

CITY OF MADRAS
FINANCIAL REPORT
June 30, 2021



CITY OF MADRAS
OFFICERS AND MEMBERS OF THE GOVERNING BODY
Year Ended June 30, 2021

MAYOR

Richard Ladeby

CITY COUNCIL

Royce Embanks

Gary Walker

Rose Canga

Jennifer Holcomb

Gabriel Soliz

All council members receive mail at the address listed below

CITY ADMINISTRATOR

Gus Burrell

FINANCE DIRECTOR

Kristal Hughes

CITY ADDRESS

125 SW E Street
Madras, OR 97741

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INDEPENDENT AUDITOR'S REPORT

Mayor and Members
of the City Council
City of Madras

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Madras (the "City") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the entity'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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 auditor's judgment, including the assessment of the risks 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Madras as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparisons for the General, Transportation Operations and Madras Redevelopment Commission Commercial Projects Funds for the year then ended in accordance 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 that the Management's Discussion and Analysis, Schedules of Proportionate Share of the Net Pension Liability, Contributions, Proportionate Share of the Net Other Postemployment Benefit Liability (Asset), Other Postemployment Benefit Contributions and Changes in the City's Total Other Postemployment Benefit Liability and Related Ratios on pages *a - i* and 55 - 59 be presented 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining financial statements and individual fund schedules and post compliance reporting are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information (continued)

The post compliance reporting has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Reports on Other Legal and Regulatory Requirements

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2022 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated March 18, 2022, on our consideration of the City's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

March 18, 2022

By:



Bradley G. Bingenheimer, CPA, Partner

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of Madras (City), we offer readers this discussion and analysis of the City's financial performance for the fiscal year ended June 30, 2021. The report has been prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). This report should be read in conjunction with the basic financial statements and notes to the financial statements.

FINANCIAL HIGHLIGHTS

- The City's total net position increased (1.67%) over the course of the fiscal year by \$916,920 for total net position of \$55.77 million. This is the net result of a \$270,677 (1.78%) decrease in the governmental net position, and \$1,187,597 (3.0%) increase in the business-type net position.
- Net capital assets for business-type activities increased \$10,077,957 (23.19%). Increases are the result of construction projects including grant-funded sewer projects. Governmental-type activities net capital assets decreased \$149,652 (-.6%) of which is primarily due to a reallocation of golf course assets formerly classified as Governmental.
- Property tax revenue increased compared to prior year. Property tax revenues primarily consist of \$1.566 million in the General Fund and \$0.535 million related to the Madras Redevelopment Commission's Urban Renewal District and \$0.008 million related to the Housing Urban Renewal District of the City of Madras for overall property tax revenues of \$2.111 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's financial statements are comprised of: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Government-Wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the City's finances and are made up of the following two statements: the *statement of net position* and the *statement of activities*. Both of these statements are prepared using accounting methods similar to those used by private-sector businesses, which use the economic resources measurement focus and the accrual basis of accounting.

- The *statement of net position* presents information on all of the City'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 City is improving or deteriorating.
- The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned, but unused compensated absences).

Both of the government-wide financial statements differentiate functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, parks, community development, public safety and highways and streets. The business-type activities (*proprietary fund type*) of the City include the water, wastewater, and airport operations. The government-wide financial statements include not only the City but also the legally separate *Madras Urban Renewal Area* comprised of two Urban Renewal Districts of the City of Madras for which the City is financially accountable.

Measurement focus and basis of accounting

Governmental financial reporting is characterized as having two distinct objectives for its financial reporting. These objectives are categorized as governmental activities which are supported by levying taxes and business-type activities which are supported by charges for services. The measurement focus for each of these activities is uniquely different, both the governmental-wide financial statements and the business-type activities focus on the changes in economic resources similar to private-sector businesses. The objective of the proprietary fund operating statement is to answer the question, "*What transactions and events have incurred that increase or decrease the fund's total economic resources during the period?*" Therefore, both the governmental-wide and the proprietary funds financial statements are based on full accrual accounting.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

Accrual accounting measures the effects of transactions, events, and inter-fund activities when they occur, regardless of the timing of the related cash flows. The measurement focus for governmental funds however, is to view changes in current financial resources. The objective is to answer the question, “*What are the transactions or events of the current period that have increased or decreased the resources available for spending in the near future?*”

Governmental funds use modified accrual accounting in which revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which governments in general normally liquidate the related liability rather than when the liability is first incurred.

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 functions. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the City's funds can be divided into two categories: governmental funds and proprietary funds. Fund financial statements focus on individual parts of the City's government, reporting the City's operations in more detail than the government-wide statements.

- **Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. These statements tell how governmental services such as the General Fund (police department), Special Revenue Fund, Madras Redevelopment Commission Fund, and the Debt Service Fund, were financed in the short term as well as what remains for future spending. Unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balance 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. However, this information does not encompass the additional long-term focus of the government-wide statements. Therefore, both the governmental fund financial statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

The City maintains thirteen individual governmental funds. Of these individual funds, the City considers six funds to be *major governmental funds*. These six major governmental funds - represented individually in the balance sheet and the statement of revenues expenditures, and change in fund balances - include the General, Special Revenue, Madras Redevelopment Commission, Madras Redevelopment Commission Reinvestment, Debt Service and Capital Projects Funds.

As part of supplementary information, budgetary comparison statements are presented for the reader's information. These statements compare the original adopted budget along with the final adjusted budget to the year-end actual activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

- **Proprietary Funds** are similar to business-type activities which utilize full accrual accounting. The City maintains two different types of proprietary funds consisting of the *enterprise funds* and the *internal service funds*. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Enterprise funds are used to account for the City's Water, Wastewater and Airport operations. Internal Service Funds are an accounting device used to accumulate the costs allocated internally among the City's various functions (departments). The City uses an Internal Service Fund to allocate costs associated with administrative services, public works staff and fleet, and buildings. These costs are considered to be indirect overhead costs that cannot be directly associated with an individual function. Therefore, these costs are allocated to other functions in a systematic method. Because these services predominantly benefit governmental activities rather than business-type functions, they are included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water, Wastewater and Airport operations. The Internal Service Fund is shown as a separate fund in the proprietary fund financial statement.

