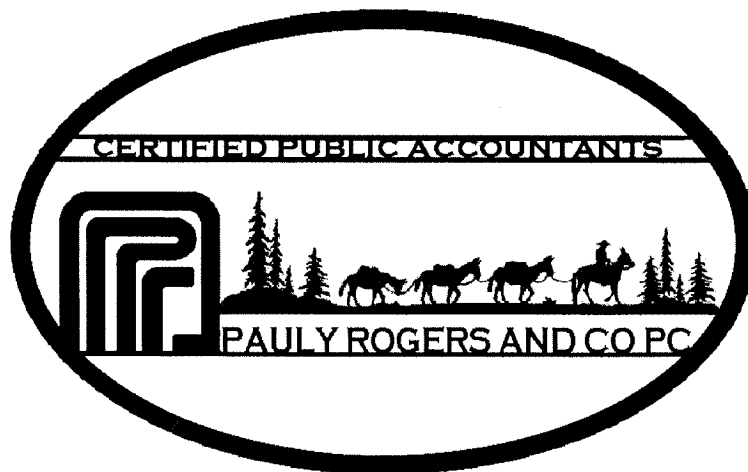


**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF CARLTON
YAMHILL COUNTY, OREGON

2020-2021 COUNCIL MEMBERS AND OFFICERS

CITY COUNCIL

TERM EXPIRES

Linda Watkins - Mayor

December 31, 2024

Kevin Skipper

December 31, 2024

Guilherme Brandao

December 31, 2024

Kathy Maher

December 31, 2022

Jami Eglund

December 31, 2022

Shirley Ward-Mullen

December 31, 2022

Grant Erikson

December 31, 2024

Council members receive mail at the address listed below.

CITY MANAGER

Shannon Beaucaire

FINANCE DIRECTOR AND BUDGET OFFICER

Christy Martinez

REGISTERED OFFICE

191 E. Main St.
Carlton, Oregon 97111

This Page Intentionally Left Blank

CITY OF CARLTON
YAMHILL COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u> <u>NUMBER</u>
INDEPENDENT AUDITORS' REPORT	<i>i</i>
 <u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	1
Statement of Activities – Modified Cash Basis	2
Fund Financial Statements:	
Balance Sheet – Modified Cash Basis - Governmental Funds	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – Governmental Funds	4
Statement of Net Position – Modified Cash Basis – Proprietary Funds	5
Combined Statement of Receipts, Disbursements and Changes in Net Position – Modified Cash Basis – Proprietary Funds	6
Notes to Basic Financial Statements	7
 <u>SUPPLEMENTARY INFORMATION</u>	
Schedule of the Proportionate Share of the Net Pension Liability - PERS	31
Schedule of Contributions - PERS	31
Schedule of the Proportionate Share of the Net OPEB Asset/(Liability) – RHIA	32
Schedule of Contributions – OPEB – RHIA	32
Schedule of Receipts, Disbursements and Changes in Fund	
Balance – Modified Cash Basis – Actual and Budget	
General Fund	33
Street Fund	36
System Development Charges	37
Water Capital Improvement Fund	38
Debt Service Fund	39
Other Funds:	
Combining Balance Sheet – Modified Cash Basis – All Non-Major Funds	40
Combining Schedule of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis – All Non-Major Funds	41

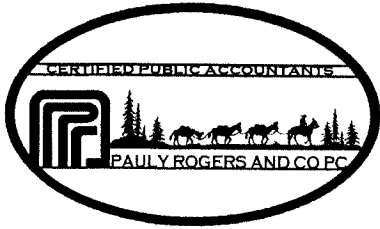
CITY OF CARLTON
YAMHILL COUNTY, OREGON

TABLE OF CONTENTS (CONTINUED)

PAGE
NUMBER

SUPPLEMENTARY INFORMATION (CONTINUED)

Schedules of Receipts, Disbursements and Changes in Fund	
Balance – Modified Cash Basis – Actual and Budget:	
Tourism Fund	42
Urban Renewal Agency Fund	43
Go-2015 Pool Project Bond Fund	44
Vehicle/Equipment Replacement Fund	45
Enterprise Funds	
Water Fund	46
Sewer Fund	47
Schedule of Property Tax Transactions and Balances of Taxes Uncollected:	
General Fund	48
Debt Service Fund	49
Urban Renewal Fund	50
 INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	 51



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 14, 2021

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying modified cash basis basic financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information, and cash flows where applicable of the City of Carlton (the City) as of and for the year ended June 30, 2021, and the related notes to the modified cash basis basic financial statements, which collectively comprise the modified cash basis 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 modified cash basis basic financial statements in accordance with the modified cash basis of accounting described in Note 1, this includes determining that the modified cash basis of accounting is an acceptable financial reporting framework, and the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of modified cash basis basic financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these modified cash basis basic financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the modified cash basis basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the basic 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 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 modified cash basis basic financial statements.

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

Opinions

In our opinion, the modified cash basis basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information and cash flows where applicable of the City of Carlton as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Emphasis of Matter

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 modified 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.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the basic financial statements that collectively comprise the modified 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 modified cash basis basic financial statements.

The Supplementary Information is the responsibility of Management and was derived from and relate directly to the underlying accounting and other records used to prepare the modified cash basis basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the modified 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 modified cash basis basic financial statements or to the modified 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, except as noted below, the Supplementary Information, is fairly stated, in all material respects, in relation to the modified cash basis basic financial statements as a whole.

We do not express an opinion or provide any assurance on the schedules of net pension liability and contributions for PERS or the schedules of net OPEB asset/(liability) and contributions for RHIA because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance on them.

Other Information

The listing of council members and officers containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the modified cash basis basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Reports on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 14, 2021, 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.

CITY OF CARLTON
YAMHILL COUNTY, OREGON

MODIFIED CASH BASIS FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

This Page Intentionally Left Blank

CITY OF CARLTON
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2021**

	<u>PRIMARY GOVERNMENT</u>		
	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 6,023,285	\$ 513,592	\$ 6,536,877
Total Assets	<u>6,023,285</u>	<u>513,592</u>	<u>6,536,877</u>
LIABILITIES			
Customer Deposits Payable	-	52,375	52,375
Total Liabilities	<u>-</u>	<u>52,375</u>	<u>52,375</u>
NET POSITION:			
Restricted for:			
Street Maintenance	223,843	-	223,843
Economic Development	350,081	-	350,081
Tourism	31,114	-	31,114
Capital Projects	4,445,876	-	4,445,876
Debt Service	168,577	-	168,577
Unrestricted	803,794	461,217	1,265,011
Total Net Position	<u>\$ 6,023,285</u>	<u>\$ 461,217</u>	<u>\$ 6,484,502</u>

See accompanying notes to basic financial statements.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
For the year ended June 30, 2021**

Functions/Programs	Cash Disbursements	Program Cash Receipts			Net Receipts (Disbursements) and Changes in Net Position		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
General Government	\$ 1,135,362	\$ 161,056	\$ -	\$ -	\$ (974,306)	\$ -	\$ (974,306)
Public Safety	577,180	-	26,233	-	(550,947)	-	(550,947)
Highways and Streets	236,092	-	190,215	121,790	75,913	-	75,913
Culture and Recreation	169,875	32,803	13,293	-	(123,779)	-	(123,779)
Debt Service Payments	544,742	-	-	-	(544,742)	-	(544,742)
Total Governmental Activities	2,663,252	193,859	229,741	121,790	(2,117,862)	-	(2,117,862)
Business-Type Activities							
Water	800,984	1,337,425	-	-	-	536,441	536,441
Sewer	554,888	988,963	-	-	-	434,075	434,075
Total Business Activities	1,355,872	2,326,388	-	-	-	970,516	970,516
Total Primary Government	\$ 4,019,124	\$ 2,520,247	\$ 229,741	\$ 121,790	(2,117,862)	970,516	(1,147,346)
			General Receipts				
			Property Taxes	1,148,436	-	1,148,436	
			Interest on Delinquent Taxes	7,354	-	7,354	
			Grants and Contributions not Restricted for Specific Programs	420,065	-	420,065	
			Other Taxes	81,102	-	81,102	
			Intergovernmental	37,223	-	37,223	
			Interest	22,928	12,978	35,906	
			Miscellaneous	971,000	4,857	975,857	
			Transfers (net)	991,821	(991,821)	-	
			Total General Receipts and Transfers	3,679,929	(973,986)	2,705,943	
			Change in Net Position	1,562,067	(3,470)	1,558,597	
			Beginning Net Position	4,461,218	464,687	4,925,905	
			Ending Net Position	<u>\$ 6,023,285</u>	<u>\$ 461,217</u>	<u>\$ 6,484,502</u>	

