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activity column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenue in the year in which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting.

F. Budgetary Information

The City budgets all funds in accordance with the requirements of state law. Annual appropriated budgets are adopted for the general, special revenue, debt service, enterprise, and internal service funds. All funds are budgeted on the modified accrual basis of accounting.

The City begins its budgeting process by appointing budget committee members. The budget officer prepares a budget, which is reviewed by the budget committee. The budget is then published in proposed form and is presented at public hearings to obtain taxpayer comments and approval from the budget committee. The budget is legally adopted by the city council by resolution prior to the beginning of the City's fiscal year. The council resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations. Total personnel services, materials and services, debt service, capital outlay, and contingency are the levels of control for the funds established by the resolution. The detailed budget document, however, is required to contain more specific detailed information for the aforementioned expenditure categories and management may revise the detailed line item budgets within appropriation categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution. Supplemental budgets less than 10% of a fund's original budget may be adopted by the city council at a regular council meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers, and approval by the city council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the city council. During the year, there were no supplemental budgets. The City does not use encumbrances and appropriations lapse at year-end.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Budget amounts shown in the financial statements reflect the original budget amounts and final budget amounts.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

2. Restricted Assets

Assets whose use is restricted for debt service, facilities improvement and construction, grant projects, or by other agreement are segregated on the Statement of Net Position

3. Investments

State statutes authorize the City to invest in legally issued general obligations of the United States, the agencies and instrumentalities of the United States and the states of Oregon, Washington, Idaho, or California, certain interest-bearing bonds, time deposit open accounts, certificates of deposit, and savings accounts in banks, mutual savings banks, and savings and loan associations that maintain a head office or a branch in this state in the capacity of a bank, mutual savings bank, or savings and loan association, and share accounts and savings accounts in credit unions in the name of, or for the benefit of, a member of the credit union pursuant to a plan of deferred compensation.

4. Accounts Receivable

Receivables are recorded as revenue when earned. No allowance for uncollectible accounts has been established, as management deems all receivables collectible.

5. Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as "due to and from other funds." Short-term interfund loans are reported as "interfund receivables and payables." Long-term interfund loans (noncurrent portion) are reported as "advances from and to other funds." Interfund receivables and payables between funds are eliminated in the statement of net position.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

6. Inventory

Inventory of supplies is valued at cost using the first-in, first-out method. Inventory consists of materials for use in the public works, water, and sewer departments.

7. Capital assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than \$10,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost where no historical records exist. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance or repairs that do not add to the value of an asset or materially extend its life are charged to expenditures as incurred and are not capitalized. Major capital outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the City are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment and vehicles	5-25
Buildings, structures, and infrastructure	5-40

8. Deferred Outflows/Inflows of Resources (Non-Pension Related)

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement elements, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, which qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

9. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

10. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned, fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

11. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government’s highest level of decision-making authority. The City Council is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The City Council (council) has by resolution authorized the City Manager to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance - amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance - amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e. city council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint.
- Assigned fund balance - amounts that City intends to use for a specific purpose. Intent can be expressed by city council or by an official or body to which the city council delegates authority.
- Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

The City has not formally adopted a minimum fund balance policy.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes and other intentionally dedicated resources are reported as general revenues rather than as program revenues.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

2. Property Taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collection to entities levying taxes. Property taxes are levied and become a lien as of July 1 on property values assessed as of June 30. Property taxes are payable in three installments, which are due on November 15, February 15, and May 15.

3. Compensated Absences

Vacation

The City's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment upon separation from government service. The liability for such leave is reported as incurred in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Sick leave

Accumulated sick leave lapses when employees leave the employ of the City and, upon separation from service, no monetary obligation exists.

4. 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 Oregon Public Employees Retirement Systems (PERS) and additions to/deductions from PERS' fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

5. Proprietary Fund Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenue of the proprietary funds are charges for services provided. Operating expenses for the proprietary funds include the cost of services and administrative expenses. All revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

I. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. Deposits and Investments

The City of Toledo maintains a cash and cash equivalents pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the fund financial statements as cash and cash equivalents. Additionally, several funds held separate cash accounts. Interest earned on pooled cash and investments is allocated to participating funds.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, investments with a remaining maturity of more than one year at the time of purchase are stated at fair value.

The City participates in an external investment pool (State of Oregon Local Government Investment Pool). The Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The State's investment policies are governed by the Oregon Revised Statutes (ORS) and the Oregon Investment Council (OIC).

The State Treasurer is the investment officer for the OIC and is responsible for all funds in the State Treasury.

These funds are invested exercising reasonable care, skill, and caution. Investments in the Pool are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which established diversification percentages and specifies the types and maturities of investments. The

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

portion of the external investment pool which belongs to local government investment participants is reported in an Investment Trust Fund in the State's Comprehensive Annual Financial Report (CAFR). A copy of the State's CAFR may be obtained at the Oregon State Treasury, 350 Winter St. N.E., Salem, Oregon 97310-0840.

Fair Value Measurement

Fair value is defined as the price that would be received to sell an asset or price paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

- Level 1 - Unadjusted quoted prices for identical investments in active markets.
- Level 2 - Observable inputs other than quotes market prices; and,
- Level 3 - Unobservable inputs.

There were no transfers of assets or liabilities among the three levels of the fair value hierarchy for the year ended June 30, 2020.

Fair values of assets measured on a recurring basis at June 30, 2020 are as follows:

	<u>Level 2</u>
Investments	
Oregon Local Government Investment Pool	<u>\$ 10,375,946</u>

Credit Risk

Oregon statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the Local Government Investment Pool. The City has not adopted a formal policy regarding credit risk; however, investments comply with state statutes.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Investments

As of June 30, 2020, the City had the following investments:

	<u>Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 10,375,946</u>

Interest Rate Risk

The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increases in interest rates.

Concentration of Credit Risk

The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Custodial Credit Risk - Investments

This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy that limits the amount of investments that can be held by counterparties.

Custodial Credit Risk - Deposits

This is the risk that, in the event of a bank failure, the City's deposits may not be returned. All City deposits not covered by Federal Depository Insurance Corporation (FDIC) insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon, organized in accordance with ORS 295. The PFCP is a shared liability structure for participating bank depositories. Barring any exceptions, a bank depository is required to pledge collateral valued at a minimum of 10% of their quarter-end public fund deposits if they are considered well capitalized, 25% of their quarter-end public fund deposits if they are considered adequately capitalized, or 110% of their quarter-end public fund deposits if they are considered undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities.

The City holds accounts at Bank of the West, for which deposits are insured by the FDIC up to \$250,000. At June 30, 2020, the City had deposits of \$155,423 insured by the FDIC, and \$0 collateralized under the PFCP.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Deposits

The City's deposits and investments at June 30, 2020 are as follows:

Cash on hand	\$	300
Checking account		155,423
Total investments		<u>10,375,946</u>
Total deposits and investments	\$	<u><u>10,531,669</u></u>

Cash and investments by fund:

Governmental activities - unrestricted		
General Fund	\$	2,056,753
Street Fund		2,635,235
Revolving Loan Fund		61,664
Stabilization Fund		470,688
Nonmajor governmental funds		<u>2,164,455</u>
Total governmental activities - unrestricted		<u>7,388,795</u>
Business-type activities - unrestricted		
Water Fund		55,240
Sewer Fund		197,678
Water Reserve Fund		2,151,441
Nonmajor enterprise funds		<u>-</u>
Total business-type activities - unrestricted		<u>2,404,359</u>
Total unrestricted cash and investments		<u>9,793,154</u>
Business-type activities - restricted		
Nonmajor enterprise funds		<u>738,515</u>
Total restricted cash and investments		<u>738,515</u>
Total cash and investments	\$	<u><u>10,531,669</u></u>

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

B. Restricted Assets

Restricted assets are for debt service, the revolving loan program, and system development.

Accounts Receivable

Receivables as of June 30, 2020 are as follows:

	Governmental Activities	Business- Type Activities	Total
Receivables			
Franchise fees	\$ 31,091	\$ -	\$ 31,091
Court fines, net of uncollectible accounts	287,653	-	287,653
Utilities	-	263,684	263,684
Other	23,260	-	23,260
 Total receivables	342,004	263,684	605,688

During the year, the City purchased new court software. In the past, the City has been unable to collect a significant portion of its court fines, but could not definitize the amounts that should be written off. When implementing the new software, management cleaned up old accounts that were no longer collectible (either 10 or 15 years old, per the statute of limitations), leaving a balance of \$575,306 at year-end. Management estimates at least half of the court fines balance will be uncollectible, so \$287,653 has been recorded as an allowance for doubtful accounts, resulting in a net receivables balance of \$287,306. The new software will help the City determine the actual rate of collectability of its accounts as time progresses. As this occurs, the City will make adjustments to amounts reported as collectible.

