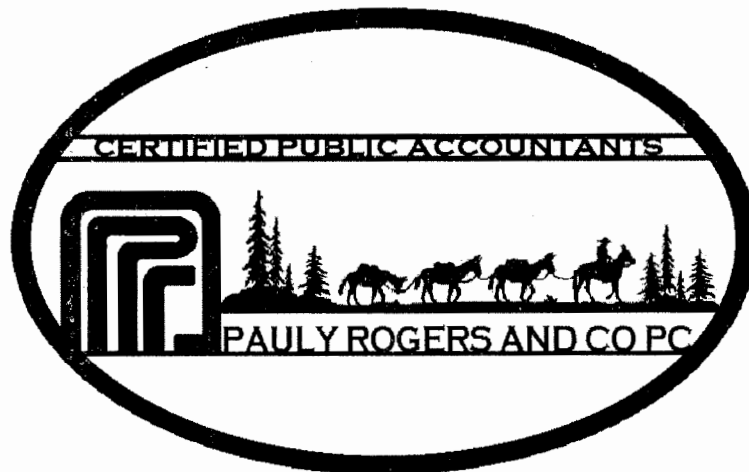


**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2023



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF CARLTON
YAMHILL COUNTY, OREGON

MODIFIED CASH BASIS FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

2022-2023 COUNCIL MEMBERS AND OFFICERS

CITY COUNCIL

TERM EXPIRES

Linda Watkins - Mayor	December 31, 2024
Kevin Skipper	December 31, 2024
Guilherme Brandao	December 31, 2024
Shirley Ward-Mullen	December 31, 2026
Grant Erikson	December 31, 2024
David Hill	December 31, 2026
Carolyn Thompson-Rizer	December 31, 2026

Council members receive mail at the address listed below.

CITY MANAGER

Shannon Beaucaire

FINANCE DIRECTOR AND BUDGET OFFICER

Christy Martinez (Registered Agent)

REGISTERED OFFICE

191 E. Main St.
Carlton, Oregon 97111

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**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

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**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

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

August 8, 2023

INDEPENDENT AUDITORS' REPORT

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

Opinions

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 of the City of Carlton (the City) as of and for the year ended June 30, 2023, and the related notes to the basic financial statements, which collectively comprise the modified cash basis basic financial statements as listed in the table of contents.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of June 30, 2023, and the respective changes in modified cash basis basic financial position for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the modified cash basis 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.

Responsibilities of Management for the Financial Statements

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the modified cash basis basic financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the modified cash basis basic financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the modified cash basis basic financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the 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, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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, the supplementary information, as listed in the table of contents, is fairly stated, in all material respects, in relation to the modified cash basis basic financial statements as a whole, except the OPEB and PERS information.

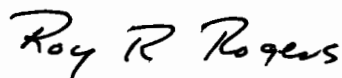
Other Information

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

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated August 8, 2023, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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

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CITY OF CARLTON
YAMHILL COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**STATEMENT OF NET POSITION - MODIFIED CASH BASIS
June 30, 2023**

	<u>PRIMARY GOVERNMENT</u>		
	<u>GOVERNMENTAL</u>	<u>BUSINESS TYPE</u>	<u>TOTAL</u>
ASSETS			
Cash and Investments	\$ 13,996,979	\$ 822,411	\$ 14,819,390
Total Assets	<u>13,996,979</u>	<u>822,411</u>	<u>14,819,390</u>
LIABILITIES			
Customer Deposits Payable	<u>-</u>	<u>49,950</u>	<u>49,950</u>
Total Liabilities	<u>-</u>	<u>49,950</u>	<u>49,950</u>
NET POSITION:			
Restricted for:			
Street Maintenance	179,578	-	179,578
Economic Development	391,240	-	391,240
Tourism	82,000	-	82,000
Capital Projects	12,900,663	-	12,900,663
Debt Service	164,723	-	164,723
Unrestricted	<u>278,775</u>	<u>772,461</u>	<u>1,051,236</u>
Total Net Position	<u>\$ 13,996,979</u>	<u>\$ 772,461</u>	<u>\$ 14,769,440</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, 2023**

	Program Cash Receipts				Net Receipts (Disbursements) and Changes in Net Position		
	Cash Disbursements	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Functions/Programs							
Governmental Activities							
General Government	\$ 7,373,834	\$ 216,527	\$ -	\$ -	\$ (7,157,307)	\$ -	\$ (7,157,307)
Public Safety	696,165	448	141,183	-	(554,534)	-	(554,534)
Highways and Streets	474,663	-	469,600	7,150	2,087	-	2,087
Culture and Recreation	220,893	45,769	130,224	-	(44,900)	-	(44,900)
Debt Service Payments	515,846	-	-	-	(515,846)	-	(515,846)
Total Governmental Activities	<u>9,281,401</u>	<u>262,744</u>	<u>741,007</u>	<u>7,150</u>	<u>(8,270,500)</u>	<u>-</u>	<u>(8,270,500)</u>
Business-Type Activities							
Water	844,430	1,517,037	-	-	-	672,607	672,607
Sewer	745,740	1,194,369	-	-	-	448,629	448,629
Total Business Activities	<u>1,590,170</u>	<u>2,711,406</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,121,236</u>	<u>1,121,236</u>
Total Primary Government	<u>\$ 10,871,571</u>	<u>\$ 2,974,150</u>	<u>\$ 741,007</u>	<u>\$ 7,150</u>	<u>(8,270,500)</u>	<u>1,121,236</u>	<u>(7,149,264)</u>
			General Receipts				
			Property Taxes		1,337,487	-	1,337,487
			Interest on Delinquent Taxes		873	-	873
			Grants and Contributions not Restricted for Specific Programs		3,086,973	-	3,086,973
			Other Taxes		118,318	-	118,318
			Intergovernmental		100,000	-	100,000
			Franchise Fees		167,927	-	167,927
			Interest		-	96,432	96,432
			Miscellaneous		721,516	1,120	722,636
			Sale of Assets		16,563	-	16,563
			Loan Proceeds		8,800,000	-	8,800,000
			Transfers (net)		879,886	(879,886)	-
			Total General Receipts and Transfers		<u>15,229,543</u>	<u>(782,334)</u>	<u>14,447,209</u>
			Change in Net Position		6,959,043	338,902	7,297,945
			Beginning Net Position (restated)		<u>7,037,936</u>	<u>433,559</u>	<u>7,471,495</u>
			Ending Net Position		<u>\$ 13,996,979</u>	<u>\$ 772,461</u>	<u>\$ 14,769,440</u>

See accompanying notes to basic financial statements

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2023**

	GENERAL FUND	STREET FUND	SYSTEM DEVELOPMENT CHARGES	WATER CAPITAL IMPROVEMENT FUND
ASSETS:				
Cash and Investments	\$ 278,775	\$ 179,578	\$ 3,287,894	\$ 9,562,839
Total Assets	<u>\$ 278,775</u>	<u>\$ 179,578</u>	<u>\$ 3,287,894</u>	<u>\$ 9,562,839</u>
Fund Balances:				
Restricted for:				
Street Maintenance	-	179,578	-	-
Tourism	-	-	-	-
Economic Development	-	-	-	-
Debt Service	-	-	-	-
Capital Projects	-	-	3,287,894	9,562,839
Unassigned	278,775	-	-	-
Total Fund Balances	<u>278,775</u>	<u>179,578</u>	<u>3,287,894</u>	<u>9,562,839</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 278,775</u>	<u>\$ 179,578</u>	<u>\$ 3,287,894</u>	<u>\$ 9,562,839</u>

See accompanying notes to basic financial statements.