The financial statements also include notes that provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. In addition to the basic financial statements and the accompanying notes, additional pertinent information for the reader, referred to as *Required Supplementary Information* (RSI). The RSI can be found in this report following the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position: Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the City's governmental and business-type activities. The City's net position is made up of three components: invested in capital assets, restricted net position, and unrestricted net position. Restricted net position is subject to constraints that are either externally imposed by outside agencies, for example banks or grant agencies, or imposed by law through constitutional provisions or enabling legislation. The capital assets reflected within Table 1 are stated net of accumulated depreciation. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Madras, combined net position for fiscal year ended June 30, 2021 totaled \$55.8 million, an increase of \$0.92 million from June 30, 2020.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

STATEMENT OF NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 1,252,912	\$ 700,375	\$ 10,639,160	\$ 9,282,441	\$ 11,892,072	\$ 9,982,816
Capital assets	<u>24,972,414</u>	<u>25,122,066</u>	<u>53,527,005</u>	<u>43,449,048</u>	<u>78,499,419</u>	<u>68,571,114</u>
Total Assets	<u>26,225,326</u>	<u>25,822,441</u>	<u>64,166,165</u>	<u>52,731,489</u>	<u>90,391,491</u>	<u>78,553,930</u>
Deferred Outflows	<u>1,684,532</u>	<u>1,514,903</u>	<u>397,983</u>	<u>381,546</u>	<u>2,082,515</u>	<u>1,896,449</u>
Liabilities:						
Current liabilities	2,388,008	2,070,439	756,562	876,316	3,144,570	2,946,755
Non-current liabilities	<u>10,122,950</u>	<u>9,639,097</u>	<u>12,251,299</u>	<u>12,508,506</u>	<u>22,374,249</u>	<u>22,147,603</u>
Total Liabilities	<u>12,510,958</u>	<u>11,709,536</u>	<u>13,007,861</u>	<u>13,384,822</u>	<u>25,518,819</u>	<u>25,094,358</u>
Deferred Inflows	<u>433,526</u>	<u>391,757</u>	<u>115,447</u>	<u>114,130</u>	<u>548,973</u>	<u>505,887</u>
Net Position:						
Invested in capital assets, net of related debt	18,831,292	18,938,821	31,440,888	31,655,758	50,272,180	50,594,579
Restricted	5,323,470	4,313,283	543,314	287,862	5,866,784	4,601,145
Unrestricted	<u>(9,189,388)</u>	<u>(8,016,053)</u>	<u>8,817,478</u>	<u>7,670,463</u>	<u>(371,910)</u>	<u>(345,590)</u>
Total Net Position	<u>\$ 14,965,374</u>	<u>\$ 15,236,051</u>	<u>\$ 40,801,680</u>	<u>\$ 39,614,083</u>	<u>\$ 55,767,054</u>	<u>\$ 54,850,134</u>

The largest component of the City’s \$55.8 million net position is net investments in capital assets (*e.g., land, buildings, improvements, equipment, infrastructure and construction in progress*). The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Restricted net position is calculated by reducing the carrying value of restricted assets by amounts repayable from those assets, excluding capital-related debt. The restricted net position represent resources subject to restrictions imposed either by external creditors or imposed by law through constitutional provisions or enabling legislation.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

CHANGE IN NET POSITION

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 840,960	\$ 467,446	\$ 5,118,552	\$ 5,403,777	\$ 5,959,512	\$ 5,871,223
Operating grants and contributions	1,042,477	1,054,295	82,924	-	1,125,401	1,054,295
Capital grants and contributions	889,889	662,420	1,431,268	1,324,732	2,321,157	1,987,152
General Revenues:						
Property taxes	2,099,151	1,931,499	-	-	2,099,151	1,931,499
Franchise and public services tax	1,579,752	1,494,990	-	-	1,579,752	1,494,990
Investment earnings and other	350,217	107,550	813,677	256,090	1,163,894	363,640
Transfers	1,079,345	274,450	(1,079,345)	(274,450)	-	-
Total Revenues	7,881,791	5,992,650	6,367,076	6,710,149	14,248,867	12,702,799
Expenses:						
General government	504,447	732,633	-	-	504,447	732,633
Public safety	2,265,514	2,103,126	-	-	2,265,514	2,103,126
Highway and streets	2,491,369	3,016,596	-	-	2,491,369	3,016,596
Community development	1,996,990	1,489,593	-	-	1,996,990	1,489,593
Culture and recreation	624,852	287,946	-	-	624,852	287,946
Interest	269,296	273,249	-	-	269,296	273,249
Enterprise operations	-	-	4,871,382	3,598,013	4,871,382	3,598,013
Total Expenses	8,152,468	7,903,143	4,871,382	3,598,013	13,023,850	11,501,156
Change in Net Position	(270,677)	(1,910,493)	1,495,694	3,112,136	1,225,017	1,201,643
Net position - beginning of year	15,236,051	17,146,544	39,614,083	36,501,947	54,850,134	53,648,491
Prior period adjustment	-	-	(308,097)	-	(308,097)	-
Net position - end of year	\$ 14,965,374	\$ 15,236,051	\$ 40,801,680	\$ 39,614,083	\$ 55,767,054	\$ 54,850,134

Governmental Activities: -

Governmental activities represent 27% of the City’s total net position. The governmental activities net position decreased by \$270,677. Total revenue from governmental activities for fiscal year 2021 were \$1,889,141 more than prior year.

Business-Type Activities:

Business-type activities represent 73% of the City’s total net position. These business–type activities consist of the Water, Wastewater and Airport operations and capital projects. In fiscal year end 2021, net position increased by \$1.19 million.

