



**CITY OF TOLEDO**  
Lincoln County, Oregon

ANNUAL FINANCIAL REPORT

June 30, 2021

**CITY OF TOLEDO**  
**Lincoln County, Oregon**

**CITY OFFICIALS**

June 30, 2021

**MAYOR**

**Rod Cross**  
206 N. Main St.  
Toledo, OR 97391

**CITY COUNCIL**

**Tracy Mix**  
206 N. Main St.  
Toledo, OR 97391

**Robert Duprau**  
206 N. Main St.  
Toledo, OR 97391

**Jackie Kauffman**  
206 N. Main St.  
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**Betty Kamikawa**  
206 N. Main St.  
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**Todd Michels**  
206 N. Main St.  
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**Wade Carey**  
206 N. Main St.  
Toledo, OR 97391

**CITY MANAGER**

Judy Richter

**CITY ATTORNEY**

Michael E. Adams

**CITY OF TOLEDO**  
**Lincoln County, Oregon**

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**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, 2021, 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, 2021, 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

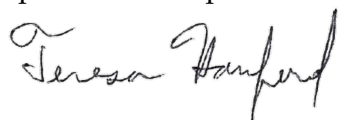
records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and 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 February 18, 2021 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 February 18, 2021 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.

A handwritten signature in cursive script, appearing to read "Teresa Hanford".

Hanford & Associates, LLC  
West Richland, Washington  
February 18, 2021



## **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, 2021. It should be read in conjunction with the City's financial statements, which follow this section.

## **FINANCIAL HIGHLIGHTS**

- At June 30, 2021, total net position of the City of Toledo amounted to \$23,741,617. Of this amount, \$14,808,786 was invested in capital assets, net of related debt. The remaining balance included \$3,628,063 restricted for various purposes and \$5,304,767 of unrestricted net position.
- At June 30, 2021, the City's governmental funds reported combined ending net position of \$7,472,023.

## **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 23 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 24 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, 2021, the City's assets exceeded liabilities by \$23,794,550.

**CITY OF TOLEDO**  
**Lincoln County, Oregon**  
MANAGEMENT'S DISCUSSION AND ANALYSIS

A large portion of the City's net position reflects its investment in capital assets (e.g., land, buildings, 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 \$99,588 during the current fiscal year. This minor increase is primarily due to the delay in large projects and their associated funding and due to contributions from corona virus pandemic relief funds. There were no significant changes in operations. A condensed statement of net position information is shown below.

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Assets</b>						
Current and other assets	\$ 8,086,482	\$ 7,978,062	\$ 2,955,391	\$ 2,764,456	\$ 11,041,872	\$ 10,742,517
Restricted assets	84,491	-	828,734	738,515	913,225	738,515
Noncurrent assets						
including capital	8,197,637	8,272,806	13,291,473	13,960,993	21,489,110	22,233,799
Total assets	16,368,610	16,250,868	17,075,597	17,463,964	33,444,207	33,714,831
<b>Deferred Outflows of</b>						
<b>Resources</b>	975,655	391,908	363,048	137,698	1,338,703	529,606
					-	-
<b>Liabilities</b>						
Current liabilities	1,142,829	886,653	107,183	168,453	1,250,012	1,055,106
Noncurrent liabilities	8,449,696	8,435,248	957,784	724,844	9,407,480	9,160,092
Total liabilities	9,592,524	9,321,901	1,064,967	893,297	10,657,491	10,215,198
<b>Deferred Inflows of</b>						
<b>Resources</b>	279,717	247,366	104,085	86,912	383,802	334,278
<b>Net position</b>						
Net investment in						
capital assets	1,517,313	1,817,826	13,291,473	13,960,993	14,808,786	15,778,819
Restricted for various						
purposes	2,806,438	2,917,837	821,626	717,569	3,628,063	3,635,406
Unrestricted	3,148,273	2,337,846	2,156,495	1,942,890	5,304,767	4,280,736
Total net position	\$ 7,472,023	\$ 7,073,510	\$ 16,269,593	\$ 16,621,452	\$ 23,741,617	\$ 23,694,962

**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	
	2021	2020	2021	2020	2021	2020
<b>Program revenues</b>						
Charges for services	\$ 597,305	\$ 431,200	\$ 3,199,247	\$ 2,759,217	\$ 3,796,552	\$ 3,190,417
Operating grants and contributions	382,828	60,543	45,659	395	428,487	60,938
Capital grants and contributions	-	-	-	552,561	-	552,561
Total program revenues	980,132	491,743	3,244,907	3,312,173	4,225,039	3,803,916
<b>General revenues</b>						
Property taxes	2,447,252	2,106,962	-	-	2,447,252	2,106,962
Franchise fees	1,636,567	1,845,179	-	-	1,636,567	1,845,179
Motor fuel taxes	252,251	247,185	-	-	252,251	247,185
Alcohol/cigarette taxes	84,920	75,156	-	-	84,920	75,156
Privilege taxes	24,563	17,629	-	-	24,563	17,629
Intergovernmental	-	206,039	-	-	-	206,039
Investment earnings	58,652	170,144	26,919	63,249	85,571	233,393
Rents and leases	6,351	17,545	-	12,116	6,351	29,661
Miscellaneous	110,588	136,645	92,496	40,601	203,084	177,246
Total general revenues	4,621,144	4,822,484	119,415	115,966	4,740,559	4,938,450
Total revenues	5,601,277	5,314,227	3,364,322	3,428,139	8,965,598	8,742,366
<b>Program expenses</b>						
General government	1,904,733	1,582,416	-	-	1,904,733	1,582,416
Public safety	2,476,045	2,252,903	-	-	2,476,045	2,252,903
Highways and streets	1,159,350	608,969	-	-	1,159,350	608,969
Culture and recreation	386,162	382,800	-	-	386,162	382,800
Solid Waste	6,526	-	-	-	6,526	-
Water	-	-	1,793,533	1,655,708	1,793,533	1,655,708
Sewer	-	-	1,309,448	1,194,297	1,309,448	1,194,297
Total program expenses	5,932,816	4,827,088	3,102,981	2,850,005	9,035,797	7,677,093
Transfers	613,200	47,500	(613,200)	(47,500)	-	-
<b>Change in net position</b>	281,660	534,639	(351,859)	530,634	(70,199)	1,065,273
<b>Net position - beginning</b>	7,073,510	6,588,387	16,621,452	16,090,818	23,694,962	22,679,205
<b>Prior period adjustment</b>	116,854	(49,515)	-	-	116,854	(49,515)
<b>Net position - end of year</b>	<u>\$ 7,472,024</u>	<u>\$ 7,073,511</u>	<u>\$ 16,269,593</u>	<u>\$ 16,621,452</u>	<u>\$ 23,741,617</u>	<u>\$ 23,694,963</u>

**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 \$7,519,232. Of this amount, \$1,787,499 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 \$1,847,238.

**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 \$16,269,593 at year-end. Of this amount, \$13,291,473 was invested in capital assets, net of related debt. The remaining balance included \$821,626 restricted for various purposes and \$2,156,495 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 capital assets for its governmental activities and business-type activities as of June 30, 2021 amounted to \$7,908,064 and \$13,291,473, 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 \$582,496 and \$669,520, respectively.

Additional information on the City's capital assets can be found in Note II-D on pages 39 through 41 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 \$6,390,750 and \$0, respectively. These amounts are comprised of general obligation bonds, and bond premiums. The City's total debt decreased by \$564,229 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 43 through 45 of this report.

The City took out a loan of \$650,000 in 2020 which has not been fully drawn down and is not presented in the long term liabilities. The loan is for wastewater system improvements. Half of this, \$325,000, is expected to be forgiven in 2022, 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 \$70,000.
- Revenue from the Toledo Rural Fire Protection District is projected to be the same as the previous year at an estimated \$180,000.
- The City started receiving state shared marijuana tax revenue during 2021 although amounts are expected to be minimal, about \$12,000.
- The combined unappropriated fund balance is projected to increase by approximately \$1.3 million.

**Expenditures**

- During 2020 the City filled one position - 1.0 FTE Treatment Plant Operator Trainee.
- 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 and construction for the renovation of the Public Safety Building acquired by the City in 2017. The City delayed the project during 2021.

All of these factors were considered in preparing the City's budget for fiscal year 2021-2022.



**CITY OF TOLEDO**  
**Lincoln County, Oregon**  
MANAGEMENT'S DISCUSSION AND ANALYSIS

**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, 2021

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 7,627,388	\$ 2,491,765	\$ 10,119,153
Receivables, net current portion	277,088	310,508	587,595
Property taxes receivable	160,349	-	160,349
Inventory	21,657	153,118	174,775
Total current assets	8,086,482	2,955,391	11,041,872
Restricted assets			
Cash and cash equivalents	84,491	828,734	913,225
Total restricted assets	84,491	828,734	913,225
Noncurrent assets			
Housing rehabilitation loans receivable	208,451	-	208,451
Assets held for sale	81,122	-	81,122
Capital assets not being depreciated	1,054,662	823,714	1,878,376
Capital assets being depreciated, net	6,853,401	12,467,759	19,321,160
Total noncurrent assets	8,197,637	13,291,473	21,489,110
Total assets	16,368,610	17,075,597	33,444,207
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Related to pensions	975,655	363,048	1,338,703
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	310,341	33,653	343,994
Compensated absences	180,063	23,536	203,599
Accrued interest	52,933	-	52,933
Deposits payable	84,491	49,994	134,485
Long-term debt due within one year	515,000	-	515,000
Total current liabilities	1,142,829	107,183	1,250,012

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

**CITY OF TOLEDO**  
**Lincoln County, Oregon**  
**STATEMENT OF NET POSITION**  
June 30, 2021

Noncurrent liabilities			
Net pension liability	2,430,217	904,302	3,334,519
OPEB liability	143,728	53,482	197,210
Long-term debt due in more than one year	<u>5,875,751</u>	<u>-</u>	<u>5,875,751</u>
 Total noncurrent liabilities	 <u>8,449,696</u>	 <u>957,784</u>	 <u>9,407,480</u>
 Total liabilities	 <u><u>9,592,524</u></u>	 <u><u>1,064,967</u></u>	 <u><u>10,657,491</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>			
Related to pensions	<u>279,717</u>	<u>104,085</u>	<u>383,802</u>
 <b>NET POSITION</b>			
Net investment in capital assets	1,517,313	13,291,473	14,808,786
Restricted for various purposes	2,806,438	821,626	3,628,063
Unrestricted	<u>3,148,273</u>	<u>2,156,495</u>	<u>5,304,767</u>
 Total net position	 <u><u>\$ 7,472,023</u></u>	 <u><u>\$ 16,269,593</u></u>	 <u><u>\$ 23,741,617</u></u>

