

**MADRAS AQUATIC CENTER RECREATION DISTRICT  
(Madras, Oregon)**

**FINANCIAL REPORT**

**YEAR ENDED JUNE 30, 2022**

**MADRAS AQUATIC CENTER RECREATION DISTRICT  
(Madras, Oregon)**

**DISTRICT OFFICIALS**

**JUNE 30, 2022**

**Chair**

Jinnell Lewis  
Madras, Oregon

**Vice Chair**

Lindsay Foster-Drago  
Madras, Oregon

**Secretary/Treasurer**

Deanna Seibold  
Madras, Oregon

**Directors**

Jillisa Suppah  
Madras, Oregon

Theresa Baggett  
Madras, Oregon

**Registered Agent and Office**

Jeremy Green  
Bryant, Lovlien & Jarvis, PC  
591 SW Mill View Way  
Bend, Oregon 97702

**MADRAS AQUATIC CENTER RECREATION DISTRICT  
(Madras, Oregon)**

**TABLE OF CONTENTS**

**JUNE 30, 2022**

	<u>Page</u>
<b>DISTRICT OFFICIALS</b>	
<b>INDEPENDENT AUDITORS' REPORT</b> .....	1-3
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	4-8
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position .....	9
Statement of Activities .....	10
Fund Financial Statements	
Balance Sheet – Governmental Funds.....	11
Reconciliation of the Balance Sheet - Government Funds to the Statement of Net Position .....	12
Statement of Revenues, Expenditures and Changes in Governmental Fund Balances .....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Fund Balances to the Statement of Activities .....	14
Notes to Financial Statements .....	15-24
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund .....	25
<b>OTHER SUPPLEMENTARY INFORMATION</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service Fund .....	26
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Maintenance Reserve Fund .....	27
<b>AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS</b>	
Independent Auditors' Report Required by Oregon State Regulations .....	28

**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
Madras Aquatic Center Recreation District  
Madras, Oregon

**Report on the Audited Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Madras Aquatic Center Recreation District (the District), as of and for the year ended June 30, 2022, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Madras Aquatic Center Recreation District as of June 30, 2022, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Madras Aquatic Center Recreation District 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.

***Responsibilities of Management for the Financial Statements***

Madras Aquatic Center Recreation District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Madras Aquatic Center Recreation District's ability to continue as a going concern for one year after the date that the financial statements are issued.

## ***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the 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 GAAS 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 financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 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 Madras Aquatic Center Recreation District'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Madras Aquatic Center Recreation District'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis (MD&A) and the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. The MD&A is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Debt Service and Maintenance Reserve Funds but does not include the financial statements and our auditor's report thereon. Our opinions on the 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 financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the 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.

### ***Emphasis of a Matter***

As more fully disclosed in Note 9 to the financial statements, management determined previous reporting of tax anticipation notes was in error and has corrected the 2021 financial statements to reflect the correction of this error. Our report is not modified related to this error correction.

### ***Prior Year Comparative Information***

We previously audited the District's 2021 financial statements and in our report dated October 28, 2021, we opined the statements were presented fairly in all material respects. The prior year financial statements have been restated to report an error correction described in Note 9 to the financial statements. We are not aware of further material modifications that should be made to the comparative information for it to be consistent with the audited financial statements from which it is derived.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with the *Minimum Standards for Audits of Oregon Municipal Standards*, we have also issued a report titled Independent Auditors' Report Required by Oregon State Regulations dated December 7, 2022, which is also not a required part of the financial statements. The purpose of that report is to address specific matters required by the State of Oregon.

  
Brenda Bartlett, CPA  
Sensiba San Filippo

December 7, 2022

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **MADRAS AQUATIC CENTER RECREATION DISTRICT**

### **Management's Discussion & Analysis**

**Year ended June 30, 2022**

As management of the Madras Aquatic Center Recreation District (the District), we offer readers of Madras Aquatic Center Recreation District's financial statements this narrative overview and analysis of the financial activities of Madras Aquatic Center Recreation District, for the year ended June 30, 2022.

#### **FINANCIAL HIGHLIGHTS**

- The assets of the District exceeded its liabilities at June 30, 2022 by \$2,740,021, an increase of \$302,642 from the prior year.
- As of June 30, 2022, the District's General Fund reported an ending fund balance of \$119,190 of which \$72,655 is unassigned and available for spending at the District's discretion.
- The District's total debt decreased by \$656,178 during the 2021-2022 fiscal year. The decrease was attributed to the payment of long-term obligations and amortization of bond premium.

#### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. These basic financial statements comprise three components: 1) government-wide financial statements; 2) fund financial statements and 3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

***Government-wide Financial Statements.*** The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

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

The *Statement of Activities* presents information showing how the District's net position changed during the most recent fiscal year. Changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of the related cash or other financial assets, flows. Thus, revenues and expenses are reported in this statement for some items, for example, unearned property taxes and earned but unused vacation leave will result in cash flows in future fiscal periods.

Both government-wide financial statements distinguish functions of the District that principally are supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activity of the District is recreation.

The government-wide financial statements can be found on pages 10-11 of this report.