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

FINANCIAL ANALYSIS OF THE CITY’S FUNDS

The focus of the City’s governmental funds is to provide information on near-term inflows, outflows, and balance spending recourses. Such information is useful in assessing the City’s financing requirements. In particular, the unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

During the year ended June 30, 2021, major governmental funds included the General Fund, Transportation Operations, Madras Redevelopment Commission Project, and the MRC Commercial Property Tax and Debt Funds. As of June 30, 2021, the City’s governmental funds reported a combined ending fund balance of \$6.166 million. This is an increase of \$1,937 million from the prior year activity.

**SUMMARY STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - GOVERNMENTAL FUNDS**

Fiscal Year 2020-2021

	General Fund	Transportation Operations	Madras Redevelopment Commission Project	MRC Commercial Property Tax and Debt	Nonmajor Governmental Funds	Total
Total revenues	\$ 3,717,522	\$ 1,546,357	\$ -	\$ 540,703	\$ 992,607	\$ 6,797,189
Total expenditures	<u>3,443,899</u>	<u>1,338,821</u>	<u>791,592</u>	<u>80,632</u>	<u>1,006,102</u>	<u>6,661,046</u>
Revenues over/(under) expenditures	273,623	207,536	(791,592)	460,071	(13,495)	136,143
Total other financing sources/(uses)	<u>670,367</u>	<u>291,835</u>	<u>690,000</u>	<u>(400,000)</u>	<u>549,043</u>	<u>1,801,245</u>
Net change in fund balance	943,990	499,371	(101,592)	60,071	535,548	1,937,388
Fund balance (deficit) - beginning	<u>1,467,111</u>	<u>381,926</u>	<u>102,286</u>	<u>(1,552,756)</u>	<u>3,830,084</u>	<u>4,228,651</u>
Fund balance (deficit) - ending	<u><u>\$ 2,411,101</u></u>	<u><u>\$ 881,297</u></u>	<u><u>\$ 694</u></u>	<u><u>\$ (1,492,685)</u></u>	<u><u>\$ 4,365,632</u></u>	<u><u>\$ 6,166,039</u></u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

GENERAL FUND BUDGET HIGHLIGHTS

The City adopted the operating budget for the fiscal year 2020-2021 budget on June 23, 2020, in the amount of \$26,583,688, excluding reserve and unappropriated ending fund balance. The General Fund budgetary comparison can be found on page 7. The General Fund budget was adjusted during the 2020-21 fiscal year with an increase in intergovernmental revenue of \$718,500, an increase for transfers out of \$82,500, and an increase in the anticipated ending fund balance of \$636,000.

Other major governmental funds budgetary comparisons can be found on pages 8 and 9.

CAPITAL ASSETS

The capital assets of the City are those assets that are used in the performance of the City’s functions including infrastructure assets. Capital assets include buildings, equipment, land, park facilities, roads, and construction in progress. Both land owned by the City for its own use and acquired land designated for resale are considered non-depreciable assets based on generally accepted accounting principles.

Governmental activities capital assets decreased \$175,472 (-0.7%). Business-type activities capital assets decreased by \$259,982 (-0.6%).

CAPITAL ASSETS

	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Non-depreciable assets:						
Land	\$ 3,038,867	\$ 3,038,867	\$ 1,727,177	\$ 1,727,177	\$ 4,766,044	\$ 4,766,044
Construction in progress	742,557	248,508	136,466	3,379,626	879,023	3,628,134
Total non-depreciable assets	<u>3,781,424</u>	<u>3,287,375</u>	<u>1,863,643</u>	<u>5,106,803</u>	<u>5,645,067</u>	<u>8,394,178</u>
Capital assets being depreciated, net:						
Land improvements	2,184,720	2,315,702	81,956	123,246	2,266,676	2,438,948
Building and improvements	5,998,706	6,133,909	4,253,334	4,340,855	10,252,040	10,474,764
Equipment	568,486	636,310	375,341	480,684	943,827	1,116,994
Infrastructure	12,200,758	12,536,270	36,306,695	33,089,363	48,507,453	45,625,633
Total depreciable assets, net	<u>20,952,670</u>	<u>21,622,191</u>	<u>41,017,326</u>	<u>38,034,148</u>	<u>61,969,996</u>	<u>59,656,339</u>
Total capital assets	<u>\$ 24,734,094</u>	<u>\$ 24,909,566</u>	<u>\$ 42,880,969</u>	<u>\$ 43,140,951</u>	<u>\$ 67,615,063</u>	<u>\$ 68,050,517</u>

MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)

DEBT ADMINISTRATION

The City drew an additional \$550,000 on the existing line of credit for the Madras Urban Renewal District during the fiscal year to fund façade improvement projects; additionally, the newly formed Housing Urban Renewal District drew \$50,000 for expenses related to establishing the District. Total outstanding debt obligations for business-type activities decreased \$353,209 from the prior year. Total outstanding debt obligations for governmental activities decreased \$67,943.

For more information regarding the City’s outstanding debt please refer to the Notes 8, 9, and 10 to the basic financial statements located on pages 24 through 30 of this report.

ECONOMIC FACTORS AND NEXT YEAR’S BUDGET

Economic factors considered for the next fiscal year (2021-22) include:

- Property taxes are forecasted to grow by 6.1%.
- Residential permit activity continues to increase with 148 new single-family dwelling permits in 2021 (in 2020 there were a total of 50 new residential building permits). In 2022 there is continued housing activity forecasted across six separate housing developments located within the Housing Urban Renewal District.
- The City plans to increase water or sewer user rates by 3.5% each. The 2020-21 fiscal year ended in a good position and above estimates for ending cash.
- Other updates related to revenue estimates from COVID-19:
 - Transient Room Tax did not get negatively affected by COVID-19
 - State Revenue sharing was forecasted to be less but has since been revised upward from original guidance in the spring of 2020.
- Airport Operations: While there was not a large fire season, with the large Daimler ground lease, airport lease revenues are making the airport much more financially stable than any prior period.
- Personnel costs include a 1.6% cost of living adjustment. PERS liability and rate increases are a continuing concern going with rate increases. The City is planning to fund a PERS side account (minimum \$250,000 deposit) by the fall of 2021 to help lower its unfunded liability balance and thus reduce its projected payroll rate.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the City of Madras’ finances for all those with an interest in the government’s finances. Madras Redevelopment Commission has issued a separate report, which is available to those who are interested. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the City of Madras, Attention: Finance Director, 125 S.W. “E” Street, Madras, Oregon 97741, (541) 475-2344, or visit the City’s website at www.ci.madras.or.us.