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

**CITY OF TOLEDO**  
**Lincoln County, Oregon**  
**STATEMENT OF ACTIVITIES**

June 30, 2021

<b>Functions/Programs</b>	<b>Program Revenues</b>				<b>Net(expense) Revenue and Changes in Net Position</b>		
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and Contributions</b>	<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
Governmental activities							
General government	\$ 1,904,733	\$ 196,562	\$ 198,769	\$ -	\$ (1,509,402)	\$ -	\$ (1,509,402)
Public safety	2,476,045	162,410	-	-	(2,313,635)	-	(2,313,635)
Highways and streets	1,159,350	151,018	150,000	-	(858,332)	-	(858,332)
Culture and recreation	386,162	79,425	34,058	-	(272,679)	-	(272,679)
Solid Waste	6,526	7,891	-	-	1,365	-	1,365
Total governmental activities	<u>\$ 5,932,816</u>	<u>\$ 597,305</u>	<u>\$ 382,828</u>	<u>\$ -</u>	<u>(4,952,684)</u>	<u>-</u>	<u>(4,952,684)</u>
Business-type activities							
Water	1,793,533	2,025,197	45,659	-	-	277,323	277,323
Sewer	1,309,448	1,174,050	-	-	-	(135,397)	(135,397)
Total business-type activities	<u>\$ 3,102,981</u>	<u>\$ 3,199,247</u>	<u>\$ 45,659</u>	<u>\$ -</u>	<u>-</u>	<u>141,926</u>	<u>141,926</u>
General Revenues							
Property taxes					2,447,252	-	2,447,252
Franchise fees					1,636,567	-	1,636,567
Motor fuel taxes					252,251	-	252,251
Alcohol and cigarette taxes					84,920	-	84,920
Privilege taxes					24,563	-	24,563
Investment earnings					58,652	26,919	85,571
Sale of surplus					6,351	-	6,351
Miscellaneous					110,588	92,496	203,084
Total general revenues					<u>4,621,144</u>	<u>119,415</u>	<u>4,740,559</u>
Transfers					<u>613,200</u>	<u>(613,200)</u>	<u>-</u>
Change in net position					281,660	(351,859)	(70,199)
Net position - beginning					<u>7,073,510</u>	<u>16,621,452</u>	<u>23,694,962</u>
Prior period adjustment					116,854	-	116,854
Net position - ending					<u>\$ 7,472,024</u>	<u>\$ 16,269,593</u>	<u>\$ 23,741,617</u>

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

**CITY OF TOLEDO**  
**Lincoln County, Oregon**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**

June 30, 2021

		Special Revenue				
	General Fund	Street Fund	Stabilization Fund	Revolving Loan Fund	Nonmajor Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,928,841	\$ 2,478,533	\$ 483,781	\$ 62,153	\$ 2,674,080	\$ 7,627,388
Restricted cash	84,491	-	-	-	-	84,491
Accounts receivable, net of uncollectible accounts	268,085	9,003	-	-	-	277,088
Property taxes receivable	149,124	-	-	-	11,225	160,349
Notes receivable	-	-	-	208,451	-	208,451
Assets held for resale	81,122	-	-	-	-	81,122
Total assets	<u>2,511,663</u>	<u>2,487,536</u>	<u>483,781</u>	<u>270,604</u>	<u>2,685,305</u>	<u>8,438,889</u>
<b>LIABILITIES</b>						
Accounts payable	274,593	24,612	-	-	11,136	310,341
Deposits payable	84,491	-	-	-	-	84,491
Total liabilities	<u>359,085</u>	<u>24,612</u>	<u>-</u>	<u>-</u>	<u>11,136</u>	<u>394,833</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue						
Property taxes	94,150	-	-	-	11,034	105,184
Notes receivable	-	-	-	208,451	-	208,451
Court fines	211,190	-	-	-	-	211,190
Total deferred inflows of resources	<u>305,340</u>	<u>-</u>	<u>-</u>	<u>208,451</u>	<u>11,034</u>	<u>524,825</u>
<b>FUND BALANCES</b>						
Restricted	84,491	2,462,924	-	62,153	196,869	2,806,438
Committed	-	-	483,781	-	1,101,430	1,585,211
Assigned	-	-	-	-	1,340,084	1,340,084
Unassigned	1,762,747	-	-	-	24,752	1,787,499
Total fund balances	<u>1,847,238</u>	<u>2,462,924</u>	<u>483,781</u>	<u>62,153</u>	<u>2,663,136</u>	<u>7,519,232</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 2,511,663</u>	<u>\$ 2,487,536</u>	<u>\$ 483,781</u>	<u>\$ 270,604</u>	<u>\$ 2,685,305</u>	<u>\$ 8,438,889</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, 2021

<b>Total fund balances</b>		<b>\$ 7,519,232</b>
Capital assets used in governmental activities are not financial resources and are therefore not reported in the governmental funds:		
Nondepreciable capital assets	1,054,662	
Capital assets net of accumulated depreciation	<u>6,853,401</u>	7,908,064
Receivables that will be collected 60 days beyond yearend are reported as unavailable revenue, deferred inflows, under modified accrual. The change in these balances are recorded as adjustments to revenue under full accrual.		
Property taxes	105,184	
Notes receivable	208,451	
Court fines	<u>211,190</u>	524,825
Inventory is not reported at the fund level.		21,657
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	975,655	
Deferred inflows of resources relating to the return on pension assets	(279,717)	
Net OPEB (liability)	(143,728)	
Net pension asset (liability)	<u>(2,430,217)</u>	<u>(1,878,007)</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	(180,063)	
Bonds payable including premiums/discounts and accrued interest	<u>(6,443,684)</u>	<u>(6,623,747)</u>
Net position of governmental activities		<u><u>\$ 7,472,023</u></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, 2021

		Special Revenue				
	General Fund	Street Fund	Stabilization Fund	Revolving Loan Fund	Nonmajor Governmental Funds	Total Government Funds
<b>REVENUES</b>						
Taxes						
Property	\$ 2,202,573	\$ -	\$ -	\$ -	\$ 169,518	\$ 2,372,092
Franchise	981,937	654,630	-	-	-	1,636,567
Motor fuel	-	249,729	-	-	2,523	252,251
Alcohol	68,193	-	-	-	-	68,193
Cigarette and marijuana	16,726	-	-	-	-	16,726
Privilege	-	-	-	-	24,563	24,563
Licenses, permits, and fees	62,569	106,964	-	-	7,891	177,424
Grants and contributions	92,492	150,000	-	-	140,335	382,828
Charges for services	92,181	-	-	-	-	92,181
Intergovernmental charges	195,725	-	-	-	-	195,725
State revenue sharing	57,145	-	-	-	-	57,145
Fines	90,345	-	-	-	-	90,345
Investment earnings	15,864	20,837	3,739	490	17,723	58,652
Rents and leases	17,800	-	-	-	-	17,800
Miscellaneous	51,346	3,660	12,213	-	29,005	96,225
Total revenues	<u>3,944,898</u>	<u>1,185,820</u>	<u>15,952</u>	<u>490</u>	<u>391,558</u>	<u>5,538,717</u>
<b>EXPENDITURES</b>						
Current						
General government	1,150,724	-	2,859	-	86,540	1,240,123
Public safety	2,235,361	-	-	-	15,013	2,250,374
Highways and streets	-	855,078	-	-	6,099	861,177
Culture and recreation	332,881	-	-	-	11,512	344,393
Solid waste	-	-	-	-	6,526	6,526
Debt service						
Principal	-	-	-	-	500,000	500,000
Interest	-	-	-	-	238,300	238,300
Capital outlay	-	77,263	-	-	352,035	429,299
Total expenditures	<u>3,718,966</u>	<u>932,342</u>	<u>2,859</u>	<u>-</u>	<u>1,216,025</u>	<u>5,870,191</u>
Excess (deficiency) of revenues over (under) expenditures	225,932	253,478	13,093	490	(824,467)	(331,474)
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from the sale of surplus	-	-	-	-	6,351	6,351
Transfers in	-	-	-	-	1,336,700	1,336,700
Transfers out	(298,500)	(425,000)	-	-	-	(723,500)
Total other financing sources (uses)	<u>(298,500)</u>	<u>(425,000)</u>	<u>-</u>	<u>-</u>	<u>1,343,051</u>	<u>619,551</u>
Net change in fund balances	(72,568)	(171,522)	13,093	490	518,584	288,077
<b>Fund balances - beginning</b>	<u>1,907,181</u>	<u>2,634,446</u>	<u>470,688</u>	<u>61,664</u>	<u>2,144,552</u>	<u>7,218,531</u>
Prior period adjustment	12,626	-	-	-	-	12,626
<b>Fund balances - ending</b>	<u>\$ 1,847,238</u>	<u>\$ 2,462,924</u>	<u>\$ 483,781</u>	<u>\$ 62,154</u>	<u>\$ 2,663,136</u>	<u>\$ 7,519,233</u>

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, 2021

**Net change in fund balances** **\$ 288,077**

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	113,526	
Depreciation expense recorded in the current year	<u>(582,496)</u>	(468,970)

Receivables that will be collected 60 days beyond yearend are reported as unavailable revenue, deferred inflows, under modified accrual. The change in these balances are recorded as adjustments to revenue under full accrual.

Property taxes	75,161	
Notes receivable	-	
Court fines	<u>(33,315)</u>	41,846

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.