**MADRAS AQUATIC CENTER RECREATION DISTRICT**

**Management's Discussion & Analysis**

**Year ended June 30, 2022**

***Fund Financial Statements.*** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local government entities, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District funds are classified as governmental funds.

*Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains three governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and maintenance reserve fund.

The District adopts an annual budget for each of its funds. Budgetary comparison information has been provided for all funds to demonstrate compliance. This budgetary comparison information can be found on pages 25-27 of this report.

The Basic Governmental Funds Financial Statements can be found on pages 12 and 14 of this report.

***Notes to the Financial Statements.*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**

**Management's Discussion & Analysis**

**Year ended June 30, 2022**

**GOVERNMENT-WIDE OVERALL FINANCIAL ANALYSIS**

Net position over time, may serve as a useful indicator of a government's financial position. The District's assets exceeded its liabilities by \$2,740,021 at the close of the most recent fiscal year.

	<u>Governmental Activities</u>		
	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>Change</u>
Current and other assets	\$ 612,063	\$ 716,606	\$ (104,543)
Capital assets, net	<u>4,983,847</u>	<u>5,172,989</u>	<u>(189,142)</u>
Total Assets	<u>5,595,910</u>	<u>5,889,595</u>	<u>(293,685)</u>
Current liabilities	1,103,269	973,566	129,703
Long-term liabilities	<u>1,752,620</u>	<u>2,478,650</u>	<u>(726,030)</u>
Total Liabilities	<u>2,855,889</u>	<u>3,452,216</u>	<u>(596,327)</u>
Net investment in capital assets	2,541,375	2,045,534	495,841
Restricted	44,943	178,286	(133,343)
Unrestricted	<u>153,703</u>	<u>213,559</u>	<u>(59,856)</u>
Total Net Position	<u>\$ 2,740,021</u>	<u>\$ 2,437,379</u>	<u>\$ 302,642</u>

The largest portion of the District's net position (84%) reflects its investment in capital assets (e.g., land, buildings, equipment, vehicles), less any related outstanding debt that was used to acquire those assets. The District uses these capital assets to provide services to the public. The \$495,841 increase over the prior year investment in capital assets is due to the ongoing payment of the bonds that funded the assets, net of depreciation expense and investments in equipment and improvements made during the fiscal year.

Net position of \$44,943 is restricted for debt service and capital maintenance. Unrestricted net position was \$153,703, a decrease of \$59,856 from the prior year.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**

**Management's Discussion & Analysis**

**Year ended June 30, 2022**

**Governmental Activities.** During the current fiscal year, net position increased by \$302,642 from the prior fiscal year. Increases in charges for services attributed to the increase. The following schedule compares the revenues and expenditure for the current and previous year.

	<u>Year Ended</u> <u>June 30, 2022</u>	<u>Year Ended</u> <u>June 30, 2021</u>	<u>Change</u>
Program revenues			
Charges for services	\$ 321,398	\$ 260,214	\$ 61,184
Contributions/grants	113,661	94,048	19,613
General revenues			
Property taxes	1,375,535	1,390,142	(14,607)
Investment earnings	4,747	7,012	(2,265)
Intergovernmental revenue	30,000	30,000	-
General use grants	9,000	18,400	(9,400)
Other income, net of loss	(5,488)	6,269	(11,757)
Total revenues	<u>1,848,853</u>	<u>1,806,085</u>	<u>42,768</u>
Expenses			
Recreation services	1,469,441	1,221,974	247,467
Interest on long-term debt	<u>76,770</u>	<u>100,308</u>	<u>(23,538)</u>
Total expenses	<u>1,546,211</u>	<u>1,322,282</u>	<u>223,929</u>
Changes in net position	302,642	483,803	(181,161)
Net position - beginning of year	<u>2,437,379</u>	<u>1,953,576</u>	<u>483,803</u>
Net position - end of year	\$ <u>2,740,021</u>	\$ <u>2,437,379</u>	\$ <u>302,642</u>

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements.

As of June 30, 2022, the General Fund reported an ending fund balance of \$119,190, and the Debt Service Fund reported \$35,943, all of which is restricted for debt service. The maintenance reserve fund received a transfer in from the general fund of \$5,000 which was restricted for future capital maintenance. Management and the board assigned \$24,991 for fiscal year 2022-23 spending during the local budget process. \$72,655 constitutes general fund unassigned ending fund balance, which is available for spending at the District's discretion.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**

**Management's Discussion & Analysis**

**Year ended June 30, 2022**

**BUDGETARY HIGHLIGHTS**

There were three revisions made to the fiscal year 2021-2022 general fund budget after adoption. Additions to programming, a reduction to administration, and an increase in capital outlay to fund capital asset additions.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

The District's investment in capital assets includes the aquatic center building, land, equipment and software. During the year the District's net investment in capital assets increased by \$495,841, depreciation expense charged to the recreation program was offset by investments in equipment and building improvements. Additional information on capital assets is included in Note 3 to the financial statements.

