

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

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2021

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

TABLE OF CONTENTS

JUNE 30, 2021

	<u>Page</u>
DISTRICT OFFICIALS	
INDEPENDENT AUDITORS' REPORT	1-3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4-8
BASIC FINANCIAL STATEMENTS	
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 of Government Funds to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to Statement of Activities	14
Notes to Financial Statements.....	15-24
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	25
OTHER SUPPLEMENTARY INFORMATION	
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
AUDIT COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	28-29

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

DISTRICT OFFICIALS

JUNE 30, 2021

Chair

Taylor Lark
Madras, Oregon

Vice Chair

Lindsay Foster-Drago
Madras, OR

Secretary

Jinnell Lewis
Madras, Oregon

Directors

Martti Rahi
Madras, Oregon

Deanna Seibold
Madras, Oregon

Registered Agent and Office

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



Board of Directors
Madras Aquatic Center Recreation District
Madras, Oregon

INDEPENDENT AUDITORS' REPORT

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, 2021, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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, 2021, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require the Management's Discussion and Analysis to supplement the basic financial statements. Such information, although not a part of the basic financial statements is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the 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 not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information for this fund has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements. The other supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Prior Year Comparative Information

We previously audited the District's 2020 financial statements and in our report dated December 2, 2020, we opined the statements were presented fairly in all material respects. We are not aware of any 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 “Audit Comments and Disclosure Required by State Regulations” dated October 28, 2021, 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

Brenda Bartlett, CPA
SGA Certified Public Accountants and Consultants, LLP

October 28, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets of the District exceeded its liabilities at June 30, 2021 by \$2,437,379, an increase of \$483,803 from the prior year.
- Management restated its June 30, 2020 for the impact of an error in estimating unearned punch card revenue.
- As of June 30, 2021, the District's General Fund reported an ending fund balance of \$464,980 of which \$181,233 is unassigned and available for spending at the District's discretion.
- The District's total bonded debt decreased by \$606,177 during the 2020-2021 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 9-10 of this report.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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 two 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 and debt service 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 11 and 13 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
(Madras, Oregon)**

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

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 \$2,437,379, at the close of the most recent fiscal year.

	Governmental Activities		
	June 30, 2021	June 30, 2020 (As restated)	Change
Current and other assets	\$ 716,606	\$ 524,811	\$ 191,795
Capital assets, net	5,172,989	5,496,755	(323,766)
Total Assets	5,889,595	6,021,566	(131,971)
Current liabilities	973,566	863,384	110,182
Long-term liabilities	2,478,650	3,204,607	(725,957)
Total Liabilities	3,452,216	4,067,991	(615,774)
Net investment in capital assets	2,045,534	1,735,328	310,206
Restricted	178,286	79,349	98,937
Unrestricted	213,559	138,899	74,660
Total Net Position	\$ 2,437,379	\$ 1,953,576	\$ 483,803

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 \$310,206 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 \$89,460 is restricted for debt service and net position of \$118,500 is restricted for the receipt of a grant awarded by the Oregon Community Fund which was not spent on the restricted purpose as of year end. Unrestricted net position was \$183,885, an increase of \$44,986 from the prior year. The increase is generally attributable to increases in property tax collections.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

Governmental Activities. During the current fiscal year, net position increased by \$483,803 from the prior fiscal year. Increases in property tax revenue, decreases in spending, and receipt of COVID and OCF grants attributed to the increase. The following schedule compares the revenues and expenditure for the current and previous year.

	<u>Year Ended June 30, 2021</u>	<u>Year Ended June 30, 2020</u> (As restated)	<u>Change</u>
Program revenues			
Charges for services	\$ 124,048	\$ 371,006	\$ (246,958)
Contributions/grants	260,214	460	259,754
General revenues			
Property taxes	1,390,142	1,242,002	148,140
Investment earnings	7,012	10,093	(3,081)
General use grants	18,400		18,400
Other income, net of loss	<u>6,270</u>	<u>20,223</u>	<u>(13,953)</u>
Total revenues	<u>1,806,086</u>	<u>1,643,784</u>	<u>162,302</u>
Expenses			
Recreation services	1,221,974	1,233,199	(11,225)
Interest on long-term debt	<u>100,309</u>	<u>125,982</u>	<u>(25,673)</u>
Total expenses	<u>1,322,283</u>	<u>1,359,181</u>	<u>(36,898)</u>
Changes in net position	<u>483,803</u>	<u>284,603</u>	<u>199,200</u>
Net position - beginning of year	<u>1,953,576</u>	<u>1,668,973</u>	<u>284,603</u>
Net position - end of year	<u>\$ 2,437,379</u>	<u>\$ 1,953,576</u>	<u>\$ 483,803</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, 2021, the General Fund reported ending fund balance of \$464,980, \$88,826 of which is restricted for receipt of a restricted grant from Oregon Community Fund, and the Debt Service Fund reported \$89,460, all of which is restricted for debt service. The maintenance reserve fund received a transfer in from the general fund to fund its prior year deficit fund balance of \$43,557. Of the remaining fund balance, \$167,275 was appropriated for spending in fiscal year end June 30, 2022 via the budget process. \$181,233 constitutes general fund unassigned ending fund balance, which is available for spending at the District's discretion.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