C. Deferred Inflows/Deferred Outflows

Deferred inflows and outflows of resources summarized on the statement of net position are comprised of the following:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net pension liability - PERS	\$ 512,419	\$ 282,028
OPEB liability - medical insurance	17,187	52,250
	\$ 529,606	\$ 334,278

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

D. Capital Assets

Capital asset activity for the year ended June 30, 2020 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated				
Land	\$ 726,070	\$ -	\$ -	\$ 726,070
Work in process	279,685	48,907	-	328,592
	<u>1,005,755</u>	<u>48,907</u>	<u>-</u>	<u>1,054,662</u>
Total capital assets not being depreciated				
Capital assets being depreciated				
Buildings and structures	3,710,744	-	-	3,710,744
Equipment and vehicles	3,250,345	294,386	(72,640)	3,472,091
Land improvements	1,998,799	-	-	1,998,799
Infrastructure	5,855,393	-	-	5,855,393
	<u>14,815,281</u>	<u>294,386</u>	<u>(72,640)</u>	<u>15,037,027</u>
Total capital assets being depreciated				
Less accumulated depreciation for				
Buildings and structures	(1,647,073)	(101,547)	-	(1,748,621)
Equipment and vehicles	(1,944,082)	(183,735)	69,313	(2,058,503)
Land improvements	(1,240,217)	(55,643)	-	(1,295,860)
Infrastructure	(2,470,973)	(244,926)	-	(2,715,899)
	<u>(7,302,345)</u>	<u>(585,851)</u>	<u>69,313</u>	<u>(7,818,883)</u>
Total accumulated depreciation				
Total capital assets being depreciated, net				
	<u>7,512,936</u>	<u>(291,466)</u>	<u>(3,327)</u>	<u>7,218,144</u>
Governmental activities capital assets, net				
	<u>\$ 8,518,691</u>	<u>\$ (242,558)</u>	<u>\$ (3,327)</u>	<u>\$ 8,272,806</u>

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 823,714	\$ -	\$ -	\$ 823,714
Work in process	16,288	-	(16,288)	-
Total capital assets not being depreciated	<u>840,002</u>	<u>-</u>	<u>(16,288)</u>	<u>823,714</u>
Capital assets being depreciated				
Buildings and structures	4,846,606	-	(1,785,988)	3,060,618
Equipment and vehicles	931,282	64,153	(81,732)	913,703
Land improvements	77,980	-	-	77,980
Infrastructure	21,271,139	625,065	(21,527)	21,874,677
Total capital assets being depreciated	<u>27,127,007</u>	<u>689,218</u>	<u>(1,889,247)</u>	<u>25,926,978</u>
Less accumulated depreciation for				
Buildings and structures	(4,543,084)	(14,940)	1,784,289	(2,773,736)
Equipment and vehicles	(464,508)	(46,995)	70,288	(441,215)
Land improvements	(34,914)	(2,249)	-	(37,162)
Infrastructure	(8,959,614)	(599,723)	21,527	(9,537,810)
Total accumulated depreciation	<u>(14,002,119)</u>	<u>(663,907)</u>	<u>1,876,104</u>	<u>(12,789,922)</u>
Total capital assets being depreciated, net	<u>13,124,888</u>	<u>25,311</u>	<u>(13,143)</u>	<u>13,137,056</u>
Business-type activities capital assets, net	<u><u>\$13,964,890</u></u>	<u><u>\$ 25,311</u></u>	<u><u>\$ (29,431)</u></u>	<u><u>\$13,960,770</u></u>

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Capital assets are reported on the statement of net position as follows:

	Capital Assets	Accumulated Depreciation	Net Capital Assets
Governmental activities			
Land	\$ 726,070	\$ -	\$ 726,070
Work in process	328,592	-	328,592
Buildings and structures	3,710,744	(1,748,620)	1,962,124
Equipment and vehicles	3,472,091	(2,058,504)	1,413,587
Land improvements	1,998,799	(1,295,860)	702,939
Infrastructure	<u>5,855,393</u>	<u>(2,715,899)</u>	<u>3,139,494</u>
Total governmental activities capital assets	<u>16,091,689</u>	<u>(7,818,883)</u>	<u>8,272,806</u>
Business-type activities			
Land	823,714	-	823,714
Work in process	-	-	-
Buildings and structures	3,060,618	(2,773,735)	286,883
Equipment and vehicles	913,703	(441,214)	472,488
Land improvements	77,980	(37,163)	40,817
Infrastructure	<u>21,874,677</u>	<u>(9,537,810)</u>	<u>12,336,867</u>
Total business-type activities capital assets	<u>26,750,692</u>	<u>(12,789,923)</u>	<u>13,960,769</u>
Total capital assets	<u>\$ 42,842,381</u>	<u>\$ (20,608,805)</u>	<u>\$ 22,233,576</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities	
General government	\$ 105,386
Public safety	171,343
Highways and streets	280,596
Culture and recreation	<u>28,526</u>
Total governmental activities	<u>585,851</u>
Business-type activities	
Water	385,052
Sewer	<u>278,855</u>
Total business-type activities	<u>\$ 663,907</u>

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

E. Interfund Transactions

Operating transfers are reflected as other financing sources (uses) in the governmental and proprietary funds. Interfund transfers during the year consisted of:

	Transfers in:						Total
	General Fund	Stabilization Fund	Nonmajor Governmental Funds	Sewer Fund	Water Reserve Fund	Nonmajor Enterprise Funds	
Transfers out:							
Governmental activities							
General Fund	\$ -	\$ -	\$ 200,000	\$ -	\$ -	\$ -	\$ 200,000
Street Fund	-	-	210,314	-	-	-	210,314
Stabilization Fund	-	-	-	-	-	-	-
Nonmajor governmental funds	-	-	-	-	-	-	-
Total governmental activities	-	-	410,314	-	-	-	410,314
Business-type activities							
Water Fund	-	-	22,500	-	669,717	-	692,217
Sewer Fund	-	-	25,000	-	-	10,000	35,000
Total business-type activities	-	-	47,500	-	669,717	10,000	727,217
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 457,814</u>	<u>\$ -</u>	<u>\$ 669,717</u>	<u>\$ 10,000</u>	<u>\$ 1,137,531</u>

The principal purpose of the interfund transfers in was to transfer funds into reserve funds for future expenses.

F. Compensated Absences

The following is a summary of compensated absences transactions for the year:

	Beginning Balance	Additions	Reductions	Ending Balance
Governmental activities				
Compensated absences	\$ 118,943	\$ 11,719	\$ -	\$ 130,662
Business-type activities				
Compensated absences	\$ 39,979	\$ -	\$ 1,479	\$ 38,500

The General, Water, and Sewer Funds have traditionally been used to liquidate compensated absence liabilities.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

G. Long-Term Liabilities

1. Changes in Long-Term Liabilities

The following is a summary of long-term liabilities transactions for the year:

	Interest Rate	Original Amount	Beginning Balance	Additions	Reduction	Ending Balance	Due Within One Year
Governmental activities							
Full Faith and Credit Refunding Bonds, Series 2016	3.00-4.00%	\$6,620,000	\$5,820,000	\$ -	\$ (340,000)	\$5,480,000	\$ 350,000
General Obligation Refunding Bonds, Series 2016	2.00-4.00%	1,170,000	785,000	-	(145,000)	640,000	150,000
Premium - Refunding Bonds, Series 2016		984,286	899,209	-	(64,229)	834,980	-
Total governmental activities		<u>\$8,774,286</u>	<u>\$7,504,209</u>	<u>\$ -</u>	<u>\$ (549,229)</u>	<u>\$6,954,980</u>	<u>\$ 500,000</u>

2. Interest Expense

Interest expense was charged to function/programs of the City as follows:

Governmental activities	
Interest on long-term debt	<u>\$ 26,950</u>
Business-type activities	
Water	166,827
Sewer	<u>59,073</u>
Total business-type activities	<u>\$ 225,900</u>

3. Advance Refunding

On October 20, 2016, The City issued \$6,620,000 of full faith and credit refunding bonds and \$1,170,000 of general obligation refunding bonds with interest rates of 2% to 4% and annual maturities from April 2017 through June 2024.

