

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**FINANCIAL REPORT
YEAR ENDED JUNE 30, 2018**

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**DISTRICT OFFICIALS
JUNE 30, 2018**

Chair

Jinnell Lewis
Madras, Oregon

Vice Chair

Greg Tippett
Madras, Oregon

Director

Larry Layton
Madras, Oregon

Director

Martti Rahi
Madras, Oregon

Director

Steve Webb
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

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Wesley B. Price III, CPA
Candace S. Fronk, CPA
Kara L. Pardue, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
Madras Aquatic Center Recreation District
Madras, Oregon

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit and each major fund of Madras Aquatic Center Recreation District (the District), as of and for the year ended June 30, 2018, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit and each major fund of Madras Aquatic Center Recreation District as of June 30, 2018, 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 on pages 4 through 9 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 Required Supplementary Information (budgetary comparison information for the General Fund) as listed in the Table of Contents, 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 have previously audited the District's 2017 financial statements, and we expressed an unmodified opinion on each major fund in our report dated January 22, 2018. In our opinion, the summarized comparative information provided herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been 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 December 28, 2018, 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.

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: 
Candace S. Fronk – partner

December 28, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON

MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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

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. A reconciliation from the Governmental Funds Balance Sheet to the Government-wide Statement of Net Position and reconciliation from the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Government-wide Statement of Activities have been included in this report.

The District reported activity in three governmental funds during the year ended June 30, 2018. Information is presented separately in the governmental funds Balance Sheet and in the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances.

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 26-28 of this report.

The Basic Governmental Funds Financial Statements can be found on pages 12-13 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 can be found on pages 14-25 of this report.

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

STATEMENT OF ACTIVITIES

	<u>Year Ended June 30, 2018</u>	<u>Year Ended June 30, 2017</u>	<u>Change</u>
Program revenues			
Charges for service	\$ 419,604	\$ 309,596	\$ 110,008
Contributions/grants	61,500	77,778	(16,278)
General revenues			
Investment earnings	9,057	7,239	1,818
Property taxes	1,192,455	1,145,166	47,289
Other income	135,267	105,240	30,027
	<u>1,817,883</u>	<u>1,645,019</u>	<u>172,864</u>
Expenses			
Recreation services	<u>1,591,944</u>	<u>1,649,404</u>	<u>(57,460)</u>
Changes in net position	<u>225,939</u>	<u>(4,385)</u>	<u>230,324</u>
Net position - Beginning of year	<u>1,247,742</u>	<u>1,252,127</u>	<u>(4,385)</u>
Net Position - End of year	<u>\$ 1,473,681</u>	<u>\$ 1,247,742</u>	<u>\$ 225,939</u>

Governmental Activities

Governmental activities generated \$1,817,883 of revenue and \$1,591,944 of expenses for a net increase of \$225,939 in the District's net position for the year ended June 30, 2018.

Financial Analysis of the District's Funds

The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds

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. Particularly, unassigned fund balance may serve as a useful measure of a government's net resources available for spending as of the end of the fiscal year.

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018**

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 General Manager, Madras Aquatic Center Recreation District, 1195 SE Kemper Way, Madras, Oregon 97741.

BASIC FINANCIAL STATEMENTS

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2018**

	Primary Government Governmental Activities	Component Unit The MAC Foundation, Inc.	Totals	
			2018	2017
Expenses				
Recreation services	\$ 1,591,944	\$ 67,133	\$ 1,659,077	\$ 1,686,139
Program revenues				
Charges for services	419,604		419,604	309,596
Operating grants and contributions	61,500	37,829	99,329	141,660
Total program revenues	481,104	37,829	518,933	451,256
Net program expense	(1,110,840)	(29,304)	(1,140,144)	(1,234,883)
General revenues				
Property taxes levied for general purposes	571,754		571,754	544,515
Property taxes levied for debt service	620,701		620,701	600,651
Other income	135,267		135,267	105,240
Earnings on investments	9,057		9,057	7,239
Total general revenues	1,336,779		1,336,779	1,257,645
Change in net position	225,939	(29,304)	196,635	22,762
Net position - Beginning of year	1,247,742	72,674	1,320,416	1,297,654
Net position - End of year	\$ 1,473,681	\$ 43,370	\$ 1,517,051	\$ 1,320,416