At June 30, 2022, the District reported \$2,442,472 in long-term liabilities, consisting of \$2,238,534 bonded debt for the construction of the aquatic facility and \$203,938 note payable for building upgrades and operation costs. The balance of the bonded debt includes \$108,534 related to bond premium costs, which are reported net of accumulated amortization. During the year, management obtained short-term financing in anticipation of property tax collections in the amount of \$200,000, which matures on November 30, 2022. The prior year tax anticipation note was paid in full in December 2021. Additional information on the District's debt is included in Note 4 to the financial statements.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The District expects continued improvement of financial stability after the affects of the pandemic related closures in the prior year. The budget priorities are retaining existing staff and hiring additional employees for new program development. The District will continue to pursue grants and donations to supplement the programs of the District.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview to those parties interested in Madras Aquatic Center Recreation District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Executive Director, Madras Aquatic Center Recreation District, 1195 SE Kemper Way, Madras, Oregon 97741.

## **BASIC FINANCIAL STATEMENTS**

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Statement of Net Position**

	June 30,	
	2022	2021
<b>ASSETS</b>		
Cash and investments	\$ 393,412	\$ 623,623
Property taxes receivable	58,568	62,401
Accounts receivable	138,539	2,935
Inventory	7,222	14,713
Prepaid expenses	14,322	12,934
Capital assets		
Land	550,444	550,444
Depreciable capital assets, net	4,433,403	4,622,545
TOTAL ASSETS	5,595,910	5,889,595
<b>LIABILITIES</b>		
Accounts payable	14,418	16,567
Payroll liabilities	33,270	23,673
Credit card liability	2,709	12,391
Accrued interest payable	11,231	13,353
Accrued compensated absences	14,838	11,830
Unearned revenue	136,951	46,947
Short term note payable	200,000	200,000
Noncurrent liabilities due within one year		
Building improvement debt	29,852	28,805
Bond payable	660,000	620,000
Noncurrent liabilities due within more than one year		
Building improvement debt	174,086	203,938
Bond premium, net	108,534	144,712
Bond payable	1,470,000	2,130,000
TOTAL LIABILITIES	2,855,889	3,452,216
<b>NET POSITION</b>		
Net investment in capital assets	2,541,375	2,045,534
Restricted for:		
Oregon Community Foundation grant	-	88,826
Debt service	35,943	89,460
Capital maintenance	9,000	
Unrestricted	153,703	213,559
TOTAL NET POSITION	\$ 2,740,021	\$ 2,437,379

The footnotes are an integral part of the financial statements

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Statement of Activities**  
**Year ended June 30, 2022 and summarized information for June 30, 2021**

Functions/Program	Expenses	Program Revenues		Net (Expense) Revenue and Revenue and Changes in Net Position Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2022	2021
Governmental Activities:					
Recreation services	\$ 1,469,441	\$ 321,398	\$ 113,661	\$ (1,034,382)	\$ (867,712)
Interest on long-term debt	76,770	-	-	(76,770)	(100,308)
	\$ 1,546,211	\$ 321,398	\$ 113,661	\$ (1,111,152)	\$ (968,020)
General Revenues:					
Property taxes levied for general purposes				708,670	690,770
Property taxes levied for debt service				666,865	699,372
Earnings on investments				4,747	7,012
Intergovernmental revenue				30,000	30,000
General use grants				9,000	18,400
Miscellaneous income				7,447	10,148
Loss on disposal of capital assets				(12,935)	(3,879)
				1,413,794	1,451,823
Increase in net position				302,642	483,803
Net position - beginning				2,437,379	1,953,576
Net position - ending				\$ 2,740,021	\$ 2,437,379

The footnotes are an integral part of the financial statements

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Balance Sheet – Governmental Funds**

				June 30,	
	General	Debt Service	Maintenance Reserve	2022	2021
	(As Restated)				
<b>ASSETS</b>					
Cash and investments	\$ 356,868	\$ 31,544	\$ 5,000	\$ 393,412	\$ 623,623
Property taxes receivable	29,438	29,130	-	58,568	62,401
Receivables	138,539	-	-	138,539	2,935
Inventory	7,222	-	-	7,222	14,713
Prepaid items	14,322	-	-	14,322	12,933
Total assets	\$ 546,389	\$ 60,674	\$ 5,000	\$ 612,063	\$ 716,605
<b>LIABILITIES</b>					
Accounts payable	14,418	-	-	\$ 14,418	16,567
Payroll liabilities	48,108	-	-	48,108	35,503
Credit card liability	2,709	-	-	2,709	12,391
Short term note payable	200,000	-	-	200,000	200,000
Patron account credits	6,791	-	-	6,791	5,165
Gift certificates	-	-	-	-	356
Total liabilities	272,026	-	-	272,026	269,982
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unearned revenue	130,163	-	-	130,163	41,426
Unavailable property tax revenue	25,010	24,731	-	49,741	50,757
Total deferred inflows of resources	\$ 155,173	\$ 24,731	\$ -	179,904	\$ 92,183
<b>FUND BALANCE</b>					
Nonspendable					
Prepaid expenditures	14,322	-	-	14,322	12,933
Inventory	7,222	-	-	7,222	14,713
Restricted					
OCF grant	-	-	-	-	88,826
Debt service	-	35,943	-	35,943	89,460
Capital maintenance	-	-	5,000	5,000	-
Assigned for budgeted appropriations	24,991	-	-	24,991	167,275
Unassigned	72,655	-	-	72,655	(18,767)
Total fund balance	119,190	35,943	5,000	160,133	354,440
Total liabilities, deferred inflows of resources and fund balances	\$ 546,389	\$ 60,674	\$ 5,000	\$ 612,063	\$ 716,605