BASIC FINANCIAL STATEMENTS

CITY OF MADRAS
STATEMENT OF NET POSITION
June 30, 2021

	Governmental Activities	Business-type Activities	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 6,835,959	\$ 3,174,088	\$ 10,010,047
Receivables			
Property taxes	93,327	-	93,327
Accounts, net	524,317	683,539	1,207,856
Notes receivable	328,182	-	328,182
Internal balances	(6,647,360)	6,647,360	-
Inventory	112,683	134,173	246,856
Prepaid items	5,804	-	5,804
	<u>1,252,912</u>	<u>10,639,160</u>	<u>11,892,072</u>
Total current assets			
Noncurrent assets			
Net other postemployment benefit asset	25,820	6,876	32,696
Investment in land held for resale	212,500	-	212,500
Capital assets:			
Land and construction in progress	3,781,424	1,863,643	5,645,067
Other capital assets, net	20,952,670	41,017,326	61,969,996
	<u>24,972,414</u>	<u>42,887,845</u>	<u>67,860,259</u>
Total noncurrent assets			
	<u>26,225,326</u>	<u>53,527,005</u>	<u>79,752,331</u>
Total assets			
Deferred outflows of resources			
Refunded debt charges	190,030	-	190,030
Pension related items	1,386,940	369,340	1,756,280
Other postemployment benefit related items	107,562	28,643	136,205
	<u>1,684,532</u>	<u>397,983</u>	<u>2,082,515</u>
Total deferred outflows of resources			
Liabilities			
Accounts payable and accrued liabilities	515,944	158,875	674,819
Accrued interest payable	26,467	154,680	181,147
Customer deposits payable	93,200	58,390	151,590
Short-term debt obligations	1,394,892	-	1,394,892
Unearned revenue	2,937	-	2,937
Long-term liabilities:			
Due within one year	354,568	384,617	739,185
Due in more than one year	10,122,950	12,251,299	22,374,249
	<u>12,510,958</u>	<u>13,007,861</u>	<u>25,518,819</u>
Total liabilities			
Deferred inflows of resources			
Pension related items	280,011	74,566	354,577
Other postemployment benefit related items	153,515	40,881	194,396
	<u>433,526</u>	<u>115,447</u>	<u>548,973</u>
Total deferred inflows of resources			
Net position			
Net investment in capital assets	18,831,292	31,440,888	50,272,180
Restricted for:			
Highways and streets	1,308,556	-	1,308,556
Economic development	669,911	-	669,911
Capital projects	1,237,404	543,314	1,780,718
Debt service	2,107,599	-	2,107,599
Unrestricted	(9,189,388)	8,817,478	(371,910)
	<u>\$ 14,965,374</u>	<u>\$ 40,801,680</u>	<u>\$ 55,767,054</u>
Total net position			

See notes to financial statements

CITY OF MADRAS
STATEMENT OF ACTIVITIES
Year Ended June 30, 2021

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		Totals
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	
Governmental activities:							
General government	\$ 504,447	\$ 223,555	\$ 70,424	\$ 65,500	\$ (144,968)		\$ (144,968)
Public safety	2,265,514	-	196,948	-	(2,068,566)		(2,068,566)
Highways and streets	2,491,369	66,064	671,695	685,435	(1,068,175)		(1,068,175)
Community development	1,996,990	421,416	-	-	(1,575,574)		(1,575,574)
Culture and recreation	624,852	129,925	103,410	138,954	(252,563)		(252,563)
Interest	269,296	-	-	-	(269,296)		(269,296)
Total governmental activities	<u>8,152,468</u>	<u>840,960</u>	<u>1,042,477</u>	<u>889,889</u>	<u>(5,379,142)</u>		<u>(5,379,142)</u>
Business-type activities:							
Water	1,003,612	803,184	82,924	15,844		\$ (101,660)	(101,660)
Wastewater	2,400,923	3,672,120	-	1,053,871		2,325,068	2,325,068
Airport	1,466,847	643,248	-	361,553		(462,046)	(462,046)
Total business-type activities	<u>4,871,382</u>	<u>5,118,552</u>	<u>82,924</u>	<u>1,431,268</u>		<u>1,761,362</u>	<u>1,761,362</u>
Totals	\$ 13,023,850	\$ 5,959,512	\$ 1,125,401	\$ 2,321,157	(5,379,142)	1,761,362	(3,617,780)
General revenues:							
Taxes levied for:							
General purposes					1,556,309	-	1,556,309
Madras Redevelopment Commission					542,842	-	542,842
Miscellaneous taxes					1,579,752	-	1,579,752
Rents					-	706,355	706,355
Unrestricted investment earnings					92,115	27,439	119,554
Miscellaneous					258,102	79,883	337,985
Transfers					<u>1,079,345</u>	<u>(1,079,345)</u>	<u>-</u>
Total general revenues and transfers					<u>5,108,465</u>	<u>(265,668)</u>	<u>4,842,797</u>
Change in net position					(270,677)	1,495,694	1,225,017
Net position - beginning					15,236,051	39,614,083	54,850,134
Prior period adjustment					-	(308,097)	(308,097)
Net position - ending					\$ 14,965,374	\$ 40,801,680	\$ 55,767,054

