

**CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

2022 - 2023

FINANCIAL REPORT

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

COUNCIL MEMBERS AND OFFICERS
June 30, 2023

<u>CITY COUNCIL</u>	<u>TERM EXPIRES</u>
Linda Watkins - Mayor	December 31, 2024
Kevin Skipper - Councilor	December 31, 2024
Guiherme Brandao - Councilor	December 31, 2024
David Hill - Councilor	December 31, 2026
Carolyn Thompson-Rizer - Councilor	December 31, 2026
Shirley Ward-Mullen – Councilor	December 31, 2026
Grant Erikson – Councilor	December 31, 2024

Council members receive mail at the address below.

CITY MANAGER

Shannon Beaucaire

FINANCE DIRECTOR AND BUDGET OFFICER

Christy Martinez (Registered Agent)

REGISTERED OFFICE

191 E Main St.
Carlton, OR 97111

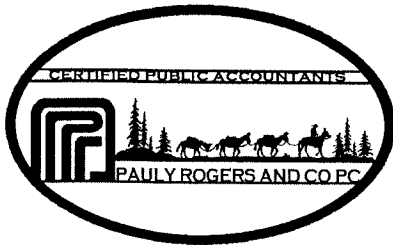
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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

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PAULY, ROGERS, AND CO., P.C.
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www.paulyrogersandcocpas.com

August 8, 2023

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the City Council
City of Carlton Urban Renewal Agency
Yamhill County, Oregon

Opinions

We have audited the accompanying cash basis financial statements of the governmental activities and the major fund of the City of Carlton Urban Renewal Agency (the Agency) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the cash basis basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective cash basis financial position of the governmental activities and the major fund of the Agency as of June 30, 2023, and the respective changes in cash basis financial position and the respective budgetary comparisons for the urban renewal agency fund for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the basic financial statements, which describes the basis of accounting. The basic financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these basic financial statements in accordance with the cash basis of accounting as described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the basic financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the cash basis basic financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the cash basis basic financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the cash basis basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the cash basis basic financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Agency's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the cash basis basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the cash basis basic financial statements. The supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the cash basis basic financial statements. The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the cash basis 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 cash basis basic financial statements or to the cash basis 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 supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the cash basis basic financial statements as a whole.

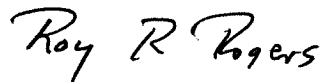
Other Information

Management is responsible for the other information included in the annual report. The other information comprises the listing of Council Members containing their term expiration dates, located before the table of contents, but does not include the cash basis basic financial statements and our auditors' report thereon. Our opinions on the cash basis basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the cash basis basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the cash basis basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated August 8, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as 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.



ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

CASH BASIS BASIC FINANCIAL STATEMENTS

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

STATEMENT OF NET POSITION - CASH BASIS
June 30, 2023

	<u>Governmental Activities</u>
Assets:	
Cash and investments	<u>\$ 391,240</u>
Net Position:	
Restricted for Economic Development	<u>\$ 391,240</u>
Total Net Position	<u>\$ 391,240</u>

See accompanying notes to the basic financial statements.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

STATEMENT OF ACTIVITIES - CASH BASIS
For the Year Ended June 30, 2023

FUNCTIONS	DISBURSEMENTS	PROGRAM RECEIPTS		NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN CASH BASIS NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
General Operations	\$ 6,049	\$ -	\$ -	\$ (6,049)
Capital Outlay	259,690	-	-	(259,690)
Debt Service	65,000	-	-	(65,000)
Total Governmental Activities	<u>\$ 330,739</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(330,739)</u>
General Receipts:				
Property taxes				249,080
Interest and investment earnings				<u>16,072</u>
Total General Receipts				<u>265,152</u>
Change in Net Position				(65,587)
Net Position - Beginning				<u>456,827</u>
Net Position - Ending				<u>\$ 391,240</u>

See accompanying notes to the basic financial statements.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

BALANCE SHEET - GOVERNMENTAL FUND - (CASH BASIS)
June 30, 2023

ASSETS:

Cash and investments

\$ 391,240

FUND BALANCE:

Restricted for Economic Development

391,240

Total Fund Balance - Cash Basis

\$ 391,240

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS)
GOVERNMENTAL FUND
For the Year Ended June 30, 2023