See accompanying notes to basic financial statements

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2021**

	<u>GENERAL FUND</u>	<u>STREET FUND</u>	<u>SYSTEM DEVELOPMENT CHARGES</u>	<u>WATER CAPITAL IMPROVEMENT FUND</u>
ASSETS:				
Cash and Investments	\$ 803,794	\$ 223,843	\$ 3,090,089	\$ 1,354,239
Total Assets	<u>\$ 803,794</u>	<u>\$ 223,843</u>	<u>\$ 3,090,089</u>	<u>\$ 1,354,239</u>
Fund Balances:				
Restricted for:				
Street Maintenance	-	223,843	-	-
Tourism	-	-	-	-
Economic Development	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	3,090,089	1,354,239
Unassigned	803,794	-	-	-
Total Fund Balances	<u>803,794</u>	<u>223,843</u>	<u>3,090,089</u>	<u>1,354,239</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 803,794</u>	<u>\$ 223,843</u>	<u>\$ 3,090,089</u>	<u>\$ 1,354,239</u>

See accompanying notes to basic financial statements.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS**

June 30, 2021

	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
ASSETS:			
Cash and Investments	\$ 163,854	\$ 387,466	\$ 6,023,285
Total Assets	\$ 163,854	\$ 387,466	\$ 6,023,285
Fund Balances:			
Restricted for:			
Street Maintenance	-	-	223,843
Tourism	-	31,114	31,114
Economic Development	-	350,081	350,081
Debt Service	163,854	4,723	168,577
Capital Projects	-	1,548	4,445,876
Unassigned	-	-	803,794
Total Fund Balances	163,854	387,466	6,023,285
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 163,854	\$ 387,466	\$ 6,023,285

See accompanying notes to basic financial statements.

CITY OF CARLTON
YAMHILL COUNTY, OREGON

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the year ended June 30, 2021**

	GENERAL FUND	STREET FUND	SYSTEM DEVELOPMENT CHARGES	WATER CAPITAL IMPROVEMENT FUND
RECEIPTS:				
Current Property Taxes	\$ 874,416	\$ -	\$ -	\$ -
Prior Property Taxes	12,924	-	-	-
Interest on Delinquent Taxes	7,354	-	-	-
Franchise Fees	135,089	-	-	-
Transient Room Tax	10,395	-	-	-
State Liquor Taxes	44,359	-	-	-
State Cigarette Taxes	2,174	-	-	-
Swim Pool Receipts	(13)	-	-	-
Park Rentals	3,050	-	-	-
Dog Licensing	2,302	-	-	-
Judge Fees	7,168	-	-	-
Municipal Court Fines	26,233	-	-	-
Fees and Permits	46,804	121,790	-	-
State Revenue Sharing	-	37,223	-	-
State Street Allotment	-	164,091	-	-
Grants	41,607	-	-	376,958
National Night Out Grant	1,500	-	-	-
Interest	-	6,921	6,490	6,921
System Development Charges	-	-	934,157	-
Miscellaneous	14,887	10	60,824	-
Total Receipts	1,230,249	330,035	1,001,471	383,879
DISBURSEMENTS:				
Personnel Services	663,524	20,622	-	-
Materials and Services	457,996	78,059	15,607	-
Capital Outlay	366	-	297,918	435,391
Debt Service	-	-	-	-
Total Disbursements	1,121,886	98,681	313,525	435,391
Excess of Receipts Over, (Under) Disbursements	108,363	231,354	687,946	(51,512)
Other Financing Sources, (Uses)				
Operating Transfers In	508,785	-	-	509,730
Operating Transfers Out	(196,063)	(253,515)	(20,000)	-
Total Other Financing Sources, (Uses)	312,722	(253,515)	(20,000)	509,730
Net Change in Fund Balances	421,085	(22,161)	667,946	458,218
Beginning Fund Balance	382,709	246,004	2,422,143	896,021
Ending Fund Balance	<u>\$ 803,794</u>	<u>\$ 223,843</u>	<u>\$ 3,090,089</u>	<u>\$ 1,354,239</u>

See accompanying notes to basic financial statements

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
For the year ended June 30, 2021**

	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
RECEIPTS:			
Current Property Taxes	\$ -	\$ 256,807	\$ 1,131,223
Prior Property Taxes	-	4,289	17,213
Interest on Delinquent Taxes	-	-	7,354
Franchise Fees	-	-	135,089
Transient Room Tax	-	24,174	34,569
State Liquor Taxes	-	-	44,359
State Cigarette Taxes	-	-	2,174
Swim Pool Receipts	-	-	(13)
Park Rentals	-	-	3,050
Dog Licensing	-	-	2,302
Judge Fees	-	-	7,168
Municipal Court Fines	-	-	26,233
Fees and Permits	-	-	168,594
State Revenue Sharing	-	-	37,223
State Street Allotment	-	-	164,091
Grants	-	-	418,565
National Night Out Grant	-	-	1,500
Interest	-	2,596	22,928
System Development Charges	-	-	934,157
Miscellaneous	-	-	75,721
Total Receipts	-	287,866	3,233,500
DISBURSEMENTS:			
Personnel Services	-	-	684,146
Materials and Services	-	16,142	567,804
Capital Outlay	-	132,885	866,560
Debt Service	417,885	126,857	544,742
Total Disbursements	417,885	275,884	2,663,252
Excess of Receipts Over, (Under) Disbursements	(417,885)	11,982	570,248
Other Financing Sources, (Uses)			
Operating Transfers In	417,884	25,000	1,461,399
Operating Transfers Out	-	-	(469,578)
Total Other Financing Sources, (Uses)	417,884	25,000	991,821
Net Change in Fund Balances	(1)	36,982	1,562,069
Beginning Fund Balance	163,855	350,484	4,461,216
Ending Fund Balance	<u>\$ 163,854</u>	<u>\$ 387,466</u>	<u>\$ 6,023,285</u>

See accompanying notes to basic financial statements

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
June 30, 2021**

	WATER FUND	SEWER FUND	TOTAL
ASSETS:			
Cash and Investments	\$ 248,553	\$ 265,039	\$ 513,592
Taxes Receivable	-	-	-
Total Assets	248,553	265,039	513,592
LIABILITIES			
Customer deposits payable:	52,375	-	52,375
Total Liabilities	52,375	-	52,375
Net Position			
Unrestricted	196,178	265,039	461,217
Total Net Position	196,178	265,039	461,217
Total Liabilities and Net Position	\$ 248,553	\$ 265,039	\$ 513,592

See accompanying notes to basic financial statements.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES NET POSITION - MODIFIED CASH BASIS
PROPRIETARY FUNDS
For the year ended June 30, 2021**

	WATER FUND	SEWER FUND	TOTAL
OPERATING RECEIPTS			
Charges for Services	\$ 1,307,800	\$ 978,163	\$ 2,285,963
Hookup Fees	26,000	7,800	33,800
Backflow Inspections	3,625	-	3,625
Land Lease for Ag Use	-	3,000	3,000
	<u>1,337,425</u>	<u>988,963</u>	<u>2,326,388</u>
OPERATING DISBURSEMENTS			
Personal Services	401,821	269,031	670,852
Materials and Services	339,587	285,857	625,444
Capital Outlay	59,576	-	59,576
	<u>800,984</u>	<u>554,888</u>	<u>1,355,872</u>
Total Operating Disbursements			
Operating Income (Loss)	536,441	434,075	970,516
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Interest	6,489	6,489	12,978
Miscellaneous	4,857	-	4,857
	<u>11,346</u>	<u>6,489</u>	<u>17,835</u>
Total Nonoperating Receipts (Disbursements)			
Income (Loss) Before Contributions and Transfers	547,787	440,564	988,351
Other Financing Sources (Uses)			
Transfers In	20,000	-	20,000
Transfer Out	(607,308)	(404,513)	(1,011,821)
	<u>(587,308)</u>	<u>(404,513)</u>	<u>(991,821)</u>
Change in Modified Cash Basis Net Position	(39,521)	36,051	(3,470)
Beginning Net Position	235,699	228,988	464,687
Ending Net Position	<u>\$ 196,178</u>	<u>\$ 265,039</u>	<u>\$ 461,217</u>

See accompanying notes to basic financial statements

CITY OF CARLTON
YAMHILL COUNTY, OREGON

NOTES TO BASIC FINANCIAL STATEMENTS

This Page Intentionally Left Blank

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. ORGANIZATION AND THE FINANCIAL REPORTING ENTITY

The City of Carlton (the City) is a municipal corporation organized under ORS 221 of the State of Oregon and uses a council form of government. The City was incorporated in 1899, and its current charter was adopted in 2006. The City Council, composed of an elected Mayor and the elected council members, forms the legislative branch of the City's government and, along with an appointed City Manager, manages the operations. Police protection, water and sewer services, street maintenance, parks, land use planning and building inspection services are provided for all its citizens.