511,296

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	(49,401)	
Change in inventory	<u>1,094</u>	(48,307)

Pension and OPEB expenses 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 adjustment	14,363	
OPEB adjustment	<u>(56,644)</u>	

**Change in net position** **\$ 281,660**

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, 2021

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 420,340	\$ 158,775	\$ 1,912,650	\$ -	\$ 2,491,765
Accounts receivable	194,337	116,170	-	-	310,508
Inventory	139,170	13,948	-	-	153,118
Total current assets	753,847	288,894	1,912,650	-	2,955,391
Restricted assets					
Cash and cash equivalents	-	-	-	828,734	828,734
Capital assets not being depreciated	353,686	470,028	-	-	823,714
Capital assets being depreciated, net	7,829,533	4,638,226	-	-	12,467,759
Total assets	8,937,066	5,397,148	1,912,650	828,734	17,075,597
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Deferred outflows related to pensions	184,351	178,697	-	-	363,048
<b>LIABILITIES</b>					
Current liabilities					
Accounts payable	11,293	14,464	788	7,108	33,653
Compensated absences	12,998	10,538	-	-	23,536
Deposits payable	49,994	-	-	-	49,994
Total current liabilities	74,285	25,002	788	7,108	107,183
Noncurrent liabilities					
Net pension liability	459,193	445,109	-	-	904,302
OPEB liability	27,158	26,325	-	-	53,482
Total liabilities	560,636	496,435	788	7,108	1,064,967

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, 2021

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred inflows related to pensions	52,853	51,232	-	-	104,085
<b>NET POSITION</b>					
Net investment in capital assets	8,183,219	5,108,254	-	-	13,291,473
Restricted for:					
Debt Service	-	-	-	-	-
System Improvement	-	-	-	169,087	169,087
System Development	-	-	-	652,539	652,539
Unrestricted	324,709	(80,077)	1,911,862	-	2,156,495
Total net position	<u>\$ 8,507,928</u>	<u>\$ 5,028,177</u>	<u>\$ 1,911,862</u>	<u>\$ 821,626</u>	<u>\$ 16,269,593</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, 2021

Business -Type Activities

	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>OPERATING REVENUES</b>					
Water sales	\$ 1,381,290	\$ -	\$ -	\$ -	\$ 1,381,290
Water sales - Seal Rock	621,478	-	-	-	621,478
Sewer charges	-	1,173,850	-	-	1,173,850
Fees and charges	11,245	200	-	-	11,445
Grants and contributions	805	-	44,854	-	45,659
Rents and leases	11,184	-	-	-	11,184
OPEB adjustment	1,776	2,609	-	-	4,384
Compensated absence adjustment	6,252	6,580	-	-	12,832
Total operating revenues	<u>2,034,030</u>	<u>1,183,239</u>	<u>44,854</u>	<u>-</u>	<u>3,262,123</u>
<b>OPERATING EXPENSES</b>					
Cost of sales and services	757,326	842,189	39,125	-	1,638,640
Administration	15,690	9,636	-	-	25,326
Materials and supplies	12,303	-	565,098	162,947	740,348
Depreciation	384,393	285,127	-	-	669,520
Pension adjustment	19,599	9,548	-	-	29,147
Total operating expenses	<u>1,189,311</u>	<u>1,146,500</u>	<u>604,222</u>	<u>162,947</u>	<u>3,102,981</u>
Operating income (loss)	<u>844,719</u>	<u>36,739</u>	<u>(559,368)</u>	<u>(162,947)</u>	<u>159,143</u>
<b>NONOPERATING REVENUE (EXPENSE)</b>					
Investment earnings	1,856	2,453	16,911	5,700	26,919
Miscellaneous	<u>1,239</u>	<u>2,479</u>	<u>-</u>	<u>71,561</u>	<u>75,279</u>
Total nonoperating revenues (expenses)	<u>3,095</u>	<u>4,932</u>	<u>16,911</u>	<u>77,260</u>	<u>102,198</u>
Income (loss) before contributions and transfers	847,814	41,671	(542,457)	(85,687)	261,341
Transfers in	-	-	308,955	189,743	498,698
Transfers out	<u>(750,073)</u>	<u>(361,825)</u>	<u>-</u>	<u>-</u>	<u>(1,111,898)</u>
Change in net position	97,741	(320,154)	(233,502)	104,056	(351,859)
Total net position - beginning	<u>8,410,187</u>	<u>5,348,331</u>	<u>2,145,364</u>	<u>717,570</u>	<u>16,621,452</u>
Total net position - ending	<u>\$ 8,507,928</u>	<u>\$ 5,028,177</u>	<u>\$ 1,911,862</u>	<u>\$ 821,626</u>	<u>\$16,269,593</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, 2021

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Receipts from customers	\$ 1,976,093	\$ 1,171,542	\$ -	\$ -	\$ 3,147,635
Receipts from rentals	11,184	-	-	-	11,184
Other receipts	805	-	44,854	-	45,659
Payments to employees	(314,823)	(324,784)	-	-	(639,607)
Payments to suppliers	(561,181)	(528,768)	(609,511)	(176,785)	(1,876,246)
Net cash provided (used) by operating activities	1,112,078	317,990	(564,657)	(176,785)	688,626
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>					
Grants and contributions	-	-	-	-	-
Miscellaneous Income	1,239	2,479	-	-	3,719
Net cash provided (used) by noncapital financing activities	1,239	2,479	-	-	3,719
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>					
System development charges	-	-	-	71,561	71,561
Transfers from other funds - capital purposes	-	-	308,955	189,743	498,698
Transfers to other funds - capital purposes	(750,073)	(361,825)	-	-	(1,111,898)
Sale of surplus property	-	-	-	-	-
Principal paid on capital debt	-	-	-	-	-
Interest paid on capital debt	-	-	-	-	-
Purchase of capital assets	-	-	-	-	-
Net Cash provided ( used) by capital and related financing activities	(750,073)	(361,825)	308,955	261,304	(541,639)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Interest income	1,856	2,453	16,911	5,700	26,919
Net cash provided (used) by investing activates	1,856	2,453	16,911	5,700	26,919
Net increase (decrease) in cash and cash equivalents	365,100	(38,903)	(238,791)	90,218	177,624

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, 2021

	Business -Type Activities				
	Enterprise Funds				
	Water	Sewer	Water Reserve	Nonmajor Enterprise Funds	Total Enterprise Funds
Cash and cash equivalents - beginning (including restricted balances)	55,240	197,678	2,151,441	738,515	3,142,874
Cash and cash equivalents - ending (including restricted balances)	420,340	158,775	1,912,650	828,733	3,320,498
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities</b>					
Operating Income (loss)	844,719	36,739	(559,368)	(162,947)	159,143
Adjustments to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation	384,393	285,127	-	-	669,520
Capital contributions	-	-	-	-	-
(Increase) decrease in:					
Receivables	(44,365)	(2,508)	-	-	(46,874)
Inventories	(56,963)	258	-	-	(56,705)
Deferred outflows of resources	(115,502)	(109,848)	-	-	(225,350)
Increase (decrease) in:					
Accounts payable	(16,185)	(1,985)	(5,289)	(13,838)	(37,297)
Compensated absences	(6,252)	(6,580)	-	-	(12,832)
Customer deposits	(11,092)	-	-	-	(11,092)
Net pension liability	125,704	111,620	-	-	237,324
OPEB liability	(1,775)	(2,608)	-	-	(4,384)
Deferred inflows of resources	9,397	7,776	-	-	17,173
Net cash provided (used) by operating activities	\$ 1,112,078	\$ 317,990	\$ (564,657)	\$ (176,785)	\$ 688,626

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, 2021

**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.



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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.

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*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 payments for services rendered.

*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.

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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.

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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.

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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.

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**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.

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**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.

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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.



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**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.

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**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

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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, 2021.

Fair values of assets measured on a recurring basis at June 30, 2021 are as follows:

	<u>Level 2</u>
<u>Investments</u>	
Oregon Local Government Investment Pool	<u>\$ 10,959,124</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.

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Investments

As of June 30, 2021, the City had the following investments:

	<u>Quality Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
Oregon Local Government Investment Pool	Unrated	-	<u>\$ 10,959,124</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, 2021, the City had deposits of \$250,000 insured by the FDIC, and \$0 collateralized under the PFCP.

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Deposits

The City's cash and investments at June 30, 2021 are as follows:

Petty cash	\$ 300
Total deposits	72,954
Total investments	<u>10,959,124</u>
 Total deposits and investments	 <u>\$ 11,032,378</u>

Cash and investments by fund:

Unrestricted

Governmental activities	
General Fund	\$ 1,928,841
Street Fund	2,478,533
Stabilization Fund	483,781
Revolving Loan Fund	62,153
Nonmajor governmental funds	<u>2,674,080</u>
 Business-type activities	
Water Fund	420,340
Sewer Fund	158,775
Water Reserve Fund	1,912,650
Nonmajor enterprise funds	<u>-</u>
 Total unrestricted cash and investments	 <u>10,119,153</u>

Restricted

Governmental activities	
General Fund	84,491
Business-type activities	
Nonmajor enterprise funds	<u>828,734</u>
 Total restricted cash and investments	 <u>913,225</u>
 Total cash and investments	 <u>\$ 11,032,378</u>

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**B. Restricted Assets**

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

**Accounts Receivable**

Receivables as of June 30, 2021 are as follows:

	Governmental Activities	Business- Type Activities	Total
Receivables			
Property Taxes	\$ 160,349	\$ -	\$ 160,349
Court fines net of uncollectable	261,893	-	261,893
Franchise Fees and other	15,195	-	15,195
Noncurrent housing rehabilitation loans	208,451	-	208,451
Utilities	-	310,508	310,508
<b>Total receivables</b>	<b>645,888</b>	<b>310,508</b>	<b>956,396</b>

Prior to 2020, the City had 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 \$506,000 at year-end. Management estimates at least half of the court fines balance will be uncollectible, so \$253,000 has been recorded as an allowance for doubtful accounts, resulting in a net receivables balance of \$253,000. The new software implemented in 2020 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	\$ 1,338,703	\$ 175,632
OPEB liability - medical insurance	37,011	46,196
	<u>\$ 1,375,714</u>	<u>\$ 221,828</u>

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**D. Capital Assets**

Capital asset activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Prior Period Adjustment	Restated Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities						
Capital assets not being depreciated						
Land	\$ 726,070	\$ -	\$ 726,071	\$ -	\$ -	\$ 726,071
Work in process	328,592	-	328,592	-	-	328,592
Total capital assets not being depreciated	1,054,662	-	1,054,663	-	-	1,054,662
Capital assets being depreciated						
Buildings and structures	3,710,744	148,205	3,858,949	-	-	3,858,949
Equipment and vehicles	3,472,091	309,841	3,781,932	113,526	-	3,895,458
Land improvements	1,998,799	8,057	2,006,856	-	-	2,006,856
Infrastructure	5,855,393	29,123	5,884,516	-	-	5,884,516
Total capital assets being depreciated	15,037,027	495,226	15,532,253	113,526	-	15,645,779
Less accumulated depreciation for						
Buildings and structures	(1,748,621)	(113,358)	(1,861,979)	(99,931)	-	(1,961,909)
Equipment and vehicles	(2,058,503)	(240,460)	(2,298,963)	(184,716)	-	(2,483,679)
Land improvements	(1,295,860)	(8,057)	(1,303,917)	(52,923)	-	(1,356,840)
Infrastructure	(2,715,899)	(29,123)	(2,745,022)	(244,926)	-	(2,989,949)
Total accumulated depreciation	(7,818,883)	(390,998)	(8,209,881)	(582,496)	-	(8,792,377)
Total capital assets being depreciated, net	7,218,144	104,228	7,322,372	(468,970)	-	6,853,401
Governmental activities capital assets, net	\$ 8,272,806	\$ 104,228	\$ 8,377,035	\$ (468,970)	\$ -	\$ 7,908,065