See notes to financial statements

CITY OF MADRAS

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2021

	General	Transportation Operations	Madras Redevelopment Commission Commercial Project	Madras Redevelopment Commission Commercial Property Tax and Debt Service	Total Nonmajor Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	\$ 2,336,377	\$ 755,599	\$ -	\$ 48,186	\$ 2,707,647	\$ 5,847,809
Receivables						
Property taxes	69,983	160,135	-	23,344	-	253,462
Accounts, net	248,278	-	-	-	113,104	361,382
Notes	-	-	-	-	328,182	328,182
Due from other funds	1,630	-	-	106,176	1,650,000	1,757,806
Inventory	4,102	96,565	-	-	-	100,667
Investment in land held for sale	25,000	-	187,500	-	-	212,500
Total assets	\$ 2,685,370	\$ 1,012,299	\$ 187,500	\$ 177,706	\$ 4,798,933	\$ 8,861,808
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 166,608	\$ 36,984	\$ 87,157	\$ -	\$ 18,001	\$ 308,750
Due to other funds	-	-	99,649	1,650,000	6,527	1,756,176
Consumer deposits	-	93,000	-	-	-	93,000
Total liabilities	166,608	129,984	186,806	1,650,000	24,528	2,157,926
Deferred inflows of resources						
Unavailable revenue	107,661	1,018	-	20,391	408,773	537,843
Total deferred inflows of resources	107,661	1,018	-	20,391	408,773	537,843
Fund balances						
Nonspendable	29,102	96,565	187,500	-	-	313,167
Restricted for:						
Highways and streets	-	784,732	-	-	426,241	1,210,973
Economic development	-	-	-	-	350,875	350,875
Debt service	-	-	-	-	2,107,599	2,107,599
Capital projects	-	-	-	-	1,147,667	1,147,667
Committed for tourism	-	-	-	-	333,250	333,250
Assigned for:						
Pensions	206,969	-	-	-	-	206,969
Community development	126,189	-	-	-	-	126,189
Parks	824,379	-	-	-	-	824,379
Unassigned	1,224,462	-	(186,806)	(1,492,685)	-	(455,029)
Total fund balances	2,411,101	881,297	694	(1,492,685)	4,365,632	6,166,039
Total liabilities, deferred inflows and fund balances	\$ 2,685,370	\$ 1,012,299	\$ 187,500	\$ 177,706	\$ 4,798,933	\$ 8,861,808

See notes to financial statements

CITY OF MADRAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2021

Fund balances - total governmental funds		\$ 6,166,039
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
The statement of net position reports a net other postemployment benefit asset for its participation in the OPERS Retirement Health Insurance Account		25,820
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		24,734,094
Refunded debt charges are reported in the statement of net position but are not reported in the funds		190,030
Other long-term assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds		537,843
Deferred outflows related to the pension plan and other postemployment benefit plans are not current financial resources and therefore are not reported in the funds		1,494,502
Internal service funds are used by management to charge the costs of centralized services and facilities maintenance services to individual funds. A portion of the assets and liabilities of the internal service funds is included in governmental activities in the statement of net position		
Net position of the internal service funds	\$ 3,347,262	
Net position allocable to the business-type activities	(6,647,360)	
Internal service fund amounts included in other reconciling items:		
Net other postemployment benefit asset	(11,015)	
Capital assets	(7,084,008)	
Deferred outflows of resources	(744,915)	
Accrued interest payable	20,056	
Long-term liabilities	5,084,485	
Deferred inflows of resources	<u>184,944</u>	(5,850,551)
Long-term liabilities, including bonds payable, bond premiums, accrued interest, compensated absences, net pension liability, and other postemployment benefit liability are not due and payable in the current period, and, therefore, are not reported in the funds:		
Short-term debt obligations	(1,394,892)	
Accrued interest	(26,467)	
Long-term debt obligations	(5,719,933)	
Bond premium	(182,869)	
Compensated absences	(56,690)	
Net pension liability	(3,674,241)	
Other postemployment benefit liability	<u>(843,785)</u>	(11,898,877)
Deferred inflows related to the pension plan and other postemployment benefit plan are reported in the statement of net position but are not reported in the funds		<u>(433,526)</u>
Net position of governmental activities		<u>\$ 14,965,374</u>

See notes to financial statements

CITY OF MADRAS
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	General	Transportation Operations	Madras Redevelopment Commission Commercial Project	Madras Redevelopment Commission Commercial Property Tax and Debt Service	Total Nonmajor Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 1,565,955	\$ -	\$ -	\$ 537,396	\$ 7,727	\$ 2,111,078
Franchise fees	446,659	446,659	-	-	-	893,318
Miscellaneous taxes	645,845	8,209	-	-	-	654,054
Licenses, permits and fees	538,047	-	-	-	66,064	604,111
Fines and forfeitures	42,385	-	-	-	-	42,385
Charges for services	114,671	-	-	-	20,000	134,671
System development charges	-	18,258	-	-	635,813	654,071
Intergovernmental	275,448	1,070,798	-	-	103,410	1,449,656
Loan repayments	-	-	-	-	61,195	61,195
Interest	10,510	2,332	-	3,307	75,906	92,055
Miscellaneous	78,002	101	-	-	22,492	100,595
Total revenues	<u>3,717,522</u>	<u>1,546,357</u>	<u>-</u>	<u>540,703</u>	<u>992,607</u>	<u>6,797,189</u>
Expenditures						
Current						
General government	69,653	-	-	-	450	70,103
Public safety	2,271,755	-	-	-	-	2,271,755
Highways and streets	-	781,940	-	-	21,169	803,109
Community development	427,969	-	791,592	-	802,986	2,022,547
Culture and recreation	647,952	-	-	-	-	647,952
Debt service	-	65,733	-	80,632	181,497	327,862
Capital outlay	26,570	491,148	-	-	-	517,718
Total expenditures	<u>3,443,899</u>	<u>1,338,821</u>	<u>791,592</u>	<u>80,632</u>	<u>1,006,102</u>	<u>6,661,046</u>
Excess (deficiency) of revenues over expenditures	<u>273,623</u>	<u>207,536</u>	<u>(791,592)</u>	<u>460,071</u>	<u>(13,495)</u>	<u>136,143</u>
Other financing sources (uses)						
Proceeds from short-term obligations	-	-	290,000	-	310,000	600,000
Issuance of long-term obligations	-	223,835	-	-	-	223,835
Transfers in	1,098,983	68,000	400,000	-	705,793	2,272,776
Transfers out	(428,616)	-	-	(400,000)	(466,750)	(1,295,366)
Total other financing sources (uses)	<u>670,367</u>	<u>291,835</u>	<u>690,000</u>	<u>(400,000)</u>	<u>549,043</u>	<u>1,801,245</u>
Net change in fund balances	943,990	499,371	(101,592)	60,071	535,548	1,937,388
Fund balances at beginning of year	<u>1,467,111</u>	<u>381,926</u>	<u>102,286</u>	<u>(1,552,756)</u>	<u>3,830,084</u>	<u>4,228,651</u>
Fund balances at end of year	<u>\$ 2,411,101</u>	<u>\$ 881,297</u>	<u>\$ 694</u>	<u>\$ (1,492,685)</u>	<u>\$ 4,365,632</u>	<u>\$ 6,166,039</u>