The footnotes are an integral part of the financial statements



**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position**

**June 30, 2022**

Fund balance of governmental funds.	\$	160,133
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	10,399,713	
Accumulated depreciation	<u>(5,415,866)</u>	4,983,847
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(2,442,472)
Accrued interest on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(11,231)
A portion of the District's revenues are collected after year-end, but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds		<u>49,744</u>
Net position of governmental activities	<u>\$</u>	<u>2,740,021</u>

The footnotes are an integral part of the financial statements

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Governmental Fund Balances**

	General	Debt Service	Maintenance Reserve	June 30,	
				2022	2021
Revenues					(As Restated)
Property taxes	\$ 708,730	\$ 667,820	\$ -	\$ 1,376,550	\$ 1,396,108
Charges for services	321,398	-	-	321,398	82,504
Intergovernmental	30,000	-	-	30,000	30,000
Grants and donations	122,661	-	-	122,661	286,561
Other income	7,447	-	-	7,447	13,746
Investment earnings	2,139	2,607	-	4,746	7,012
	<u>1,192,375</u>	<u>670,427</u>	<u>-</u>	<u>1,862,802</u>	<u>1,815,931</u>
Total revenues					
Expenditures					
Current					
Recreation	1,079,055	-	-	1,079,055	830,295
Capital outlay	214,179	-	-	214,179	71,793
Debt service					
Principal	28,805	620,000	-	648,805	597,795
Interest	11,126	103,944	-	115,070	138,886
	<u>1,333,165</u>	<u>723,944</u>	<u>-</u>	<u>2,057,109</u>	<u>1,638,769</u>
Total expenditures					
Excess (deficiency) of revenues over (under) expenditures	<u>(140,790)</u>	<u>(53,517)</u>	<u>-</u>	<u>(194,307)</u>	<u>177,162</u>
Other financing sources (uses)					
Transfers	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>(145,790)</u>	<u>(53,517)</u>	<u>5,000</u>	<u>(194,307)</u>	<u>177,162</u>
Fund balances - beginning of year	<u>264,980</u>	<u>89,460</u>	<u>-</u>	<u>354,440</u>	<u>177,278</u>
Fund balances - end of year	<u>\$ 119,190</u>	<u>\$ 35,943</u>	<u>\$ 5,000</u>	<u>\$ 160,133</u>	<u>\$ 354,440</u>

The footnotes are an integral part of the financial statements

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Governmental Fund Balances to the Statement of Activities**

**June 30, 2022**

Net change in fund balance - total governmental funds		\$ (194,307)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied		
	(1,013)	
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Activities, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceed proceeds.		
Debt principal repaid	648,804	
Governmental funds report the effect of issuance costs, premiums and discounts when debt is issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences.		
Amortization of bond premium	36,178	
In Statement of Activities, interest is accrued on long-term debt, whereas in the government funds it is recorded as an expense when due.		
	2,122	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Asset disposals are reported as gain or loss on disposal of assets.	\$ (12,935)	
Capital asset acquisition	214,179	
Current year depreciation	(390,386)	(189,142)
	<hr style="width: 100%;"/>	<hr style="width: 100%;"/>
Change in net position of governmental activities		<u>\$ 302,642</u>

The footnotes are an integral part of the financial statements

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

Madras Aquatic Center Recreation District (the District) was formed in November 2004, under the provisions of Oregon Revised Statutes Chapter 266. The District was formed to construct and operate an aquatic facility in Madras, Oregon. Under the criteria of Governmental Accounting Standards Board (GASB) Statement No. 14, the reporting entity consist of the primary government.

The District is governed by an independently elected board of directors and is legally separate from all other entities. It is also financially independent of other state and local governmental units. It has the power to levy taxes, is responsible for its debts and is entitled to any surplus. The District is not a component unit of another entity.

The financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The GASB is the accepted standard-setting body for establishing governmental accounting and financial principles. The significant policies of the District are described below.

**Basis of Presentation**

*Government-Wide Financial Statements*

The government-wide financial statements include the statement of net position and the statement of activities and display information on all the activities of the District. The District has no business activities or fiduciary funds.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues, including property taxes, other income and interest earnings.

Net position is reported as restricted when constraints placed on its use are either externally restricted, imposed by creditors (such as grantors, or laws) or through enabling legislation.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the time of the related cash flows.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

*Fund Financial Statements*

Government fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Measurable is when the amount of the transaction can be determined. Available means collectable within sixty days of the current period. The revenues susceptible to accrual include property taxes, interest revenue and charges for services. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred if expected to be liquidated with available current resources.