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	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Business-type activities				
Capital assets not being depreciated				
Land	\$ 823,714	\$ -	\$ -	\$ 823,714
Work in process	-	-	-	-
Total capital assets not being depreciated	<u>823,714</u>	<u>-</u>	<u>-</u>	<u>823,714</u>
Capital assets being depreciated				
Buildings and structures	3,060,618	-	-	3,060,618
Equipment and vehicles	913,703	147,286	-	1,060,989
Land improvements	77,980	-	-	77,980
Infrastructure	<u>21,874,677</u>	<u>-</u>	<u>-</u>	<u>21,874,677</u>
Total capital assets being depreciated	<u>25,926,978</u>	<u>147,286</u>	<u>-</u>	<u>26,074,264</u>
Less accumulated depreciation for				
Buildings and structures	(2,773,736)	(14,940)	-	(2,788,676)
Equipment and vehicles	(441,215)	(195,169)	-	(636,383)
Land improvements	(37,162)	(2,249)	-	(39,411)
Infrastructure	<u>(9,537,810)</u>	<u>(604,226)</u>	<u>-</u>	<u>(10,142,036)</u>
Total accumulated depreciation	<u>(12,789,922)</u>	<u>(816,584)</u>	<u>-</u>	<u>(13,606,506)</u>
Total capital assets being depreciated, net	<u>13,137,056</u>	<u>(669,298)</u>	<u>-</u>	<u>12,467,759</u>
Business-type activities capital assets, net	<u>\$13,960,770</u>	<u>\$ (669,298)</u>	<u>\$ -</u>	<u>\$13,291,473</u>



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

	Capital Assets	Accumulated Depreciation	Net Capital Assets
<b>Governmental activities</b>			
Land	\$ 726,071	\$ -	\$ 726,071
Work in process	328,592	-	328,592
Buildings and structures	3,858,949	(1,961,909)	1,897,040
Equipment and vehicles	3,895,458	(2,483,679)	1,411,778
Land improvements	2,006,856	(1,356,840)	650,016
Infrastructure	5,884,516	(2,989,949)	2,894,567
<b>Total governmental activities capital assets</b>	<b>16,700,442</b>	<b>(8,792,377)</b>	<b>7,908,065</b>
<b>Business-type activities</b>			
Land	823,714	-	823,714
Work in process	-	-	-
Buildings and structures	3,060,618	(2,788,676)	271,942
Equipment and vehicles	1,060,989	(636,383)	424,606
Land improvements	77,980	(39,411)	38,569
Infrastructure	21,874,677	(10,142,036)	11,732,641
<b>Total business-type activities capital assets</b>	<b>26,897,978</b>	<b>(13,606,506)</b>	<b>13,291,473</b>
<b>Total capital assets</b>	<b>\$ 43,598,420</b>	<b>\$ (22,398,883)</b>	<b>\$ 21,199,538</b>

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

<b>Governmental activities</b>	
General government	\$ 167,898
Public safety	172,867
Highways and streets	215,087
Culture and recreation	26,644
<b>Total governmental activities</b>	<b>582,496</b>
<b>Business-type activities</b>	
Water	384,393
Sewer	285,127
<b>Total business-type activities</b>	<b>\$ 669,520</b>

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**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
	Nonmajor Governmental Funds	Water Reserve Fund	Nonmajor Enterprise Funds	
Transfers out:				
Governmental activities				
General Fund	\$ 298,500	\$ -	\$ -	\$ 298,500
Street Fund	425,000	-	-	425,000
Total governmental activities	723,500	-	-	723,500
Business-type activities				
Water Fund	441,118	308,955	-	750,073
Sewer Fund	172,082	-	189,743	361,825
Total business-type activities	613,200	308,955	189,743	1,111,898
<b>Total</b>	<b>\$ 1,336,700</b>	<b>\$ 308,955</b>	<b>\$ 189,743</b>	<b>\$ 1,835,398</b>

The primary purposes of the interfund transfers were to move funds into reserve funds for future expenses and to account for the utility funds' contributions towards debt payments made by the Debt Service Fund.

**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	\$ 130,662	\$ 49,401	\$ -	\$ 180,063
Business-type activities				
Compensated absences	\$ 36,368	\$ -	\$ 12,832	\$ 23,536

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

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**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	\$5,480,000	\$ -	\$ (350,000)	\$5,130,000	\$ 360,000
General Obligation Refunding Bonds, Series 2016	2.00-4.00%	1,170,000	640,000	-	(150,000)	490,000	155,000
Premium - Refunding Bonds, Series 2016		984,286	834,980	-	(64,229)	770,750	-
Total governmental activities		<u>\$8,774,286</u>	<u>\$6,954,980</u>	<u>\$ -</u>	<u>\$ (564,229)</u>	<u>\$6,390,750</u>	<u>\$ 515,000</u>

**2. Interest Expense**

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

Governmental activities	
Interest on long-term debt	<u>\$ 238,300</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.

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.

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**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.

As of June 30, 2021 the remaining balance outstanding was \$5.62 million.

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

Year Ending June 30	Bonds		Total
	Principal	Interest	
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	\$ 420,000	\$ 144,000	\$ 564,000
2027-2031	\$ 2,370,000	\$ 348,000	\$ 2,718,000
2032-2033	\$ 810,000	\$ 43,400	\$ 853,400
	<u>\$ 5,620,000</u>	<u>\$ 1,307,200</u>	<u>\$ 6,927,200</u>

**6. 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 closeout the project on its end.

As of June 30, 2021 the remaining balance outstanding was \$650,000.

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**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>Stabilization Fund</u>	<u>Revolving Loan Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Fund balances:						
Restricted for:						
Street maintenance & improvements	\$ -	\$ 2,462,924	\$ -	\$ -	\$ -	\$ 2,462,924
Disaster preparedness	-	-	-	-	15,021	15,021
Grant projects	-	-	-	-	152,968	152,968
Housing rehabilitation loans	-	-	-	62,153	-	62,153
Footpaths & bicycle trails	-	-	-	-	28,881	28,881
Bond deposits	84,491	-	-	-	-	84,491
Committed for:						
General reserve	-	-	-	-	504,691	504,691
Building & property reserve	-	-	-	-	596,739	596,739
Revenue stabilization	-	-	483,781	-	-	483,781
Assigned to:						
Operating projects	-	-	-	-	4,348	4,348
City Council directed projects	-	-	-	-	70,149	70,149
Landfill closure costs	-	-	-	-	199,179	199,179
911 system costs	-	-	-	-	46,963	46,963
Library costs	-	-	-	-	33,696	33,696
Street improvements	-	-	-	-	772,259	772,259
Public works	-	-	-	-	213,490	213,490
Unassigned	<u>1,762,747</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>24,752</u>	<u>1,787,499</u>
 Total fund balances	 <u>\$ 1,847,238</u>	 <u>\$ 2,462,924</u>	 <u>\$ 483,781</u>	 <u>\$ 62,153</u>	 <u>\$ 2,663,136</u>	 <u>\$ 7,519,232</u>

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**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

*A. 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.

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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.



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*B. 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.

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*C. 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

*A. 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, 2017 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2019. Effective January 1, 2020, Senate Bill 1049 required employers to pay contributions on re-employed PERS retirees' salary as if they were an active member, excluding IAP (6 percent) contributions. Employer contributions for the year ended June 30, 2021 were \$227,078

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excluding amounts to fund employer specific liabilities. The rates in effect for the fiscal year ended June 30, 2021 were 35.22 percent for Tier One/Tier Two General Service Member, 35.22 percent for Tier One/Tier Two Police and Fire, 26.44 percent for OPSRP Pension Program General Service Members, 31.07 percent for OPSRP Pension Program Police and Fire Members.

*B. 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 \$3,335,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018 rolled forward to June 30, 2020. 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, 2020, the City's proportion was 0.01527953 percent, which was increased from its proportion of 0.01439017 percent, measured as of June 30, 2020.

For the year ended June 30, 2021, the City's recognized pension expense was \$86,000. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience		
	\$ 146,759	\$ -
Changes of assumptions	178,953	6,270
Net difference between projected and actual earnings on investments	392,096	-
Changes in proportion	124,903	265,986
Differences between employer contributions and proportionate share of contributions	<u>268,916</u>	<u>111,546</u>
Total (prior to post-MD contributions)	1,111,627	383,802
Contributions subsequent to the MD	<u>227,078</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 1,338,705</u></b>	<b><u>\$ 383,802</u></b>

City's contributions subsequent to the measurement date of \$1,339,000 are reported as deferred outflows of resources related to pensions and will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. 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>	
2022	\$ 103,973
2023	169,999
2024	189,822
2025	225,071
2026	<u>38,960</u>
<b>Total</b>	<b><u>\$ 727,825</u></b>

Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

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 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

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Valuation Date	December 31, 2018
Measurement Date	June 30, 2020
Experience Study Report	2018, published July 24, 2019
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><b>Health retirees and beneficiaries:</b> 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><b>Active Members:</b> 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><b>Disabled retirees:</b> RP-2014 Disabled retirees, sex-distinct, generational with Unisex, Social Security Data Scale.</p>

Long-term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in May 2019 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 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.

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<u>Asset Class/Strategy</u>	<u>Assumed Asset Allocation</u>		
	<u>Low Range</u>	<u>High Range</u>	<u>Target</u>
Debt Securities	15.0%	25.0%	20.0%
Public Equity	27.5%	37.5%	32.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			<u>100.0%</u>

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Compounded Annual Return (Geometric)</u>
Core Fixed Income	9.60%	4.07%
Short-Term Bonds	9.60%	3.68%
Bank/Leveraged Loans	3.60%	5.19%
High Yield Bonds	1.20%	5.74%
Large/Mid Cap US Equities	16.17%	6.30%
Small Cap US Equities	1.35%	6.68%
Micro Cap US Equities	1.35%	6.79%
Developed Foreign Equities	13.48%	6.91%
Emerging Foreign Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equities	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-Driven	0.38%	5.59%
Timber	1.12%	5.61%
Farmland	1.12%	6.12%
Infrastructure	2.24%	6.67%
Commodities	1.12%	3.79%
Total	<u>100.00%</u>	

Assumed Inflation - Mean 2.50%

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NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

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.

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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:

	<u>1% Decrease (6.20%)</u>	<u>Discount Rate (7.20%)</u>	<u>1% Increase (8.20%)</u>
City's proportionate share of the net pension liability (asset)	\$ 4,951,485	\$ 3,334,519	\$ 1,978,618

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

A legislative change that occurred during the measurement period affected the plan provisions reflected for financial reporting purposes. Senate Bill 1049, signed into law in June 2019, introduced a limit on the amount of annual salary included for the calculation of benefits. Beginning in 2020, annual salary in excess of \$195,000 (as indexed in future years) will be excluded when determining member benefits. As a result, future Tier 1/Tier 2 and OPSRP benefits for certain active members are now projected to be lower than prior to the legislation. Senate Bill 1049 was reflected in the June 30, 2019 Total Pension Liability as a reduction in liability.