See notes to financial statements

CITY OF MADRAS
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 balances - total governmental funds \$ 1,937,388

Amounts reported for governmental activities in the Statement of Activities are different because of the following:

Governmental funds report the acquisition of capital assets as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between those two amounts is:

Acquisition of capital assets	\$ 517,698	
Depreciation	<u>(700,085)</u>	(182,387)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes	(11,927)	
Loans	32,523	
System development charges	(237,632)	
Other	<u>33,237</u>	(183,799)

The changes in net pension liability (asset) and deferred inflows and outflows related to the City's participation in OPERS are reported as additional expenses for increases and a reduction of expenses for decreases (277,372)

The changes in other postemployment benefit liability (asset) and deferred outflows related to the entity's participation in the Retirement Health Insurance Account and its own City plan are reported as other postemployment benefit revenue or expense on the statement of activities 32,778

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (6,876)

Compensated absences

The issuance of long-term debt provides current financial resources, while the repayment of the principal of long-term obligations consumes the current financial resources of the funds. Neither transaction, however, has any effect on net position

Issuance of long-term debt	(223,835)	
Issuance of short-term debt	(600,000)	
Principal payments	160,845	
Amortization of bond premium and refunded debt charges	3,156	
Accrued interest	<u>368</u>	(659,466)

Additional transfer from the business-type activities for capital assets purchased by the proprietary funds for the governmental activities 164,028

Net income of the internal service funds allocated to the governmental activities (1,094,971)

Change in net position of governmental activities \$ (270,677)

CITY OF MADRAS
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues				
Property taxes	\$ 1,515,837	\$ 1,515,837	\$ 1,565,955	\$ 50,118
Franchise fees	414,675	414,675	446,659	31,984
Miscellaneous taxes	482,318	482,318	645,845	163,527
Licenses, permits and fees	6,200	6,200	31,706	25,506
Fines and forfeitures	45,000	45,000	42,385	(2,615)
Intergovernmental	275,642	994,142	266,601	(727,541)
Interest	19,000	19,000	5,105	(13,895)
Interfund loan repayment	500,000	500,000	404,000	(96,000)
Miscellaneous	1,000	1,000	3,682	2,682
Total revenues	<u>3,259,672</u>	<u>3,978,172</u>	<u>3,411,938</u>	<u>(566,234)</u>
Expenditures				
Police	2,620,358	2,620,358	2,271,755	348,603
City council and administration	85,000	85,000	69,653	15,347
Contingency	75,000	75,000	-	75,000
Total expenditures	<u>2,780,358</u>	<u>2,780,358</u>	<u>2,341,408</u>	<u>438,950</u>
Excess (deficiency) of revenues over expenditures	<u>479,314</u>	<u>1,197,814</u>	<u>1,070,530</u>	<u>(127,284)</u>
Other financing sources (uses)				
Interfund loan	(500,000)	(500,000)	(404,000)	96,000
Transfers out	(298,542)	(381,042)	(428,616)	(47,574)
Total other financing sources (uses)	<u>(798,542)</u>	<u>(881,042)</u>	<u>(832,616)</u>	<u>48,426</u>
Net change in fund balance	(319,228)	316,772	237,914	(78,858)
Fund balance at beginning of year	883,460	883,460	986,548	103,088
Fund balance at end of year	<u>\$ 564,232</u>	<u>\$ 1,200,232</u>	<u>\$ 1,224,462</u>	<u>\$ 24,230</u>

See notes to financial statements

CITY OF MADRAS
TRANSPORTATION OPERATIONS FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget		Actual	Variance
	Original	Final		
Revenues				
Franchise fees	\$ 414,675	\$ 414,675	\$ 446,659	\$ 31,984
System development charges	3,750	45,750	18,258	(27,492)
Intergovernmental	2,294,642	2,294,642	1,070,798	(1,223,844)
Interest	5,500	5,500	2,332	(3,168)
Miscellaneous	500	500	8,310	7,810
	<u>2,719,067</u>	<u>2,761,067</u>	<u>1,546,357</u>	<u>(1,214,710)</u>
Expenditures				
Materials and services	1,206,679	1,206,679	781,940	424,739
Capital outlay	3,375,152	3,475,152	491,148	2,984,004
Debt service	79,000	79,000	65,733	13,267
Contingency	150,000	117,000	-	117,000
	<u>4,810,831</u>	<u>4,877,831</u>	<u>1,338,821</u>	<u>3,539,010</u>
Excess (deficiency) of revenues over expenditures	<u>(2,091,764)</u>	<u>(2,116,764)</u>	<u>207,536</u>	<u>2,324,300</u>
Other financing sources (uses)				
Proceeds from long-term debt	1,687,576	1,687,576	223,835	(1,463,741)
Transfers in	68,000	93,000	68,000	(25,000)
	<u>1,755,576</u>	<u>1,780,576</u>	<u>291,835</u>	<u>(1,488,741)</u>
Net change in fund balance	(336,188)	(336,188)	499,371	835,559
Fund balance at beginning of year	479,895	479,895	381,926	(97,969)
Fund balance at end of year	<u>\$ 143,707</u>	<u>\$ 143,707</u>	<u>\$ 881,297</u>	<u>\$ 737,590</u>