YEAR ENDED JUNE 30, 2021

BUDGETARY HIGHLIGHTS

There were three revisions made to the fiscal year 2020-2021 budget after adoption. Reductions in charges for services and increases in grants received, with related increases in spending of the grant funds, were provided for in supplemental budgets prepared during the fiscal year.

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 decreased by \$323,766, 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, 2021, the District reported \$3,127,455 in long-term liabilities, consisting of \$2,897,712 bonded debt for the construction of the aquatic facility and \$232,743 note payable for building upgrades and operation costs. The balance of the bonded debt includes \$144,712 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, 2021. The prior year tax anticipation note was paid in full in December 2020. Additional information on the District's debt is included in Note 5 to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor affecting the FY2021-22 budget is the continuing impact of COVID-19 and unplanned closures. As a result of orders from the Governor for indoor aquatics facilities to cease operating and/or limit program offerings and capacity, earned revenues will be significantly reduced. These impacts are anticipated to be prodigious, as the MACRD's business model relies on participation in recreation activities that have largely been limited and/or outright prohibited due to the potential spread of COVID-19. In addition to our earned revenue impacts, business and community partners may also be impacted, resulting in reduced revenues in other areas of our budget, including grants, community partner programs, donations and advertising.

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
(Madras, Oregon)

STATEMENT OF NET POSITION

JUNE 30,

	Total Governmental Activities	
	2021	2020 (As Restated)
ASSETS		
Cash and cash equivalents	\$ 623,623	\$ 308,627
Property taxes receivable	62,401	71,322
Accounts receivable	2,935	125,719
Inventory	14,713	6,553
Prepaid expenses	12,934	12,590
Capital assets		
Land	550,444	550,444
Depreciable capital assets, net	4,622,545	4,946,311
TOTAL ASSETS	5,889,595	6,021,566
LIABILITIES		
Accounts payable	16,567	9,108
Payroll liabilities	23,673	22,329
Credit card liability	12,391	
Accrued interest payable	13,353	15,755
Accrued compensated absences	11,830	13,615
Unearned revenue	46,947	45,757
Short term note payable	200,000	200,000
Noncurrent liabilities due within one year		
Building improvement debt	28,805	26,820
Bond payable	620,000	530,000
Noncurrent liabilities due within more than one year		
Building improvement debt	203,938	233,718
Bond premium, net	144,712	180,889
Bond payable	2,130,000	2,790,000
TOTAL LIABILITIES	3,452,216	4,067,991
NET POSITION		
Net investment in capital assets	2,045,534	1,735,328
Restricted for:		
OCF grant	88,826	
Debt service	89,460	79,349
Unrestricted	213,559	138,899
TOTAL NET POSITION	\$ 2,437,379	\$ 1,953,576

See notes to financial statements.

MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

Functions/Program	Expenses	Program Revenues		Net (Expense) Revenue and Revenue and Changes in Net Position Governmental Activities	
		Charges for Services	Operating Grants and Contributions	2021	(As restated) 2020
Governmental Activities:					
Recreation services	\$ 1,221,974	\$ 124,048	\$ 260,214	\$ (837,712)	\$ (901,374)
Interest on long-term debt	100,309			(100,309)	(125,982)
	1,322,283	124,048	260,214	(938,021)	(1,027,356)
General Revenues:					
Property taxes levied for general purposes				690,770	634,918
Property taxes levied for debt service				699,372	662,307
Earnings on investments				7,012	10,256
General use grants				18,400	
Miscellaneous income				10,150	24,706
Loss on disposal of capital assets				(3,880)	
				1,421,824	1,332,187
Increase in net position				483,803	304,831
Net position - beginning				1,953,576	1,668,973
Correction of an error (footnote 10)					(20,228)
Net position - beginning, as restated					1,648,745
Net position - ending				\$ 2,437,379	\$ 1,953,576

See notes to financial statements.