Changes in Plan Provisions Subsequent to Measurement Date

There were no changes subsequent to the June 30, 2020 measurement period that require disclosure.



**CITY OF TOLEDO**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

**C. Other Post-Employment Benefits (GASB 75) – City Medical Benefit Plan**

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

*General Information about the 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 dependent, 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, 2020, 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**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

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, 2020
Measurement Dates/Fiscal Year Ends	June 30, 2020
<b>Actuarial Assumptions:</b>	
Actuarial Cost Method	Entry Age Normal
Interest Rate for Discounting Future Liabilities	2.21%
General Inflation	2.50%
Salary Scale	3.50%

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**

<b>Total OPEB Liability at June 30, 2020</b>	<b>\$ 215,957</b>
Changes for the year:	
Service cost	15,632
Interest on OPEB liability	7,828
Change in assumptions	(5,610)
Economic/Demographic (gain)/loss	(20,605)
Benefit payments	(15,992)
Net changes	(18,747)
<b>Total OPEB Liability at June 30, 2021</b>	<b>\$ 197,210</b>

**CITY OF TOLEDO**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

At June 30, 2021, 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
Differences between expected and actual experience	\$ (18,029)	\$ 26,404
Changes of assumptions or other inputs	(18,982)	3,713
Benefit payments	-	16,079
<b>Total</b>	<b>\$ (37,011)</b>	<b>\$ 46,196</b>

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, 2021. 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:	
2022	\$ (250)
2023	(250)
2024	(250)
2025	(250)
2026	146
Thereafter	\$ (6,040)

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%)
<b>Total OPEB Liability</b>	<b>\$ 210,388</b>	<b>\$ 197,210</b>	<b>\$ 184,833</b>

**CITY OF TOLEDO**  
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NOTES TO BASIC FINANCIAL STATEMENTS  
June 30, 2021

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 \$	178,337 \$	197,210 \$	219,832 \$

**D. 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.

**E. Subsequent Events**

Management has evaluated subsequent events through February 18, 2022, which was the date that the financial statements were available to be issued. The water service and operating contributions with Seal Rock are tentatively expected to end by fiscal-year end. The financial and operational impact to the City is uncertain at this time.

**F. Prior Period Adjustments**

*A. Capital Assets*

As documented in the capital asset note, additional pre-existing capital assets were identified and added to the reported assets and accumulated depreciation. The net addition of capital assets is a \$104,000 increase to beginning fund balance.

*B. Assets Held for Resale*

Additionally, assets held for resale are considered current resources and reportable under modified accrual. Previously they were reported only on the governmentwide statements for the governmental funds. The addition of these balances to the General Fund on the Governmental Balance Sheet resulted in a \$81,000 increase to beginning fund balance.

*C. Bail Deposits*

The City identified additional pre-existing bail deposits, which are reported a liability, that were not captured by the previous software. The addition of the bail deposits held, is a \$68,000 decrease to the beginning fund balance.

## **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)**

	2021	2020	2019	2018	2017	2016	2015
(a) City's proportion of the net pension liability (asset)	0.01527953%	0.01439017%	0.01739231%	0.01847977%	0.01748515%	0.01780836%	0.01688662%
(b) City's proportionate share of the net pension liability (asset)	\$ 3,334,519	\$ 2,489,155	\$ 2,634,706	\$ 2,491,080	\$ 2,624,927	\$ 1,022,288	\$ (382,772)
(c) City's covered-employee payroll	\$ 2,358,487	\$ 2,497,478	\$ 2,368,129	\$ 2,155,822	\$ 2,039,644	\$ 2,105,514	\$ 2,164,788
(b/c) City's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	141%	100%	111%	116%	129%	49%	-18%
Plan fiduciary net position as a percentage of the total pension liability (asset) from audited schedules	75.80%	80.20%	82.10%	83.12%	80.53%	91.88%	103.59%

**Schedule of City Contributions**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 227,078	\$ 339,052	\$ 9,295	\$ 291,757	\$ 236,071	\$ 115,370	\$ 106,343
Contributions in relation to the contractually required contribution	\$ 227,078	\$ 339,052	\$ 9,295	\$ 291,757	\$ 236,071	\$ 115,370	\$ 106,343
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
City's covered-employee payroll	\$ 2,358,487	\$ 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	10%	14%	0%	12%	10%	5%	5%

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

City Medical Benefit Plan

Schedule of Changes

	2021	2020	2019
<b>Total Medical Benefit Pension Liability, beginning</b>	<b>\$ 215,957</b>	<b>\$ 197,210</b>	<b>\$ 215,957</b>
Changes for the year:			
Service cost	15,632	14,060	15,632
Interest	7,828	8,112	7,828
Change in assumptions	(5,610)	4,993	(5,610)
Experience (gain)/loss	(20,605)	-	(20,605)
Benefit payments	(15,992)	(13,408)	(15,992)
<b>Net changes for the year</b>	<b>(18,747)</b>	<b>13,757</b>	<b>(18,747)</b>
<b>Total Medical Benefit Pension Liability, ending</b>	<b>197,210</b>	<b>210,967</b>	<b>197,210</b>
<b>City's covered-employee payroll</b>	<b>\$ 2,358,487</b>	<b>\$ 2,497,478</b>	<b>\$ 2,360,010</b>
<b>Net Medical Benefit Pension Liability as a Percentage of Covered Payroll</b>	<b>8.36%</b>	<b>8.45%</b>	<b>8.36%</b>

**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
REVENUES				
Taxes				
Property	\$ 1,949,000	\$ 1,949,000	\$ 2,165,480	\$ (216,480)
Franchise	949,250	949,250	981,937	(32,687)
Alcohol	60,000	60,000	68,193	(8,193)
Cigarette and marijuana	16,000	16,000	16,726	(726)
Licenses, permits, and fees	56,525	56,525	62,569	(6,044)
Grants	10,000	10,000	92,492	(82,492)
Charges for services	77,100	77,100	92,181	(15,081)
Intergovernmental charges	190,000	190,000	195,725	(5,725)
State revenue sharing	43,000	43,000	57,145	(14,145)
Fines	65,000	65,000	91,794	(26,794)
Investment earnings	30,000	30,000	15,864	14,136
Rents and leases	12,000	12,000	17,800	(5,800)
Miscellaneous	25,000	77,000	51,346	25,654
Total revenues	3,482,875	3,534,875	3,909,254	(374,379)
EXPENDITURES				
Current				
General government	736,623	705,323	561,836	143,487
General government - General services	417,100	417,100	351,487	65,613
General government - Property maintenance	318,255	318,255	237,401	80,854
Public safety - Fire	682,783	688,783	627,767	61,016
Public safety - Municipal court	44,750	44,750	38,391	6,359
Public safety - Police	1,557,185	1,569,185	1,569,204	(19)
Library	326,376	351,676	332,881	18,795
Contingency	910,149	910,149	-	910,149
Total expenditures	4,993,221	5,005,221	3,718,966	1,286,255
Excess (deficiency) of revenues over (under) expenditures	(1,510,346)	(1,470,346)	190,288	(1,660,634)
OTHER FINANCING SOURCES (USES)				
Transfers out	(258,500)	(298,500)	(298,500)	-
Net change in fund balances	(1,768,846)	(1,768,846)	(108,212)	(1,660,634)
Fund balances - beginning	1,768,846	1,768,846	1,958,723	(189,877)
Prior period adjustment	-	-	-	-
Fund balances - ending	\$ -	\$ -	\$ 1,782,014	\$ (1,782,014)

**Reconciliation to fund-level modified-accrual statements**

An adjustment was required for the beginning balance of bail bonds receivable which will be reflected as a prior period adjustment to the beginning fund balance on the modified accrual statements.	(68,496)
The addition of property taxes receivables and unavailable revenue deferred inflows and their net adjustment versus prior year balances.	37,093
Add the annual allowance for doubtful accounts for court fines, which are reported as revenue adjustments.	(1,449)
Assets held for resale, East Slope Property and Wetland Mitigation Property, are not budgeted. The addition of these assets will be reported as a prior period adjustment for modified accrual.	81,122
PY variance between budgetary and modified accrual ending fund balance due to balances that are only reported for modified accrual.	(51,542)
<b>Fund balance full-accrual statements</b>	<u>\$ 1,847,238</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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Taxes				
Franchise	\$ 631,500	\$ 631,500	\$ 654,630	\$ (23,130)
Motor fuel	210,000	210,000	249,729	(39,729)
Licenses, permits, and fees	102,300	102,300	106,964	(4,664)
Grants	150,000	150,000	150,000	-
Investment earnings	40,000	40,000	20,837	19,163
Miscellaneous	1,500	1,500	3,660	(2,160)
Total revenues	<u>1,135,300</u>	<u>1,135,300</u>	<u>1,185,820</u>	<u>(50,520)</u>
<b>EXPENDITURES</b>				
Current				
Materials and services	2,983,711	2,983,711	855,078	2,128,633
Capital outlay	85,000	85,000	77,263	7,737
Contingency	250,000	250,000	-	250,000
Total expenditures	<u>3,318,711</u>	<u>3,318,711</u>	<u>932,342</u>	<u>2,386,369</u>
Excess (deficiency) of revenues over (under) expenditures	(2,183,411)	(2,183,411)	253,478	(2,436,889)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(425,000)	(425,000)	(425,000)	-
Total other financing sources (uses)	<u>(425,000)</u>	<u>(425,000)</u>	<u>(425,000)</u>	<u>-</u>
Net change in fund balances	(2,608,411)	(2,608,411)	(171,522)	(2,436,889)
Fund balances - beginning	<u>2,608,411</u>	<u>2,608,411</u>	<u>2,634,446</u>	<u>(26,035)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,462,924</u>	<u>\$ (2,462,924)</u>

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

STABILIZATION FUND  
For the Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Investment earnings	\$ 20,000	\$ 20,000	\$ 3,739	\$ 16,261
Miscellaneous	<u>10,000</u>	<u>10,000</u>	<u>12,213</u>	<u>(2,213)</u>
 Total revenues	 <u>30,000</u>	 <u>30,000</u>	 <u>15,952</u>	 <u>14,048</u>
 <b>EXPENDITURES</b>				
Current				
General Government	499,260	499,260	2,859	496,401
 Total expenditures	 <u>499,260</u>	 <u>499,260</u>	 <u>2,859</u>	 <u>496,401</u>
 Excess (deficiency) of revenues over (under) expenditures	 (469,260)	 (469,260)	 13,093	 (482,353)
 Total other financing sources (uses)	 <u>-</u>	 <u>-</u>	 <u>-</u>	 <u>-</u>
 Net change in fund balance	 (469,260)	 (469,260)	 13,093	 (482,353)
 <b>Fund balances - beginning</b>	 <u>469,260</u>	 <u>469,260</u>	 <u>470,688</u>	 <u>(1,428)</u>
 <b>Fund balances - ending</b>	 <u><u>\$ -</u></u>	 <u><u>\$ -</u></u>	 <u><u>\$ 483,781</u></u>	 <u><u>\$ (483,781)</u></u>