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, 2018
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	General	Debt Service	Maintenance Reserve	Totals	
				2018	2017
Revenues					
Property taxes	\$ 571,742	\$ 622,583	\$	\$ 1,194,325	\$ 1,145,166
Intergovernmental	30,000			30,000	30,000
Grants	31,500			31,500	47,778
Charges for services	419,604			419,604	309,596
Other income	135,267			135,267	105,240
Interest	4,831	4,226		9,057	7,239
Total revenues	1,192,944	626,809		1,819,753	1,645,019
Expenditures					
Current					
Recreation	1,035,132			1,035,132	1,089,876
Capital outlay	500,430			500,430	20,654
Debt service					
Principal	85,867	455,000		540,867	415,000
Interest	13,455	180,952		194,407	193,429
Total expenditures	1,634,884	635,952		2,270,836	1,718,959
Net decrease in fund balances	(441,940)	(9,143)		(451,083)	(73,940)
Other financing sources					
Building improvement loan proceeds					400,000
Total other financing sources					400,000
Net changes in fund balances	(441,940)	(9,143)		(451,083)	326,060
Fund balances - Beginning of year	516,228	113,977	(43,557)	586,648	260,588
Fund balances - End of year	\$ 74,288	\$ 104,834	\$ (43,557)	\$ 135,565	\$ 586,648

Amounts reported for governmental activities are different because:

Net change in funds balances - governmental funds, above				\$ (451,083)	\$ 326,060
Governmental funds report capital outlay as expenditures. However, in the government-wide statements, the costs of construction are capitalized and reported as assets to be depreciated over their estimated useful lives.				117,805	(348,244)
Governmental funds do not record an expenditure for interest until it is due. However, in the government-wide statements, interest is reported as an expenditure as it accrues and the bond premium is amortized to interest expense over the life of the bond.				20,816	12,755
Governmental funds do not record property taxes receivable as revenue unless they are collected within sixty days of year-end. However, in the government-wide statements, all taxes receivable are recorded as revenue.				(2,466)	(9,956)
Governmental funds report loan principal received as loan proceeds revenue in the funds.					(400,000)
Governmental funds report principal payments on long-term debt as an expenditure, but in the government-wide statements, the payments are treated as a reduction of debt.				540,867	415,000
Change in net position of governmental activities, page 11.				\$ 225,939	\$ (4,385)

See notes to financial statements

MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. It is the District's policy to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Governmental 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. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. Revenues received after this period, are considered unavailable. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences and other post-employment benefits are recorded only when payment is due.

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Fund Equity – Continued

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.

Property Taxes and Deferred Inflows of Resources

Property taxes are assessed on a July 1 – June 30 fiscal year. The taxes are levied July 1 and property owners have the option of paying the full amount by November 15 or February 15 less a discount, or paying in three installments on November 15, February 15 and May 15. Property taxes attach as an enforceable lien July 1 and are considered delinquent if not paid by the following May 15. The County Tax Collector is the tax collection agent for all taxing entities within the County.

Tax revenue is recognized when levied on the government-wide statements and when collected and available to the District on the fund financial statements. Taxes receivable at June 30, less tax collections received within sixty days subsequent to year-end are recorded as deferred inflows of resources on the modified accrual basis of accounting used in the governmental fund statements. Receivables at June 30, 2018, consist solely of property taxes receivable.

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Comparative Information

The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended June 30, 2017, from which the summarized information was derived.

NOTE 2 – ORGANIZATION AND FUND STRUCTURE

The District operates using the following governmental funds each of which is considered to be a major fund.

General Fund

The General Fund is utilized to account for the operation of the District. Grants, property taxes and interest on cash and investments are its principal sources of revenue. Administration and insurance are the major expenditures of the fund.

Debt Service Fund

The Debt Service Fund is utilized to account for debt payments. Property taxes are its principal source of revenue and debt service payments are the expenditures of the fund.

Maintenance Reserve Fund

The Maintenance Reserve Fund is primarily for capital outlay and projects that are capital in nature with the District. Resources of revenue will be a result of transfers from the General Fund when necessary.