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

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	General	Debt Service	Maintenance Reserve	Total Government Funds	
				2021	2020 (Restated)
ASSETS					
Cash and investments	\$ 540,287	\$ 83,336	\$	\$ 623,623	\$ 308,626
Property taxes receivable	30,590	31,811		62,401	71,322
Receivables	2,935			2,935	125,719
Inventory	14,713			14,713	6,553
Prepaid items	12,933			12,933	12,590
Due from maintenance reserve fund					43,557
	<u>601,458</u>	<u>115,147</u>	<u>\$</u>	<u>716,605</u>	<u>568,367</u>
LIABILITIES					
Accounts payable	\$ 16,567	\$	\$	\$ 16,567	\$ 9,108
Payroll liabilities	35,503			35,503	35,944
Credit card liability	12,391			12,391	
Patron account credits	5,165			5,165	
Gift certificates	356			356	
Due to general fund					43,557
	<u>69,982</u>			<u>69,982</u>	<u>88,609</u>
DEFERRED INFLOWS OF RESOURCES					
Unearned revenue	41,426			41,426	45,757
Unavailable property tax revenue	25,070	25,687		50,757	56,723
	<u>66,496</u>	<u>25,687</u>		<u>92,183</u>	<u>102,480</u>
FUND BALANCE					
Nonspendable					
Prepaid expenditures	12,933			12,933	12,590
Inventory	14,713			14,713	6,553
Restricted for debt service					
OCF grant	88,826			88,826	
Debt service		89,460		89,460	79,349
Assigned for budgeted appropriations	167,275			167,275	
Unassigned	181,233			181,233	278,786
	<u>464,980</u>	<u>89,460</u>		<u>554,440</u>	<u>377,278</u>
Total fund balance	<u>464,980</u>	<u>89,460</u>		<u>554,440</u>	<u>377,278</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 601,458</u>	<u>\$ 115,147</u>	<u>\$</u>	<u>\$ 716,605</u>	<u>\$ 568,367</u>

See notes to financial statements.

MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION**

JUNE 30, 2021

Fund balance of governmental funds.	\$	554,440
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Capital assets	\$	10,263,168
Accumulated depreciation	<u>(5,090,179)</u>	5,172,989
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.		(3,327,455)
Accrued interest on long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		(13,353)
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>50,758</u>
Net position of governmental activities	<u>\$</u>	<u>2,437,379</u>

See notes to financial statements.

MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2021 AND SUMMARIZED INFORMATION FOR JUNE 30, 2020

	General	Debt Service	Maintenance Reserve	Totals	
				2021	2020 (Restated)
Revenues					
Property taxes	\$ 693,192	\$ 702,916	\$	\$ 1,396,108	\$ 1,297,763
Charges for services	94,048			94,048	199,089
Intergovernmental	30,000			30,000	30,000
Grants and donations	281,131			281,131	144,821
Other income	7,632			7,632	32,615
Investment earnings	3,067	3,945		7,012	10,256
Total revenues	1,109,070	706,861		1,815,931	1,714,544
Expenditures					
Current					
Recreation	830,295			830,295	896,599
Capital outlay	71,793			71,793	10,428
Debt service					
Principal	227,795	570,000		797,795	756,820
Interest	12,136	126,750		138,886	161,272
Total expenditures	1,142,019	696,750		1,838,769	1,825,119
Excess (deficiency) of revenues over (under) expenditures	(32,949)	10,111		(22,838)	(110,575)
Other financing sources (uses)					
Transfers	(43,557)		43,557		
Proceeds from short term financing	200,000			200,000	200,000
Total other financing sources (uses)	156,443		43,557	200,000	200,000
Net changes in fund balances	123,494	10,111	43,557	177,162	89,425
Fund balances - beginning of year	341,486	79,349	(43,557)	377,278	308,081
Correction of an error (footnote 10)					(20,228)
Fund balances - beginning of year, as restated					287,853
Fund balances - end of year	\$ 464,980	\$ 89,460	\$	\$ 554,440	\$ 377,278

See notes to financial statements.

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES**

YEAR ENDED JUNE 30, 2021

Net change in fund balance - total governmental funds		\$ 177,162
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		
	(5,967)	
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.		
Short term debt financing proceeds	\$ (200,000)	
Debt principal repaid	<u>797,795</u>	597,795
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.		
		2,401
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their allocated over their estimated useful lives and reported as depreciation expense. Asset disposals are reported as gain or loss on disposal of assets.		
Loss on disposal of capital asset	(3,879)	
Capital asset acquisition	59,997	
Current year depreciation	<u>(379,884)</u>	<u>(323,766)</u>
Change in net position of governmental activities		<u>\$ 483,803</u>

See notes to financial statements.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 ORS 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 State 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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 capital outlay projects that are capital in nature. Resources include 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 statutes 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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 and
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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenue

The District sells punch cards which is collected up front and may be used for future visits to the facility. The unused visits are recorded 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, 2021 the District held cash of \$139,626 with a bank balance of \$139,816. 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, 2021 the District's cash balances did not exceed amounts insured by the FDIC.