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

REVOLVING LOAN FUND  
For the Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Investment earnings	\$ 1,200	\$ 1,200	\$ 490	\$ 710
Total revenues	<u>1,200</u>	<u>1,200</u>	<u>490</u>	<u>710</u>
<b>EXPENDITURES</b>				
Current				
General Government	<u>62,813</u>	<u>62,813</u>	<u>-</u>	<u>62,813</u>
Excess (deficiency) of revenues over (under) expenditures	(61,613)	(61,613)	490	(62,103)
Fund balances - beginning	<u>61,613</u>	<u>61,613</u>	<u>61,664</u>	<u>(51)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 62,154</u>	<u>\$ (62,154)</u>

## **OTHER SUPPLEMENTARY INFORMATION**

### **COMBINING AND INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

**CITY OF TOLEDO**  
**Lincoln County, Oregon**

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

June 30, 2021

	Special Revenue Funds					
	Forfeiture Revenue	Grant	911 System	City Council Strategic Reserve	General Reserve	Solid Waste
<b>ASSETS</b>						
Cash and cash equivalents	\$ 4,348	\$ 158,049	\$ 46,963	\$ 70,149	\$ 519,712	\$ 199,900
Accounts receivable	-	-	-	-	-	-
Property taxes receivable	-	-	-	-	-	-
Total assets	<u>4,348</u>	<u>158,049</u>	<u>46,963</u>	<u>70,149</u>	<u>519,712</u>	<u>199,900</u>
<b>LIABILITIES</b>						
Accounts payable	-	5,081	-	-	-	721
Total Liabilities	<u>-</u>	<u>5,081</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>721</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Unavailable revenue						
Property taxes	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>						
Restricted	-	152,968	-	-	15,021	-
Committed	-	-	-	-	504,691	-
Assigned	4,348	-	46,963	70,149	-	199,179
Unassigned	-	-	-	-	-	-
Total fund balances	<u>4,348</u>	<u>152,968</u>	<u>46,963</u>	<u>70,149</u>	<u>519,712</u>	<u>199,179</u>
<b>Total liabilities, deferred inflows of resources, and fund balances</b>	<u>\$ 4,348</u>	<u>\$ 158,049</u>	<u>\$ 46,963</u>	<u>\$ 70,149</u>	<u>\$ 519,712</u>	<u>\$ 199,900</u>

Special Revenue Funds					Capital Projects Funds		Total Nonmajor Governmental Funds
Library Reserve	Footpaths and Bicycle Trail	Street Reserve	Public Works Reserve	Debt Service Fund	Water Construction Fund	Building & Property Reserve	
\$ 36,967	\$ 28,881	\$ 772,259	\$ 213,490	\$ 26,051	\$ -	\$ 597,311	\$ 2,674,080
-	-	-	-	-	-	-	-
-	-	-	-	11,225	-	-	11,225
36,967	28,881	772,259	213,490	37,276	-	597,311	2,685,305
3,272	-	-	-	1,490	-	572	11,136
3,272	-	-	-	1,490	-	572	11,136
-	-	-	-	11,034	-	-	11,034
-	-	-	-	11,034	-	-	11,034
-	28,881	-	-	-	-	-	196,869
-	-	-	-	-	-	596,739	1,101,430
33,696	-	772,259	213,490	-	-	-	1,340,084
-	-	-	-	24,752	-	-	24,752
33,696	28,881	772,259	213,490	24,752	-	596,739	2,663,136
\$ 36,967	\$ 28,881	\$ 772,259	\$ 213,490	\$ 37,276	\$ -	\$ 597,311	\$ 2,685,305

**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, 2021

	Special Revenue Funds					
	Forfeiture Revenue	Grant	911 System	City Council Strategic Reserve	General Reserve	Solid Waste
<b>REVENUES</b>						
Taxes						
Property	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Motor fuel	-	-	-	-	-	-
Privilege	-	-	24,563	-	-	-
Solid waste fees	-	-	-	-	-	7,891
Grants and contributions	-	106,277	-	-	-	-
Investment earnings	34	783	-	334	3,272	1,559
Miscellaneous	-	20	485	27,750	-	-
Total revenues	34	107,080	25,048	28,084	3,272	9,449
<b>EXPENDITURES</b>						
Current						
General government	-	46,540	-	40,000	-	-
Public safety	-	-	15,013	-	-	-
Highways and streets	-	6,099	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Solid waste	-	-	-	-	-	6,526
Debt service						
Principal	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Capital outlay	-	-	24,152	-	77,818	-
Total expenditures	-	52,639	39,165	40,000	77,818	6,526
Excess (deficiency) of revenues over (under) expenditures	34	54,441	(14,117)	(11,916)	(74,546)	2,923
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from sale of surplus	-	-	-	-	6,351	-
Transfers in	-	-	-	40,000	176,000	-
Total other financing sources (uses)	-	-	-	40,000	182,351	-
Net change in fund balances	34	54,441	(14,117)	28,084	107,805	2,923
<b>Fund balances - beginning</b>	4,314	98,527	61,080	42,065	411,907	196,255
<b>Fund balances - ending</b>	\$ 4,348	\$ 152,968	\$ 46,963	\$ 70,149	\$ 519,712	\$ 199,179

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
\$ -	\$ -	\$ -	\$ -	\$ 169,518	\$ -	\$ -	\$ 169,518
-	2,523	-	-	-	-	-	2,523
-	-	-	-	-	-	-	24,563
-	-	-	-	-	-	-	7,891
34,058	-	-	-	-	-	-	140,335
160	208	3,012	1,490	276	1,549	5,046	17,723
-	-	-	-	-	-	750	29,005
<u>34,219</u>	<u>2,730</u>	<u>3,012</u>	<u>1,490</u>	<u>169,795</u>	<u>1,549</u>	<u>5,796</u>	<u>391,558</u>
-	-	-	-	-	-	-	86,540
-	-	-	-	-	-	-	15,013
-	-	-	-	-	-	-	6,099
11,512	-	-	-	-	-	-	11,512
-	-	-	-	-	-	-	6,526
-	-	-	-	500,000	-	-	500,000
-	-	-	-	238,300	-	-	238,300
9,197	-	-	58,032	-	56,020	126,817	352,035
<u>20,709</u>	<u>-</u>	<u>-</u>	<u>58,032</u>	<u>738,300</u>	<u>56,020</u>	<u>126,817</u>	<u>1,216,025</u>
<u>13,510</u>	<u>2,730</u>	<u>3,012</u>	<u>(56,542)</u>	<u>(568,505)</u>	<u>(54,471)</u>	<u>(121,021)</u>	<u>(824,467)</u>
-	-	-	-	-	-	-	6,351
-	-	390,000	82,500	565,700	-	82,500	1,336,700
-	-	390,000	82,500	565,700	-	82,500	1,343,051
13,510	2,730	393,012	25,958	(2,805)	(54,471)	(38,521)	518,584
<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>2,144,552</u>
<u>\$ 33,696</u>	<u>\$ 28,881</u>	<u>\$ 772,259</u>	<u>\$ 213,490</u>	<u>\$ 24,753</u>	<u>\$ 0</u>	<u>\$ 596,739</u>	<u>\$ 2,663,136</u>



**CITY OF TOLEDO**  
**Lincoln County, Oregon**

COMBINING STATEMENT OF NET POSITION

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2021

	System Development Fund	Sewer Reserve Fund	Total Nonmajor Enterprise Funds
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Restricted assets			
Cash and cash equivalents	<u>652,539</u>	<u>176,195</u>	<u>828,734</u>
Total assets	<u>652,539</u>	<u>176,195</u>	<u>828,734</u>
<b>LIABILITIES</b>			
Accounts payable	<u>-</u>	<u>7,108</u>	<u>7,108</u>
Total Liabilities	<u>-</u>	<u>7,108</u>	<u>7,108</u>
<b>NET POSITION</b>			
Restricted for:			
System improvement	-	169,087	169,087
System development	<u>652,539</u>	<u>-</u>	<u>652,539</u>
Total net position	<u>\$ 652,539</u>	<u>\$ 169,087</u>	<u>\$ 821,626</u>

**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, 2021

	System Development Fund	Sewer Reserve Fund	Total Nonmajor Enterprise Funds
<b>OPERATING REVENUE</b>	-	-	-
<b>OPERATING EXPENSES</b>			
Materials and supplies	-	162,947	162,947
Operating income (loss)	-	(162,947)	(162,947)
<b>NONOPERATING REVENUES (EXPENSES)</b>			
System development charges	71,561	-	71,561
Investment earnings	4,578	1,121	5,700
Miscellaneous	-	-	-
Loan proceeds	-	-	-
Total nonoperating revenues (expenses)	76,139	1,121	77,260
Income (loss) before transfers	76,139	(161,826)	(85,687)
Transfers in	-	189,743	189,743
Transfers out	-	-	-
Change in net position	76,139	27,917	104,056
<b>Total net position - beginning</b>	576,399	141,170	717,570
<b>Total net position - ending</b>	<u>\$ 652,539</u>	<u>\$ 169,087</u>	<u>\$ 821,626</u>

**CITY OF TOLEDO**  
**Lincoln County, Oregon**

COMBINING STATEMENT OF CASH FLOWS

NONMAJOR ENTERPRISE FUNDS

For the Year Ended June 30, 2021

	System Development Fund	Sewer Reserve Fund	Total Nonmajor Enterprise Funds
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash payments to suppliers	\$ -	\$ (176,785)	\$ (176,785)
Net cash provided (used) by operating activities	-	(176,785)	(176,785)
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
System development charges	71,561	-	71,561
Transfers from other funds for capital purposes	-	189,743	189,743
Purchases of capital outlay	-	-	-
Loan proceeds	-	-	-
Net cash provided (used) by capital and related financing activities	71,561	189,743	261,304
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest income	4,578	1,121	5,700
Net cash provided (used) by investing activities	4,578	1,121	5,700
Net increase (decrease) in cash and cash equivalents	76,139	14,079	90,218
Cash and cash equivalents - beginning (including restricted cash)	576,399	162,116	738,515
Cash and cash equivalents - ending (including restricted cash)	<u>\$ 652,538</u>	<u>\$ 176,195</u>	<u>\$ 828,733</u>
			-
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>			
Operating income (loss)	\$ -	\$ (162,947)	\$ (162,947)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Increase (decrease) in accounts payable	-	(13,838)	(13,838)
Net cash provided (used) by operating activities	<u>\$ -</u>	<u>\$ (176,785)</u>	<u>\$ (176,785)</u>
<b>Noncash investing, capital, and financing activities:</b>			
Transfer of capital assets		\$ -	\$ -