The District reports the following major governmental funds:

The General Fund is the District’s primary operating fund. The fund accounts for all financial resources of the District, except those required to be account for in another fund. Principal revenue sources are property taxes, charges for services and local support.

The Debt Service Fund provided for the payment of principal and interest on bonds and note payable. Principal resources are property taxes and interest.

The Maintenance Reserve Fund is primarily for future maintenance projects on capital assets owned and maintained by the District. Resources are comprised of transfers from the general fund.

**Budgetary Information**

Annual budgets, as required by state statutes, are adopted on the modified accrual basis of accounting for all governmental funds. The budget is prepared by fund, function and activity. The budget document includes actual information on the past two years, current year budget information, as well as requested appropriation and estimated revenues for the ensuing fiscal year.

The proposed budget is presented by the budget officer to the budget committee. Public meetings are held by the budget committee. The budget committee may make changes to the original document. The budget committee approves the budget document to be submitted to the governing body of the District. Once the budget document is received by the governing body, they hold a public hearing on a date as published. After the public hearing, the governing body gives consideration to matters discussed and makes amendments to the budget document prior to adoption. However, state statues do not allow the governing body to increase estimated expenditures for each fund by more than ten percent. The amount of the total ad valorem taxes to be certified by the county for levy for all funds shall not exceed the amount presented by the budget committee unless the budget document is republished and another public hearing is held.

The governing body is then required by state statutes to adopt the budget, make appropriations, and certify the levy of ad valorem taxes for each fund. Except for the allowance of appropriation transfers, expenditures cannot exceed appropriations. The level of control for appropriations is exercised at the program level. The program level consists of instruction, support services and operating contingency. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriations ordinance. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the governing body. All appropriations lapse at the end of the District’s fiscal year.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Cash and Investments**

For financial reporting purposes, the District considers all highly liquid investments with original maturities of 90 days or less to be cash equivalents. Oregon Revised Statutes authorized the District to invest in obligations of the U.S. Treasury and Agencies, time certificates of deposit, bankers’ acceptances, repurchase agreements, and the State of Oregon Local Government Investment Pool.

**Prepaid Expenses and Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the governmental fund statements and the government-wide statements.

**Inventory**

Inventory is valued at cost using the first-in/first-out (FIFO) method. The cost of inventory is recorded as expenditures when consumed rather than when purchased.

**Property Taxes**

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15 and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. An allowance for doubtful accounts is not deemed necessary, as uncollectible taxes become a lien on the property.

In the government wide statements, all property tax receivables are recognized as revenue. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable is due from property owners within the District.

**Capital Assets**

In the government-wide statements, capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair value on the date donated. The District defines capital assets as assets with an initial cost of more than \$500 and an estimated useful life extending beyond one year. Interest and other costs incurred during construction are capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

Equipment	5-15 years
Building and Improvements	10-30 years

In the governmental fund statements, capital assets are expended as incurred as capital outlay.

**Long-term Obligations**

In the government-wide financial statements, long-term debts are reported as liabilities in the governmental activities statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

In the fund financial statements, long-term debt is recognized as a liability of a governmental fund when due. For other long-term obligations only the portion to be financed from expendable, available financial resources are reported as a fund liability of a governmental fund.

**Equity Classification**

In government-wide financial statements, equity is classified and displayed in three components:

Net investment in capital assets – Consists of capital assets, net of accumulated depreciation and is reduced by the outstanding balance of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted net position – Consists of net assets with constraints placed on the use either by external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or law through constitutional provisions or enabling legislation.

Unrestricted net position – All other net assets that do not meet the definition of “restricted” or “net investment in capital assets.”

In the fund financial statements, the District reports fund balance in accordance with *GASB No 54, Fund Balance Reporting and Governmental Fund Type Definitions*. As a result, in the fund financial statements governmental funds are categorized by the nature of the resources within the fund. The District reports fund balance using the following categories:

1. Nonspendable, such as fund balance associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed or assigned).
2. Restricted fund balance category includes amounts that can be spent only for specific purposes stipulated by constitution, external resource providers or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District’s governing board (the District’s highest level of decision-making authority).
4. Assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

The District reduces restricted amounts first when expenditures are incurred for purposes for which both restricted and unrestricted (committed, assigned or unassigned) amounts are available. The District reduces committed amounts first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Unearned Revenue**

The District receives grants for various program objectives. Restricted grants are considered to be earned only when spent for the purposes designated by the grantor. Amounts received prior to being expended are reported as unearned revenue.

**Accrued Compensated Absences**

Regular full-time employees are permitted to accrue vacation time using a schedule based on years of service. Unused vacation time vests. The District reports a liability for accrued vacation time as a payroll related liability in the government wide and fund financial statements based on the hours accrued multiplied by the individual employee pay rates at year end.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**NOTE 2 – CASH AND INVESTMENTS**

At June 30, 2022 the District held cash of \$314,056 with a bank balance of \$314,056. Oregon Revised Statute Chapter 295 requires that bank depositories pledge collateral against any public fund deposits in excess of deposit insurance amounts. This provides additional protection for public funds in the event of a bank loss. The Office of the State Treasurer maintains a list of financial institutions in which deposits in excess of deposit insurance limits can be held. As of June 30, 2022 the District’s cash balances exceeded amounts insured by the FDIC by \$64,056.