CITY OF CARLTON
YAMHILL COUNTY, OREGON

**BALANCE SHEET - MODIFIED CASH BASIS
GOVERNMENTAL FUNDS
June 30, 2023**

	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
ASSETS:			
Cash and Investments	\$ 163,775	\$ 524,118	\$ 13,996,979
Total Assets	\$ 163,775	\$ 524,118	\$ 13,996,979
Fund Balances:			
Restricted for:			
Street Maintenance	-	-	179,578
Tourism	-	82,000	82,000
Economic Development	-	391,240	391,240
Debt Service	163,775	948	164,723
Capital Projects	-	49,930	12,900,663
Unassigned	-	-	278,775
Total Fund Balances	163,775	524,118	13,996,979
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 163,775	\$ 524,118	\$ 13,996,979

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, 2023**

	GENERAL FUND	STREET FUND	SYSTEM DEVELOPMENT CHARGES	WATER CAPITAL IMPROVEMENT FUND
RECEIPTS:				
Current Property Taxes	\$ 1,007,356	\$ -	\$ -	\$ -
Prior Property Taxes	14,418	-	-	-
Interest on Delinquent Taxes	873	-	-	-
Franchise Fees	167,927	-	-	-
Transient Room Tax	21,407	-	-	-
State Liquor Taxes	45,293	-	-	-
State Cigarette Taxes	1,669	-	-	-
Swim Pool Receipts	40,246	-	-	-
Park Rentals	4,100	-	-	-
Dog Licensing	1,423	-	-	-
Judge Fees	448	-	-	-
Municipal Court Fines	28,829	-	-	-
Fees and Permits	72,234	7,150	-	-
State Revenue Sharing	-	33,248	-	-
State Street Allotment	-	179,179	-	-
Grants	50,194	-	-	3,036,779
Interest	140	51,430	48,216	51,430
Intergovernmental	-	-	-	100,000
System Development Charges	-	-	1,028,357	-
Miscellaneous	9,977	39,579	-	113,285
Total Receipts	1,466,534	310,586	1,076,573	3,301,494
DISBURSEMENTS:				
Personnel Services	847,472	17,917	-	-
Materials and Services	550,111	91,902	3,763	326,922
Capital Outlay	1,959	10,000	1,162,775	5,394,497
Debt Service	-	-	-	-
Total Disbursements	1,399,542	119,819	1,166,538	5,721,419
Excess of Receipts Over, (Under) Disbursements	66,992	190,767	(89,965)	(2,419,925)
Other Financing Sources, (Uses)				
Loan Proceeds	-	-	-	8,800,000
Sale of Assets	16,563	-	-	-
Operating Transfers In	3,800	-	-	981,935
Operating Transfers Out	(152,000)	(317,210)	(125,000)	-
Total Other Financing Sources, (Uses)	(131,637)	(317,210)	(125,000)	9,781,935
Net Change in Fund Balances	(64,645)	(126,443)	(214,965)	7,362,010
Beginning Fund Balance (restated)	343,420	306,021	3,502,859	2,200,829
Ending Fund Balance	\$ 278,775	\$ 179,578	\$ 3,287,894	\$ 9,562,839

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, 2023**

	DEBT SERVICE FUND	NON-MAJOR FUNDS	TOTAL
RECEIPTS:			
Current Property Taxes	\$ -	\$ 311,452	\$ 1,318,808
Prior Property Taxes	-	4,261	18,679
Interest on Delinquent Taxes	-	-	873
Franchise Fees	-	-	167,927
Transient Room Tax	-	49,949	71,356
State Liquor Taxes	-	-	45,293
State Cigarette Taxes	-	-	1,669
Swim Pool Receipts	-	-	40,246
Park Rentals	-	-	4,100
Dog Licensing	-	-	1,423
Judge Fees	-	-	448
Municipal Court Fines	-	-	28,829
Fees and Permits	-	-	79,384
State Revenue Sharing	-	-	33,248
State Street Allotment	-	-	179,179
Grants	-	-	3,086,973
Interest	-	19,286	170,502
Intergovernmental	-	-	100,000
System Development Charges	-	-	1,028,357
Miscellaneous	-	3,860	166,701
Total Receipts	-	388,808	6,543,995
DISBURSEMENTS:			
Personnel Services	-	-	865,389
Materials and Services	-	25,910	998,608
Capital Outlay	-	332,327	6,901,558
Debt Service	386,440	129,406	515,846
Total Disbursements	386,440	487,643	9,281,401
Excess of Receipts Over, (Under) Disbursements	(386,440)	(98,835)	(2,737,406)
Other Financing Sources, (Uses)			
Loan Proceeds	-	-	8,800,000
Sale of Assets	-	-	16,563
Operating Transfers In	386,361	102,000	1,474,096
Operating Transfers Out	-	-	(594,210)
Total Other Financing Sources, (Uses)	386,361	102,000	9,696,449
Net Change in Fund Balances	(79)	3,165	6,959,043
Beginning Fund Balance (restated)	163,854	520,953	7,037,936
Ending Fund Balance	<u>\$ 163,775</u>	<u>\$ 524,118</u>	<u>\$ 13,996,979</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, 2023**

	WATER FUND	SEWER FUND	TOTAL
ASSETS:			
Cash and Investments	\$ 598,482	\$ 223,929	\$ 822,411
Total Assets	598,482	223,929	822,411
LIABILITIES			
Customer deposits payable:	49,950	-	49,950
Total Liabilities	49,950	-	49,950
Net Position			
Unrestricted	548,532	223,929	772,461
Total Net Position	548,532	223,929	772,461
Total Liabilities and Net Position	\$ 598,482	\$ 223,929	\$ 822,411