**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, 2021

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Investment earnings	\$ 75	\$ 75	\$ 34	\$ 41
Miscellaneous	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
Total revenues	<u>1,075</u>	<u>1,075</u>	<u>34</u>	<u>1,041</u>
<b>EXPENDITURES</b>				
Current				
General Government	<u>5,384</u>	<u>5,384</u>	<u>-</u>	<u>5,384</u>
Total expenditures	<u>5,384</u>	<u>5,384</u>	<u>-</u>	<u>5,384</u>
Excess (deficiency) of revenues over (under) expenditures	(4,309)	(4,309)	34	(4,343)
Fund balances - beginning	<u>4,309</u>	<u>4,309</u>	<u>4,314</u>	<u>(5)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,348</u>	<u>\$ (4,348)</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, 2021

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Grants and contributions	\$ 25,000	\$ 79,640	\$ 106,277	\$ (26,637)
Investment earnings	1,600	1,600	783	817
Miscellaneous	-	-	20	(20)
Total revenues	<u>26,600</u>	<u>81,240</u>	<u>107,080</u>	<u>(25,840)</u>
<b>EXPENDITURES</b>				
Current				
General government	11,504	56,144	46,540	9,604
General government - Property maintenance	113,000	113,000	-	113,000
Highways and streets	-	10,000	6,099	3,901
Total expenditures	<u>124,504</u>	<u>179,144</u>	<u>52,639</u>	<u>126,505</u>
Excess (deficiency) of revenues over (under) expenditures	(97,904)	(97,904)	54,441	(152,345)
Fund balances - beginning	<u>97,904</u>	<u>97,904</u>	<u>98,527</u>	<u>(623)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 152,968</u>	<u>\$ (152,968)</u>

**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, 2021

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>				
Privilege taxes	\$ 15,000	\$ 15,000	\$ 24,563	\$ (9,563)
Investment earnings	1,400	1,400	485	915
Miscellaneous	5,000	5,000	-	5,000
Total revenues	<u>21,400</u>	<u>21,400</u>	<u>25,048</u>	<u>(3,648)</u>
<b>EXPENDITURES</b>				
Current				
Public Safety	20,000	20,000	15,013	4,988
Capital outlay	<u>56,500</u>	<u>56,500</u>	<u>24,152</u>	<u>32,348</u>
Total expenditures	<u>76,500</u>	<u>76,500</u>	<u>39,165</u>	<u>37,335</u>
Excess (deficiency) of revenues over (under) expenditures	(55,100)	(55,100)	(14,117)	(40,983)
Fund balances - beginning	<u>55,100</u>	<u>55,100</u>	<u>61,080</u>	<u>(5,980)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 46,963</u>	<u>\$ (46,963)</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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Loan program proceeds	\$ 10,000	\$ 10,000	\$ -	\$ 10,000
Investment earnings	900	900	334	566
Miscellaneous	-	-	27,750	(27,750)
Total revenues	<u>10,900</u>	<u>10,900</u>	<u>28,084</u>	<u>(17,184)</u>
<b>EXPENDITURES</b>				
Current				
General government	<u>52,890</u>	<u>92,890</u>	<u>40,000</u>	<u>52,890</u>
Total expenditures	<u>52,890</u>	<u>92,890</u>	<u>40,000</u>	<u>52,890</u>
Excess (deficiency) of revenues over (under) expenditures	(41,990)	(81,990)	(11,916)	(70,074)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>40,000</u>	<u>40,000</u>	<u>-</u>
Net change in fund balances	(41,990)	(41,990)	28,084	(70,074)
Fund balances - beginning	<u>41,990</u>	<u>41,990</u>	<u>42,065</u>	<u>(75)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 70,149</u>	<u>\$ (70,149)</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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Investment earnings	\$ 11,000	\$ 11,000	\$ 3,272	\$ 7,728
Total revenues	11,000	11,000	3,272	7,728
<b>EXPENDITURES</b>				
General government	15,000	15,000	-	15,000
Capital outlay	559,940	559,940	77,818	482,122
Total expenditures	574,940	574,940	77,818	497,122
Excess (deficiency) of revenues over (under) expenditures	(563,940)	(563,940)	(74,546)	(489,394)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from sale of surplus	-	-	6,351	(6,351)
Transfers in	176,000	176,000	176,000	-
Total other financing sources (uses)	176,000	176,000	182,351	(6,351)
Net change in fund balance	(387,940)	(387,940)	107,805	(495,745)
Fund balances - beginning	387,940	387,940	411,907	(23,967)
Fund balances - ending	\$ -	\$ -	\$ 519,712	\$ (519,712)



**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Solid waste fees	\$ 7,900	\$ 7,900	\$ 7,891	\$ 9
Investment earnings	4,200	4,200	1,559	2,641
Total revenues	<u>12,100</u>	<u>12,100</u>	<u>9,449</u>	<u>2,651</u>
<b>EXPENDITURES</b>				
Current				
Solid waste	<u>209,868</u>	<u>209,868</u>	<u>6,526</u>	<u>203,342</u>
Total Expenditures	<u>209,868</u>	<u>209,868</u>	<u>6,526</u>	<u>203,342</u>
Excess (deficiency) of revenues over (under) expenditures	(197,768)	(197,768)	2,923	(200,691)
Fund balances - beginning	<u>197,768</u>	<u>197,768</u>	<u>196,255</u>	<u>1,513</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 199,179</u>	<u>\$ (199,179)</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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Grants	\$ 22,000	\$ 32,000	\$ 34,058	\$ (2,058)
Investment earnings	250	250	160	90
Total revenues	<u>22,250</u>	<u>32,250</u>	<u>34,219</u>	<u>(1,969)</u>
<b>EXPENDITURES</b>				
Current				
Library	27,675	27,675	11,512	16,163
Capital outlay	<u>12,000</u>	<u>22,000</u>	<u>9,197</u>	<u>12,803</u>
Total expenditures	<u>39,675</u>	<u>49,675</u>	<u>20,709</u>	<u>28,966</u>
Excess (deficiency) of revenues over (under) expenditures	(17,425)	(17,425)	13,510	(30,935)
Fund balances - beginning	<u>17,425</u>	<u>17,425</u>	<u>20,186</u>	<u>(2,761)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 33,696</u>	<u>\$ (33,696)</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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Motor fuel taxes	\$ 2,000	\$ 2,000	\$ 2,523	\$ (523)
Investment earnings	450	450	208	242
Total revenues	<u>2,450</u>	<u>2,450</u>	<u>2,730</u>	<u>(280)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>28,510</u>	<u>28,510</u>		<u>28,510</u>
Total expenditures	<u>28,510</u>	<u>28,510</u>	<u>-</u>	<u>28,510</u>
Excess (deficiency) of revenues over (under) expenditures	(26,060)	(26,060)	2,730	(28,790)
Fund balances - beginning	<u>26,060</u>	<u>26,060</u>	<u>26,150</u>	<u>(90)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,881</u>	<u>\$ (28,881)</u>

**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Investment earnings	\$ 7,000	\$ 7,000	\$ 3,012	\$ 3,988
Total revenues	7,000	7,000	3,012	3,988
<b>EXPENDITURES</b>				
Current				
Highways and streets	781,652	781,652	-	781,652
Total expenditures	781,652	781,652	-	781,652
Excess (deficiency) of revenues over (under) expenditures	(774,652)	(774,652)	3,012	(777,664)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	390,000	390,000	390,000	-
Transfers out	-	-	-	-
Total other financing sources (uses)	390,000	390,000	390,000	-
Net change in fund balance	(384,652)	(384,652)	393,012	(777,664)
Fund balances - beginning	384,652	384,652	379,247	5,405
Fund balances - ending	\$ -	\$ -	\$ 772,259	\$ (772,259)

**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Investment earnings & misc.	3,000	3,000	1,490	1,510
Total revenues	3,000	3,000	1,490	1,510
<b>EXPENSES</b>				
Capital outlay	283,782	283,782	58,032	225,750
Total expenditures	283,782	283,782	58,032	225,750
Excess (deficiency) of revenues over (under) expenses	(280,782)	(280,782)	(56,542)	(224,240)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	82,500	82,500	82,500	-
Total other financing sources (uses)	82,500	82,500	82,500	-
Change in net position	(198,282)	(198,282)	25,958	(224,240)
<b>Net position - beginning</b>	198,282	198,282	187,533	10,749
<b>Net position - ending</b>	\$ -	\$ -	\$ 213,490	\$ (213,490)

**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Property taxes	\$ 170,000	\$ 170,000	\$ 170,766	\$ (766)
Investment earnings	700	700	276	424
Total revenues	170,700	170,700	171,043	(343)
<b>EXPENDITURES</b>				
Debt service				
Principal	150,000	150,000	150,000	-
Interest	22,600	22,600	22,600	-
Contingency	27,409	27,409	-	27,409
Total expenditures	200,009	200,009	172,600	27,409
Excess (deficiency) of revenues over (under) expenditures	(29,309)	(29,309)	(1,557)	(27,752)
<b>Fund balances - beginning</b>	29,309	29,309	28,451	858
<b>Fund balances - ending</b>	\$ -	\$ -	\$ 26,894	\$ (26,894)

**Reconciliation to fund-level modified accrual statements**

The addition of property taxes receivables and unavailable revenue deferred inflows and their net adjustment versus prior year balances. (1,248)

Other funds that contribute towards debt payments are budgeted with the debt service expenditures. For financial presentation, the payments are reported by the Debt Service Fund and payments by contributing funds are reclassified as transfers in and out.

Add: Transfers in from contributing funds 565,700

Add: Debt service expenditure (565,700)

PY variance between budgetary and modified accrual ending fund balance due to balances that are only reported for modified accrual. (893)

**Fund balance modified-accrual statements** \$ 24,753

**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, 2021

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Investment earnings	2,500	2,500	1,549	951
Total revenues	2,500	2,500	1,549	951
<b>EXPENDITURES</b>				
Capital outlay	59,564	59,564	56,020	3,544
Total expenditures	62,064	62,064	57,569	4,495
Excess (deficiency) of revenues over (under) expenditures	(57,064)	(57,064)	(54,471)	(2,593)
<b>Fund balances - beginning</b>	57,064	57,064	54,471	2,593
<b>Fund balances - ending</b>	\$ -	\$ -	\$ -	\$ -

**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Grants and contributions	\$ 75,000	\$ 75,000	\$ -	\$ 75,000
Investment earnings	12,000	12,000	5,046	6,954
Miscellaneous	-	-	750	(750)
Total revenues	<u>87,000</u>	<u>87,000</u>	<u>5,796</u>	<u>81,204</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>798,032</u>	<u>798,032</u>	<u>126,817</u>	<u>671,215</u>
Total expenditures	<u>798,032</u>	<u>798,032</u>	<u>126,817</u>	<u>671,215</u>
Excess (deficiency) of revenues over (under) expenditures	(711,032)	(711,032)	(121,021)	(590,011)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>	-
Total other financing sources (uses)	<u>82,500</u>	<u>82,500</u>	<u>82,500</u>	-
Net change in fund balance	(628,532)	(628,532)	(38,521)	(590,011)
Fund balances - beginning	<u>628,532</u>	<u>628,532</u>	<u>635,260</u>	<u>(6,728)</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 596,739</u>	<u>\$ (596,739)</u>



**CITY OF TOLEDO**  
**Lincoln County, Oregon**

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

PUBLIC SAFETY BUILDING REMODEL FUND  
For the Year Ended June 30, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total expenditures	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Excess (deficiency) of revenues over (under) expenditures	(5,000,000)	(5,000,000)	-	(5,000,000)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from debt issuance	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Total other financing sources (uses)	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Net change in fund balance	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Notes to the Schedule

This fund had budgetary activity during the fiscal year. However, there was no actual activity, so the fund is not reported on the combining nor fund-level statements.