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits may not be returned to it. State statutes require that all bank deposits in excess of the FDIC or FSLIC insurance amounts be collateralized through the Oregon State Treasurer’s Public Funds Collateralization Program. This program provides a structure for specified depositories to participate in a shared liability collateral pool.

Securities pledged by individual institutions may range from 10% to 110% of public fund deposits depending on the financial institution’s level of capitalization as determined by its federal regulatory authority. The aggregate Oregon public funds collateral pledged by banks for the quarter ended June 30, 2022, was \$2,280,145,984 for reported uninsured public funds of \$3,459,521,324. The custodian, Federal Home Loan Bank, is the agent for the depository bank. The securities pledged are designated as subject to the Pledge Agreement between the depository bank, custodian bank and Office of the State Treasurer (OST) and are held for the benefit of OST on behalf of the public depositors. The District’s funds were held by financial institutions that participated in the State Treasurer’s program and were in compliance with statutory requirements.



**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 2 – CASH AND INVESTMENTS (continued)**

The District’s cash at June 30, 2022, consisted of the following:

Demand deposits	\$ 300,531
Investment - Country Treasurer Investment Pool	<u>92,881</u>
	<u>\$ 393,412</u>

The District participates in the Jefferson County Treasurer’s external investment pool, a non-SEC regulated, open-ended, no-load diversified portfolio created under Oregon Revised Statutes Chapter 294. The fund is not registered with the U.S. Securities and Exchange Commission as an investment company. The County’s investment policies follow investment guidance of Oregon Revised Statutes (ORS 294.035 through 294.046) and more specifically provides that the Jefferson County Investment Pool shall be limited to:

- a. Legally issued obligations of the United States, the agencies and Instruments of the United States or enterprises sponsored by the United States’ government.
- b. Time deposit open accounts, certificates of deposit and savings accounts in banks, mutual savings banks and savings and loan associations which maintain a head office or branch in Oregon.
- c. Governmental Repurchase Agreements, fully collateralized, not to exceed 30 days.
- d. Bankers’ Acceptance that are guaranteed by an Oregon financial institution.
- e. LGIP.

Investments held by the County Treasurer at June 30, 2022 were in compliance with investment guidelines. There were no restrictions on cash or investments at June 30, 2022.

The Treasurer has calculated the fair market value of the underlying investments of the pool, which approximates the carrying value. The portfolio’s maturities are regulated by state statute and the County’s investment policy.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 3 – CAPITAL ASSETS**

Changes in the District’s capital assets for the year ended June 30, 2022, were as follows:

	Balance July 01, 2021	Additions	Dispositions	Balance June 30, 2022
Capital assets not subject to depreciation				
Land	\$ 550,444	\$ -	\$ -	\$ 550,444
Capital assets subject to depreciation				
Building	6,721,460	-	-	6,721,460
Building improvements	2,724,895	44,697	(4,615)	2,764,977
Equipment	239,405	169,482	(63,155)	345,732
Software	26,964	-	(9,864)	17,100
Total depreciable capital assets	<u>9,712,724</u>	<u>214,179</u>	<u>(77,634)</u>	<u>9,849,269</u>
Less accumulated depreciation	<u>(5,090,179)</u>	<u>(390,386)</u>	<u>64,699</u>	<u>(5,415,866)</u>
Total capital assets, net of depreciation	<u>\$ 5,172,989</u>	<u>\$ (176,207)</u>	<u>\$ (12,935)</u>	<u>\$ 4,983,847</u>

For the year ended June 30, 2022, depreciation expense of \$390,386 was directly charged to recreation services.

**NOTE 4 – LONG-TERM DEBT**

The District’s debt activity for the year is as follows:

	Balance July 01, 2021	Reductions	Debt Issued	Balance June 30, 2022	Due Within One Year	Interest Payments
General obligation bond	\$ 2,750,000	\$ 620,000	\$ -	\$ 2,130,000	\$ 660,000	\$ 84,700
Bond premium	144,712	36,178	-	108,534	-	-
Note payable	232,743	28,805	-	203,938	29,852	7,079
Tax anticipation note	<u>200,000</u>	<u>(200,000)</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>3,000</u>
	<u>\$ 3,327,455</u>	<u>\$ 484,983</u>	<u>\$ 200,000</u>	<u>\$ 2,642,472</u>	<u>\$ 889,852</u>	<u>\$ 94,779</u>

**General Obligation Bond Payable**

General obligation bonds totaling \$5,700,000 were issued during 2016, as a refinance of existing bonds previously issued for the construction of the aquatic facility. The bonds mature serially through June 2025. Interest is payable semi-annually on June 1 and December 1, at rates between 2.5% and 4%.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 4 – LONG TERM DEBT (continued)**

Future maturities of the general obligation bonded debt are as follows:

<u>Year Ending June 30,</u>	<u>Bond Principal</u>	<u>Bond Interest</u>
2023	\$ 660,000	\$ 84,700
2024	710,000	58,800
2025	<u>760,000</u>	<u>30,400</u>
	<u>\$ 2,130,000</u>	<u>\$ 173,900</u>

**Government Obligation Contract for Energy Efficient Upgrades and Improvements**

A government obligation contract was entered into during the year ended June 30, 2017, with KS State Bank, in the amount of \$400,000. The loan was used to facilitate building upgrades along with other building improvements related to energy efficiency. The debt matures in July 2028 with interest and principal payable semi-annually on July 1 and January 1 of each year. The rate on the loan is 3.53%. Prepayment penalties may be imposed.