RECEIPTS:		
Property Taxes	\$	249,080
Interest		<u>16,072</u>
Total Receipts		<u>265,152</u>
DISBURSEMENTS:		
Materials and services		6,049
Capital outlay		259,690
Debt service		<u>65,000</u>
Total Disbursements		<u>330,739</u>
Net change in Fund Balance		(65,587)
Beginning Fund Balance		<u>456,827</u>
Total Ending Fund Balance	\$	<u><u>391,240</u></u>

See accompanying notes to the basic financial statements.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE (CASH BASIS)
 BUDGET AND ACTUAL
 For the Year Ended June 30, 2023

<u>URBAN RENEWAL AGENCY</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS:				
Property Taxes	\$ 229,900	\$ 229,900	\$ 249,080	\$ 19,180
Interest	2,500	2,500	16,072	13,572
Total Receipts	<u>232,400</u>	<u>232,400</u>	<u>265,152</u>	<u>32,752</u>
DISBURSEMENTS:				
Materials and services	4,500	14,500 (1)	6,049	8,451
Capital outlay	444,081	444,081 (1)	259,690	184,391
Debt service	65,000	65,000 (1)	65,000	-
Contingency	75,000	65,000 (1)	-	65,000
Total Disbursements	<u>588,581</u>	<u>588,581</u>	<u>330,739</u>	<u>257,842</u>
Net Change in Fund Balance	(356,181)	(356,181)	(65,587)	290,594
Beginning Fund Balance	<u>356,181</u>	<u>356,181</u>	<u>456,827</u>	<u>100,646</u>
Total Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 391,240</u>	<u>\$ 391,240</u>

(1) Appropriation Level

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

The Agency, a component unit of the City of Carlton, was organized on July 13, 2009 under ORS 457 and is a municipal corporation created by the City of Carlton to facilitate urban renewal within the City boundaries. The City Council serves as the governing body and is accountable for the fiscal matters of the Agency.

B. BASIS OF PRESENTATION - FUND ACCOUNTING

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information only by fund. In total, the results presented using both of these methods are the same due to the cash basis of accounting being used. Accordingly, there is no need for reconciling statements. There is only one fund, which is considered a "major fund" in accordance with GASB 34.

The Agency's financial operations are presented at both the agency-wide and fund financial levels. All activities of the Agency are categorized as governmental activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

The Agency (City Council) selects an urban renewal plan area and defines its boundaries.

The county assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.

Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance urban renewal projects.

Urban renewal tax increment revenues are used to repay the indebtedness of the Agency. The proceeds of the indebtedness finance the Agency's activities.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$3,700,000.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. BASIS OF ACCOUNTING

The cash basis of accounting is followed. Under the cash basis, receipts are recorded when received and disbursements are recorded as paid. The cash basis of accounting is applied to both the government-wide basic financial statements and the fund financial statements uniformly.

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalents during the period are recognized.

The cash basis of accounting is not equivalent to accounting principles generally accepted in the United States of America (GAAP) under which revenues are recorded when they become susceptible to accrual (i.e. when they become measurable and available) and expenditures are recorded as goods and services when received. For the government-wide statements GAAP requires that the accrual basis of accounting be applied. Under the accrual basis of accounting the cost of capital assets are capitalized and depreciated over their estimated useful lives, debt is recorded as incurred, revenues are recorded when earned irrespective of the collection of cash, and expenditures, including depreciation, are recorded when incurred. Management believes the cash basis of accounting is preferable due to the size of the Agency and the necessity of assessing available cash resources. The cash basis of accounting is allowed under Oregon Local Budget Law.

D. BUDGET

A budget is prepared and legally adopted for the major fund on the cash basis of accounting in the main program categories required by the Oregon Local Budget Law. There are no differences between the fund financial statements and the government-wide financial statements.

Disbursement budgets are appropriated for each fund as follows:

LEVEL OF CONTROL

Agency Operations (Personnel Services, Materials and Services)

Capital Outlay

Contingency

Disbursements cannot exceed the appropriation levels. Appropriations lapse at fiscal year-end. Supplemental appropriations may occur if there are public hearings, publications in newspapers and approval by the board due to a need that was not determined at the time the budget was adopted, or as otherwise provided by statute.

Disbursements of the funds were within authorized appropriation levels for the year ended June 30, 2023.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. PROPERTY TAXES

Ad valorem property taxes are a lien on all taxable property as of July 1. Property taxes are payable on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent. As the basic financial statements are presented on the cash basis, uncollected property taxes are not shown in the statement of net position.