The net proceeds of \$8,774,286 (after issuance costs of \$108,990, plus premium of \$984,286) were used to refund various serial bonds with a total principal amount of \$9,081,941 and interest rates of 4.25% to 5%. The net proceeds were used to purchase U.S. government securities. Those securities were deposited into an irrevocable trust with an escrow agent to provide for future debt service payments on the refunded bonds. As a result, the refundable bonds are considered to be defeased, and the related liability for the bonds has been removed from the City's liabilities.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The advance refunding was done in order to reduce debt payments in the long-term. The refunding decreased the City's total debt service payments by approximately \$1.3 million. The transaction resulted in an economic gain (difference between present value of the debt services payments on the old and new debt) of \$155,507.

4. Governmental Activity - Full Faith and Credit Refunding Bonds and General Obligation Refunding Bonds Series 2016

Full faith and credit bonds and general obligation bonds are direct obligations that pledge the full faith and credit of the City and are payable from ad valorem debt service levy proceeds. As noted above, the City's outstanding full faith and credit bonds and general obligation bonds represent funding primarily for the defeasance of various serial bonds. Interest is fixed and ranges between 2% and 4%. Interest rates increase in accordance with original bond documents. Interest is due semiannually on April 1 and October 1 for the full faith and credit bonds and June 1 and December 1 for the general obligation bonds. Principal is due annually on April 1 and June 1 for the full faith and credit and general obligation bonds, respectively. The Debt Service Fund has traditionally been used to liquidate long-term debt related to the full faith and credit and general obligation bonds.

On October 20, 2016, The city issued full faith and credit bonds and general obligation bonds of \$6,620,000 (par value) and \$1,170,000, respectively, with interest rates of 2% to 4% to advance refund the City's general obligation bonds series 2005 and its sewer revenue installment bonds #1 and #2 and LOCAP series 2012A bonds. The Debt Service Fund has traditionally been used to liquidate long-term debt related to the full faith and credit and general obligation bonds.

As a result of the refunding, the City reduced its total debt service requirements by \$178,582, which resulted in an economic gain (difference between present value of the debt services payments on the old and new debt) of \$155,507.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

5. Governmental Activity - Future Maturities of Long-Term Liabilities

Year Ending June 30	Bonds		
	Principal	Interest	Total
2021	\$ 500,000	\$ 238,300	\$ 738,300
2022	\$ 515,000	\$ 224,800	\$ 739,800
2023	\$ 540,000	\$ 204,200	\$ 744,200
2024	\$ 560,000	\$ 182,600	\$ 742,600
2025	\$ 405,000	\$ 160,200	\$ 565,200
2026-2030	\$ 2,280,000	\$ 544,800	\$ 2,824,800
2031-2033	\$ 1,320,000	\$ 96,200	\$ 1,416,200
	<u>\$ 6,120,000</u>	<u>\$ 1,651,100</u>	<u>\$ 7,771,100</u>

6. New Debt - Wastewater System Improvements

In April 2019, the City Council approved a financing contract with Business Oregon for the Sewer Force Mainline Replacement and Collection System Improvements in the amount of \$650,000. Of this amount, \$325,000 is a grant and \$325,000 is a loan at 2.77% interest for 30 years. The City has completed the project and is waiting for Business Oregon to close out the project on its end.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

H. Constraints on Fund Balances

Constraints on fund balances reported on the balance sheet as follows:

	<u>General Fund</u>	<u>Street Fund</u>	<u>Revolving Loan Fund</u>	<u>Stabilization Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:						
Restricted for:						
Bond projects	\$ -	\$ -	\$ -	\$ -	\$ 54,471	\$ 54,471
Debt service	-	-	-	-	27,558	27,558
Street maintenance & improvements	-	2,634,446	-	-	-	2,634,446
Disaster preparedness	-	-	-	-	15,021	15,021
Grant projects	-	-	-	-	98,527	98,527
Housing rehabilitation loans	-	-	61,664	-	-	61,664
Footpaths & bicycle trails	-	-	-	-	26,150	26,150
Committed for:						
General reserve	-	-	-	-	396,886	396,886
Building & property reserve	-	-	-	-	635,260	635,260
Revenue stabilization	-	-	-	470,688	-	470,688
Assigned to:						
Operating projects	-	-	-	-	4,314	4,314
City Council directed projects	-	-	-	-	42,065	42,065
Landfill closure costs	-	-	-	-	196,256	196,256
911 system costs	-	-	-	-	61,080	61,080
Library costs	-	-	-	-	20,186	20,186
Street improvements	-	-	-	-	379,247	379,247
Public works	-	-	-	-	187,533	187,533
Unassigned	<u>1,907,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,907,181</u>
 Total fund balances	 <u>\$ 1,907,181</u>	 <u>\$ 2,634,446</u>	 <u>\$ 61,664</u>	 <u>\$ 470,688</u>	 <u>\$ 2,144,554</u>	 <u>\$ 7,218,533</u>

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

III. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City carries commercial insurance. There was no significant reduction in insurance coverage from the previous year. There were no insurance settlements exceeding insurance coverage in any of the past three years.

B. Retirement Plans

1. Oregon Public Employees Retirement System

General Information about the Pension Plan

Plan Description

Employees of the City of Toledo are provided with pensions through the Oregon Public Employees Retirement System (OPERS) a cost-sharing multiple-employer defined benefit pension plan, the Oregon Legislature has delegated authority to the Public Employees Retirement Board to administer and manage the system. All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A. Tier One/Tier Two Retirement Benefit plan, established by ORS Chapter 238, is closed to new members hired on or after August 29, 2003. The Pension Program, established by ORS Chapter 238A, provides benefits to members hired on or after August 29, 2003. OPERS issues a publicly available Comprehensive Annual Financial Report and Actuarial Valuation that can be obtained at <http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.aspx>.

Benefits Provided

Tier One/Tier Two Retirement Benefit ORS Chapter 238

Pension Benefits

The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a PERS employer at the time of death,
- the member died within 120 days after termination of PERS-covered employment,
- the member died as a result of injury sustained while employed in a PERS-covered job, or
- the member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes

After Retirement Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living (COLA) changes. The COLA is capped at 2.0 percent.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

OPSRP Defined Benefit Pension Program (OPSRP DB)

Pension Benefits

The Pension Program (ORS Chapter 238A) provides benefits to members hired on or after August 29, 2003. This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP Pension Program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death Benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability Benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

Benefit Changes After Retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. Under current law, the cap on the COLA in fiscal year 2015 and beyond will vary based on 1.25 percent on the first \$60,000 of annual benefit and \$750 plus 0.15 percent on annual benefits above \$60,000.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

OPSRP Individual Account Program (OPSRP IAP)

Pension Benefits

The Individual Account Program (IAP) is a defined contribution pension plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the OPSRP Individual Account Program (IAP) may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Recordkeeping

OPERS contracts with VOYA Financial to maintain IAP participant records.

Contributions

Employer Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. This funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. Employer contributions for the year ended June 30, 2020 were \$399,052, excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2020 were 31.17 percent for Tier One/Tier Two General Service Member, 31.17 percent for Tier

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

One/Tier Two Police and Fire, 21.57 percent for OPSRP Pension Program General Service Members, 26.34 percent for OPSRP Pension Program Police and Fire Members.

Employee Contributions

Beginning January 1, 2004, all employee contributions were placed in the OPSRP Individual Account Program (IAP), a defined contribution pension plan established by the Oregon Legislature. Prior to that date, all member contributions were credited to the Defined Benefit Pension Plan. Member contributions are set by statute at 6.0 percent of salary and are remitted by participating employers. The contributions are either deducted from member salaries or paid by the employers on the members behalf. The IAP member accounts represent member contributions made on or after January 1, 2004, plus earnings allocations less disbursements for refunds, death benefits, and retirements.

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

At June 30, 2019, the City reported a liability of \$2,489,155 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017 rolled forward to June 30, 2019. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At June 30, 2019, the City's proportion was 0.01439017 percent, which was decreased from its proportion of 0.00300214 percent, measured as of June 30, 2017.