In the event of default, defined as insolvency or failure to make a scheduled payment within 15 days of the due date, the contract includes the following remedies:

- Return of the financed equipment in the condition required by the contract
- Acceleration of the contract term to be paid in full immediately
- Increase in the interest rate to the highest rate allowed by law

Future maturities of the long-term note are as follows:

<u>Year Ending June 30,</u>	<u>Note Principal</u>	<u>Note Interest</u>
2023	\$ 29,852	\$ 7,079
2024	30,936	5,994
2025	32,061	4,870
2026	33,226	3,705
2026-2029	<u>77,863</u>	<u>3,882</u>
	<u>\$ 203,938</u>	<u>\$ 25,530</u>

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 5 – PROPERTY TAX LIMITATIONS**

The District is currently subject to constitutional property tax limitation provisions that specify a maximum allowable tax of \$5 for public schools and \$10 for other local government entities for each \$1,000 assessed value of property. The limitation does not include taxes to repay bonded debt or certain special assessments.

Under the constitutional limitation, the maximum taxable assessed value of property for 1997-98 was reduced to 90% of each property’s assessed value for the 1995-96 year. Increases to the assessed value are limited to 3% per year, with exceptions for new property and certain improvements. For the 1997-98 tax year, the total of most taxing district operating levies in the state were reduced by approximately 17%.

For subsequent years, the tax rates for each taxing district are permanently fixed based on the 1997-98 levy. Voters of a local taxing district may approve special levies limited to five years exceeding this limitation. Elections related to tax levies or bond measures require 50% of the registered voters to cast ballots to be valid except in May and November elections.

**NOTE 6 – TAX ABATEMENTS**

The District is subject to limitations on its ability to raise resources where Jefferson County has entered into agreements with certain businesses to abate property taxes in exchange for development within the region. All such abatement programs are authorized by Oregon Revised Statutes or by local resolution or ordinance. For the year ended June 30, 2021, the District’s revenues were estimated to be reduced by the following amounts for each program:

Program	Estimated tax Exempted/Abated to District
Rural Renewable Energy Development Zone	\$ 31,190
Enterprise Zone	21,370
	\$ 52,560

**NOTE 7 – RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft or damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District purchased commercial insurance for general liability and fidelity bonding. Settled claims have not exceeded coverage in the prior three years.

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Notes to the Financial Statements**  
**June 30, 2022 with Summarized Comparative Information for 2021**  
**(Audited – See accompanying independent auditors’ report)**

**NOTE 8 – DEFERRED COMPENSATION AND DEFINED CONTRIBUTION PLAN**

The District offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan is available to all District employees over 21 years of age upon hire, with the District providing up to a 5% match, permitting them to defer a portion of their salary until future years.

Total employer contributions incurred for the year ended June 30, 2022 were \$9,030. Employee contributions in the amount of \$8,963 were withheld and remitted to the plan during the year.

The assets for the plan are held in trust for the exclusive benefit of the Plan participants and their beneficiaries. The plan is administered by AIG. The assets will not be diverted for any other purpose. The District has no administrative involvement and does not perform the investing functions for the plan.

**NOTE 9 – ERROR CORRECTION IN PRIOR YEAR FINANCIAL STATEMENTS**

During the current year, management determined the short-term tax anticipation note financing (TAN) met the requirements for reporting as short-term debt in the general fund statements because it was scheduled to be paid in one lump sum within 12 months of inception. Upon review of the prior year agreement, it was determined the note should also have been reported as an obligation in the general fund. In the prior year, the TAN was reported as a short-term obligation in the statement of net position only. The impact of this correction was to increase liabilities in the general fund in the prior year and reduce beginning net position by \$200,000, due to the timing of the resource and expenditure reported previously in the statement revenues, expenditures and changes in fund balance.