F. CAPITAL ASSETS

Capital asset records are not maintained. Accordingly, the cash basis basic financial statements do not include capital assets and the related depreciation in the fund or government-wide financial statements. The amount of capital assets and related depreciation are not known. Acquisitions of capital assets are recorded as disbursements when purchased. Receipts from the sale of capital assets are accounted for as receipts in the fund that purchased the asset. Maintenance and repairs are charged to disbursement accounts when paid.

G. LONG-TERM OBLIGATIONS

The cash basis of accounting does not require that debt be reported in the basic financial statements. Refer to Note 3 for any long-term obligations.

H. NET POSITION

Net Position is comprised of the various net earnings from operations, nonoperating revenues, expenses and contributions capital. Net Position is classified in the following three categories:

Net investment in capital assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. The cash basis of accounting is presented in the basic financial statements; therefore, no net investment in capital assets has been recorded in the statement of net position.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. All of the Agency's net position was restricted for economic development at June 30, 2023.

Unrestricted – consists of all other net assets that are not included in the other categories previously mentioned. There was no unrestricted net position at June 30, 2023.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

I. FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. FUND BALANCE (CONTINUED)

- Nonspendable fund balance represents amounts that are not in a spendable form.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, committed, assigned, or unassigned fund balances at June 30, 2023.

The following order of spending regarding fund balance categories is used: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

J. ESTIMATES

Preparation of the basic financial statements in accordance with the cash basis of accounting requires management to make estimates and assumptions which affect amounts reported at the date of the financial statements. Actual results could differ from those estimates. Since the basic financial statements are reported on the cash basis of accounting, there are no estimates other than the fair market value of investments, which is based on active market values or significant observable inputs.

K. FAIR VALUE INPUTS AND METHODOLOGIES AND HEIRARCHY

Fair value is defined as the price that would be received to sell an asset or 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 up 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 price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. FAIR VALUE INPUTS AND METHODOLOGIES AND HEIRARCHY (CONTINUED)

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

2. CASH AND INVESTMENTS

The Agency is a component unit of the City of Carlton, The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalent balances.

Cash management policies are governed by state statutes. Statutes authorize investing in banker’s acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

Cash and Investments at June 30, 2023 consisted of:

	<u>Agency</u>
Checking	\$ (1,142,951)
LGIP	<u>1,534,191</u>
Total	<u>\$ 391,240</u>

DEPOSITS

Deposits with financial institutions include bank demand deposits. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. The Agency pools its cash with the City of Carlton. As of June 30, 2023, the total bank balance per the bank statements was \$229,627 (City-wide), All of which was covered by federal depository insurance and the remainder was collateralized by the Oregon Public Funds Collateralization Program (PFCP).

CUSTODIAL CREDIT RISK – DEPOSITS

In the case of deposits, this is the risk that in the event of a bank failure, deposits may not be returned. There is no deposit policy for custodial credit risk. As of June 30, 2023, none of the bank balance was exposed to custodial credit risk.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS

At June 30, 2023, the Agency balances were as follows:

Investment Type	Fair Value	Investment Maturities (in Months)		
		Less than 3	3-18	18-59
State Treasurer's Investment Pool	\$ 1,534,191	\$ 1,534,191	\$ -	\$ -
Total	<u>\$ 1,534,191</u>	<u>\$ 1,534,191</u>	<u>\$ -</u>	<u>\$ -</u>

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund's compliance with all portfolio guidelines can be found in their annual report when issued. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool.

These investments are recorded at book value since it materially approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. No adjustment to the cost basis was made in the financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial reports of the Oregon Short Term Fund can be found here:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

INTEREST RATE RISK – INVESTMENTS

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date beyond three months.

CREDIT RISK – INVESTMENTS

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

2. CASH AND INVESTMENTS (CONTINUED)

CONCENTRATION OF CREDIT RISK

At June 30, 2023, 100% of total investments were located in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in this instrument.

3. LONG TERM OBLIGATIONS

Safe Drinking Water Revolving Loan (S15008) – In May 2015, the City of Carlton borrowed \$2,555,500 on a 19 year loan from the Infrastructure Finance Authority (IFA) to finance water system improvements, with repayment to begin upon project completion. Interest payments began December 2019, to conclude December 2038. Annual payments of \$157,950 include interest at 2.11 percent. The Urban Renewal Agency agreed to fund a portion of the debt in the amount of \$1,000,000 plus accrued interest, to be paid when payable by the City to IFA. The Agency paid \$65,000 in principal and interest on the loan for the year ended June 30, 2023 for its portion of the debt. The loan contains a provision that in an event of Default, outstanding amounts become immediately due if the City is unable to make payment.