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, 2021, was \$2,367,089,667 for reported uninsured public funds of \$3,780,572,581. 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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 2 – CASH AND INVESTMENTS (continued)

The District’s cash at June 30, 2021, consisted of the following:

Demand deposits	\$ 139,816
Cash on hand	450
Investment - Country Treasurer Investment Pool	<u>483,357</u>
	<u>\$ 623,623</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, 2021 were in compliance with investment guidelines. There were no restrictions on cash or investments at June 30, 2021.

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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 3 – CAPITAL ASSETS

Changes in the District’s capital assets for the year ended June 30, 2021, were as follows:

	Balance July 1, 2020	Additions	Dispositions	Balance June 30, 2021
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	2,696,437	28,458		2,724,895
Equipment	215,191	31,539	(7,325)	239,405
Software	26,964			26,964
Total depreciable capital assets	<u>9,660,052</u>	<u>59,997</u>	<u>(7,325)</u>	<u>9,712,724</u>
Less accumulated depreciation	<u>(4,713,741)</u>	<u>(379,884)</u>	<u>3,446</u>	<u>(5,090,179)</u>
Total capital assets, net of depreciation	<u>\$ 5,496,755</u>	<u>\$ (319,887)</u>	<u>\$ (3,879)</u>	<u>\$ 5,172,989</u>

For the year ended June 30, 2021, depreciation expense of \$379,884 was directly charged to recreation services.

NOTE 4 – NON-CANCELABLE OPERATING LEASES

The District leases a copy machine under a non-cancelable operating lease. Future minimum lease payments for the machine are as follows:

<u>Year Ending June 30,</u>	<u>Lease Payments</u>
2022	\$ 1,620
2023	1,620
2024	540
	<u>\$ 3,780</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 5 – LONG-TERM DEBT

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

	Balance <u>July 1, 2020</u>	Reductions	Debt Issued	Balance <u>June 30, 2021</u>	Due Within One Year	Interest Payments
General obligation bond	\$ 3,320,000	\$ 570,000	\$	\$ 2,750,000	\$ 620,000	\$ 126,750
Bond premium	(180,888)	36,178		(217,066)		
Note payable	260,538	27,795		232,743	28,805	9,136
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>\$ 3,599,650</u>	<u>\$ 433,973</u>	<u>\$ 200,000</u>	<u>\$ 2,965,677</u>	<u>\$ 848,805</u>	<u>\$ 138,886</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%.

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>
2022	\$ 620,000	\$ 103,950
2023	660,000	84,700
2024	710,000	58,800
2025	<u>760,000</u>	<u>30,400</u>
	<u>\$ 2,750,000</u>	<u>\$ 277,850</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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

NOTE 5 – LONG-TERM DEBT - continued

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>
2022	\$ 28,805	\$ 8,126
2023	29,852	7,079
2024	30,936	5,994
2025	32,061	4,870
2026	33,226	3,705
2026-2029	77,863	3,882
	<u>\$ 232,743</u>	<u>\$ 33,656</u>

NOTE 6 – 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 7 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The 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
(Madras, Oregon)**

NOTES TO THE BASIC FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021

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 the salary until future years.

Total employer contributions incurred for the year ended June 30, 2021 were \$8,977. Employee contributions in the amount of \$8,963 were withheld and remitted to the plan during the year. Additionally, the District contributed \$9,038 in payments to employees to catch up for errors discovered in prior years.

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 – CONTINGENCY

During 2021, the District was eligible for federal grant funding under the CARES Act for reimbursement of COVID-related expenditures. Eligible costs must have (1) been necessary due to the public health emergency and (2) been incurred between March 2020 and December 31, 2021. Federal and state grant funding are subject to repayment upon agency audit for any reimbursed expenses deemed ineligible.

NOTE 10 – PRIOR PERIOD ADJUSTMENT

During the current fiscal year, management identified an error in the previously issued financial statements related to unused punch cards. The amount previously reported on June 30, 2020 was \$10,583, and the amount that should have been reported was \$36,757. The total error correction of \$26,174 was cumulative over several prior years; amounts related to fiscal year ended June 30, 2020 was \$5,946; the remaining \$20,228 was related to previous years and is reported as a restatement of net position as of June 30, 2019.