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, 2023

	WATER FUND	SEWER FUND	TOTAL
OPERATING RECEIPTS			
Charges for Services	\$ 1,476,861	\$ 1,183,569	\$ 2,660,430
Hookup Fees	25,350	7,800	33,150
Backflow Inspections	14,826	-	14,826
Land Lease for Ag Use	-	3,000	3,000
Total Receipts	1,517,037	1,194,369	2,711,406
OPERATING DISBURSEMENTS			
Personal Services	473,239	391,026	864,265
Materials and Services	324,753	349,581	674,334
Debt Service	25,806	-	25,806
Capital Outlay	20,632	5,133	25,765
Total Operating Disbursements	844,430	745,740	1,590,170
Operating Income (Loss)	672,607	448,629	1,121,236
NONOPERATING RECEIPTS (DISBURSEMENTS)			
Interest	48,216	48,216	96,432
Miscellaneous	1,120	-	1,120
Total Nonoperating Receipts (Disbursements)	49,336	48,216	97,552
Income (Loss) Before Contributions and Transfers	721,943	496,845	1,218,788
Other Financing Sources (Uses)			
Transfers In	50,000	-	50,000
Transfer Out	(507,169)	(422,717)	(929,886)
Change in Modified Cash Basis Net Position	264,774	74,128	338,902
Beginning Net Position	283,857	149,900	433,757
Prior Period Adjustment	(99)	(99)	(198)
Ending Net Position	\$ 548,532	\$ 223,929	\$ 772,461

See accompanying notes to basic financial statements

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**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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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 basic 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 blended into the basic financial statements of the City.

Complete basic 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 when expenses are incurred and the recording of depreciation on assets.

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, OPEB costs, 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, 2023.

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 not 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, because of the modified cash basis of accounting.

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, 2023 consist of:

Deposits with Financial Institutions:	
Demand Deposits	\$ 142,929
Investments	14,676,461
	<u>\$ 14,819,390</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 \$229,627, 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, 2023, none of the bank balance was exposed to custodial credit risk because it was insured.

INVESTMENTS

Statutes authorize investing in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Fitch Ratings and Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record (A-2/P-2 if Oregon Commercial paper) and the state treasurer's investment pool.

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 materially approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2023, the fair value of the position in the LGIP is 99.63% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The City booked a fair market value loss of \$54,505, for the difference between the pool fair market value and the book value.

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, 2023 consisted of the following:

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

2. CASH AND INVESTMENTS (CONTINUED)

INVESTMENTS (CONTINUED)

<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	\$ 14,676,461	\$ 14,676,461	\$ -	\$ -
Total	\$ 14,676,461	\$ 14,676,461	\$ -	\$ -

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, 2023, 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.

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

3. 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/2022-Annual-Comprehensive-Financial-Report.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.
 - 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.

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

3. PENSION PLAN (CONTINUED)

- 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.

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, 2019 actuarial valuation, which became effective July 1, 2021. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2023 were \$153,541, excluding amounts to fund employer specific liabilities. In addition, approximately \$50,821 in employee contributions were paid or picked up by the City in 2022-2023.

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

3. PENSION PLAN (CONTINUED)

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 \$889,972 at June 30, 2023 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2020. The City’s proportion of the net pension liability was based on a projection of the City’s long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. As of the measurement dates of June 30, 2022 and 2021, the City’s proportion was .0058 percent and .0059 percent, respectively. Pension income for the year ended June 30, 2023 was \$20,444, but is not recorded in the financial statements due to the modified cash basis of accounting being used.

The rates in effect for the year ended June 30, 2023 were:

- (1) Tier 1/Tier 2 – 16.73%
- (2) OPSRP general services – 14.40%
- (3) OPSRP police and fire – 18.76%

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 43,201	\$ 5,550
Changes in assumptions	139,641	1,276
Net difference between projected and actual earnings on pension plan investments	-	159,110
Net changes in proportionate share	81,913	16,850
Differences between City contributions and proportionate share of contributions	-	120,435
Subtotal - Amortized Deferrals (below)	264,755	303,221
City contributions subsequent to measuring date	153,541	-
Deferred outflow (inflow) of resources	\$ 418,296	\$ 303,221

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, 2024.

Subtotal amounts related to pension as deferred outflows of resources \$264,755, and deferred inflows of resources, (\$303,221), net to (\$38,466) and will be recognized in pension expense as follows:

Year ending June 30,	Amount
2024	\$ (1,830)
2025	(23,310)
2026	(70,114)
2027	64,061
2028	(7,273)
Thereafter	-
Total	\$ (38,466)

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

3. PENSION PLAN (CONTINUED)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 2, 2023. Oregon PERS produces an independently audited ACFR which can be found at:

<https://www.oregon.gov/pers/Documents/Financials/ACFR/2022-Annual-Comprehensive-Financial-Report.pdf>

Actuarial Valuations – The employer contribution rates effective July 1, 2021 through June 30, 2023, 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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2020
Experience Study Report	2020. Published July 20, 2021
Actuarial cost method	Entry Age Normal
Amortization method	Level percentage of payroll
Asset valuation method	Market value of assets
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 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.

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

3. PENSION PLAN (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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Debt Securities	15.0%	25.0%	20.0%
Public Equity	25.0%	35.0%	30.0%
Real Estate	7.5%	17.5%	12.5%
Private Equity	15.0%	27.5%	20.0%
Risk Parity	0.0%	3.5%	2.5%
Real Assets	2.5%	10.0%	7.5%
Diversifying Strategies	2.5%	10.0%	7.5%
Opportunity Portfolio	0.0%	5.0%	0.0%
Total			100.0%

(Source: June 30, 2022 PERS ACFR; p. 104)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in June 2021 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

3. PENSION PLAN (CONTINUED)

Asset Class	Target Allocation	Compound Annual (Geometric) Return
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
Assumed Inflation - Mean		2.40%

(Source: June 30, 2022 PERS ACFR; p. 74)

Discount Rate – The discount rate used to measure the total pension liability as of the measurement dates of June 30, 2022 and 2021 was 6.90 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.

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 6.90 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 (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net pension liability	\$ 1,578,289	\$ 889,972	\$ 313,883

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.

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

3. PENSION PLAN (CONTINUED)

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

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 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 OPSRP members earning \$2,500 or more per month (increased to \$3,333 per month in 2022) 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 OPSRP 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, 2023.

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>

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

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 0.05% of annual covered OPERF payroll and 0.00% of OPSRP payroll under a contractual requirement in effect until June 30, 2023. 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 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 with PERS and equaled the required contributions for the 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 asset of \$18,983 for its proportionate share of the net OPEB asset. The OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. Consistent with GASB Statement No. 75, paragraph 59(a), the City's proportion of the net OPEB liability 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, 2022 and 2021, the City's proportion was .0053 percent and .0020 percent, respectively. OPEB income for the year ended June 30, 2023 was \$5,199, but is not recorded in the basic financial statements due to the modified cash basis of accounting being used.