Changes in long-term obligations for the IFA loan (City-wide) for the year ended June 30, 2023 were as follows:

Name	Interest Rate	Original Issue	Outstanding July 1, 2022	Issued	Matured and Redeemed	Outstanding June 30, 2023	Due Within One Year
Direct Borrowing:							
Safe Drinking Water							
Revolving Loan (S15008)	2.11%	\$ 2,555,500	\$ 2,345,247	\$ -	\$ 108,465	\$ 2,236,782	\$ 110,754
Total Long Term Debt			\$ 2,345,247	\$ -	\$ 108,465	\$ 2,236,782	\$ 110,754

Future minimum debt payments for the IFA loan (City-wide) are as follows:

For the year ending June 30,	Notes Payable	
	Principal	Interest
2024	110,754	47,196
2,025	113,091	44,859
2,026	115,477	42,473
2,027	117,914	40,036
2,028	120,401	37,548
2029-2033	641,204	148,546
2034-2038	711,766	77,983
2039	306,176	6,460
	<u>\$ 2,236,782</u>	<u>\$ 445,102</u>

The obligation is not recorded in the basic financial statements because the cash basis of accounting is used.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

NOTES TO THE BASIC FINANCIALS

The obligation is not recorded in the basic financial statements because the cash basis of accounting is used.

4. RISK MANAGEMENT

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

5. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon passed a constitutional limit on property taxes for schools and non-school government operations. The limitation provides that property taxes for non-school operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional state required limit reduces the amount of operating property tax revenues available to the Agency. This reduction was accomplished by rolling property values for 1997-98 back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

6. TAX ABATEMENTS

As of June 30, 2023, the Agency potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from Yamhill County as of the date of issuance of these cash basis basic financial statements, the amount of abatements for the year ended June 30, 2023 is deemed immaterial.

7. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the Agency's finances is not determinable.

CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
 OF TAXES UNCOLLECTED

For the Year Ended June 30, 2023

<u>TAX YEAR</u>	<u>IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/22</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUSTMENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEGRATED AT 6/30/23</u>
<u>URBAN RENEWAL AGENCY FUND</u>						
CURRENT:						
2022-23	\$ 258,379	\$ 6,878	\$ 151	\$ 13	\$ 245,815	\$ 5,850
PRIOR:						
2021-22	5,172	-	(151)	28	3,151	1,898
2020-21	1,909	-	(55)	16	658	1,212
2019-20	955	-	(39)	15	407	524
2018-19	346	-	(15)	8	192	147
PRIOR:	490	-	(22)	5	60	413
Total Prior	<u>8,872</u>	<u>-</u>	<u>(282)</u>	<u>72</u>	<u>4,468</u>	<u>4,194</u>
Total All Funds	<u>\$ 267,251</u>	<u>\$ 6,878</u>	<u>\$ (131)</u>	<u>\$ 85</u>	<u>\$ 250,283</u>	<u>\$ 10,044</u>

RECONCILIATION TO REVENUE:

Cash collections by county treasurers above	\$ 250,283
Taxes in lieu of property taxes	(1,203)
Property Taxes	<u>\$ 249,080</u>

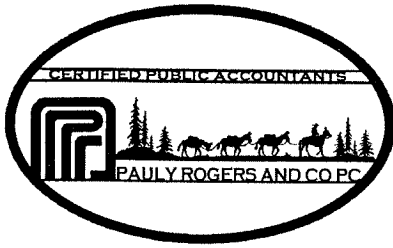
Note: Due to the modified cash basis of accounting being used, the taxes receivable amount is not reported in the Statement of Net Position or balance sheet.

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CITY OF CARLTON URBAN RENEWAL AGENCY
YAMHILL COUNTY, OREGON

Independent Auditors' Report Required by Oregon State Regulations

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August 8, 2023

Independent Auditors' Report Required by Oregon State Regulations

We have audited the cash basis basic financial statements of the City of Carlton Urban Renewal Agency as of and for the year ended June 30, 2023, and have issued our report thereon dated August 8, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the cash basis basic financial statements are free of material misstatement, we performed tests of compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of the cash basis basic financial statements 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:

- **Budgets legally required (ORS Chapter 294).**
- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Insurance and fidelity bonds in force or required by law.**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Authorized investment of surplus funds (ORS Chapter 294).**

In connection with our testing, nothing came to our attention that caused us to believe the City of Carlton Urban Renewal Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the cash basis basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the internal control over financial reporting.

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

Roy R Rogers

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.