See notes to financial statements

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION COMMERCIAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Biennium Budget</u>		<u>FY 2020-21</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Expenditures				
Materials and services	\$ 198,250	\$ 210,250	\$ 78,812	\$ 131,438
Special payments	2,341,000	2,341,000	712,780	1,628,220
Contingency	200,000	188,000	-	188,000
Total expenditures	<u>2,739,250</u>	<u>2,739,250</u>	<u>791,592</u>	<u>1,947,658</u>
Excess (deficiency) of revenues over expenditures	<u>(2,739,250)</u>	<u>(2,739,250)</u>	<u>(791,592)</u>	<u>1,947,658</u>
Other financing sources (uses)				
Issuance of short-term obligations	600,000	600,000	-	(600,000)
Line of credit proceeds	2,200,000	2,200,000	290,000	(1,910,000)
Transfers in	-	-	400,000	400,000
Total other financing sources (uses)	<u>2,800,000</u>	<u>2,800,000</u>	<u>690,000</u>	<u>(2,110,000)</u>
Net change in fund balance	60,750	60,750	(101,592)	(162,342)
Fund balance at beginning of year	<u>38,169</u>	<u>38,169</u>	<u>102,286</u>	<u>64,117</u>
Fund balance at end of year	<u>\$ 98,919</u>	<u>\$ 98,919</u>	<u>\$ 694</u>	<u>\$ (98,225)</u>

See notes to financial statements

CITY OF MADRAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
June 30, 2021

	<u>Business-type Activities</u>			<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>
	<u>Water</u>	<u>Wastewater</u>	<u>Airport</u>		
Assets					
Current assets					
Cash and cash equivalents	\$ 315,731	\$ 2,005,299	\$ 853,058	\$ 3,174,088	\$ 988,150
Receivables, net	109,539	523,568	50,432	683,539	2,800
Inventory	42,615	24,784	66,774	134,173	12,016
Prepaid items	-	-	-	-	5,804
Total current assets	<u>467,885</u>	<u>2,553,651</u>	<u>970,264</u>	<u>3,991,800</u>	<u>1,008,770</u>
Net other postemployment benefits asset	<u>1,233</u>	<u>5,643</u>	<u>-</u>	<u>6,876</u>	<u>11,015</u>
Capital assets					
Land and construction in progress	6,048	1,745,250	112,345	1,863,643	2,270,000
Other capital assets, net	<u>611,676</u>	<u>25,180,710</u>	<u>15,224,940</u>	<u>41,017,326</u>	<u>4,814,008</u>
Total capital assets	<u>617,724</u>	<u>26,925,960</u>	<u>15,337,285</u>	<u>42,880,969</u>	<u>7,084,008</u>
Total assets	<u>1,086,842</u>	<u>29,485,254</u>	<u>16,307,549</u>	<u>46,879,645</u>	<u>8,103,793</u>
Deferred outflows of resources					
Refunded debt charges	-	-	-	-	107,355
Pension related items	66,220	303,120	-	369,340	591,674
Other postemployment benefit related items	<u>5,135</u>	<u>23,508</u>	<u>-</u>	<u>28,643</u>	<u>45,886</u>
Total deferred outflows of resources	<u>71,355</u>	<u>326,628</u>	<u>-</u>	<u>397,983</u>	<u>744,915</u>
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	55,146	40,211	63,518	158,875	207,194
Accrued interest payable	260	151,809	2,611	154,680	20,056
Consumer deposits	13,780	44,610	-	58,390	200
Compensated absences	-	-	-	-	34,092
Unearned revenue	-	-	-	-	2,937
Due to other funds	-	-	-	-	1,630
Long-term obligations due within one year	<u>6,623</u>	<u>315,717</u>	<u>62,277</u>	<u>384,617</u>	<u>122,263</u>
Total current liabilities	<u>75,809</u>	<u>552,347</u>	<u>128,406</u>	<u>756,562</u>	<u>388,372</u>
Long-term obligations due in more than one year	<u>294,418</u>	<u>11,162,924</u>	<u>793,957</u>	<u>12,251,299</u>	<u>4,928,130</u>
Total liabilities	<u>370,227</u>	<u>11,715,271</u>	<u>922,363</u>	<u>13,007,861</u>	<u>5,316,502</u>
Deferred inflows of resources					
Pension related items	13,369	61,197	-	74,566	119,453
Other postemployment benefit related items	<u>7,330</u>	<u>33,551</u>	<u>-</u>	<u>40,881</u>	<u>65,491</u>
Total deferred inflows of resources	<u>20,699</u>	<u>94,748</u>	<u>-</u>	<u>115,447</u>	<u>184,944</u>
Net position					
Net investment in capital assets	524,289	16,435,548	14,481,051	31,440,888	3,862,991
Restricted for:					
Capital projects	-	543,314	-	543,314	-
Unrestricted	<u>242,982</u>	<u>1,023,001</u>	<u>904,135</u>	<u>2,170,118</u>	<u>(515,729)</u>
Total net position	<u>\$ 767,271</u>	<u>\$ 18,001,863</u>	<u>\$ 15,385,186</u>	34,154,320	<u>\$ 3,347,262</u>
Adjustment to reflect internal service fund balances related to business-type activities				<u>6,647,360</u>	
Net position of the business-type activities				<u>\$ 40,801,680</u>	