For the year ended June 30, 2019, the City's recognized pension expense was \$325,802. At June 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 137,270	\$ -
Changes of assumptions	337,682	-
Net difference between projected and actual earnings on investments	-	70,565
Changes in proportion	37,468	359,426
Differences between employer contributions and proportionate share of contributions	-	<u>177,708</u>
Total (prior to post-MD contributions)	<u>512,420</u>	<u>607,699</u>
Contributions subsequent to the MD	<u>-</u>	<u>-</u>
 Total	 <u>\$ 512,420</u>	 <u>\$ 607,699</u>

Deferred outflows of resources in the amount of \$0 related to pensions resulting from the City's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ended June 30:</u>	
2020	\$ 165,880
2021	2,981
2022	77,505
2023	65,828
2024	<u>13,608</u>
Total	<u>\$ 325,802</u>

Actuarial Assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Valuation Date	December 31, 2017
Measurement Date	June 30, 2019
Experience Study Report	2016, published July 26, 2017
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.50 percent
Long-Term Expected Rate of Return	7.20 percent
Discount Rate	7.20 percent
Projected Salary Increases	3.50 percent overall payroll growth
Cost of Living Adjustments (COLA)	Blend of 2.00% COLA and grade COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service.
Mortality	<p>Health retirees and beneficiaries: RP-2014 healthy annuitant, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Active Members: RP-2014 Employees, sex-distinct, generational with Unisex, Social Security Data Scale, with collar adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2016 Experience Study which reviewed experience for the four-year period ending on December 31, 2016.

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	13.5%	21.5%	17.5%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	8.00%	3.49%
Short-Term Bonds	8.00%	3.42%
Bank/Leveraged Loans	3.00%	5.09%
High Yield Bonds	1.00%	6.45%
Large/Mid Cap US Equities	15.75%	6.30%
Small Cap US Equities	1.30%	6.69%
Micro Cap US Equities	1.30%	6.80%
Developed Foreign Equities	13.13%	6.71%
Emerging Foreign Equities	4.12%	7.45%
Non-US Small Cap Equities	1.88%	7.01%
Private Equities	17.50%	7.82%
Real Estate (Property)	10.00%	5.51%
Real Estate (REITS)	2.50%	6.37%
Hedge Fund of Funds - Diversified	2.50%	4.09%
Hedge Fund - Event-Driven	0.63%	5.86%
Timber	1.88%	5.62%
Farmland	1.88%	6.15%
Infrastructure	3.75%	6.60%
Commodities	1.88%	3.84%
Total	<u>100.00%</u>	
Assumed Inflation - Mean		2.50%

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Depletion Date Projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and pension plan investments. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for PERS:

- PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, it is our independent actuary's opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

Discount Rate

The discount rate used to measure the total pension liability was 7.20 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Sensitivity of the City's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.20 percent, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.20 percent) or 1-percentage-point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net pension liability (asset)	\$ 3,986,161	\$ 2,489,155	\$ 1,236,367

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions During the Measurement Period

There were no changes during the June 30, 2019 measurement period that require disclosure.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2019 measurement period that require disclosure.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

A. Other Post-Employment Benefits (GASB 75) - City Medical Benefit Plan

1. Other Post-Employment Benefit (OPEB) City Medical Benefit Plan (the Plan)

General Information about the OPEB Plan

Name of OPEB Plan

The City provides a single-employer, retiree benefit plan that provides post-employment health, dental, and vision benefits to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through various collective bargaining agreements.

Plan Descriptions, Benefit Terms, Eligibility

All employees of the Employer retiring from active service with a pension benefit payable immediately under Oregon PERS.

Retirees and their dependents under age 65 are allowed to continue health care coverages received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the employer.

The implicit employer subsidy is measured as the expected health care cost per retiree and dependents, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

Participant Statistics

As of June 30, 2018, there were 40 active participants and 0 retirees in the Medical Benefit plan. The average attained age of active participants is 47.5, and average years of past service is 8.4. The City did not establish an irrevocable trust (or equivalent arrangement) to account for this plan.

Funding Policy

The benefits from this program are paid by the City on a self-pay basis and the required contribution is based on projected pay-as-you-go financing requirements. There is no obligation on the part of the City to fund these benefits in advance.

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

Actuarial Methods and Assumptions:

The City engaged an actuary to perform an evaluation as of June 30, 2019 using age entry normal, level percent of salary Actuarial Cost Method.

The Single Employer Pension Plan liability was determined using the following actuarial assumptions, applied to all periods including the measurement:

Valuation Date	July 1, 2018
Measurement Dates/Fiscal Year Ends	June 30, 2019
Actuarial Assumptions:	
Actuarial Cost Method	Entry Age Normal
Interest Rate for Discounting Future Liabilities	3.5 percent, based on all years discounted at municipal bond rate
General Inflation	2.5 percent
Salary Scale	3.5 percent

Mortality rates were based on the RP-2014 Healthy Annuitant, sex distinct, mortality tables blended 50/50 blue collar and white collar, set back one year for males. Mortality is projected on a generational basis using the Unisex Social Security Data Scale.

Turnover rates were based on percentages developed for the valuation of benefits under Oregon PERS and vary by years of service.

The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Changes in Medical Benefit OPEB Liability

Total OPEB Liability at June 30, 2019	\$ 202,200
Changes for the year:	
Service cost	14,060
Interest	8,112
Change in assumptions	4,993
Experience (gain)/loss	-
Benefit payments	<u>(13,408)</u>
Net changes	13,757
Total OPEB Liability at June 30, 2020	<u><u>\$ 215,957</u></u>

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

At June 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 31,905
Changes of assumptions or other inputs	(17,187)	4,353
Benefit payments	-	15,992
 Total	 \$ (17,187)	 \$ 52,250

Amounts reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020. Other amounts reported by the City as deferred outflows or inflows of resources related to OPEB will be recognized in OPEB expense in subsequent years as follows:

Year ended June 30:	Deferred Outflow/(Inflow) of Resources
2021	\$ 3,027
2022	3,027
2023	3,027
2024	3,027
2025	3,027
Thereafter	3,936

The following presents the net OPEB liability, calculated using the discount rate of 3.50%, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease (2.50%)	Current Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability	\$ 230,129	\$ 215,957	\$ 202,763

CITY OF TOLEDO
Lincoln County, Oregon

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2020

The following presents the net OPEB liability, calculated using the current trend rate, as well as what the liability would be if it was calculated using a discount rate 1-percentage-point lower or 1-percentage-point higher than the current rate:

June 30 Disclosure	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 198,059	\$ 215,957	\$ 236,839

B. Commitment and Contingencies

The City of Toledo entered into an agreement with the Port of Toledo to transfer the Public Safety Building that was originally erected in 1978 to the Port. The transfer of the building took place on October 7, 2009. The City of Toledo will retain right of first refusal on the building before the Port can enter into a sale of the building.

C. Subsequent Events

Management has evaluated subsequent events through December 28, 2020, which was the date that the financial statements were available to be issued. No disclosures were deemed necessary.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULES OF THE CITY'S PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) AND CITY CONTRIBUTIONS

OREGON PERS SYSTEM

Schedule of the City's Proportionate Share of the Net Pension Liability (Asset)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City's proportion of the net pension liability (asset)	0.01439017%	0.01739231%	0.01847977%	0.01748515%	0.01780836%	0.01688662%
City's proportionate share of the net pension liability (asset)	\$ 2,489,155	\$ 2,634,706	\$ 2,491,080	\$ 2,624,927	\$ 1,022,288	\$ (382,772)
City's covered-employee payroll	\$ 2,497,478	\$ 2,368,129	\$ 2,155,822	\$ 2,039,644	\$ 2,105,514	\$ 2,164,788
City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	100%	111%	116%	129%	49%	-18%
Plan fiduciary net position as a percentage of the total pension liability (asset) from audited schedules	80.20%	82.10%	83.12%	80.53%	91.88%	103.59%

Schedule of City Contributions

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 339,052	\$ 9,295	\$ 291,757	\$ 236,071	\$ 115,370	\$ 106,343
Contributions in relation to the contractually required contribution	<u>\$ 339,052</u>	<u>\$ 9,295</u>	<u>\$ 291,757</u>	<u>\$ 236,071</u>	<u>\$ 115,370</u>	<u>\$ 106,343</u>
Contribution deficiency (excess)		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
City's covered-employee payroll	\$ 2,497,478	\$ 2,360,010	\$ 2,368,129	\$ 2,329,378	\$ 2,277,517	\$ 2,164,788
Contributions as a percentage of covered-employee payroll	14%	0%	12%	10%	5%	5%

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULES OF CHANGES IN OTHER POST EMPLOYMENT BENEFITS (OPEB)
LIABILITY AND RELATED RATIOS - MEDICAL BENEFIT