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

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

Components of OPEB Expense/(Income):

Employer's proportionate share of collective system OPEB Expense/(Income)	\$ (2,842)
Net amortization of employer-specific deferred amounts from:	
-Changes in proportionate share (per paragraph 64 of GASB 75)	(2,226)
-Differences between employer contributions and employer's proportionate share of system contributions (per paragraph 64 of GASB 75)	<u>-</u>
Employer's Total OPEB Expense/(Income)	<u>\$ (5,068)</u>

Components of Deferred Outflows/Inflows of Resources:

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ -	\$ 514
Changes in assumptions	149	633
Net difference between projected and actual earnings on pension plan investments	-	1,448
Net changes in proportionate share	-	5,781
Differences between contributions and proportionate share of contributions	<u>-</u>	<u>-</u>
Subtotal - Amortized deferrals (below)	149	8,376
Contributions subsequent to measurement date	<u>-</u>	
Deferred outflow (inflow) of resources	<u>\$ 149</u>	<u>\$ (8,376)</u>

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, 2024.

Subtotal amounts related to OPEB as deferred outflows of resources, \$149, and deferred inflows of resources, (\$8,376), net to (\$8,227) and will be recognized in OPEB expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2024	(5,180)
2025	(2,597)
2026	(914)
2027	464
2028	-
Thereafter	-
Total	<u>\$ (8,227)</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, 2022. That independently audited report was dated February 2, 2023 and can be found at:

<https://www.oregon.gov/pers/EMP/Documents/GASB/2022/GASB-75-RHIA-2022.pdf>

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

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

Actuarial Methods and Assumptions:

Valuation Date	December 31, 2020
Experience Study Report	2020, Published July 20, 2021
Actuarial cost method	Entry Age Normal
Inflation rate	2.40 percent
Investment rate of return	6.90 percent
Discount rate	6.90 percent
Projected salary increase	3.40 percent
Retiree healthcare participation	Healthy retirees: 27.5%; Disabled retirees: 15%
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 2020 Experience Study which is reviewed for the four-year period ending December 31, 2020.

Discount Rate:

The discount rate used to measure the total OPEB liability as of the measurement date of June 30, 2022 and June 30, 2021 was 6.90 percent for both years. 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 June 2021 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
Global Equity	30.62%	5.85%
Private Equity	25.50%	7.71%
Core Fixed Income	23.75%	2.73%
Real Estate	12.25%	5.66%
Master Limited Partnerships	0.75%	5.71%
Infrastructure	1.50%	6.26%
Commodities	0.63%	3.10%
Hedge Fund of Funds - Multistrategy	1.25%	5.11%
Hedge Fund Equity - Hedge	0.63%	5.31%
Hedge Fund - Macro	5.62%	5.06%
US Cash	-2.50%	1.76%
<i>Assumed Inflation - Mean</i>		2.40%

(Source: June 30, 2022 PERS ACFR; p. 74)

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate – The following presents the City's proportionate share of the net OPEB liability calculated using the discount rate of 6.90 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 (5.90 percent) or one percent higher (7.90 percent) than the current rate.

	1% Decrease (5.90%)	Discount Rate (6.90%)	1% Increase (7.90%)
City's proportionate share of the net OPEB liability (asset)	\$ (17,109)	\$ (18,983)	\$ (20,589)

Changes Subsequent to the Measurement Date

There are no changes subsequent to the June 30, 2022 Measurement Date that meet this requirement and thus would require a brief description under the GASB standard.

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.

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

6. INTERFUND TRANSFERS

Transfers are made to finance operations between funds.

Amounts are comprised of the following:

	Transfer Out	Transfer In
General	\$ 152,000	\$ 3,800
Street	317,210	-
SDCs	125,000	-
Non Major Funds	-	102,000
Water Capital Improvement	-	981,935
Debt Service	-	386,361
Water Fund	507,169	50,000
Sewer Fund	422,717	-
	\$ 1,524,096	\$ 1,524,096

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, 2023:

Name	Original Issue	Outstanding July 1, 2022	Issued	Matured and Redeemed	Outstanding June 30, 2023	Due Within One Year
Governmental Activities						
General Obligation bonds						
GO Bonds, Series 2015	\$ 975,000	\$ 780,000	\$ -	\$ (35,000)	\$ 745,000	\$ 40,000
Full Faith and Credit Obligation						
Full Faith and Credit Obligation, Series 2023	8,800,000	-	8,800,000	-	8,800,000	277,061
Direct Borrowings & Direct Placements						
Promissory note, Citizen's Bank	227,140	87,675	-	(26,527)	61,148	28,165
Business-type Activities						
Revenue Bonds						
Water Revenue Bonds 2007, original	1,000,000	340,000	-	(60,000)	280,000	65,000
Direct Borrowings & Direct Placements						
Safe Drinking Water Revolving Loan - S99099	2,238,625	821,565	-	(78,527)	743,038	79,312
Water/Wastewater Financing Program Loan	1,540,000	1,093,545	-	(68,901)	1,024,644	72,339
Safe Drinking Water Revolving Loan - S15008	2,555,500	2,345,247	-	(108,465)	2,236,782	110,754
Wastewater Facilities Loan V17002	40,000	23,157	-	(5,715)	17,441	5,796
Water Meter Capital Lease	139,112	31,230	-	(23,634)	7,595	7,595
Total Long Term Liabilities		\$ 5,522,419	\$8,800,000	\$ (406,769)	\$ 13,915,649	\$ 686,022

GO Bonds, Series 2015 (swimming pool) – The City borrowed \$975,000 to finance the swimming pool project. Annual payments of \$35,000 include interest at 3.77 percent.

Full Faith and Credit Obligation, Series 2023 – The City issued bonds of \$8,800,000 to finance the construction of Carlton Civic Center. Annual payments of \$683,445 include interest at 4.618 percent. The City covenants with the owner of this obligation to levy annually a direct ad valorem tax upon all of the taxable property within the City. Obligation repayment will start from 2024.

Promissory note, Citizen’s Bank – The City borrowed \$227,140 to finance City projects. Annual payments of \$31,063 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, 2023, 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, 2023, the City was in compliance with these covenants.

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

8. LONG-TERM OBLIGATIONS (CONTINUED)

Water/wastewater financing program loan (Y09002) – the City borrowed \$1,540,000 to finance the city’s wastewater improvements project. Annual payments of \$123,469 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 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, 2023, the City was in compliance with these covenants.