Accounting principles generally accepted in the United States of America require that these financial statements present the City of Carlton (the primary government) and all component units, if any. Component units, as established by the Government Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

The City Council serves as the governing board of the Carlton Urban Renewal Agency. Therefore, the accounts of the Agency are included in the financial statements of the City.

Complete financial statements for the Carlton Urban Renewal Agency may be obtained from the City Recorder.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

Funds are used to report the financial position and results of operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts.

The following major governmental funds are reported:

General Fund - This fund accounts for all receipts and disbursements, except those required to be accounted for in another fund. The principal receipt sources are property taxes, franchise fees, fines and state-shared receipts. Disbursements are made primarily to finance current operations, the library and for public safety.

Street Fund – This fund accounts for receipts from gas tax apportionments received from the State of Oregon and disbursements for maintenance of public streets.

System Development Charges Fund – This fund accounts for financial resources from system development charges that can only be used to expand or improve the system for which the charges were made.

Water Capital Improvement Fund – This fund accounts for capital outlay disbursements related to various governmental and business-type projects for the City. The principal receipt sources are transfers in from other funds.

Debt Service Fund – This fund accounts for receipts from proceeds on debt obligations, and disbursements related to principal and interest on notes payable for various governmental and business-type activities.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION – FUND ACCOUNTING (CONTINUED)

NONMAJOR GOVERNMENTAL FUNDS

These funds account for receipts derived from specifically designated sources which are legally restricted to finance particular functions or activities that the City Council desires to account for separately. The funds included within this category are:

Special Revenue Funds
Debt Service Fund
Capital Projects Fund

ENTERPRISE FUNDS

These funds account for the acquisition, operation and maintenance of facilities and services, which are entirely or predominantly self-supporting through service charges to customers. The following funds are included in this category:

Water Fund
Sewer Fund

C. BASIS OF ACCOUNTING

The City follows the modified cash basis of accounting. The only modification is that customer deposits payable are recorded in the water fund. Under the modified cash basis of accounting, receipts are recognized when collected rather than when measurable and available, and disbursements are recognized when paid rather than when incurred. Fund operating statements present increases (receipts and other financing sources) and decreases (disbursements and other financing uses) in cash. The modified cash basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

This basis of accounting is specifically allowed under Oregon State Law, and the City considers the use of this basis to be an appropriate reflection of the City's financial status and results of operations. Accounting principles generally accepted in the United States of America would require that all funds considered to be governmental funds be accounted for on the modified accrual basis of accounting and proprietary funds under the accrual method. Under these bases receipts are recorded when measurable and available, and disbursements are recorded when incurred, with certain modifications. The principal modifications from the cash basis are the recording of liabilities for cash or cash equivalents held on behalf of others, or received in advance of being earned or meeting eligibility requirements.

Proprietary funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating receipts of the enterprise funds are charges to customers for sales and services. Operating disbursements for enterprise funds include the cost of sales and services, and administrative disbursements. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements report information on the City under the modified cash basis of accounting. Under this modification capital assets and related depreciation, long term debt and pension liabilities are not reported. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental receipts, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct disbursements of a given function or segment is offset by program receipts. Direct disbursements are those that are clearly identifiable with a specific function or segment. Program receipts 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

E. BUDGETS

A budget is prepared for each fund type in accordance with the modified cash basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption; however, budgeted disbursements for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30.

The General Fund is budgeted by organizational unit. The disbursement budgets for the other remaining funds are appropriated at the following levels:

LEVEL OF CONTROL

Personnel Services	Contingencies
Materials and Services	Debt Service
Capital Outlay	Transfers

Disbursements cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption and are appropriated by Council resolution. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. The Council may make appropriation transfers by resolution as long as total appropriations by fund are not increased. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted. Budget amounts shown in the financial statements reflect the original budget amounts. Disbursements in the various funds were within authorized appropriations for the year ended June 30, 2021.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. PROPERTY TAXES

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are levied 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 modified cash basis, uncollected property taxes are shown in the combined balance sheet with the offset to unavailable property tax revenue. Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens.

G. CAPITAL ASSETS

Capital asset records are not maintained. Accordingly, the modified cash basis basic financial statements do not include capital assets and the related depreciation in the proprietary and government-wide financial statements. The amount of capital assets and related depreciation are not known. Acquisitions of capital assets are recorded as disbursements in the various funds 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.

H. CUSTOMER DEPOSITS

Deposits are funds held as collateral by the City for business-type activities.

I. LONG-TERM OBLIGATIONS

Long-term debt associated with capital assets is not reported in the modified cash basis basic financial statements because they are presented on the modified cash basis of accounting. The Debt Service Fund makes payments for general obligation debt. All other long-term debt is paid by the Water and Sewer Funds. All debt principal and interest is budgeted in the Debt Service, Water and Sewer Funds.

J. RETIREMENT PLANS

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's 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.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. 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.

- 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, or assigned fund balances at year end.

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

L. VESTED COMPENSATED ABSENCES

- Vacation Leave – The City has a policy which permits employees to earn vacation leave at a rate determined by length of employment. Any amounts not used or forfeited will be paid upon the employee’s termination of employment.
- Sick Leave – The City has a policy which permits full-time employees to earn sick leave at the rate of 10 days per year over their working careers. The City does not compensate employees for unused sick leave upon termination of employment unless otherwise specified by terms of a contract.

Compensated absences are not recorded in these basic financial statements.

M. CONTRIBUTED CAPITAL

Grants and other contributions are recorded when received but contributed capital is not recorded.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

N. NET POSITION

Net position comprises the various net earnings from operations, nonoperating receipts and disbursements. Net position are 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. Since capital assets are not shown in the statement of financial position there is no investment in capital assets recorded.
- 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.
- Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

O. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for disbursements initially made from it that are properly applicable to another fund are recorded as disbursements in the reimbursing fund and as reductions of disbursements in the fund that is reimbursed. Operating interfund transactions are reported as transfers. Quasi-external transactions are accounted for as receipts or disbursements as paid or received.

2. CASH AND INVESTMENTS

The cash management policies are governed by state statutes. Statutes authorize investing in bankers acceptances, commercial paper, 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.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments.

Cash and Investments (recorded at cost) at June 30, 2021 consist of:

Deposits with Financial Institutions:	
Demand Deposits	\$ (8,036)
Investments	6,544,913
	<u>\$ 6,536,877</u>

CITY OF CARLTON
 YAMHILL COUNTY, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits. The total bank balance per the bank statements was \$145,447, all of which was covered by federal depository insurance.

Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. There is no policy for custodial credit risk. As of June 30, 2021, none of the bank balance was exposed to custodial credit risk because it was insured.

INVESTMENTS

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. We intend to measure these investments at book value since it 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. 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.

The investments at June 30, 2021 consisted of the following:

<u>Investment Type</u>	<u>Maturities (in months)</u>			
	<u>Fair Value</u>	<u>Less than 3</u>	<u>3-18</u>	<u>18-59</u>
State Treasurer's Local Government Investment Pool	\$ 6,544,913	\$ 6,544,913	\$ -	\$ -
Total	<u>\$ 6,544,913</u>	<u>\$ 6,544,913</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

Interest Rate Risk

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 greater than 3 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.

Concentration of Credit Risk

At June 30, 2021, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in State Treasurer's Investment Pool.

3. DEFINED BENEFIT PENSION PLAN

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2019-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **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, and 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 benefits results.

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 1 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 2 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.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

- ii. **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 contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **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.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in their variable account after retiring and may experience annual benefit fluctuations due to changes in the fair value of the underlying global equity investments of that account. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes (COLA). The COLA is capped at 2.0 percent.
- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** 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 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.
 - ii. **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. The surviving spouse may elect to delay payment of the death benefit, but payment must commence no later than December 31 of the calendar year in which the member would have reached 70½ years.
 - iii. **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.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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. The 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, which became effective July 1, 2019. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Effective January 1, 2020, Senate Bill 1049 requires employees to pay contributions on re-employed PERS retirees’ salaries as if they were an active member, excluding IAP (6%) contributions. Employer contributions for the year ended June 30, 2021 were \$94,853, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability

Since the City’s financial statements are reported on the modified cash basis, no amounts are reported on the balance sheet for pension related assets, deferred outflows, liabilities or deferred inflows. Had the City’s financial statements been reported in accordance with GAAP, it would have reported a net pension liability of \$1,169,501 at June 30, 2021 for its proportionate share of the net pension liability. The 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 dated December 31, 2018. 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 employers, actuarially determined. As of the measurement dates of June 30, 2020 and 2019, the City’s proportion was .005% percent and .005% percent, respectively. Pension expense for the year ended June 30, 2021 was \$182,471.