City Medical Benefit Plan

Schedule of Changes

	2020	2019	2018
Total Medical Benefit Pension Liability, beginning	\$ 215,957	\$ 202,200	\$ 144,201
Changes for the year:			
Service cost	14,060	14,060	17,253
Interest	8,112	8,112	4,586
Change in assumptions	4,993	4,993	(10,057)
Experience (gain)/loss	-	-	-
Benefit payments	(13,408)	(13,408)	(1,123)
Net changes for the year	13,757	13,757	10,659
Total Medical Benefit Pension Liability, ending	229,714	215,957	154,860
City's covered-employee payroll	\$ 2,497,478	\$ 2,360,010	\$ 2,368,129
Net Medical Benefit Pension Liability as a Percentage of Covered Payroll	9.20%	9.15%	6.54%

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
Property	\$ 1,960,000	\$ 1,960,000	\$ 2,106,962	\$ (146,962)
Franchise	953,500	\$ 953,500	1,005,790	(52,290)
Alcohol	64,000	\$ 64,000	56,065	7,935
Cigarette and marijuana	14,100	\$ 14,100	19,091	(4,991)
Licenses, permits, and fees	57,300	\$ 57,300	83,734	(26,434)
Grants and contributions	10,000	\$ 10,000	44,501	(34,501)
Charges for services	91,500	\$ 91,500	84,956	6,544
Intergovernmental charges	198,300	\$ 198,300	206,039	(7,739)
State revenue sharing	45,000	\$ 45,000	52,296	(7,296)
Fines	60,000	\$ 60,000	95,913	(35,913)
Investment earnings	15,000	\$ 15,000	46,291	(31,291)
Rents and leases	10,000	\$ 10,000	17,545	(7,545)
Miscellaneous	25,000	25,000	47,351	(22,351)
Total revenues	3,503,700	3,503,700	3,866,534	(362,834)
EXPENDITURES				
Current				
General government	674,042	674,042	627,732	46,310
Police	1,564,950	1,564,950	1,481,523	83,427
Fire	704,254	704,254	547,241	157,013
Property maintenance	318,948	318,948	239,586	79,362
Recreation	-	-	-	-
Library	306,420	306,420	295,840	10,580
Municipal court	68,666	68,666	52,796	15,870
General services	398,138	398,138	385,907	12,231
Contingency	320,528	320,528	-	320,528
Total expenditures	4,355,946	4,355,946	3,630,625	725,321
Excess (deficiency) of revenues over (under) expenditures	(852,246)	(852,246)	235,909	(1,088,155)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	(200,000)	(200,000)	(200,000)	-
Net change in fund balances	(1,052,246)	(1,052,246)	35,909	(1,088,155)
Fund balances - beginning	2,002,246	2,002,246	1,920,787	81,459
Fund balances - ending	<u>\$ 950,000</u>	<u>\$ 950,000</u>	<u>\$ 1,956,696</u>	<u>\$ (1,006,696)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL

STREET FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Taxes				
Franchise	\$ 631,800	\$ 631,800	\$ 670,521	\$ (38,721)
Motor fuel	257,500	257,500	244,714	12,786
Licenses, permits, and fees	102,300	102,300	103,942	(1,642)
Grants	50,000	50,000	-	50,000
Investment earnings	25,000	25,000	48,223	(23,223)
Miscellaneous	1,500	1,500	1,335	165
Total revenues	1,068,100	1,068,100	1,068,735	(635)
EXPENDITURES				
Current				
Materials and services	493,597	493,597	377,281	116,316
Capital outlay	2,437,000	2,437,000	-	2,437,000
Contingency	87,402	87,402	-	87,402
Total expenditures	3,017,999	3,017,999	377,281	2,640,718
Excess (deficiency) of revenues over (under) expenditures	(1,949,899)	(1,949,899)	691,454	(2,641,353)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	(210,314)	(210,314)	(210,314)	-
Total other financing sources (uses)	(210,314)	(210,314)	(210,314)	-
Net change in fund balances	(2,160,213)	(2,160,213)	481,140	(2,641,353)
Fund balances - beginning	2,160,213	2,160,213	2,153,306	6,907
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,634,446</u>	<u>\$ (2,634,446)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

STABILIZATION FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 10,000	\$ 10,000	\$ 21,290	\$ (11,290)
Miscellaneous	10,000	10,000	3,665	6,335
Total revenues	<u>20,000</u>	<u>20,000</u>	<u>24,955</u>	<u>(4,955)</u>
EXPENDITURES				
Current				
Personnel services	-	-	-	-
Materials and services	965,810	965,810	504,907	460,903
Total expenditures	<u>965,810</u>	<u>965,810</u>	<u>504,907</u>	<u>460,903</u>
Excess (deficiency) of revenues over (under) expenditures	(945,810)	(945,810)	(479,952)	(465,858)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(945,810)	(945,810)	(479,952)	(465,858)
Fund balances - beginning	945,810	945,810	950,640	(4,830)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 470,688</u>	<u>\$ (470,688)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

REVOLVING LOAN FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ -	\$ -	\$ 1,350	\$ (1,350)
Miscellaneous	1,000	1,000	-	1,000
Total revenues	1,000	1,000	1,350	(350)
EXPENDITURES				
Current				
Materials and services	59,664	59,664	-	59,664
Excess (deficiency) of revenues over (under) expenditures	(58,664)	(58,664)	1,350	(60,014)
Fund balances - beginning	58,664	58,664	60,314	(1,650)
Fund balances - ending	\$ -	\$ -	\$ 61,664	\$ (61,664)

OTHER SUPPLEMENTARY INFORMATION

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

CITY OF TOLEDO
Lincoln County, Oregon

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2020

	Special Revenue Funds					
	Forfeiture Revenue	Grant	911 System	City Council Strategic Reserve	General Reserve	Solid Waste
ASSETS						
Cash and cash equivalents	\$ 4,314	\$ 98,527	\$ 61,080	\$ 42,065	\$ 414,697	\$ 197,106
Accounts receivable	-	-	-	-	-	-
Cash with agent	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Total assets	<u>4,314</u>	<u>98,527</u>	<u>61,080</u>	<u>42,065</u>	<u>414,697</u>	<u>197,106</u>
LIABILITIES						
Accounts payable	-	-	-	-	2,790	850
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue						
Property taxes	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES						
Restricted	-	98,527	-	-	15,021	-
Committed	-	-	-	-	396,886	-
Assigned	4,314	-	61,080	42,065	-	196,256
Total fund balances	<u>4,314</u>	<u>98,527</u>	<u>61,080</u>	<u>42,065</u>	<u>411,907</u>	<u>196,256</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 4,314</u>	<u>\$ 98,527</u>	<u>\$ 61,080</u>	<u>\$ 42,065</u>	<u>\$ 414,697</u>	<u>\$ 197,106</u>

Special Revenue Funds					Capital Projects Funds		Total
Library Reserve	Footpaths and Bicycle Trail	Street Reserve	Public Works Reserve	Debt Service Fund	Water Construction Fund	Building & Property Reserve	Nonmajor Governmental Funds
\$ 20,326	\$ 26,150	\$ 394,123	\$ 187,533	\$ 27,608	\$ 54,471	\$ 636,455	\$ 2,164,455
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	3,676	-	-	3,676
<u>20,326</u>	<u>26,150</u>	<u>394,123</u>	<u>187,533</u>	<u>31,284</u>	<u>54,471</u>	<u>636,455</u>	<u>2,168,131</u>
140	-	14,876	-	1,490	-	1,195	21,341
-	-	-	-	2,236	-	-	2,236
-	-	-	-	2,236	-	-	2,236
-	26,150	-	-	27,558	54,471	-	221,727
-	-	-	-	-	-	635,260	1,032,146
<u>20,186</u>	<u>-</u>	<u>379,247</u>	<u>187,533</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>890,681</u>
<u>20,186</u>	<u>26,150</u>	<u>379,247</u>	<u>187,533</u>	<u>27,558</u>	<u>54,471</u>	<u>635,260</u>	<u>2,144,554</u>
<u>\$ 20,326</u>	<u>\$ 26,150</u>	<u>\$ 394,123</u>	<u>\$ 187,533</u>	<u>\$ 31,284</u>	<u>\$ 54,471</u>	<u>\$ 636,455</u>	<u>\$ 2,168,131</u>

CITY OF TOLEDO
Lincoln County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2020