Government Capital Corporation – leases: 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, 2023, \$25,806 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
2024	317,061	434,471	28,165	2,897	345,226	437,368
2025	334,856	420,168	29,919	1,144	364,775	421,312
2026	348,241	405,086	3,064	13	351,305	405,099
2027	367,245	389,386	-	-	367,245	389,386
2028	386,895	372,851	-	-	386,895	372,851
2029-2033	7,615,703	1,585,386	-	-	7,615,703	1,585,386
2034-2035	175,000	9,991	-	-	175,000	9,991
Total	\$ 9,545,000	\$ 3,617,339	\$ 61,148	\$ 4,054	\$ 9,606,148	\$ 3,621,393

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
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	75,000	3,675	283,346	84,815	358,346	88,490
2028	-	-	290,829	77,332	290,829	77,332
2029-2033	-	-	1,489,480	264,584	1,489,480	264,584
2034-2038	-	-	826,962	83,732	826,962	83,732
2039	-	-	306,173	6,460	306,173	6,460
Total	\$ 280,000	\$ 35,035	\$ 4,029,501	\$ 818,040	\$ 4,309,501	\$ 853,075

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

9. TAX ABATEMENTS

As of June 30, 2023, 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, 2023 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)		\$ 3,287,894
Water Capital Improvement Fund		9,562,839
Non-Major Funds		49,930
<u>Governmental Activities - Street Maintenance</u>		
Street Fund		179,578
<u>Governmental Activities - Economic Development</u>		
Non-Major Funds		391,240
<u>Governmental Activities - Debt Service</u>		
Debt Service Fund		163,775
Non-Major Funds		948
<u>Governmental Activities - Tourism</u>		
City transient lodging tax is restricted for tourism as specified in the implementing ordinances		\$ 82,000

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

11. FINANCED PURCHASES

In June of 2021, the City entered into a lease agreement for Kyocera TA-3553ci and Kyocera TA-6053ci copiers from Solutions Yes. The lease runs for 60 months with a monthly payment of \$350.

In December of 2022, the City entered into a lease agreement for Kyocera TA-3554ci copier from Solutions Yes. The lease runs for 60 months with a monthly payment of \$161.

Total lease expense for the year ended June 30, 2023 was \$6,132.

Future minimum lease payments are as follows:

<u>Fiscal Year:</u>	<u>Amount</u>
2023-24	\$ 6,132
2024-25	6,132
2025-26	6,132
2026-27	1,932
2027-28	<u>966</u>
Total	<u>\$ 21,294</u>

12. COMMITMENTS AND CONTINGENCIES

The COVID-19 outbreak in the United States has caused substantial disruption to business and local governments due to mandated and voluntary suspension of operations and stay at home orders. There is considerable uncertainty around the duration of the outbreak and the long-term impact to the overall economy. The ultimate impact on the City's finances has yet to be determined.

13. RESTATEMENT

A prior period adjustment was required to implement adjusting journal entries that were made in a prior year but not recorded in that year.

	Governmental Funds		Business Type Funds		Total For All Funds
	General Fund	GO-2015 Bond Fund	Water Fund	Sewer Fund	
Net position-Beginning as previously reported	\$ 383,726	-	283,857	149,900	\$ 7,513,278
Prior Period Adjustment	(40,306)	(1,279)	(99)	(99)	(41,783)
Net position-Beginning as restated	<u>\$ 343,420</u>	<u>(1,279)</u>	<u>\$ 283,758</u>	<u>\$ 149,801</u>	<u>\$ 7,471,495</u>

CITY OF CARLTON
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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CITY OF CARLTON
YAMHILL COUNTY, OREGON

SUPPLEMENTARY INFORMATION
June 30, 2023

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
2023	0.006 %	\$ 889,972	\$ 999,669	89.0 %	84.5 %
2022	0.006	710,243	842,303	84.3	87.6
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
2023	\$ 153,541	\$ 153,541	\$ -	\$ 1,116,611	13.8 %
2022	153,936	153,936	-	999,669	15.4
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, 2023

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
2023	0.0053 %	\$ 18,983	\$ 999,669	1.90 %	194.6 %
2022	0.0020	6,746	842,303	0.80	183.9
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

	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
2023	\$ N/A	\$ N/A	\$ N/A	1,116,611	N/A %
2022	N/A	N/A	N/A	999,669	N/A
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, 2023**

GENERAL FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
Current Levy	\$ 1,010,000	\$ 1,010,000	\$ 1,007,356	\$ (2,644)
Prior Years' Levies	18,000	18,000	14,418	(3,582)
Interest - Delinquent Fees	500	500	873	373
Franchise Fees	160,700	160,700	167,927	7,227
Business License Fees	7,000	7,000	9,275	2,275
Building Permits	17,000	17,000	37,115	20,115
State Liquor Fees	60,000	60,000	45,293	(14,707)
Cigarette Tax	2,300	2,300	1,669	(631)
City Liquor License Fees	2,500	2,500	2,210	(290)
Swim Pool Receipts	35,000	35,000	40,246	5,246
Park Rentals	2,200	2,200	4,100	1,900
Dog Licensing	2,500	2,500	1,423	(1,077)
Miscellaneous	6,000	6,000	9,977	3,977
Printing Fees	1,000	1,000	594	(406)
Judge Fees	-	-	448	448
Fines and Forfeitures	38,000	38,000	28,829	(9,171)
Planning Fees	20,000	20,000	23,040	3,040
Grants	67,000	95,000	50,194	(44,806)
Sale of Assets	-	-	16,563	16,563
Transient Room Tax	30,000	30,000	21,407	(8,593)
Interest	8,000	8,000	140	(7,860)
Total Receipts	<u>\$ 1,487,700</u>	<u>\$ 1,515,700</u>	<u>\$ 1,483,097</u>	<u>\$ (32,603)</u>

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**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, 2023**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
DISBURSEMENTS:				
Administration				
Personal Services	\$ 60,340	\$ 60,340	\$ 54,326	\$ 6,014
Materials and Services	99,500	99,500	87,409	12,091
Total Administration	159,840	159,840 (1)	141,735	18,105
Finance				
Personal Services	93,700	93,700	108,489	(14,789)
Materials and Services	135,100	135,100	125,936	9,164
Capital Outlay	4,000	4,000	1,959	2,041
Contingency	233,750	233,750	-	233,750
Total Finance	466,550	466,550 (1)	236,384	230,166
Planning				
Personnel Services	29,630	29,630	31,183	(1,553)
Materials and Services	145,950	145,950	136,662	9,288
Total Planning	175,580	175,580 (1)	167,845	7,735
Police				
Personnel Services	549,400	577,400	535,599	41,801
Materials and Services	153,500	153,500	121,269	32,231
Total Police	702,900	730,900 (1)	656,868	74,032

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**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, 2023**

	<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	\$ 32,225	\$ 32,225	\$ 22,685	\$ 9,540
Materials and Services	<u>20,800</u>	<u>20,800</u>	<u>16,612</u>	<u>4,188</u>
Total Municipal Court	<u>53,025</u>	<u>53,025</u> (1)	<u>39,297</u>	<u>13,728</u>
Parks				
Personal Services	26,725	46,725	41,825	4,900
Materials and Services	<u>39,650</u>	<u>39,650</u>	<u>27,236</u>	<u>12,414</u>
Total Parks	<u>66,375</u>	<u>86,375</u> (1)	<u>69,061</u>	<u>17,314</u>
Pool				
Personal Services	62,160	62,160	53,365	8,795
Materials and Services	<u>28,250</u>	<u>41,250</u>	<u>34,987</u>	<u>6,263</u>
Total Pool	<u>90,410</u>	<u>103,410</u> (1)	<u>88,352</u>	<u>15,058</u>
Total Disbursements	<u>1,714,680</u>	<u>1,742,680</u>	<u>1,399,542</u>	<u>343,138</u>
Excess of Receipts Over (Under) Disbursements	(226,980)	(226,980)	83,555	310,535
Other Financing Sources, (Uses)				
Operating Transfers In	3,800	3,800	3,800	-
Operating Transfers Out	<u>(152,000)</u>	<u>(152,000)</u> (1)	<u>(152,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(148,200)</u>	<u>(148,200)</u>	<u>(148,200)</u>	<u>-</u>
Net Change in Fund Balance	(375,180)	(375,180)	(64,645)	310,535
Beginning Fund Balance	375,180	375,180	383,726	8,546
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(40,306)</u>	<u>(40,306)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,775</u>	<u>\$ 278,775</u>