The rates in effect for the year ended June 30, 2020 were:

- (1) Tier 1/Tier 2 – 15.24%
- (2) OPSRP Employer Contribution – 10.94%
- (3) OPSRP Police and Fire – 15.57%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 51,472	\$ -
Changes in assumptions	62,763	2,199
Net difference between projected and actual earnings on pension plan investments	137,518	-
Net changes in proportionate share	-	-
Differences between City contributions and proportionate share of contributions	91,440	8,686
	-	93,526
Subtotal - Amortized Deferrals (below)	343,193	104,411
City contributions subsequent to measuring date	94,853	-
Deferred outflow (inflow) of resources	\$ 438,046	\$ 104,411

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2021.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Subtotal amounts related to pension as deferred outflows of resources, \$343,193, and deferred inflows of resources, (\$104,411), net to \$238,782 and will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2021	\$ 56,226
2022	78,417
2023	62,128
2024	42,403
2025	(392)
Thereafter	-
Total	<u>\$ 238,782</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated March 12, 2021. Oregon PERS produces an independently audited CAFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2019 through June 30, 2021, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
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 Investments	7.5%	17.5%	15.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Risk Parity	0.0%	2.5%	2.5%
Total			100.0%

(Source: June 30, 2020 PERS CAFR; p. 102)

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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.

Asset Class	Target	Annual Return (Geometric)
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 Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	17.50%	8.33%
Real Estate (Property)	10.00%	5.55%
Real Estate (REITS)	250.00%	6.69%
Hedge Fund of Funds - Diversified	1.50%	4.06%
Hedge Fund - Event-driven	0.38%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2020 PERS CAFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 percent for both years, for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

CITY OF CARLTON
 YAMHILL COUNTY, OREGON
 NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
District's proportionate share of the net pension liability	\$ 1,736,612	\$ 1,169,501	\$ 693,952

Changes Subsequent to the Measurement Date

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer's reporting date that are expected to have a significant effect on the employer's share of the collective Net Pension Liability, along with an estimate of the resulting change, if available. There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution 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 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

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

3. DEFINED BENEFIT PENSION PLAN (CONTINUED)

installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

Employees of the City pay six (6) percent of their covered payroll. Effective July 1, 2020, currently employed Tier 1/Tier 2 and OPSERP members earning \$2,500 or more per month will have a portion of their 6 percent monthly IAP contributions redirected to an Employee Pension Stability Account. The Employee Pension Stability Account will be used to pay part of the member's future benefit. Of the 6 percent monthly IAP contribution, Tier 1/Tier 2 will have 2.5 percent redirected to the Employee Pension Stability Account and OPSERP will have 0.75 percent redirected to the Employee Pension Stability Account, with the remaining going to the member's existing IAP account. Members may voluntarily choose to make additional after-tax contributions into their IAP account to make a full 6 percent contribution to the IAP. The City did not make any optional contributions to member IAP accounts for the year ended June 30, 2021.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA)

Plan Description:

As a member of Oregon Public Employees Retirement System (OPERS) the City contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.

Funding Policy:

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating employers are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.06% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2021. Consistent with GASB Statement 75, the OPERS Board of Trustees sets the employer contribution rates as a measure of the proportionate relationship of the employer to all employers consistent

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) – (CONTINUED)

with the manner in which contributions to the OPEB plan are determined. The basis for the employer’s portion is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the plan with the total actual contributions made in the fiscal year of all employers. The City’s contributions to RHIA are included in PERS contributions for all reporting years and equaled the required contributions each year.

Since the City’s financial statements are reported on the modified cash basis, no amounts are reported on the balance sheet for OPEB related assets, deferred outflows, liabilities or deferred inflows. Had the City’s financial statements been reported in accordance with GAAP, it would have reported a net OPEB liability/(asset) of (\$1,439) for its proportionate share of the net OPEB liability/(asset). The OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability/(asset) used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of December 31, 2018. Consistent with GASB Statement No. 75, paragraph 59(a), the City’s proportion of the net OPEB liability/(asset) is determined by comparing the employer’s actual, legally required contributions made during the fiscal year to the Plan with the total actual contributions made in the fiscal year of all employers. As of the measurement dates of June 30, 2020 and 2019, the City’s proportion was 0.0007 percent and 0.0051 percent, respectively. OPEB expense for the year ended June 30, 2021 was \$2,155.

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (231)
Net amortization of employer-specific deferred amounts from:	
- Changes in proportionate share (per paragraph 64 of GASB 75)	2,431
- Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 65 of GASB 75)	-
	-
Employer's Total OPEB Expense/(Income)	\$ 2,200

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ 147
Changes in assumptions	-	76
Net difference between projected and actual earnings on pension plan investments	160	-
Net changes in proportionate share	4,560	7
Differences between City contributions and proportionate share of contributions	-	-
Subtotal - Amortized Deferrals (below)	4,720	230
City contributions subsequent to measuring date	-	-
Deferred outflow (inflow) of resources	\$ 4,720	\$ 230

The City’s contributions Subsequent to the measurement date for RHIA are included in PERS contributions (see Note 3) and are not booked separately as RHIA deferred outflows.

The amount of contributions subsequent to the measurement date will be included as a reduction of the net OPEB liability/(asset) in the fiscal year ended June 30, 2022.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) – (CONTINUED)

Subtotal amounts related to OPEB as deferred outflows of resources, \$4,720, and deferred inflows of resources, (\$230), net to \$4,490 and will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2022	\$ 2,298
2023	2,082
2024	59
2025	51
2026	-
Thereafter	-
Total	<u>\$ 4,490</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS Retirement Health Insurance Account Cost-Sharing Multiple-Employer Other Postemployment Benefit (OPEB) Plan Schedules of Employer Allocations and OPEB Amounts by Employer report, as of and for the Year Ended June 30, 2020. That independently audited report was dated March 12, 2021 and can be found at:

https://www.oregon.gov/pers/EMP/Documents/GASB/2020/GASB_75_FYE_6.30.2020.pdf

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2018
Experience Study Report	2018, Published July 24, 2019
Actuarial cost method	Entry Age Normal
Inflation rate	2.50 percent
Investment rate of return	7.20 percent
Discount rate	7.20 percent
Projected salary increase	3.50 percent
Retiree healthcare participation	Healthy retirees: 32%; Disabled retirees: 20%
Mortality	Healthy retirees and beneficiaries: Pub-2010 Healthy Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Active members: Pub-2010 Employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation. Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) – (CONTINUED)

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2018 Experience Study which is reviewed for the four-year period ending December 31, 2018.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement dates of June 30, 2020 and 2019 was 7.20 and 7.20 percent, respectively. The projection of cash flows used to determine the discount rate assumed that contributions from contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the RHIA 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 OPEB plan investments for the RHIA plan was applied to all periods of projected benefit payments to determine the total OPEB liability.

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.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

4. OTHER POST-EMPLOYMENT BENEFIT PLAN – (RHIA) – (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
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 Market Equities	4.24%	7.69%
Non-US Small Cap Equities	1.93%	7.25%
Private Equity	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	38.00%	5.59%
Timber	1.13%	5.61%
Farmland	1.13%	6.12%
Infrastructure	2.25%	6.67%
Commodities	1.13%	3.79%
<i>Assumed Inflation - Mean</i>		2.50%

(Source: June 30, 2020 PERS CAFR; p. 74)

Sensitivity of the City’s proportionate share of the net OPEB liability/(asset) to changes in the discount rate – The following presents the City’s proportionate share of the net OPEB liability/(asset) 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 one percent lower (6.20 percent) or one percent higher (8.20 percent) than the current rate.

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
City's proportionate share of the net OPEB liability (asset)	\$ 1,161	\$ 1,439	\$ 1,676

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2020 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

5. PROPERTY TAX LIMITATIONS

The voters of the State of Oregon passed a constitutional limit on property taxes for City and non-City government operations. The limitation provides that property taxes for non-City operations are limited to \$10 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.

Also, the state voters passed a second limit on property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit. This second limit has reduced the amount of operating property tax receipts available to the City for its 1999-00 fiscal year and thereafter. This reduction was accomplished by rolling assessed property values back to their 1995-96 values, less 10% and limiting future assessment 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. INTERFUND TRANSFERS

Transfers are made to finance operations between funds.