	Special Revenue Funds					
	Forfeiture Revenue	Grant	911 System	City Council Strategic Reserve	General Reserve	Solid Waste
REVENUES						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel	-	-	-	-	-	-
Privilege	-	-	17,629	-	-	-
Licenses, permits, and fees	-	-	-	-	-	10,359
Grants and contributions	-	3,900	-	-	-	-
Investment earnings	95	2,284	-	1,075	11,162	4,237
Miscellaneous	-	-	1,536	-	82,758	-
Total revenues	95	6,184	19,165	1,075	93,920	14,596
EXPENDITURES						
Current						
General Government	-	9,661	11,982	7,000	317,925	7,524
Culture and recreation	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Capital outlay	-	-	14,702	-	-	-
Total expenditures	-	9,661	26,684	7,000	317,925	7,524
Excess (deficiency) of revenues over (under) expenditures	95	(3,477)	(7,519)	(5,925)	(224,005)	7,072
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	-	-	137,500	-
Net change in fund balances	95	(3,477)	(7,519)	(5,925)	(86,505)	7,072
Fund balances - beginning	4,219	102,004	68,599	47,990	498,412	189,184
Fund balances - ending	\$ 4,314	\$ 98,527	\$ 61,080	\$ 42,065	\$ 411,907	\$ 196,256

<u>Library Reserve</u>	<u>Footpaths and Bicycle Trail</u>	<u>Street Reserve</u>	<u>Public Works Reserve</u>	<u>Debt Service Fund</u>	<u>Water Construction Fund</u>	<u>Building & Property Reserve</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ -	\$ 168,868	\$ -	\$ -	\$ 168,868
-	2,471	-	-	-	-	-	2,471
-	-	-	-	-	-	-	17,629
-	-	-	-	-	-	-	10,359
12,142	-	-	-	-	-	-	16,042
253	519	5,564	14,298	705	57	12,741	52,990
-	-	-	-	-	-	-	84,294
<u>12,395</u>	<u>2,990</u>	<u>5,564</u>	<u>14,298</u>	<u>169,573</u>	<u>57</u>	<u>12,741</u>	<u>352,653</u>
-	-	-	-	-	-	-	354,092
3,359	-	55,075	-	-	-	-	58,434
-	-	-	-	171,950	-	-	171,950
-	-	-	57,700	-	1,000	8,976	82,378
<u>3,359</u>	<u>-</u>	<u>55,075</u>	<u>57,700</u>	<u>171,950</u>	<u>1,000</u>	<u>8,976</u>	<u>666,854</u>
<u>9,036</u>	<u>2,990</u>	<u>(49,511)</u>	<u>(43,402)</u>	<u>(2,377)</u>	<u>(943)</u>	<u>3,765</u>	<u>(314,201)</u>
-	-	180,314	77,500	-	-	62,500	457,814
9,036	2,990	130,803	34,098	(2,377)	(943)	66,265	143,613
<u>11,150</u>	<u>23,160</u>	<u>248,444</u>	<u>153,435</u>	<u>29,935</u>	<u>55,414</u>	<u>568,995</u>	<u>2,000,941</u>
<u>\$ 20,186</u>	<u>\$ 26,150</u>	<u>\$ 379,247</u>	<u>\$ 187,533</u>	<u>\$ 27,558</u>	<u>\$ 54,471</u>	<u>\$ 635,260</u>	<u>\$ 2,144,554</u>

CITY OF TOLEDO
Lincoln County, Oregon

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

June 30, 2020

	System Development Fund	Sewer Reserve Fund	Total Nonmajor Enterprise Funds
ASSETS			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted assets			
Cash and cash equivalents	576,399	162,116	738,515
Total assets	576,399	162,116	738,515
LIABILITIES			
Accounts payable	-	20,946	20,946
NET POSITION			
Restricted for:			
System improvement	-	141,170	141,170
System development	576,399	-	576,399
Total net position	\$ 576,399	\$ 141,170	\$ 717,569

CITY OF TOLEDO
Lincoln County, Oregon

COMBINING STATEMENT OF REVENUES, EXPENSES, AND
 CHANGES IN FUND NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2020

	System Development Fund	Sewer Reserve Fund	Total Nonmajor Enterprise Funds
Operating revenues	\$ -	\$ -	\$ -
Operating expenses			
Materials and supplies	-	102,772	102,772
Operating income (loss)	-	(102,772)	(102,772)
Nonoperating revenues (expenses)			
System development charges	36,359	-	36,359
Investment earnings	11,829	4,226	16,055
Miscellaneous	-	-	-
Total nonoperating revenues (expenses)	48,188	4,226	52,414
Income (loss) before transfers	48,188	(98,546)	(50,358)
Loan proceeds	-	552,561	552,561
Transfers in	-	10,000	10,000
Transfers out	-	(511,573)	(511,573)
Change in net position	48,188	(47,558)	630
Total net position - beginning	528,211	188,728	716,939
Total net position - ending	\$ 576,399	\$ 141,170	\$ 717,569

CITY OF TOLEDO
Lincoln County, Oregon

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2020

	<u>System Development Fund</u>	<u>Sewer Reserve Fund</u>	<u>Total Nonmajor Enterprise Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash payments to suppliers	\$ -	\$ (81,826)	\$ (81,826)
Net cash provided (used) by operating activities	<u>-</u>	<u>(81,826)</u>	<u>(81,826)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
System development charges	36,359	-	36,359
Transfers from other funds for capital purposes	-	10,000	10,000
Purchases of capital assets	-	(514,729)	(514,729)
Loan proceeds	-	552,561	552,561
Net cash provided (used) by capital and related financing activities	<u>36,359</u>	<u>47,832</u>	<u>84,191</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income	<u>11,829</u>	<u>4,226</u>	<u>16,055</u>
Net cash provided (used) by investing activities	<u>11,829</u>	<u>4,226</u>	<u>16,055</u>
Net increase (decrease) in cash and cash equivalents	48,188	(29,768)	18,420
Cash and cash equivalents - beginning (including \$528,211, and \$191,884, System Development and Sewer Reserve Funds, respectively, reported in restricted accounts)	<u>528,211</u>	<u>191,884</u>	<u>720,095</u>
Cash and cash equivalents - ending (including \$576,399, and \$162,116, System Development and Sewer Reserve Funds, respectively, reported in restricted accounts)	<u>\$ 576,399</u>	<u>\$ 162,116</u>	<u>\$ 738,515</u>
			-
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ -	\$ (102,772)	\$ (102,772)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	<u>-</u>	<u>20,946</u>	<u>20,946</u>
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (81,826)</u>	<u>\$ (81,826)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL

FORFEITURE REVENUE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 60	\$ 60	\$ 95	\$ (35)
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total revenues	<u>1,060</u>	<u>1,060</u>	<u>95</u>	<u>965</u>
EXPENDITURES				
Current				
Materials and services	<u>5,231</u>	<u>5,231</u>	<u>-</u>	<u>5,231</u>
Total expenditures	<u>5,231</u>	<u>5,231</u>	<u>-</u>	<u>5,231</u>
Excess (deficiency) of revenues over (under) expenditures	(4,171)	(4,171)	95	(4,266)
Fund balances - beginning	<u>4,171</u>	<u>4,171</u>	<u>4,219</u>	<u>(48)</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 4,314</u></u>	<u><u>\$ (4,314)</u></u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GRANT FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Grants	\$ 60,000	\$ 60,000	\$ 3,900	\$ 56,100
Investment earnings	1,000	1,000	2,284	(1,284)
Miscellaneous	900	900	-	900
	<u>61,900</u>	<u>61,900</u>	<u>6,184</u>	<u>55,716</u>
Total revenues				
EXPENDITURES				
Current				
Materials and services	61,900	61,900	9,661	52,239
Capital outlay	100,204	100,204	-	100,204
	<u>162,104</u>	<u>162,104</u>	<u>9,661</u>	<u>152,443</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	(100,204)	(100,204)	(3,477)	(96,727)
Fund balances - beginning	<u>100,204</u>	<u>100,204</u>	<u>102,004</u>	<u>(1,800)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 98,527</u>	<u>\$ (98,527)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

CITY COUNCIL STRATEGIC RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 700	\$ 700	\$ 1,075	\$ (375)
Miscellaneous	10,000	10,000	-	10,000
Total revenues	10,700	10,700	1,075	9,625
EXPENDITURES				
Current				
Materials and services	15,000	15,000	7,000	8,000
Capital outlay	43,430	43,430	-	43,430
Total expenditures	58,430	58,430	7,000	51,430
Excess (deficiency) of revenues over (under) expenditures	(47,730)	(47,730)	(5,925)	(41,805)
Fund balances - beginning	47,730	47,730	47,990	(260)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,065</u>	<u>\$ (42,065)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