(1) Appropriation Level

Continued from pages -33- & -34-

**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, 2023**

	<u>STREET FUND</u>			VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS:				
Interest	\$ 8,000	\$ 8,000	\$ 51,430	\$ 43,430
Gasoline Tax	185,000	185,000	179,179	(5,821)
State Revenue Sharing	40,000	40,000	33,248	(6,752)
Type A, B & ROW Permits	20,000	20,000	7,150	(12,850)
Miscellaneous	100	100	39,579	39,479
Total Receipts	<u>253,100</u>	<u>253,100</u>	<u>310,586</u>	<u>57,486</u>
DISBURSEMENTS:				
Personnel Services	24,515	24,515	17,917	6,598
Materials and Services	95,450	95,450	91,902	3,548
Capital Outlay	10,000	10,000	10,000	-
Contingency	120,000	120,000	-	120,000
Total Disbursements	<u>249,965</u>	<u>249,965</u> (1)	<u>119,819</u>	<u>130,146</u>
Excess of Receipts Over (Under) Disbursements	3,135	3,135	190,767	187,632
Other Financing Sources (Uses)				
Operating Transfers Out	<u>(317,210)</u>	<u>(317,210)</u> (1)	<u>(317,210)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(317,210)</u>	<u>(317,210)</u>	<u>(317,210)</u>	<u>-</u>
Net Change in Fund Balance	(314,075)	(314,075)	(126,443)	187,632
Beginning Fund Balance	<u>314,075</u>	<u>314,075</u>	<u>306,021</u>	<u>(8,054)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,578</u>	<u>\$ 179,578</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, 2023**

SYSTEM DEVELOPMENT CHARGES - CAPITAL PROJECTS FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
RECEIPTS:				
System Development Charges	\$ 779,310	\$ 779,310	\$ 1,028,357	\$ 249,047
Interest	6,015	6,015	48,216	42,201
Total Receipts	<u>785,325</u>	<u>785,325</u>	<u>1,076,573</u>	<u>291,248</u>
DISBURSEMENTS:				
Water				
Materials and Services	30,000	30,000	-	30,000
Capital Outlay	802,099	802,099	-	802,099
Contingency	250,000	250,000	-	250,000
Sewer System Development Charges				
Materials and Services	40,000	40,000	-	40,000
Capital Outlay	1,186,297	1,186,297	1,146,307	39,990
Contingency	238,569	238,569	-	238,569
Transportation System Development Charges				
Capital Outlay	589,277	589,277	16,468	572,809
Contingency	125,000	125,000	-	125,000
Parks				
Capital Outlay	55,744	55,744	-	55,744
Contingency	32,686	32,686	-	32,686
Stormwater				
Materials and Services	100,000	100,000	3,763	96,237
Capital Outlay	211,679	211,679	-	211,679
Contingency	78,000	78,000	-	78,000
Total Disbursements	<u>3,739,351</u>	<u>2,657,252</u> (1)	<u>1,166,538</u>	<u>1,490,714</u>
Excess of Receipts Over (Under) Disbursements	(2,954,026)	(2,954,026)	(89,965)	2,864,061
Other Financing Sources (Uses)				
Operating Transfers In	-	-	-	-
Transfers Out	(125,000)	(125,000) (1)	(125,000)	-
Total Other Financing Sources (Uses)	<u>(125,000)</u>	<u>(125,000)</u>	<u>(125,000)</u>	<u>-</u>
Net Change in Fund Balance	(3,079,026)	(3,079,026)	(214,965)	2,864,061
Beginning Fund Balance	<u>3,079,026</u>	<u>3,079,026</u>	<u>3,502,859</u>	<u>423,833</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,287,894</u>	<u>\$ 3,287,894</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, 2023**

WATER CAPITAL IMPROVEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
RECEIPTS:				
Grants	\$ 1,842,327	\$ 1,842,327	\$ 3,036,779	\$ 1,194,452
Donations Civic Center	400,000	400,000	-	(400,000)
Intergovernmental	350,000	350,000	100,000	(250,000)
Misc	-	-	113,285	113,285
Loans	5,000,000	5,000,000	8,800,000	3,800,000
Interest	10,000	10,000	51,430	41,430
Total Receipts	7,602,327	7,602,327	12,101,494	4,499,167
DISBURSEMENTS:				
Materials and Services	-	-	326,922	(326,922)
Capital Outlay:				
Facilities/Special Projects	6,250,000	6,250,000	1,953,247	4,296,753
Parks Projects	75,000	75,000	43,619	31,381
Transportation projects	370,000	370,000	-	370,000
Water projects	1,720,000	1,720,000	2,410,440	(690,440)
Sewer Projects	1,645,000	1,645,000	987,191	657,809
Storm projects	100,000	100,000	-	100,000
Contingency	820,728	820,728	-	820,728
Total Expenditures	10,980,728	10,980,728	(1) 5,721,419	5,259,309
Excess of Receipts Over (Under) Disbursements	(3,378,401)	(3,378,401)	6,380,075	9,758,476
Other Financing Sources (Uses)				
Transfers In	1,081,935	1,081,935	981,935	(100,000)
Total Other Financing Sources (Uses)	1,081,935	1,081,935	981,935	(100,000)
Net Change in Fund Balance	(2,296,466)	(2,296,466)	7,362,010	9,658,476
Beginning Fund Balance	2,296,466	2,296,466	2,200,829	(95,637)
Ending Fund Balance	\$ -	\$ -	\$ 9,562,839	\$ 9,562,839

(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, 2023**

	<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	\$ 386,361	\$ 386,361	\$ 386,440	\$ (79)
Contingency	<u>163,854</u>	<u>163,854</u>	<u>-</u>	<u>163,854</u>
Total Debt Service	<u>550,215</u>	<u>550,215</u> (1)	<u>386,440</u>	<u>163,775</u>
Total Disbursements	<u>550,215</u>	<u>550,215</u>	<u>386,440</u>	<u>163,775</u>
Excess of Receipts Over, (Under) Disbursements	(550,215)	(550,215)	(386,440)	163,775
Other Financing Sources, (Uses)				
Operating Transfers In	<u>386,361</u>	<u>386,361</u>	<u>386,361</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>386,361</u>	<u>386,361</u>	<u>386,361</u>	<u>-</u>
Net Change in Fund Balance	(163,854)	(163,854)	(79)	163,775
Beginning Fund Balance	<u>163,854</u>	<u>163,854</u>	<u>163,854</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 163,775</u>	<u>\$ 163,775</u>