NOTE 3 – CASH AND INVESTMENTS

The District's investment of cash funds is regulated by Oregon Revised Statutes. Under these guidelines, cash funds may be invested in bank accounts, general obligation issues of the United States and its agencies, certain states and certain guaranteed investments issued by banks. During the year, the District purchased allowable investment instruments but did not participate in any repurchase or reverse repurchase agreements. The Foundation's investments are not regulated.

MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON

NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 – CASH AND INVESTMENTS – CONTINUED

Credit Risk

State law limits investments to obligations of the United States Treasury and United States Government agencies and instrumentalities, certain bankers' acceptances, repurchase agreements, certain high-grade commercial paper and corporate bonds and obligations of states and municipalities. The District has no investment policy that would further limit its investment choices.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The funds held with the County Treasurer are not deemed to be a security, which is a transferable financial instrument that evidences ownership and is, therefore, not subject to custodial credit risk.

NOTE 4 – CAPITAL ASSETS

Changes in the District's capital assets for the year ended June 30, 2018, were as follows:

	<u>Balance July 1, 2017</u>	<u>Additions</u>	<u>Dispositions</u>	<u>Balance June 30, 2018</u>
Capital assets not being depreciated				
Land	\$ 550,444	\$	\$	\$ 550,444
Construction in progress	6,125	8,850	(6,125)	8,850
Total capital assets not being depreciated	<u>556,569</u>	<u>8,850</u>	<u>(6,125)</u>	<u>559,294</u>
Capital Assets being depreciated				
Building	6,721,460			6,721,460
Building improvements	2,251,416	442,773		2,694,189
Equipment	194,342	42,876		237,218
Software	17,100			17,100
Total capital assets being depreciated	<u>9,184,318</u>	<u>485,649</u>		<u>9,669,967</u>
Less accumulated depreciation	<u>(3,592,879)</u>	<u>(371,165)</u>		<u>(3,964,044)</u>
Capital assets, net	<u>\$ 6,148,008</u>	<u>\$ 114,484</u>	<u>\$ -</u>	<u>\$ 6,265,217</u>

Depreciation expense for the year ended totaled \$371,165 and is included in recreation service expenses.

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 5 – LONG-TERM DEBT – CONTINUED

Government Obligation Contract for Energy Efficient Upgrades and Improvements – Continued

Future maturities are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 26,775	\$ 12,471	\$ 39,246
2020	26,820	11,577	38,397
2021	27,795	10,674	38,469
2022	28,805	9,739	38,544
2023	29,852	8,771	38,623
2024-2028	166,342	28,080	194,422
2029	7,744	3,148	10,892
	<u>\$ 314,133</u>	<u>\$ 84,460</u>	<u>\$ 398,593</u>

Changes in long-term debt during the year were as follows:

	<u>Balance July 1, 2017</u>	<u>New Issues</u>	<u>Principal Matured and Paid</u>	<u>Interest Matured and Paid</u>	<u>Balance June 30, 2018</u>	<u>Due Within One Year</u>
Bond	\$ 4,790,000	\$	\$ 455,000	\$ 181,000	\$ 4,335,000	\$ 485,000
Contract	400,000	-	85,867	13,455	314,133	26,775
	<u>\$ 5,190,000</u>	<u>\$ -</u>	<u>\$ 540,867</u>	<u>\$ 194,455</u>	<u>\$ 4,649,133</u>	<u>\$ 511,775</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%.

**MADRAS AQUATIC CENTER RECREATION DISTRICT
MADRAS, OREGON**

**NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2018**

NOTE 9 – OTHER POST-EMPLOYMENT BENEFITS – CONTINUED

receives the implicit benefit of a lower healthcare premium which is subsidized among the premium cost of coverage for active employees. GASB Statement 75 is applicable to the District due only to this implicit rate subsidy. This "plan" is not a stand-alone plan, and therefore, does not issue its own financial statements.

Funding Policy. Although the District does not currently have any retirees participating in their health insurance plan, it will, when applicable, collect insurance premiums from all retirees each month and deposit them. The District will then pay healthcare insurance premiums for all retirees at the applicable rate for the appropriate classification.

For the year ended June 30, 2018, the District made no contributions to the Plan and there were no retiree payments. There are currently three active employees who receive health care benefits. The District provides health insurance for full-time employees up to \$750 per month. The District has not conducted an actuarial study to determine its liability under this plan and feels any potential liability would be immaterial to the financial statements.