Amounts are comprised of the following:

	<u>Transfer Out</u>	<u>Transfer In</u>
General	\$ 196,063	\$ 508,785
Street	253,515	-
SDCs	20,000	-
Non Major Funds	-	25,000
Water Capital Improvement	-	509,730
Debt Service	-	417,884
Water Fund	607,308	20,000
Sewer Fund	404,513	-
	<u>\$ 1,481,399</u>	<u>\$ 1,481,399</u>

7. RISK MANAGEMENT

There is exposure 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 City is a member of City/County Insurance Services (CCIS), a public entity risk pool operating as a common risk management and insurance program for participating Oregon cities and counties. An annual premium is paid to CCIS for its general insurance coverage and for its workers compensation insurance coverage. The agreement with CCIS provides that CCIS will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 for each insured event. Settled claims have not exceeded this commercial coverage for any of the past three fiscal years.

Commercial coverage is purchased for employee health and accident insurance and for errors and omissions insurance.

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS

The following changes occurred in the liabilities reported during the year ended June 30, 2021:

Name	Original Issue	Outstanding July 1, 2020	Issued	Matured and Redeemed	Outstanding June 30, 2021	Due Within One Year
Governmental Activities						
General Obligation bonds						
GO Bonds, Series 2015	\$ 975,000	\$ 845,000	\$ -	\$ (30,000)	\$ 815,000	\$ 35,000
Direct Borrowings & Direct Placements						
Promissory note, Citizen's Bank	230,000	136,172	-	(23,519)	112,653	24,978
Business-type Activities						
Revenue Bonds						
Water Revenue Bonds 2007, original	1,000,000	455,000	-	(55,000)	400,000	60,000
Direct Borrowings & Direct Placements						
Safe Drinking Water Revolving Loan - S99099	2,238,625	976,294	-	(76,980)	899,314	77,749
Water/Wastewater Financing Program Loan	1,540,000	1,221,678	-	(62,507)	1,159,171	65,626
Safe Drinking Water Revolving Loan - S15008	2,555,500	2,555,500	-	(104,029)	2,451,471	106,224
Wastewater Facilities Loan V17002	40,000	34,349	-	(5,557)	28,792	5,635
Water Meter Capital Lease	139,112	75,491	-	(21,644)	53,847	22,617
Total Long Term Liabilities	\$ 6,299,484	\$ -	\$ -	\$ (379,236)	\$ 5,920,248	\$ 397,829

GO Bonds, Series 2015 (swimming pool) – The City borrowed \$975,000 to finance the swimming pool project. Annual payments of \$56,037 include interest at 3.77 percent.

Promissory note, Citizen's Bank – The City borrowed \$230,000 to finance City projects. Annual payments of \$24,175 include interest at 5.95 percent.

Water revenue bonds, series 2007 – the City issued bonds of \$1,000,000 to finance the remaining costs associated with the improvements to the water system. Interest on the outstanding bonds vary from 4.75 to 4.9 percent. Covenants of the bonds require the City to maintain a set ratio of reserved funds to annual debt service payments. As of June 30, 2021, the City was in compliance with these covenants.

Safe drinking water revolving loan (S99099) – the City borrowed \$2,238,625 to finance its water system improvements. Annual payments of \$86,742 include interest at 1 percent. The loan contains a provision that in an event of default, the outstanding amounts are due immediately. The loan contains a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that an event of default has occurred. Covenants of the loan require the City to maintain a set ratio of net revenue to debt service. As of June 30, 2021, the City was in compliance with these covenants.

Water/wastewater financing program loan (Y09002) – the City borrowed \$1,540,000 to finance the city's wastewater improvements project. Annual payments of \$123,468 include interest at 4.99 percent. The loan contains (1) a provision that in an event of default, the timing of repayment of outstanding amounts become immediately due if pledged revenues during the year are less than 120 percent of debt service coverage due in the following year and (2) a provision that if the City is unable to make payment, outstanding amounts are due immediately. The loan contains a subjective

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that an event of default has occurred.

Safe drinking water revolving loan (S15008) – the City borrowed \$2,555,500 to finance water system improvements. Annual payments of \$157,950 include interest at 2.11 percent. The loan contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

Water/Wastewater financing program loan (V17002) – The City borrowed \$40,000 to finance the City’s wastewater facilities plan. Annual payments of \$6,043 include interest at 1.42 percent. The loan contains a provision that in an event of default, IFA may pursue remedy for the remaining payments including declaring all payments immediately due and payable and/or requiring repayment of the grant amount of \$20,000 and any interest earned on the grant funds. Covenants of the loan require the City to maintain a set ratio of net revenue to debt service. As of June 30, 2021, the City was in compliance with these covenants.

Capital lease, Government Capital Corporation – The City entered into a capital lease in the amount of \$139,112 for the purchase of water meters and related equipment which serves as collateral for the loan. Annual payments of \$25,806 include interest at 4.495 percent. As of June 30, 2021, \$122,011 of the leased assets had been acquired. The lease contains a provision that in an event of default, outstanding amounts become immediately due if the City is unable to make payment.

Future maturities of governmental activities long-term debt obligations:

Year ending June 30,	Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	35,000	30,726	24,978	6,085	59,978	36,811
2023	35,000	29,406	26,527	4,806	61,527	34,212
2024	40,000	28,087	28,165	2,897	68,165	30,984
2025	45,000	26,579	29,919	1,144	74,919	27,723
2026	45,000	24,882	3,064	13	48,064	24,895
2027-2031	295,000	95,193	-	-	295,000	95,193
2032-2035	320,000	31,480	-	-	320,000	31,480
Total	<u>\$ 815,000</u>	<u>\$ 266,353</u>	<u>\$ 112,653</u>	<u>\$ 14,945</u>	<u>\$ 927,653</u>	<u>\$ 281,298</u>

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

8. LONG-TERM OBLIGATIONS (CONTINUED)

Future maturities of business-type activities long-term debt obligations:

Year ending June 30,	Bonds		Notes Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	60,000	19,510	277,851	122,160	337,851	141,670
2023	60,000	16,660	285,242	114,770	345,242	131,430
2024	65,000	13,720	275,796	107,114	340,796	120,834
2025	70,000	10,535	275,023	99,182	345,023	109,717
2026	70,000	7,105	281,892	94,821	351,892	101,926
2027-2031	75,000	3,675	1,494,308	346,498	1,569,308	350,173
2032-2036	-	-	1,102,656	141,718	1,102,656	141,718
2037-2039	-	-	599,829	28,707	599,829	28,707
Total	<u>\$ 400,000</u>	<u>\$ 71,205</u>	<u>\$ 4,592,597</u>	<u>\$ 1,054,970</u>	<u>\$ 4,992,597</u>	<u>\$ 1,126,175</u>

None of these obligations are recorded in the basic financial statements because the modified cash basis of accounting is used.

9. TAX ABATEMENTS

As of June 30, 2021, the City of Carlton potentially had tax abatements through various state allowed programs that impacted levied taxes. Based on the information available from the county as of the date of issuance of these basic financial statements, there were no material abatements disclosed by the county for the year ended June 30, 2021 for any program covered under GASB 77.

10. NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

Net position which is restricted through enabling legislation is as follows:

<u>Governmental Activities - Capital Projects</u>	
System Development Charges (SDC) are restricted for purposes as specified in the implementing ordinances	\$ 4,445,876
<u>Governmental Activities - Tourism</u>	
City transient lodging tax is restricted for tourism as specified in the implementing ordinances	\$ 31,114

CITY OF CARLTON
YAMHILL COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS

11. OPERATING LEASE

In June of 2017, the City entered into a lease agreement for a Ricoh MP C4504EX Color Copier. The lease runs for 60 months with a monthly payment of \$340. Total lease expense for the year ended June 30, 2021 were \$4,080.

Future minimum lease payments are as follows:

<u>Fiscal Year:</u>	<u>Amount</u>
2021-22	<u>\$ 4,080</u>
Total	<u><u>\$ 4,080</u></u>

12. COMMITMENTS AND CONTINGENCIES

The City of Carlton is a defendant in various litigation proceedings. As of the financial statement issuance date, management believes any potential losses arising from these actions would not materially affect the City's financial position.

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 City's finances has yet to be determined.