SOLID WASTE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Licenses, permits, and fees	\$ 7,900	\$ 7,900	\$ 10,359	\$ (2,459)
Investment earnings	3,800	3,800	4,237	(437)
Total revenues	11,700	11,700	14,596	(2,896)
EXPENDITURES				
Current				
Materials and services	198,863	198,863	7,524	191,339
Excess (deficiency) of revenues over (under) expenditures	(187,163)	(187,163)	7,072	(194,235)
Fund balances - beginning	187,163	187,163	189,184	(2,021)
Fund balances - ending	\$ -	\$ -	\$ 196,256	\$ (196,256)

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

911 SYSTEM FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Privilege taxes	\$ 18,900	\$ 18,900	\$ 17,629	\$ 1,271
Investment earnings	1,500	1,500	1,536	(36)
Total revenues	20,400	20,400	19,165	1,235
EXPENDITURES				
Current				
Materials and services	15,000	15,000	11,982	3,018
Capital outlay	79,123	79,123	14,702	64,421
Total expenditures	94,123	94,123	26,684	67,439
Excess (deficiency) of revenues over (under) expenditures	(73,723)	(73,723)	(7,519)	(66,204)
Fund balances - beginning	73,723	73,723	68,599	5,124
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 61,080</u>	<u>\$ (61,080)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

GENERAL RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 5,000	\$ 5,000	\$ 11,162	\$ (6,162)
Miscellaneous	-	59,000	82,758	(23,758)
Total revenues	<u>5,000</u>	<u>64,000</u>	<u>93,920</u>	<u>(29,920)</u>
EXPENDITURES				
Capital outlay	<u>624,318</u>	<u>683,318</u>	<u>317,925</u>	<u>365,393</u>
Excess (deficiency) of revenues over (under) expenditures	(619,318)	(619,318)	(224,005)	(395,313)
OTHER FINANCING SOURCES (USES)				
Transfers in	137,500	137,500	137,500	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	137,500	137,500	137,500	-
Net change in fund balance	(481,818)	(481,818)	(86,505)	(395,313)
Fund balances - beginning	<u>481,818</u>	<u>481,818</u>	<u>498,412</u>	<u>(16,594)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 411,907</u>	<u>\$ (411,907)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

LIBRARY RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Grants	\$ 10,000	\$ 10,000	\$ 12,142	\$ (2,142)
Investment earnings	150	150	253	(103)
Total revenues	<u>10,150</u>	<u>10,150</u>	<u>12,395</u>	<u>(2,245)</u>
EXPENDITURES				
Current				
Materials and services	16,486	16,486	3,359	13,127
Capital outlay	-	-	-	-
Total expenditures	<u>16,486</u>	<u>16,486</u>	<u>3,359</u>	<u>13,127</u>
Excess (deficiency) of revenues over (under) expenditures	(6,336)	(6,336)	9,036	(15,372)
Fund balances - beginning	<u>6,336</u>	<u>6,336</u>	<u>11,150</u>	<u>(4,814)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,186</u>	<u>\$ (20,186)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

FOOTPATHS AND BICYCLE TRAIL FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Motor fuel taxes	\$ 2,600	\$ 2,600	\$ 2,471	\$ 129
Investment earnings	300	300	519	(219)
	2,900	2,900	2,990	(90)
EXPENDITURES				
Capital outlay	25,658	25,658	-	25,658
Excess (deficiency) of revenues over (under) expenditures	(22,758)	(22,758)	2,990	(25,748)
Fund balances - beginning	22,758	22,758	23,160	(402)
Fund balances - ending	\$ -	\$ -	\$ 26,150	\$ (26,150)

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

STREET RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 1,500	\$ 1,500	\$ 5,564	\$ (4,064)
Total revenues	<u>1,500</u>	<u>1,500</u>	<u>5,564</u>	<u>(4,064)</u>
EXPENDITURES				
Current				
Materials and services	<u>433,537</u>	<u>433,537</u>	<u>55,075</u>	<u>378,462</u>
Excess (deficiency) of revenues over (under) expenditures	(432,037)	(432,037)	(49,511)	(382,526)
OTHER FINANCING SOURCES (USES)				
Transfers in	180,314	180,314	180,314	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	180,314	180,314	180,314	-
Net change in fund balance	(251,723)	(251,723)	130,803	(382,526)
Fund balances - beginning	<u>251,723</u>	<u>251,723</u>	<u>248,444</u>	<u>3,279</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,247</u>	<u>\$ (379,247)</u>

-

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL
 PUBLIC WORKS EQUIPMENT RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Investment earnings & misc.	\$ 1,000	\$ 1,000	\$ 14,298	\$ (13,298)
EXPENSES				
Capital outlay	245,903	245,903	57,700	188,203
Excess (deficiency) of revenues over (under) expenses	(244,903)	(244,903)	(43,402)	(201,501)
Other financing sources (uses)				
Transfers in	77,500	77,500	77,500	-
Transfers out	-	-	-	-
Total other financing sources (uses)	77,500	77,500	77,500	-
Change in net position	(167,403)	(167,403)	34,098	(201,501)
Net position - beginning	167,403	167,403	153,435	13,968
Net position - ending	\$ -	\$ -	\$ 187,533	\$ (187,533)

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 171,950	\$ 171,950	\$ 169,762	\$ 2,188
Investment earnings	500	\$ 500	705	(205)
Total revenues	<u>172,450</u>	<u>172,450</u>	<u>170,467</u>	<u>1,983</u>
EXPENDITURES				
Current				
Debt service	<u>171,950</u>	<u>171,950</u>	<u>171,950</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	500	500	(1,483)	1,983
OTHER FINANCING SOURCES (USES)				
Bond proceeds	-	-	-	-
Payment to bond escrow agent	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	-	-	-	-
Net change in fund balance	500	500	(1,483)	1,983
Fund balances - beginning	<u>24,962</u>	<u>24,962</u>	<u>29,935</u>	<u>(4,973)</u>
Fund balances - ending	<u><u>\$ 25,462</u></u>	<u><u>\$ 25,462</u></u>	<u><u>\$ 28,452</u></u>	<u><u>\$ (2,990)</u></u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL

WATER CONSTRUCTION FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Investment earnings	4,800	4,800	57	4,743
Total revenues	4,800	4,800	57	4,743
EXPENDITURES				
Capital outlay	81,417	81,417	1,000	80,417
Excess (deficiency) of revenues over (under) expenditures	(76,617)	(76,617)	(943)	(75,674)
Fund balances - beginning	76,617	76,617	55,414	21,203
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,471</u>	<u>\$ (54,471)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

BUILDING AND PROPERTY RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 7,000	\$ 7,000	\$ 12,741	\$ (5,741)
Miscellaneous	-	-	-	-
Total revenues	<u>7,000</u>	<u>7,000</u>	<u>12,741</u>	<u>(5,741)</u>
EXPENDITURES				
Capital outlay	<u>615,761</u>	<u>615,761</u>	<u>8,976</u>	<u>606,785</u>
Excess (deficiency) of revenues over (under) expenditures	(608,761)	(608,761)	3,765	(612,526)
OTHER FINANCING SOURCES (USES)				
Transfers in	62,500	62,500	62,500	-
Transfers out	-	-	-	-
Total other financing sources (uses)	62,500	62,500	62,500	-
Net change in fund balance	(546,261)	(546,261)	66,265	(612,526)
Fund balances - beginning	<u>546,261</u>	<u>546,261</u>	<u>568,995</u>	<u>(22,734)</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 635,260</u></u>	<u><u>\$ (635,260)</u></u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