(1) Appropriation Level

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

**COMBINING BALANCE SHEET - MODIFIED CASH BASIS
ALL NON-MAJOR FUNDS
June 30, 2023**

	<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	\$ 82,000	\$ 391,240	\$ 948	\$ 49,930	\$ 524,118
Total Assets	<u>\$ 82,000</u>	<u>\$ 391,240</u>	<u>\$ 948</u>	<u>\$ 49,930</u>	<u>\$ 524,118</u>
LIABILITIES AND FUND BALANCES:					
Fund Balances:					
Restricted	\$ 82,000	\$ 391,240	\$ 948	\$ 49,930	\$ 524,118
Total Fund Balance	<u>82,000</u>	<u>391,240</u>	<u>948</u>	<u>49,930</u>	<u>524,118</u>
Total Liabilities and Fund Balances	<u>\$ 82,000</u>	<u>\$ 391,240</u>	<u>\$ 948</u>	<u>\$ 49,930</u>	<u>\$ 524,118</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, 2023

	<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>	
RECEIPTS:					
Current Property Taxes	\$ -	\$ 245,777	\$ 65,675	\$ -	\$ 311,452
Prior Property Taxes	-	3,303	958	-	4,261
Interest	3,214	16,072	-	-	19,286
Transient Room Tax	49,949	-	-	-	49,949
Miscellaneous	-	-	-	3,860	3,860
Total Receipts	53,163	265,152	66,633	3,860	388,808
DISBURSEMENTS:					
Materials and Services	19,861	6,049	-	-	25,910
Capital Outlay	-	259,690	-	72,637	332,327
Debt Service	-	65,000	64,406	-	129,406
Total Disbursements	19,861	330,739	64,406	72,637	487,643
Excess of Receipts Over (Under) Disbursements	33,302	(65,587)	2,227	(68,777)	(98,835)
Other Financing Sources (Uses)					
Operating Transfers In	-	-	-	102,000	102,000
Total Other Financing Sources (Uses)	-	-	-	102,000	102,000
Net Change in Fund Balance	33,302	(65,587)	2,227	33,223	3,165
Beginning Fund Balance	48,698	456,827	-	16,707	522,232
Prior Period Adjustment	-	-	(1,279)	-	(1,279)
Ending Fund Balance	<u>\$ 82,000</u>	<u>\$ 391,240</u>	<u>\$ 948</u>	<u>\$ 49,930</u>	<u>\$ 524,118</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, 2023**

	<u>TOURISM FUND</u>			VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS:				
Interest	\$ 350	\$ 350	\$ 3,214	\$ 2,864
Transient Room Tax	50,000	50,000	49,949	(51)
Grant	10,000	10,000	-	(10,000)
Total Receipts	<u>60,350</u>	<u>60,350</u>	<u>53,163</u>	<u>(7,187)</u>
DISBURSEMENTS:				
Materials and Services	<u>113,884</u>	<u>113,884</u>	<u>19,861</u>	<u>94,023</u>
Total Disbursements	<u>113,884</u>	<u>113,884</u>	<u>19,861</u> (1)	<u>94,023</u>
Net Change in Fund Balance	(53,534)	(53,534)	33,302	86,836
Beginning Fund Balance	<u>53,534</u>	<u>53,534</u>	<u>48,698</u>	<u>(4,836)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 82,000</u>	<u>\$ 82,000</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, 2023**

URBAN RENEWAL AGENCY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
RECEIPTS:				
Current Levy	\$ 227,000	\$ 227,000	\$ 245,777	\$ 18,777
Prior Years' Levies	2,900	2,900	3,303	403
Interest	2,500	2,500	16,072	13,572
Total Receipts	232,400	232,400	265,152	32,752
DISBURSEMENTS:				
Materials and Services	4,500	14,500	6,049	8,451
Capital Outlay	444,081	444,081	259,690	184,391
Debt Service	65,000	65,000	65,000	-
Contingency	75,000	65,000	-	65,000
Total Disbursements	588,581	588,581 (1)	330,739	257,842
Net Change in Fund Balance	(356,181)	(356,181)	(65,587)	290,594
Beginning Fund Balance	356,181	356,181	456,827	100,646
Ending Fund Balance	\$ -	\$ -	\$ 391,240	\$ 391,240

(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, 2023**

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	\$ 65,000	\$ 65,000	\$ 65,675	\$ 675
Prior Years' Levies	<u>1,000</u>	<u>1,000</u>	<u>958</u>	<u>(42)</u>
Total Receipts	<u>66,000</u>	<u>66,000</u>	<u>66,633</u>	<u>633</u>
DISBURSEMENTS:				
Debt Service	64,406	64,406	64,406	-
Contingency	<u>2,491</u>	<u>2,491</u>	<u>-</u>	<u>2,491</u>
Total Disbursements	<u>66,897</u>	<u>66,897 (1)</u>	<u>64,406</u>	<u>2,491</u>
Excess of Receipts Over, -Under Disbursemen	(897)	(897)	2,227	3,124
Beginning Fund Balance	897	897	-	(897)
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(1,279)</u>	<u>(1,279)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 948</u>	<u>\$ 948</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, 2023**

VEHICLE/EQUIPMENT REPLACEMENT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
Miscellaneous	\$ -	- (1)	\$ 3,860	\$ 3,860
Total Receipts	<u>-</u>	<u>-</u>	<u>3,860</u>	<u>3,860</u>
DISBURSEMENTS:				
Capital Outlay	77,000	\$ 77,000	72,637	4,363
Contingency	<u>30,193</u>	<u>30,193</u>	<u>-</u>	<u>30,193</u>
Total Disbursements	<u>107,193</u>	<u>107,193</u> (1)	<u>72,637</u>	<u>34,556</u>
Other Financing Sources (Uses)				
Operating Transfers In	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>102,000</u>	<u>102,000</u>	<u>102,000</u>	<u>-</u>
Net Change in Fund Balance	(5,193)	(5,193)	33,223	38,416
Beginning Fund Balance	<u>5,193</u>	<u>5,193</u>	<u>16,707</u>	<u>11,514</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 49,930</u>	<u>\$ 49,930</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, 2023**