CITY OF CARLTON
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

This Page Intentionally Left Blank

CITY OF CARLTON
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION
June 30, 2021

PERS

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) Employer's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2021	0.005 %	\$ 1,169,501	\$ 842,143	138.9 %	75.8 %
2020	0.005	903,578	818,344	110.4	80.2
2019	0.005	756,406	693,412	109.1	82.1
2018	0.004	506,918	660,148	76.8	83.1
2017	0.004	628,225	628,598	99.9	80.5
2016	0.003	156,596	495,086	31.6	91.9
2015	0.002	89,380	462,556	19.3	103.6

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ 94,853	\$ 94,853	\$ -	\$ 842,303	11.3 %
2020	79,698	79,698	-	842,143	9.5
2019	32,172	32,172	-	818,344	3.9
2018	37,769	37,769	-	693,412	5.4
2017	12,464	12,464	-	660,148	1.9
2016	14,460	14,460	-	628,598	2.3
2015	144	144	-	495,086	0.0

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

SUPPLEMENTARY INFORMATION

June 30, 2021

OPEB - RHIA

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB ASSET/(LIABILITY) FOR RHIA

Year Ended June 30,	(a) Employer's proportion of the net OPEB asset/ (liability) (NOA/(L))	(b) Employer's proportionate share of the net OPEB asset/ (liability) (NOA/(L))	(c) Employer's covered payroll	(b/c) NOA/(L) as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total OPEB liability
2021	0.0007 %	\$ 1,439	\$ 842,143	0.17 %	150.1 %
2020	0.0051	9,776	818,344	1.19	144.4
2019	0.0055	6,126	693,412	0.88	124.0
2018	0.0057	8,583	660,148	1.30	108.9

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

Amounts for covered payroll (c) use the prior year's data to match the measurement date used by the OPEB plan for each year.

SCHEDULE OF CONTRIBUTIONS FOR RHIA

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2021	\$ N/A	\$ N/A	\$ N/A	\$ 842,303	N/A %
2020	N/A	N/A	N/A	842,143	N/A
2019	N/A	N/A	N/A	818,344	N/A
2018	N/A	N/A	N/A	693,412	N/A

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date of 6/30 for each year presented.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

All statutorily required contributions were made and are included within PERS contributions (see p. 31).

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS:				
Current Levy	\$ 915,000	\$ 915,000	\$ 874,416	\$ (40,584)
Prior Years' Levies	25,000	25,000	12,924	(12,076)
Interest - Delinquent Fees	13,500	13,500	7,354	(6,146)
Franchise Fees	139,500	139,500	135,089	(4,411)
Business License Fees	6,000	6,000	19,572	13,572
Building Permits	15,000	15,000	7,250	(7,750)
State Liquor Fees	43,000	43,000	44,359	1,359
Cigarette Tax	2,300	2,300	2,174	(126)
City Liquor License Fees	3,800	3,800	1,690	(2,110)
Swim Pool Receipts	40,000	40,000	(13)	(40,013)
Park Rentals	1,400	1,400	3,050	1,650
Dog Licensing	2,500	2,500	2,302	(198)
Miscellaneous	5,000	5,000	14,887	9,887
Printing Fees	500	500	857	357
Judge Fees	9,000	9,000	7,168	(1,832)
Fines and Forfeitures	25,000	25,000	26,233	1,233
Planning Fees	15,000	15,000	17,435	2,435
National Night Out Grant	1,500	1,500	1,500	-
Grants	52,000	52,000	41,607	(10,393)
Sale of Assets	-	-	-	-
Transient Room Tax	12,500	12,500	10,395	(2,105)
Total Receipts	<u>\$ 1,327,500</u>	<u>\$ 1,327,500</u>	<u>\$ 1,230,249</u>	<u>\$ (97,251)</u>

Continued on page -34- & -35-

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
DISBURSEMENTS:				
Administration				
Personal Services	\$ 69,000	\$ 69,000	\$ 55,505	\$ 13,495
Materials and Services	77,200	77,200	70,507	6,693
Capital Outlay	-	-	-	-
Total Administration	<u>146,200</u>	<u>146,200 (1)</u>	<u>126,012</u>	<u>20,188</u>
Finance				
Personal Services	81,500	81,500	54,435	27,065
Materials and Services	114,200	114,200	114,515	(315)
Capital Outlay	4,000	4,000	-	4,000
Contingency	177,374	146,311	-	146,311
Total Finance	<u>377,074</u>	<u>346,011 (1)</u>	<u>168,950</u>	<u>177,061</u>
Planning				
Personnel Services	27,400	27,400	26,487	913
Materials and Services	95,100	95,100	90,041	5,059
Total Planning	<u>122,500</u>	<u>122,500 (1)</u>	<u>116,528</u>	<u>5,972</u>
Police				
Personnel Services	504,500	504,500	422,449	82,051
Materials and Services	134,500	134,500	121,222	13,278
Capital Outlay	-	-	-	-
Total Police	<u>639,000</u>	<u>639,000 (1)</u>	<u>543,671</u>	<u>95,329</u>

Continued from page -33-
Continued on page -35-

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
DISBURSEMENTS (CONTINUED):				
Municipal Court:				
Personnel Services	\$ 30,200	\$ 30,200	\$ 22,393	\$ 7,807
Materials and Services	12,600	12,600	11,116	1,484
Capital Outlay	-	-	-	-
Total Municipal Court	<u>42,800</u>	<u>42,800</u> (1)	<u>33,509</u>	<u>9,291</u>
Parks				
Personal Services	79,100	79,100	72,080	7,020
Materials and Services	35,300	35,300	36,788	(1,488)
Capital Outlay	10,000	10,000	-	10,000
Total Parks	<u>124,400</u>	<u>124,400</u> (1)	<u>108,868</u>	<u>15,532</u>
Pool				
Personal Services	84,350	84,350	10,175	74,175
Materials and Services	33,800	33,800	13,807	19,993
Capital Outlay	5,000	5,000	366	4,634
Total Pool	<u>123,150</u>	<u>123,150</u> (1)	<u>24,348</u>	<u>98,802</u>
Total Disbursements	<u>1,575,124</u>	<u>1,544,061</u>	<u>1,121,886</u>	<u>422,175</u>
Excess of Receipts Over (Under) Disbursements	(247,624)	(216,561)	108,363	324,924
Other Financing Sources, (Uses)				
Operating Transfers In	3,515	3,515	508,785	505,270
Operating Transfers Out	(165,000)	(196,063) (1)	(196,063)	-
Total Other Financing Sources, (Uses)	<u>(161,485)</u>	<u>(192,548)</u>	<u>312,722</u>	<u>505,270</u>
Net Change in Fund Balance	(409,109)	(409,109)	421,085	830,194
Beginning Fund Balance	<u>409,109</u>	<u>409,109</u>	<u>382,709</u>	<u>(26,400)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 803,794</u>	<u>\$ 803,794</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
RECEIPTS:				
Interest	\$ 15,000	\$ 15,000	\$ 6,921	\$ (8,079)
Gasoline Tax	150,000	150,000	164,091	14,091
State Revenue Sharing	40,000	40,000	37,223	(2,777)
Type A, B & ROW Permits	4,000	4,000	121,790	117,790
Miscellaneous	100	100	10	(90)
Total Receipts	<u>209,100</u>	<u>209,100</u>	<u>330,035</u>	<u>120,935</u>
DISBURSEMENTS:				
Personnel Services	30,220	30,220	20,622	9,598
Materials and Services	102,250	102,250	78,059	24,191
Capital Outlay	-	-	-	-
Contingency	81,725	81,725	-	81,725
Total Disbursements	<u>214,195</u>	<u>214,195</u>	<u>(1) 98,681</u>	<u>115,514</u>
Excess of Receipts Over (Under) Disbursements	(5,095)	(5,095)	231,354	236,449
Other Financing Sources (Uses)				
Operating Transfers Out	<u>(253,515)</u>	<u>(253,515)</u>	<u>(1) (253,515)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(253,515)</u>	<u>(253,515)</u>	<u>(253,515)</u>	<u>-</u>
Net Change in Fund Balance	(258,610)	(258,610)	(22,161)	236,449
Beginning Fund Balance	<u>258,610</u>	<u>258,610</u>	<u>246,004</u>	<u>(12,606)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,843</u>	<u>\$ 223,843</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
RECEIPTS:				
System Development Charges	\$ 471,860	\$ 471,860	\$ 934,157	\$ 462,297
Interest	15,000	15,000	6,490	(8,510)
Miscellaneous	-	-	60,824	60,824
Total Receipts	486,860	486,860	1,001,471	514,611
DISBURSEMENTS:				
Water				
Materials and Services	30,000	30,000	12,923	17,077
Capital Outlay	756,599	756,599	-	756,599
Contingency	90,000	90,000	-	90,000
Sewer System Development Charges				
Materials and Services	40,000	40,000	2,684	37,316
Capital Outlay	978,442	978,442	272,771	705,671
Contingency	110,000	110,000	-	110,000
Transportation System Development Charges				
Materials and Services	50,000	50,000	-	50,000
Capital Outlay	339,344	339,344	93	339,251
Contingency	45,000	45,000	-	45,000
Parks				
Capital Outlay	103,389	103,389	24,950	78,439
Contingency	15,000	15,000	-	15,000
Stormwater				
Capital Outlay	257,861	257,861	103	257,758
Contingency	35,000	35,000	-	35,000
Total Disbursements	2,850,635	2,850,635	(1) 313,525	2,537,110
Excess of Receipts Over (Under) Disbursements	(2,363,775)	(2,363,775)	687,946	3,051,721
Other Financing Sources (Uses)				
Operating Transfers In		-	-	-
Transfers Out	(20,000)	(20,000)	(1) (20,000)	-
Total Other Financing Sources (Uses)	(20,000)	(20,000)	(20,000)	-
Net Change in Fund Balance	(2,383,775)	(2,383,775)	667,946	3,051,721
Beginning Fund Balance	2,383,775	2,383,775	2,422,143	38,368
Ending Fund Balance	\$ -	\$ -	\$ 3,090,089	\$ 3,090,089