NOTE 11 – SUBSEQUENT EVENTS

On March 11, 2020, the World Health Organization declared a world-wide pandemic related to COVID-19 coronavirus. The pandemic is causing significant disruption to the United States economy. As a result of Oregon public health measures, the District shut down its operations for various periods during the fiscal year. The District received federal grant funding to offset some of the losses, but impacts on charges for services were significant. The overall future impact on the District's operations is unknown as of the date of this report.

Subsequent events have been evaluated through October 28, 2021.

REQUIRED SUPPLEMENTARY INFORMATION

MADRAS AQUATIC CENTER RECREATION DISTRICT
(Madras, Oregon)

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND

YEAR ENDED JUNE 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Variance Over (Under) Budget	Actuals		GAAP Basis
				Budget Basis	Adjustments	
Revenues						
Property taxes	\$ 638,600	\$ 667,100	\$ 26,092	\$ 693,192	\$	\$ 693,192
Intergovernmental revenue	40,000	40,000	(10,000)	30,000		30,000
Charges for services	304,200	92,000	2,048	94,048		94,048
Grants and donations	102,000	462,000	(180,869)	281,131		281,131
Investment earnings			3,067	3,067		3,067
Other income			7,632	7,632		7,632
Total revenues	<u>1,084,800</u>	<u>1,261,100</u>	<u>(152,030)</u>	<u>1,109,070</u>		<u>1,109,070</u>
Expenditures						
Aquatics and recreation programs	459,841	441,862	(204,806)	237,056	(593,239)	830,295
Facility services	275,550	304,723	(28,960)	275,763	275,763	
Administrative / board of directors	336,247	391,980	(76,562)	315,418	315,418	
Capital outlay		161,680		71,793		71,793
Debt service	240,500	240,500	(569)	239,931	239,931	
Principal					(227,795)	227,795
Interest					(12,136)	12,136
Contingency		30,000	(30,000)			
Total expenditures	<u>1,312,138</u>	<u>1,570,745</u>	<u>(340,897)</u>	<u>1,139,961</u>	<u>(2,058)</u>	<u>1,142,019</u>
Excess of revenues under expenditures	<u>(227,338)</u>	<u>(309,645)</u>	<u>188,867</u>	<u>(30,891)</u>	<u>2,058</u>	<u>(32,949)</u>
Other financing sources						
Transfers out	(43,557)	(43,557)		(43,557)		(43,557)
Proceeds from short term borrowing	200,000	200,000		200,000		200,000
	<u>156,443</u>	<u>156,443</u>		<u>156,443</u>		<u>156,443</u>
Net change in fund balance	(70,895)	(153,202)	188,867	125,552	2,058	123,494
Fund balance - Beginning of year	<u>89,710</u>	<u>265,677</u>	<u>75,809</u>	<u>341,486</u>		<u>341,486</u>
Fund balance - End of year	<u>\$ 18,815</u>	<u>\$ 112,475</u>	<u>\$ 264,676</u>	<u>\$ 467,038</u>	<u>\$ 2,058</u>	<u>\$ 464,980</u>

OTHER SUPPLEMENTARY INFORMATION

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND**

YEAR ENDED JUNE 30, 2021

	Original and Final Budget	Variance Over (Under) Budget	Actuals	
			Budgetary Basis	GAAP Basis
Revenues				
Property taxes	\$ 711,750	\$ (8,834)	\$ 702,916	\$ 702,916
Interest on investments	1,000	2,945	3,945	3,945
Total revenues	712,750	(5,889)	706,861	706,861
Expenditures				
Debt service	696,750		696,750	
Principal				(570,000)
Interest				(126,750)
Total expenditures	696,750		696,750	(696,750)
Net change in fund balance	16,000	(5,889)	10,111	10,111
Fund balance - Beginning of year	74,654	4,695	79,349	79,349
Fund balance - End of year	<u>\$ 90,654</u>	<u>\$ (1,194)</u>	<u>\$ 89,460</u>	<u>\$ 89,460</u>

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

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
MAINTENANCE RESERVE FUND**

YEAR ENDED JUNE 30, 2021

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Over (Under) Budget</u>
Other financing sources			
Interfund transfer in	\$ 43,557	\$ 43,557	\$
Net change in fund balance	43,557	43,557	
Fund balance - Beginning of year	\$ (43,557)	\$ (43,557)	\$
Fund balance - End of year	<u>\$</u>	<u>\$</u>	<u>\$</u>

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



INDEPENDENT AUDITOR'S 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, 2021, and the related notes to the financial statements, which collectively compromise the District's basic financial statements and have issued our report thereon dated October 28, 2021. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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
SGA Certified Public Accountants and Consultants, LLP
Bend, Oregon

October 28, 2021