**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**

REVENUES	Budgeted Amounts		Actual	Variance
	Original	Final		
Water sales	\$ 1,244,500	\$ 1,244,500	\$ 1,381,290	\$ (136,790)
Water sales - Seal Rock	346,000	346,000	621,478	(275,478)
Fees and charges	9,300	9,300	11,245	(1,945)
Grants and contributions	300	300	805	(505)
Rents and leases	11,185	11,185	11,184	1
Investment earnings	9,000	9,000	1,856	7,144
Miscellaneous	3,000	3,000	1,239	1,761
Total revenues	1,623,285	1,623,285	2,029,097	(405,812)
<b>EXPENDITURES</b>				
Current				
Water plant				
Cost of operations	531,677	531,677	462,838	68,839
Administration	8,037	8,037	7,845	192
Water distribution				
Cost of operations	398,673	398,673	368,988	29,685
Administration	10,812	10,812	7,845	2,967
Debt service				
Principal	259,000	259,000	259,000	-
Interest	159,618	159,618	159,618	-
Capital outlay	15,000	15,000	12,303	2,697
Contingency	35,000	35,000	-	35,000
Total expenditures	886,140	886,140	1,278,437	70,541
Excess (deficiency) of revenues over (under) expenditures	737,145	737,145	750,660	(476,353)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(331,455)	(331,455)	(331,455)	-
Total other financing sources (uses)	(331,455)	(331,455)	(331,455)	-
Change in net position	405,690	405,690	419,205	(476,353)
Total net position - beginning	125,987	125,987	189,503	(63,516)
Total net position - ending	\$ 531,677	\$ 531,677	\$ 608,707	\$ (539,869)

**Reconciliation to fund-level full-accrual statements**

Pension Adjustment (Expense) Income	(19,599)
OPEB Adjustment (Expense) Income	1,776
Compensated Absence (Expense) Income	6,252
Depreciation Expense	(384,393)
Convert expenditures to changes in inventory assets.	56,963
Deposits payable adjustment	11,092
This fund contributes towards governmental debt. It's contributions are budgeted as debt service expenditures. For financial presentation, the payments are reported by the Debt Service Fund and payments by contributing funds are reclassified as transfers in and out.	
Add: Transfers out from contributing funds	(418,618)
Less: Debt service expenditure	418,618
PY variance between budgetary and full accrual ending fund balance due to balances that are only reported for modified accrual.	8,220,684
Prior year fund balance immaterial adjustment related to pensions.	6,445
<b>Fund balance full-accrual statements</b>	<b>\$ 8,507,928</b>

**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			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Sewer sales	\$ 1,187,116	\$ 1,187,116	\$ 1,173,850	\$ 13,266
Fees and charges	-	-	200	(200)
Investment earnings	3,000	3,000	2,453	547
Miscellaneous	150	150	2,479	(2,329)
Total revenues	<u>1,190,266</u>	<u>1,190,266</u>	<u>1,178,983</u>	<u>11,283</u>
<b>EXPENDITURES</b>				
Sewer plant				
Cost of operations	428,470	428,470	369,167	59,303
Administration	1,862	1,862	1,791	71
Sewer collection				
Cost of operations	582,517	582,517	472,764	109,753
Administration	10,812	10,812	7,845	2,967
Debt service				
Principal	107,100	107,100	91,000	16,100
Interest	56,082	56,082	56,082	-
Capital outlay	30,000	30,000	-	30,000
Contingency	40,000	40,000	-	40,000
Total expenditures	<u>828,373</u>	<u>828,373</u>	<u>998,649</u>	<u>258,194</u>
Excess (deficiency) of revenues over (under) expenditures	361,893	361,893	180,334	(246,911)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(214,743)	(214,743)	(214,743)	-
Total other financing sources (uses)	<u>(214,743)</u>	<u>(214,743)</u>	<u>(214,743)</u>	<u>-</u>
Change in net position	147,150	147,150	(34,409)	(246,911)
<b>Total net position - beginning</b>	<u>281,320</u>	<u>281,320</u>	<u>306,401</u>	<u>(25,081)</u>
<b>Total net position - ending</b>	<u>\$ 428,470</u>	<u>\$ 428,470</u>	<u>\$ 271,991</u>	<u>\$ (271,991)</u>
<b>Reconciliation to fund-level full-accrual statements</b>				
Pension Adjustment (Expense) Income			(9,548)	
OPEB Adjustment (Expense) Income			2,609	
Compensated Absence (Expense) Income			6,580	
Depreciation expense			(285,127)	
Convert expenditures to changes in inventory assets.			(258)	
This fund contributes towards governmental debt. It's contributions are budgeted as debt service expenditures. For financial presentation, the payments are reported by the Debt Service Fund and payments by contributing funds are reclassified as transfers in and out.				
Add: Transfers out from contributing funds			(147,082)	
Less: Debt service expenditure			147,082	
PY variance between budgetary and full accrual ending fund balance due to balances that are only reported for modified accrual.			5,041,930	
<b>Fund balance full-accrual statements</b>			<u>\$ 5,028,177</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, 2021**

	<u>Budgeted Amounts</u>			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Intergovernmental - Seal Rock	\$ -	\$ -	\$ 44,854	\$ (44,854)
Investment earnings	<u>30,000</u>	<u>30,000</u>	<u>16,911</u>	<u>13,089</u>
Total revenues	<u>30,000</u>	<u>30,000</u>	<u>61,765</u>	<u>(31,765)</u>
<b>EXPENDITURES</b>				
Current				
Cost of operations	170,000	170,000	39,125	130,875
Capital outlay	<u>2,321,812</u>	<u>2,321,812</u>	<u>565,098</u>	<u>1,756,714</u>
Total expenditures	<u>2,491,812</u>	<u>2,491,812</u>	<u>604,222</u>	<u>1,887,590</u>
Excess (deficiency) of revenues over (under) expenditures	(2,461,812)	(2,461,812)	(542,457)	(1,919,355)
<b>OTHER FINANCING SOURCES (USES)</b>				-
Transfers in	<u>308,955</u>	<u>308,955</u>	<u>308,955</u>	<u>-</u>
Total other financing sources (uses)	<u>308,955</u>	<u>308,955</u>	<u>308,955</u>	<u>-</u>
Change in net position	(2,152,857)	(2,152,857)	(233,502)	(1,919,355)
<b>Total net position - beginning</b>	<u>2,152,857</u>	<u>2,152,857</u>	<u>2,145,364</u>	<u>7,493</u>
<b>Total net position - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,911,862</u>	<u>\$ (1,911,862)</u>

**Reconciliation to fund-level full-accrual statements**

The Sewer Reserve does not own capital assets. Purchased capital assets are transferred to Sewer Fund.

Add: Transfer out to the Sewer Fund.	-
Less: Capital outlay expenditures.	-

<b>Fund balance full-accrual statements</b>	<u>\$ 1,911,862</u>
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**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, 2021

	Budgeted Amounts			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
System development charges	\$ 18,400	\$ 18,400	\$ 71,561	\$ (53,161)
Investment earnings	<u>10,000</u>	<u>10,000</u>	<u>4,578</u>	<u>5,422</u>
Total revenues	<u>28,400</u>	<u>28,400</u>	<u>76,139</u>	<u>(47,739)</u>
<b>EXPENDITURES</b>				
Capital outlay	<u>605,588</u>	<u>605,588</u>	<u>-</u>	<u>605,588</u>
Total expenditures	<u>605,588</u>	<u>605,588</u>	<u>-</u>	<u>605,588</u>
Excess (deficiency) of revenues over (under) expenditures	(577,188)	(577,188)	76,139	(653,327)
<b>Net position - beginning</b>	<u>577,188</u>	<u>577,188</u>	<u>576,399</u>	<u>789</u>
<b>Net position - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 652,539</u>	<u>\$ (652,539)</u>

**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			
	Original	Final	Actual	Variance
<b>REVENUES</b>				
Investment earnings	4,000	4,000	1,121	2,879
Total revenues	4,000	4,000	1,121	2,879
<b>EXPENSES</b>				
Current				
Cost of operations	1,623,970	1,623,970	72,562	1,551,408
Capital outlay	170,000	170,000	90,385	79,615
Total expenditures	1,793,970	1,793,970	162,947	1,631,023
Excess (deficiency) of revenues over (under) expenditures	(1,789,970)	(1,789,970)	(161,826)	(1,628,144)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from debt issuance	1,350,000	1,350,000	-	1,350,000
Transfers in	189,743	189,743	189,743	-
Total other financing sources (uses)	1,539,743	1,539,743	189,743	1,350,000
Change in net position	(250,227)	(250,227)	27,917	(278,144)
Net position - beginning	250,227	250,227	141,170	109,057
Net position - ending	\$ -	\$ -	\$ 169,087	\$ (169,087)

**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, 2021 and have issued our report thereon dated February 18, 2021. 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)**



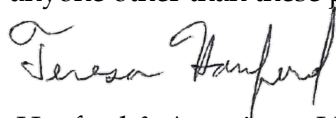
In connection with our testing, nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, contracts, and grants, including the provisions of Oregon Revised Statutes, as specified in Oregon Administrative Rules 162-010-0000 through 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 2021-01 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.

A handwritten signature in cursive script, appearing to read "Teresa Hanford".

Hanford & Associates, LLC  
West Richland, Washington  
February 18, 2021



**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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 18, 2021.

**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 2021-01 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  
February 18, 2021

**CITY OF TOLEDO**  
**Lincoln County, Oregon**

**SCHEDULE OF FINDINGS AND RESPONSES**

June 30, 2021

**Findings – Financial Statement Audit**

**Significant Deficiency in Internal Control Over Financial Reporting**

**2021-01 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.