	<u>WATER FUND</u>			VARIANCE TO FINAL BUDGET FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS:				
Interest	\$ 8,000	\$ 8,000	\$ 48,216	\$ 40,216
Miscellaneous	1,500	1,500	1,120	(380)
Water Receipts	1,512,350	1,512,350	1,476,861	(35,489)
Back Flow Inspections	3,700	3,700	14,826	11,126
Hookup Fees	20,000	20,000	25,350	5,350
	<u>1,545,550</u>	<u>1,545,550</u>	<u>1,566,373</u>	<u>20,823</u>
DISBURSEMENTS:				
Personal Services	518,425	548,425	473,239	75,186
Materials and Services	374,600	374,600	324,753	49,847
Debt Service	-	-	25,806	(25,806)
Capital Outlay	84,806	84,806	20,632	64,174
Contingency	364,125	334,125	-	334,125
	<u>1,341,956</u>	<u>1,341,956</u>	<u>844,430</u>	<u>497,526</u>
Excess of Receipts Over (Under) Disbursements	203,594	203,594	721,943	518,349
Other Financing Sources (Uses)				
Transfers Out	(507,169)	(507,169) (1)	(507,169)	-
Transfers In	50,000	50,000	50,000	-
	<u>(457,169)</u>	<u>(457,169)</u>	<u>(457,169)</u>	<u>-</u>
Net Change in Fund Balance	(253,575)	(253,575)	264,774	518,349
Beginning Fund Balance	253,575	253,575	283,857	30,282
Prior Period Adjustment	-	-	(99)	(99)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 548,532</u>	<u>\$ 548,532</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, 2023

	<u>ORIGINAL</u>	<u>FINAL</u>		<u>VARIANCE</u>
	<u>BUDGET</u>	<u>BUDGET</u>	<u>ACTUAL</u>	<u>TO FINAL</u>
				<u>BUDGET</u>
				<u>FAVORABLE</u>
				<u>(UNFAVORABLE)</u>
<u>SEWER FUND</u>				
RECEIPTS:				
Interest	\$ 7,000	\$ 7,000	\$ 48,216	\$ 41,216
Miscellaneous	100	100	-	(100)
Sewer Receipts	1,190,694	1,190,694	1,183,569	(7,125)
Hookup Fees	5,000	5,000	7,800	2,800
Land Lease for Ag Use	3,000	3,000	3,000	-
	<u>1,205,794</u>	<u>1,205,794</u>	<u>1,242,585</u>	<u>36,791</u>
Total Receipts				
DISBURSEMENTS:				
Personnel Services	381,381	431,381	391,026	40,355
Materials and Services	315,700	365,700	349,581	16,119
Capital Outlay	4,000	6,800	5,133	1,667
Contingency	274,699	146,899	-	146,899
	<u>975,780</u>	<u>950,780</u>	<u>745,740</u>	<u>205,040</u>
Total Disbursements				
Excess of Receipts Over (Under) Disbursements	230,014	255,014	496,845	241,831
Other Financing Sources (Uses)				
Transfers Out	<u>(397,717)</u>	<u>(422,717)</u>	<u>(422,717)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(397,717)</u>	<u>(422,717)</u>	<u>(422,717)</u>	<u>-</u>
Net Change in Fund Balance	(167,703)	(167,703)	74,128	241,831
Beginning Fund Balance	167,703	167,703	149,900	(17,803)
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>(99)</u>	<u>(99)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 223,929</u>	<u>\$ 223,929</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, 2023**

TAX YEAR	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/22	GENERAL FUND			CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEG- REGATED AT 6/30/23
		DEDUCT DISCOUNTS	ADJUST- MENTS TO ROLLS	ADD INTEREST		
CURRENT:						
2022-23	\$ 1,045,888	\$ 27,842	\$ 612	\$ 54	\$ 995,031	\$ 23,681
PRIOR:						
2021-22	21,426	1	(622)	114	13,054	7,863
2020-21	8,180	-	(238)	69	2,820	5,191
2019-20	4,519	-	(185)	72	1,928	2,478
2018-19	2,079	-	(98)	50	1,151	880
PRIOR:	3,419	-	(147)	35	407	2,900
Total Prior	39,623	1	(1,290)	340	19,360	19,312
Total	\$ 1,085,511	\$ 27,843	\$ (678)	\$ 394	\$ 1,014,391	\$ 42,993

Reconciliation to Receipts:	
Cash collections by county treasurers above	\$ 1,014,391
Taxes in lieu of property taxes	8,256
Property Taxes	<u>\$ 1,022,647</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, 2023**

TAX YEAR	<u>DEBT SERVICE FUND (NON-MAJOR POOL PROJECT)</u>					BALANCE UNCOLLECTED OR UNSEGREGATED AT 6/30/23
	IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/22	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	
CURRENT:						
2022-23	\$ 81,013	\$ 2,157	\$ 48	\$ 4	\$ 77,074	\$ 1,834
PRIOR:						
2021-22	1,996	-	(58)	11	1,216	733
2020-21	511	-	(15)	4	176	324
2019-20	314	-	(13)	5	134	172
2018-19	163	-	(8)	4	90	69
PRIOR:	<u>201</u>	<u>-</u>	<u>81</u>	<u>3</u>	<u>35</u>	<u>250</u>
Total Prior	<u>3,185</u>	<u>-</u>	<u>(13)</u>	<u>27</u>	<u>1,651</u>	<u>1,548</u>
Total All Funds	<u>\$ 84,198</u>	<u>\$ 2,157</u>	<u>\$ 35</u>	<u>\$ 31</u>	<u>\$ 78,725</u>	<u>\$ 3,382</u>

Reconciliation to Receipts:

Cash collections by county treasurers above	\$ 78,725
Taxes in lieu of property taxes	(12,092)
Property Taxes	<u>\$ 66,633</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, 2023**

<u>URBAN RENEWAL AGENCY FUND</u>						
<u>TAX YEAR</u>	<u>IMPOSED LEVY OR BALANCE UNCOLLECTED AT 7/01/22</u>	<u>DEDUCT DISCOUNTS</u>	<u>ADJUST- MENTS TO ROLLS</u>	<u>ADD INTEREST</u>	<u>CASH COLLECTIONS BY COUNTY TREASURER</u>	<u>BALANCE UNCOLLECTED OR UNSEG- REGATED AT 6/30/23</u>
CURRENT:						
2022-23	\$ 258,379	\$ 6,878	\$ 151	\$ 13	\$ 245,815	\$ 5,850
PRIOR:						
2021-22	5,172	-	(151)	28	3,151	1,898
2020-21	1,909	-	(55)	16	658	1,212
2019-20	955	-	(39)	15	407	524
2018-19	346	-	(15)	8	192	147
PRIOR:	461	-	23	5	60	429
Total Prior	8,843	-	(237)	72	4,468	4,210
Total All Funds	\$ 267,222	\$ 6,878	\$ (86)	\$ 85	\$ 250,283	\$ 10,060

RECONCILIATION TO REVENUE:

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

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

**CITY OF CARLTON
YAMHILL COUNTY, OREGON**

INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS

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August 8, 2023

Independent Auditors' Report Required by Oregon State Regulations

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

Compliance

As part of obtaining reasonable assurance about whether the 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.

Roy R Rogers

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