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

WATER CAPITAL IMPROVEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
Grants	\$ 4,665,000	\$ 4,665,000	\$ 376,958	\$ (4,288,042)
Intergovernmental	100,000	100,000	-	(100,000)
Misc	500,000	500,000	-	(500,000)
Loans	4,000,000	4,000,000	-	(4,000,000)
Interest	10,000	10,000	6,921	(3,079)
	<u>9,275,000</u>	<u>9,275,000</u>	<u>383,879</u>	<u>(8,891,121)</u>
DISBURSEMENTS:				
Capital Outlay:				
Facilities/Special Projects	4,500,000	4,500,000	435,391	4,064,609
Parks Projects	185,000	185,000	-	185,000
Transportation projects	340,000	340,000	-	340,000
Water projects	4,640,000	4,640,000	-	4,640,000
Sewer Projects	300,000	300,000	-	300,000
Contingency	1,564,983	1,564,983	-	1,564,983
	<u>11,529,983</u>	<u>11,529,983</u>	<u>(1) 435,391</u>	<u>11,094,592</u>
Excess of Receipts Over (Under) Disbursements	(2,254,983)	(2,254,983)	(51,512)	2,203,471
Other Financing Sources (Uses)				
Transfers In	1,015,000	1,015,000	509,730	(505,270)
	<u>1,015,000</u>	<u>1,015,000</u>	<u>509,730</u>	<u>(505,270)</u>
Net Change in Fund Balance	(1,239,983)	(1,239,983)	458,218	1,698,201
Beginning Fund Balance	1,239,983	1,239,983	896,021	(343,962)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,354,239</u>	<u>\$ 1,354,239</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

<u>DEBT SERVICE FUND</u>				VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
DISBURSEMENTS:				
Debt Service	\$ 388,724	\$ 419,787	\$ 417,885	\$ 1,902
Contingency	<u>163,854</u>	<u>163,854</u>	<u>-</u>	<u>163,854</u>
Total Debt Service	<u>552,578</u>	<u>583,641 (1)</u>	<u>417,885</u>	<u>165,756</u>
Total Disbursements	<u>552,578</u>	<u>583,641</u>	<u>417,885</u>	<u>165,756</u>
Excess of Receipts Over, (Under) Disbursements	(552,578)	(583,641)	(417,885)	165,756
Other Financing Sources, (Uses)				
Operating Transfers In	<u>388,724</u>	<u>419,787</u>	<u>417,884</u>	<u>1,903</u>
Total Other Financing Sources, (Uses)	<u>388,724</u>	<u>419,787</u>	<u>417,884</u>	<u>-</u>
Net Change in Fund Balance	(163,854)	(163,854)	(1)	163,853
Beginning Fund Balance	<u>163,854</u>	<u>163,854</u>	<u>163,855</u>	<u>1</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,854</u>	<u>\$ 163,854</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS
ALL NON-MAJOR FUNDS
June 30, 2021**

	<u>SPECIAL REVENUE</u>		<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>TOTAL</u>
	<u>TOURISM FUND</u>	<u>URBAN RENEWAL AGENCY FUND</u>	<u>GO-2015 POOL PROJECT BOND FUND</u>	<u>VEHICLE/ EQUIPMENT REPLACEMENT FUND</u>	
ASSETS:					
Cash and Investments	\$ 31,114	\$ 350,081	\$ 4,723	\$ 1,548	\$ 387,466
Total Assets	<u>\$ 31,114</u>	<u>\$ 350,081</u>	<u>\$ 4,723</u>	<u>\$ 1,548</u>	<u>\$ 387,466</u>
LIABILITIES AND FUND BALANCES:					
Fund Balances:					
Restricted	\$ 31,114	\$ 350,081	\$ 4,723	\$ 1,548	\$ 387,466
Total Fund Balance	<u>31,114</u>	<u>350,081</u>	<u>4,723</u>	<u>1,548</u>	<u>387,466</u>
Total Liabilities and Fund Balances	<u>\$ 31,114</u>	<u>\$ 350,081</u>	<u>\$ 4,723</u>	<u>\$ 1,548</u>	<u>\$ 387,466</u>

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES
MODIFIED CASH BASIS - ALL NON-MAJOR FUNDS
For the year ended June 30, 2021**

	SPECIAL REVENUE		DEBT SERVICE	CAPITAL PROJECTS	TOTAL
	TOURISM FUND	URBAN RENEWAL AGENCY FUND	GO-2015 POOL PROJECT BOND FUND	VEHICLE/EQUIPMENT REPLACEMENT FUND	
RECEIPTS:					
Current Property Taxes	\$ -	\$ 203,048	\$ 53,759	\$ -	\$ 256,807
Prior Property Taxes	-	2,259	2,030	-	4,289
Interest - Delinquent Fees	-	-	-	-	-
Interest	433	2,163	-	-	2,596
Transient Room Tax	24,174	-	-	-	24,174
Total Receipts	24,607	207,470	55,789	-	287,866
DISBURSEMENTS:					
Materials and Services	11,709	4,433	-	-	16,142
Capital Outlay	-	81,530	-	51,355	132,885
Debt Service	-	65,000	61,857	-	126,857
Total Disbursements	11,709	150,963	61,857	51,355	275,884
Excess of Receipts Over (Under) Disbursements	12,898	56,507	(6,068)	(51,355)	11,982
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	25,000	25,000
Total Other Financing Sources (Uses)	-	-	-	25,000	25,000
Net Change in Fund Balance	12,898	56,507	(6,068)	(26,355)	36,982
Beginning Fund Balance	18,216	293,574	10,791	27,903	350,484
Ending Fund Balance	<u>\$ 31,114</u>	<u>\$ 350,081</u>	<u>\$ 4,723</u>	<u>\$ 1,548</u>	<u>\$ 387,466</u>

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

TOURISM FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
Interest	\$ 500	\$ 500	\$ 433	\$ (67)
Sponsorship/Advertising	3,000	3,000	-	(3,000)
Transient Room Tax	30,084	30,084	24,174	(5,910)
Grant	2,000	2,000	-	(2,000)
	<u>35,584</u>	<u>35,584</u>	<u>24,607</u>	<u>(10,977)</u>
Total Receipts				
DISBURSEMENTS:				
Materials and Services	45,895	45,895	11,709	34,186
	<u>45,895</u>	<u>45,895</u>	<u>11,709</u>	<u>34,186</u>
Total Disbursements				
Net Change in Fund Balance	(10,311)	(10,311)	12,898	23,209
Beginning Fund Balance	10,311	10,311	18,216	7,905
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 31,114</u>	<u>\$ 31,114</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

URBAN RENEWAL AGENCY FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
Current Levy	\$ 182,000	\$ 182,000	\$ 203,048	\$ 21,048
Prior Years' Levies	2,600	2,600	2,259	(341)
Interest	4,500	4,500	2,163	(2,337)
Total Receipts	<u>189,100</u>	<u>189,100</u>	<u>207,470</u>	<u>18,370</u>
DISBURSEMENTS:				
Materials and Services	7,500	7,500	4,433	3,067
Capital Outlay	310,250	310,250	81,530	228,720
Debt Service	65,000	65,000	65,000	-
Contingency	45,000	45,000	-	45,000
Total Disbursements	<u>427,750</u>	<u>427,750 (1)</u>	<u>150,963</u>	<u>276,787</u>
Net Change in Fund Balance	(238,650)	(238,650)	56,507	295,157
Beginning Fund Balance	<u>238,650</u>	<u>238,650</u>	<u>293,574</u>	<u>54,924</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 350,081</u>	<u>\$ 350,081</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

GO-2015 POOL PROJECT BOND - DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
Current Levy	\$ 56,549	\$ 56,549	\$ 53,759	\$ (2,790)
Prior Years' Levies	1,000	1,000	2,030	1,030
Interest - Delinquent Fees	-	-	-	-
	<u>57,549</u>	<u>57,549</u>	<u>55,789</u>	<u>(1,760)</u>
DISBURSEMENTS:				
Debt Service	61,857	61,857	61,857	-
Contingency	5,000	5,000	-	5,000
	<u>66,857</u>	<u>66,857</u>	<u>61,857</u>	<u>5,000</u>
Net Change in Fund Balance	(9,308)	(9,308)	(6,068)	3,240
Beginning Fund Balance	<u>9,308</u>	<u>9,308</u>	<u>10,791</u>	<u>1,483</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,723</u>	<u>\$ 4,723</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