**NOTE 10 – SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION**

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – General Fund**  
**Year ended June 30, 2022**

	Original Budgeted Amounts	Final Budgeted Amounts	Variance Over (Under) Budget	Actuals		GAAP Basis
				Budget Basis	Adjustments	
<b>Revenues</b>						
Property taxes	\$ 711,640	\$ 711,640	\$ (2,910)	\$ 708,730	\$ -	\$ 708,730
Intergovernmental revenue	30,000	30,000	-	30,000	-	30,000
Charges for services	416,848	416,848	(95,450)	321,398	-	321,398
Grants and donations	51,800	151,800	(29,139)	122,661	-	122,661
Investment earnings	-	-	2,139	2,139	-	2,139
Other income	-	-	7,447	7,447	-	7,447
Total revenues	<u>1,210,288</u>	<u>1,310,288</u>	<u>(117,913)</u>	<u>1,192,375</u>	<u>-</u>	<u>1,192,375</u>
<b>Expenditures</b>						
Aquatics and recreation programs	483,387	505,212	208,102	713,314	(365,741)	1,079,055
Facility services	316,524	294,524	(67,363)	227,161	227,161	-
Administrative / board of directors	439,701	432,701	(294,121)	138,580	138,580	-
Capital outlay	50,000	242,000	(27,821)	214,179	-	214,179
Debt service	242,931	242,931	(3,000)	239,931	239,931	-
Principal	-	-	-	-	(28,805)	28,805
Interest	-	-	-	-	(11,126)	11,126
Contingency	30,000	30,000	(30,000)	-	-	-
Total expenditures	<u>1,562,543</u>	<u>1,747,368</u>	<u>(214,203)</u>	<u>1,533,165</u>	<u>200,000</u>	<u>1,333,165</u>
Excess of revenues under expenditures	<u>(352,255)</u>	<u>(437,080)</u>	<u>96,290</u>	<u>(340,790)</u>	<u>(200,000)</u>	<u>(140,790)</u>
<b>Other financing sources</b>						
Transfers out	(5,000)	(5,000)	-	(5,000)	-	(5,000)
Proceeds from short term borrowing	190,000	190,000	10,000	200,000	200,000	-
	<u>185,000</u>	<u>185,000</u>	<u>10,000</u>	<u>195,000</u>	<u>200,000</u>	<u>(5,000)</u>
Net change in fund balance	(167,255)	(252,080)	106,290	(145,790)	-	(145,790)
Fund balance - Beginning of year	<u>447,398</u>	<u>536,223</u>	<u>(271,243)</u>	<u>264,980</u>	<u>-</u>	<u>264,980</u>
Fund balance - End of year	<u>\$ 280,143</u>	<u>\$ 284,143</u>	<u>\$ (164,953)</u>	<u>\$ 119,190</u>	<u>\$ -</u>	<u>\$ 119,190</u>

Note: the Tax Anticipation Note was reported, for GAAP purposes, as a short-term obligation of the general fund. Budgeted resources and expenditures, therefore are not reported in the actual column of this schedule.

**OTHER SUPPLEMENTARY INFORMATION**



**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – Debt Service Fund**  
**(Unaudited)**  
**Year ended June 30, 2022**

	<b>Original and Final Budget</b>	<b>Variance Over (Under) Budget</b>	<b>Actuals</b>		
			<b>Budgetary Basis</b>	<b>Adjustments</b>	
				<b>GAAP Basis</b>	
<b>Revenues</b>					
Property taxes	\$ 735,890	\$ (68,070)	\$ 667,820	\$ -	\$ 667,820
Interest on investments	<u>2,000</u>	<u>607</u>	<u>2,607</u>	<u>-</u>	<u>2,607</u>
Total revenues	<u>737,890</u>	<u>(67,463)</u>	<u>670,427</u>	<u>-</u>	<u>670,427</u>
<b>Expenditures</b>					
Debt service	723,950	(6)	723,944	723,944	-
Principal	-	-	-	(620,000)	620,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,944)</u>	<u>103,944</u>
Total expenditures	<u>723,950</u>	<u>(6)</u>	<u>723,944</u>	<u>-</u>	<u>723,944</u>
Net change in fund balance	13,940	(67,457)	(53,517)	-	(53,517)
Fund balance - Beginning of year	<u>80,890</u>	<u>8,570</u>	<u>89,460</u>	<u>-</u>	<u>89,460</u>
Fund balance - End of year	<u>\$ 94,830</u>	<u>\$ (58,887)</u>	<u>\$ 35,943</u>	<u>\$ -</u>	<u>\$ 35,943</u>

**MADRAS AQUATIC CENTER RECREATION DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual – Maintenance Reserve Fund**  
**(Unaudited)**  
**Year ended June 30, 2022**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Over (Under) Budget</u>
Other financing sources			
Interfund transfer in	\$ 5,000	\$ 5,000	\$ -
Net change in fund balance	5,000	5,000	
Fund balance - Beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - End of year	<u>\$ 5,000</u>	<u>\$ 5,000</u>	<u>\$ -</u>

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

**INDEPENDENT AUDITORS' REPORT  
REQUIRED BY OREGON STATE REGULATIONS**

Board of Directors  
Madras Aquatic Center Recreation District  
Madras, Oregon

We have audited the financial statements of the governmental activities and each major fund of Madras Aquatic Center Recreation District (the District), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 7, 2022. 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 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 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.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

In connection with our testing nothing came to our attention that caused us to believe the District 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 of the financial statements for the governmental activities and each major fund, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

*Brenda Bartlett*

Brenda Bartlett, CPA  
Sensiba San Filippo, LLP  
Bend, Oregon

December 7, 2022