WATER FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Water Sales	\$ 1,291,500	\$ 1,291,500	\$ 1,242,036	\$ 49,464
Water Sales - Seal Rock	346,985	346,985	353,359	(6,374)
Fees and Charges	13,500	13,500	8,569	4,931
Grants and Contributions	300	300	395	(95)
Rents and Leases	11,185	11,185	12,116	(931)
Investment earnings	4,000	4,000	10,484	(6,484)
Miscellaneous	3,000	3,000	547	2,453
Total revenues	<u>1,670,470</u>	<u>1,670,470</u>	<u>1,627,506</u>	<u>42,964</u>
EXPENSES				
Current				
Water plant	508,608	508,608	450,067	58,541
Water distribution	410,698	410,698	346,295	64,403
Contingency	45,575	45,575	-	45,575
Total expenses	<u>964,881</u>	<u>964,881</u>	<u>796,362</u>	<u>168,519</u>
Excess (deficiency) of revenues over (under) expenditures	705,589	705,589	831,144	(125,555)
OTHER FINANCING SOURCES (USES)				
Debt service	(417,562)	(417,562)	(417,562)	-
Transfers in	-	-	-	-
Transfers out	(692,217)	(692,217)	(692,217)	-
Total other financing sources (uses)	<u>(1,109,779)</u>	<u>(1,109,779)</u>	<u>(1,109,779)</u>	<u>-</u>
Change in net position	(404,190)	(404,190)	(278,635)	(125,555)
Total net position - beginning	<u>404,190</u>	<u>404,190</u>	<u>468,137</u>	<u>(63,947)</u>
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 189,502</u>	<u>\$ (189,502)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

SEWER FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Sewer charges	\$ 1,050,000	\$ 1,050,000	\$ 1,155,253	\$ (105,253)
Investment earnings	950	950	3,114	(2,164)
Miscellaneous	150	150	3,695	(3,545)
Total revenues	<u>1,051,100</u>	<u>1,051,100</u>	<u>1,162,062</u>	<u>(110,962)</u>
EXPENSES				
Sewer plant	503,544	503,544	465,560	37,984
Sewer collection	412,610	412,610	345,797	66,813
Capital outlay	25,000	25,000	-	25,000
Contingency	20,998	20,998	-	20,998
Total expenses	<u>962,152</u>	<u>962,152</u>	<u>811,357</u>	<u>150,795</u>
Excess (deficiency) of revenues over (under) expenditures	88,948	88,948	350,705	(261,757)
Other financing sources (uses)				
Debt payments	(164,438)	(164,438)	(148,338)	(16,100)
Transfers in	-	-	-	-
Transfers out	(35,000)	(35,000)	(35,000)	-
Total other financing sources (uses)	<u>(199,438)</u>	<u>(199,438)</u>	<u>(183,338)</u>	<u>(16,100)</u>
Change in net position	(110,490)	(110,490)	167,367	(277,857)
Total net position - beginning	<u>110,490</u>	<u>110,490</u>	<u>139,034</u>	<u>(28,544)</u>
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 306,401</u>	<u>\$ (306,401)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

WATER RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
System development charges	\$ -	\$ -	\$ -	\$ -
Investment earnings	15,000	15,000	33,596	(18,596)
Miscellaneous	-	-	-	-
	<u>15,000</u>	<u>15,000</u>	<u>33,596</u>	<u>(18,596)</u>
Total revenues	15,000	15,000	33,596	(18,596)
EXPENSES				
Current				
Materials and services	272,000	272,000	58,088	213,912
Capital outlay	1,884,773	1,884,773	-	1,884,773
	<u>2,156,773</u>	<u>2,156,773</u>	<u>58,088</u>	<u>2,098,685</u>
Total expenses	2,156,773	2,156,773	58,088	2,098,685
Excess (deficiency) of revenues over (under) expenditures	(2,141,773)	(2,141,773)	(24,492)	(2,117,281)
Other financing sources (uses)				
Transfers in	669,717	669,717	669,717	-
Transfers out	-	-	-	-
	<u>669,717</u>	<u>669,717</u>	<u>669,717</u>	<u>-</u>
Total other financing sources (uses)	669,717	669,717	669,717	-
Change in net position	(1,472,056)	(1,472,056)	645,225	(2,117,281)
Total net position - beginning	<u>1,472,056</u>	<u>1,472,056</u>	<u>1,500,140</u>	<u>(28,084)</u>
Total net position - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,145,365</u>	<u>\$ (2,145,365)</u>

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
 BUDGET AND ACTUAL

SYSTEM DEVELOPMENT FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
System development charges	\$ 18,400	\$ 18,400	\$ 36,359	\$ (17,959)
Investment earnings	4,000	4,000	11,829	(7,829)
Total revenues	22,400	22,400	48,188	(25,788)
EXPENSES				
Capital outlay	525,817	525,817	-	525,817
Excess (deficiency) of revenues over (under) expenses	(503,417)	(503,417)	48,188	(551,605)
Net position - beginning	503,417	503,417	528,211	(24,794)
Net position - ending	\$ -	\$ -	\$ 576,399	\$ (576,399)

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -
BUDGET AND ACTUAL

SEWER RESERVE FUND

For the Year Ended June 30, 2020

	Budgeted Amounts		Actual	Variance
	Original	Final		
REVENUES				
Investment earnings	\$ 2,000	\$ 2,000	\$ 4,226	\$ (2,226)
Miscellaneous	-	-	-	-
Total revenues	2,000	2,000	4,226	(2,226)
EXPENSES				
Current				
Materials and services	2,035,000	2,035,000	102,772	1,932,228
Debt service	-	-	-	-
Capital outlay	189,779	189,779	511,573	(321,794)
Total expenses	2,224,779	2,224,779	614,345	1,610,434
Excess (deficiency) of revenues over (under) expenses	(2,222,779)	(2,222,779)	(610,119)	(1,612,660)
Other financing sources (uses)				
Loan proceeds	2,000,000	2,000,000	552,561	
Transfers in	10,000	10,000	10,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	2,010,000	2,010,000	562,561	-
Change in net position	(212,779)	(212,779)	(47,558)	(165,221)
Net position - beginning	123,501	123,501	188,728	(65,227)
Net position - ending	<u>\$ (89,278)</u>	<u>\$ (89,278)</u>	<u>\$ 141,170</u>	<u>\$ (230,448)</u>

**AUDIT COMMENTS AND DISCLOSURES
REQUIRED BY FEDERAL AND STATE REGULATIONS**



INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

The Honorable Mayor and
Members of the City Council
City of Toledo
Toledo, Oregon

We have audited the basic financial statements of the City of Toledo as of and for the year ended June 30, 2020 and have issued our report thereon dated December 28, 2020. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

Compliance

As part of obtaining reasonable assurance about whether the City of Toledo's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures, which included, but were not limited to, the following:

Deposit of public funds with financial institutions (ORS Chapter 295)

Indebtedness limitations, restrictions, and repayment

Budgets legally required (ORS Chapter 294)

Insurance and fidelity bonds in force or required by law

Programs funded from outside sources

Highway revenues used for public highways, roads, and streets

Authorized investment of surplus funds (ORS Chapter 294)

Public contracts and purchasing (ORS Chapters 279A, 279B, 279C)

In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-010-0230 Internal Control

In planning and performing our audit, we considered the City of Toledo’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Toledo’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Toledo, Oregon’s internal control.

We did note certain matters that we reported as finding 2020-01 in the Schedule of Findings and Responses.

This report is intended solely for the information and use of the City Council and management of the City of Toledo and the Oregon Secretary of State, and is not intended to be, and should not be used by anyone other than these parties.



Hanford & Associates, LLC
West Richland, Washington
December 28, 2020



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

The Honorable Mayor and
Members of the City Council
City of Toledo
Toledo, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Toledo as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the City’s basic financial statements, and have issued our report thereon dated December 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of Toledo’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of Toledo’s internal control. Accordingly, we do not express an opinion on the effectiveness of City of Toledo’s internal control.

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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be 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, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit the attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as items 2020-001 to be a significant deficiency.

Compliance and Other Matters

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

Responses to Findings

City of Toledo, Oregon's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The City of Toledo, Oregon's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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



Hanford & Associates, LLC
West Richland, Washington
December 28, 2020

CITY OF TOLEDO
Lincoln County, Oregon

SCHEDULE OF FINDINGS AND RESPONSES

June 30, 2020

Findings - Financial Statement Audit

Significant Deficiency in Internal Control Over Financial Reporting

2020-01 Preparation of Financial Statements

Criteria:

A complete system of internal control contemplates an adequate system for preparing the financial statements.

Condition:

The City of Toledo has elected not to have an internal control system designed to provide for the preparation of the financial statements and related footnotes being audited. As auditors, we were requested to draft the financial statements and the accompanying notes.

Cause:

Due to cost and other consideration, the City of Toledo requested we draft the financial statements and related footnotes. This is common for small cities, who often do not have the staff or resources to prepare their own financial statements.

Effect:

The control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation:

This circumstance is not unusual. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response:

The City doesn't have the staff or resources to prepare its own financial statements, therefore we will rely on the auditors to prepare them.