NOTE 10 – DEFICIT FUND BALANCE

The deficit Maintenance Reserve fund balance of \$43,557 is expected to be corrected in coming years by transfers from the General Fund.

NOTE 11 – SUBSEQUENT EVENTS

In September 2018, the District received a tax anticipation loan for \$200,000. This loan was paid in full in December 2018. Subsequent events have been evaluated through December 28, 2018.

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, 2018**

	Original Budgeted Amounts	Final Budgeted Amounts	Actual Amounts	Variance Over (Under) Budget
Revenues				
Property taxes	\$ 562,000	\$ 562,000	\$ 571,742	\$ 9,742
Intergovernmental revenue	30,000	30,000	30,000	
Program revenues	308,360	308,360	381,918	73,558
Product sales	20,500	20,500	23,433	2,933
Facility income	15,000	15,000	14,253	(747)
Foundation support	25,000	25,000	44,093	19,093
Other income	245,470	245,470	127,505	(117,965)
Debt proceeds	400,000	400,000		(400,000)
Total revenues	<u>1,606,330</u>	<u>1,606,330</u>	<u>1,192,944</u>	<u>(413,386)</u>
Expenditures				
Personnel services	560,972	560,972	571,926	10,954
Materials and services	601,300	601,300	463,206	(138,094)
Capital outlay	400,000	400,000	500,430	100,430
Debt services	78,220	78,220	99,322	21,102
Total expenditures	<u>1,640,492</u>	<u>1,640,492</u>	<u>1,634,884</u>	<u>5,608</u>
Excess of revenues under expenditures	<u>(34,162)</u>	<u>(34,162)</u>	<u>(441,940)</u>	<u>(407,778)</u>
Other financing uses				
Interfund transfer out	50,000	50,000		(50,000)
	<u>50,000</u>	<u>50,000</u>		<u>(50,000)</u>
Net change in fund balance	(84,162)	(84,162)	(441,940)	(357,778)
Fund balance - Beginning of year	112,468	112,468	516,228	403,760
Fund balance - End of year	<u>\$ 28,306</u>	<u>\$ 28,306</u>	<u>\$ 74,288</u>	<u>\$ 45,982</u>

OTHER SUPPLEMENTARY INFORMATION

**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, 2018**

	<u>Original and Final Budgeted Amounts</u>	<u>Actual Amounts</u>	<u>Variance Over (Under) Budget</u>
Revenues	\$	\$	\$
Total revenues			
Expenditures			
Capital outlay			
Total expenditures			
Excess of revenues over (under) expenditures			
Other financing sources			
Interfund transfer in	50,000		(50,000)
Net change in fund balance	50,000		(50,000)
Fund balance - Beginning of year	(43,557)	(43,557)	
Fund balance - End of year	\$ 6,443	\$ (43,557)	\$ (50,000)

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, OR

We have audited the financial statements of the governmental activities, discretely presented component unit and each major fund of Madras Aquatic Center Recreation District (the District), as of and for the year ended June 30, 2018, 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 28, 2018. 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)**
- **Budgets legally required (ORS Chapter 294)**
- **Insurance and fidelity bonds in force or required by law**
- **Authorized investment of surplus funds (ORS Chapter 294)**

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS – CONTINUED**

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 except as follows:

We reviewed the District's procedures for preparation, adoption and execution of their budget for the year ended June 30, 2018, and procedures for preparation and adoption of the District's budget for the year beginning July 1, 2018, and found them to be in compliance with the statutory requirements with the exception of the General Fund expenditures exceeded appropriations as follows:

Personnel services	\$ 10,954
Capital outlay	440,556
Debt services	<u>21,102</u>
	<u>\$ 472,612</u>

The amount appropriated for the transfer from the General Fund to the Maintenance Reserve Fund did not resolve the deficit balance.

The District's detailed budget did not match the appropriations within its corresponding budget resolution.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements for the governmental activities, discretely presented component unit 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. Control deficiencies will be communicated to management in a separate letter.

**INDEPENDENT AUDITOR'S REPORT
REQUIRED BY OREGON STATE REGULATIONS – CONTINUED**

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.

PRICE FRONK & CO.
Certified Public Accountants & Consultants

By: *Candace S. Fronk*
Candace S. Fronk – partner

December 28, 2018