VEHICLE/EQUIPMENT REPLACEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
DISBURSEMENTS:				
Capital Outlay	\$ 53,000	\$ 53,000	(1) \$ 51,355	\$ 1,645
Contingency	749	749	(1) -	749
Total Disbursements	<u>53,749</u>	<u>53,749</u>	<u>51,355</u>	<u>2,394</u>
Operating Transfers In	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>25,000</u>	<u>25,000</u>	<u>25,000</u>	<u>-</u>
Net Change in Fund Balance	(28,749)	(28,749)	(26,355)	2,394
Beginning Fund Balance	<u>28,749</u>	<u>28,749</u>	<u>27,903</u>	<u>(846)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,548</u>	<u>\$ 1,548</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

WATER FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
RECEIPTS:				
Interest	\$ 12,000	\$ 12,000	\$ 6,489	\$ (5,511)
Miscellaneous	1,000	1,000	4,857	3,857
Water Receipts	1,310,000	1,310,000	1,307,800	(2,200)
Back Flow Inspections	3,000	3,000	3,625	625
Hookup Fees	13,000	13,000	26,000	13,000
Total Receipts	<u>1,339,000</u>	<u>1,339,000</u>	<u>1,348,771</u>	<u>9,771</u>
DISBURSEMENTS:				
Personal Services	500,645	500,645	401,821	98,824
Materials and Services	309,100	339,100	339,587	(487)
Capital Outlay	59,806	59,806	59,576	230
Contingency	189,489	159,489	-	159,489
Total Disbursements	<u>1,059,040</u>	<u>1,059,040 (1)</u>	<u>800,984</u>	<u>258,056</u>
Excess of Receipts Over (Under) Disbursements	<u>279,960</u>	<u>279,960</u>	<u>547,787</u>	<u>267,827</u>
Other Financing Sources (Uses)				
Transfers Out	(609,211)	(609,211) (1)	(607,308)	1,903
Transfers In	20,000	20,000	20,000	-
Total Other Financing Sources (Uses)	<u>(589,211)</u>	<u>(589,211)</u>	<u>(587,308)</u>	<u>1,903</u>
Net Change in Fund Balance	<u>(309,251)</u>	<u>(309,251)</u>	<u>(39,521)</u>	<u>269,730</u>
Beginning Fund Balance	<u>309,251</u>	<u>309,251</u>	<u>235,699</u>	<u>(73,552)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 196,178</u>	<u>\$ 196,178</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE -
MODIFIED CASH BASIS - ACTUAL AND BUDGET
For the year ended June 30, 2021**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
<u>SEWER FUND</u>				
RECEIPTS:				
Interest	\$ 14,000	\$ 14,000	\$ 6,489	\$ (7,511)
Miscellaneous	100	100	-	(100)
Sewer Receipts	900,000	900,000	978,163	78,163
Hookup Fees	3,000	3,000	7,800	4,800
Land Lease for Ag Use	3,000	3,000	3,000	-
	<u>920,100</u>	<u>920,100</u>	<u>995,452</u>	<u>75,352</u>
Total Receipts				
DISBURSEMENTS:				
Personnel Services	295,200	295,200	269,031	26,169
Materials and Services	282,400	282,400	285,857	(3,457)
Capital Outlay	4,000	4,000	-	4,000
Contingency	135,048	135,048	-	135,048
	<u>716,648</u>	<u>716,648</u>	<u>(1) 554,888</u>	<u>161,760</u>
Total Disbursements				
Excess of Receipts Over (Under) Disbursements	203,452	203,452	440,564	237,112
Other Financing Sources (Uses)				
Transfers Out	<u>(404,513)</u>	<u>(404,513)</u>	<u>(1) (404,513)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(404,513)</u>	<u>(404,513)</u>	<u>(404,513)</u>	<u>-</u>
Net Change in Fund Balance	(201,061)	(201,061)	36,051	237,112
Beginning Fund Balance	<u>201,061</u>	<u>201,061</u>	<u>228,988</u>	<u>27,927</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 265,039</u>	<u>\$ 265,039</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the year ended June 30, 2021**

TAX YEAR	<u>GENERAL FUND</u>					BALANCE UNCOLLECTED OR UNSEG- REGATED AT 6/30/21
	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/20	DEDUCT DISCOUNTS	ADJUST- MENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	
CURRENT:						
2020-21	\$ 912,423	\$ 24,023	\$ (3,563)	\$ 506	\$ 866,957	\$ 18,385
PRIOR:						
2019-20	19,826	(2)	(1,133)	758	11,806	7,647
2018-19	7,410	(2)	(772)	566	3,076	4,129
2017-18	4,573	(1)	(895)	713	2,440	1,954
2016-17	1,904	-	(442)	354	1,005	811
PRIOR:	<u>3,048</u>	<u>-</u>	<u>(278)</u>	<u>209</u>	<u>274</u>	<u>2,706</u>
Total Prior	<u>36,761</u>	<u>(6)</u>	<u>(3,520)</u>	<u>2,600</u>	<u>18,600</u>	<u>17,247</u>
Total	<u>\$ 949,184</u>	<u>\$ 24,017</u>	<u>\$ (7,083)</u>	<u>\$ 3,106</u>	<u>\$ 885,557</u>	<u>\$ 35,632</u>

Reconciliation to Receipts:

Cash collections by county treasurers above	\$ 885,557
Taxes in lieu of property taxes	1,783
Property Taxes	<u>\$ 887,340</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.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the year ended June 30, 2021**

TAX YEAR	<u>DEBT SERVICE FUND (NON-MAJOR POOL PROJECT)</u>					BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/21
	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/20	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	
CURRENT:						
2020-21	\$ 56,999	\$ 1,501	\$ (222)	\$ 32	\$ 54,158	\$ 1,149
PRIOR:						
2019-20	1,375	-	(78)	53	819	531
2018-19	580	-	(60)	44	241	323
2017-18	379	-	(74)	59	202	162
2016-17	148	-	(34)	27	78	63
PRIOR:	59	-	72	10	13	128
Total Prior	2,541	-	(174)	193	1,354	1,207
Total All Funds	<u>\$ 59,540</u>	<u>\$ 1,501</u>	<u>\$ (396)</u>	<u>\$ 225</u>	<u>\$ 55,512</u>	<u>\$ 2,356</u>

Reconciliation to Receipts:	
Cash collections by county treasurers above	\$ 55,512
Taxes in lieu of property taxes	276
Property Taxes	<u>\$ 55,788</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.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For the year ended June 30, 2021**

TAX YEAR	<u>URBAN RENEWAL AGENCY FUND</u>					BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/21
	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/20	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	
CURRENT:						
2020-21	\$ 212,925	\$ (5,606)	\$ (832)	\$ 118	\$ 202,315	\$ 4,290
PRIOR:						
2019-20	4,188	-	(239)	160	2,494	1,615
2018-19	1,234	(1)	(127)	94	512	688
2017-18	744	-	(146)	116	397	317
2016-17	287	-	(67)	53	152	121
PRIOR:	341	-	(2)	26	33	332
Total Prior	6,794	(1)	(581)	449	3,588	3,073
Total All Funds:	<u>\$ 219,719</u>	<u>\$ (5,607)</u>	<u>\$ (1,413)</u>	<u>\$ 567</u>	<u>\$ 205,903</u>	<u>\$ 7,363</u>

RECONCILIATION TO REVENUE:

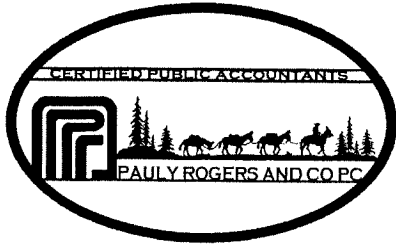
Cash collections by county treasurers above	\$ 205,903
Taxes in lieu of property taxes	(596)
Property Taxes	<u>\$ 205,307</u>

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.

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

This Page Intentionally Left Blank



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
www.paulyrogersandcocpas.com

October 14, 2021

Independent Auditors' Report Required by Oregon State Regulations

We have audited the modified cash basis basic financial statements of the City of Carlton (the City) as of and for the year ended June 30, 2021, and have issued our report thereon dated October 14, 2021. 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 modified 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 modified 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:

- **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.**
- **Highway receipts used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Programs funded by outside sources.**

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, 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 controls over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the modified 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 controls 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.

A handwritten signature in black ink that reads "Roy R Rogers". The signature is written in a cursive style with a large, prominent "R" in the middle.

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