See notes to financial statements

CITY OF MADRAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities			Totals Enterprise Funds	Internal Service Funds
	Water	Wastewater	Airport		
Operating revenues					
Charges for services	\$ 803,184	\$ 3,672,120	\$ 643,248	\$ 5,118,552	\$ 3,576,164
Licenses, permits and fees	-	-	-	-	59,793
Rental income	-	-	706,355	706,355	1,205
Miscellaneous	200	668	79,015	79,883	62,498
Total operating revenues	<u>803,384</u>	<u>3,672,788</u>	<u>1,428,618</u>	<u>5,904,790</u>	<u>3,699,660</u>
Operating expenses					
Personnel services	20,273	93,539	-	113,812	2,431,415
Materials and services	798,022	2,215,624	1,206,984	4,220,630	1,220,559
Depreciation	21,500	519,986	422,586	964,072	171,617
Total operating expenses	<u>839,795</u>	<u>2,829,149</u>	<u>1,629,570</u>	<u>5,298,514</u>	<u>3,823,591</u>
Operating income (loss)	<u>(36,411)</u>	<u>843,639</u>	<u>(200,952)</u>	<u>606,276</u>	<u>(123,931)</u>
Nonoperating revenues (expenses)					
Grants	82,924	-	361,553	444,477	65,500
Rents	-	633,266	-	633,266	-
Interest income	2,542	20,144	4,753	27,439	60
Interest expense	(2,912)	(411,919)	(26,741)	(441,572)	(105,803)
Total nonoperating revenue (expenses)	<u>82,554</u>	<u>241,491</u>	<u>339,565</u>	<u>663,610</u>	<u>(40,243)</u>
Income (loss) before transfers	46,143	1,085,130	138,613	1,269,886	(164,174)
Capital contributions	15,844	420,605	-	436,449	-
Transfers in	-	18,219	-	18,219	-
Transfers out	-	(1,070,345)	(9,000)	(1,079,345)	(80,312)
Change in net position	61,987	453,609	129,613	645,209	(244,486)
Net position - beginning	778,677	17,548,254	15,490,277	33,817,208	3,591,748
Prior period adjustment	(73,393)	-	(234,704)	(308,097)	-
Net position - ending	<u>\$ 767,271</u>	<u>\$ 18,001,863</u>	<u>\$ 15,385,186</u>	<u>\$ 34,154,320</u>	<u>\$ 3,347,262</u>
Change in net position				\$ 645,209	
Adjustment for the net effect of the current year activity between the internal service funds and the enterprise funds				<u>850,485</u>	
Change in net position of the business-type activities				<u>\$ 1,495,694</u>	

See notes to financial statements

CITY OF MADRAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2021

	Business-type Activities			Total Enterprise Funds	Internal Service Funds
	Water	Wastewater	Airport		
Cash flows from operating activities					
Receipts from customers	\$ 806,939	\$ 3,536,281	\$ 1,667,577	\$ 6,010,797	\$ -
Receipts from other funds	-	-	-	-	3,701,163
Payments to suppliers	(850,392)	(2,304,898)	(1,238,364)	(4,393,654)	(1,158,394)
Payments to employees	-	-	-	-	(2,275,160)
Net cash provided by (used in) operating activities	<u>(43,453)</u>	<u>1,231,383</u>	<u>429,213</u>	<u>1,617,143</u>	<u>267,609</u>
Cash flows from noncapital financing activities					
Advance from other fund	-	-	-	-	1,630
Transfers out	-	(958,697)	(9,000)	(967,697)	(9,713)
Net cash provided by (used in) noncapital financing activities	<u>-</u>	<u>(958,697)</u>	<u>(9,000)</u>	<u>(967,697)</u>	<u>(8,083)</u>
Cash flows from capital and related financing activities					
System development charges received	15,844	420,605	-	436,449	-
Grants	82,924	633,266	361,553	1,077,743	65,500
Rents	-	1,368	-	1,368	-
Acquisition of capital assets	-	(762,015)	(53,723)	(815,738)	(66,798)
Principal paid on long-term obligations	(6,300)	(263,336)	(59,330)	(328,966)	(131,762)
Interest paid on long-term obligations	(3,246)	(419,116)	(29,691)	(452,053)	(105,337)
Net cash provided by (used in) capital and related financing activities	<u>89,222</u>	<u>(389,228)</u>	<u>218,809</u>	<u>(81,197)</u>	<u>(238,397)</u>
Cash flows from investing activities					
Interest on investments	2,542	20,144	4,753	27,439	60
Net increase (decrease) in cash and cash equivalents	48,311	(96,398)	643,775	595,688	21,189
Cash and cash equivalents - beginning	267,420	2,101,697	209,283	2,578,400	966,961
Cash and cash equivalents - ending	<u>\$ 315,731</u>	<u>\$ 2,005,299</u>	<u>\$ 853,058</u>	<u>\$ 3,174,088</u>	<u>\$ 988,150</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (36,411)	\$ 843,639	\$ (200,952)	\$ 606,276	\$ (123,931)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	21,500	519,986	422,586	964,072	171,617
(Increase) decrease in assets and deferred outflows					
Receivables, net	6,342	(129,917)	238,959	115,384	1,428
Inventories	(19,147)	9,392	(32,443)	(42,198)	4,583
Prepaid items	6,502	-	-	6,502	(4,595)
Net other postemployment benefits asset	235	1,287	-	1,522	(140)
Pension related items	(2,936)	(4,405)	-	(7,341)	(122,876)
Other postemployment benefit related items	(1,718)	(7,378)	-	(9,096)	(20,572)
Increase (decrease) in liabilities and deferred inflows					
Accounts payable and accrued liabilities	(39,725)	(98,666)	1,063	(137,328)	62,177
Consumer deposits	(2,787)	(6,590)	-	(9,377)	75
Compensated absences payable	-	-	-	-	4,321
Unearned revenue	-	-	-	-	(21,312)
Net pension liability	26,706	122,247	-	148,953	238,619
Net other postemployment benefits liability	(2,761)	(18,782)	-	(21,543)	41,072
Pension related items	(1,551)	(9,228)	-	(10,779)	8,929
Other postemployment benefit related items	2,298	9,798	-	12,096	28,214
Net cash provided by (used in) operating activities	<u>\$ (43,453)</u>	<u>\$ 1,231,383</u>	<u>\$ 429,213</u>	<u>\$ 1,617,143</u>	<u>\$ 267,609</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS					
Transfers in	\$ -	\$ 18,219	\$ -	\$ 18,219	\$ -
Transfers out	-	(111,648)	-	(111,648)	(70,599)
Total noncash transactions	<u>\$ -</u>	<u>\$ (93,429)</u>	<u>\$ -</u>	<u>\$ (93,429)</u>	<u>\$ (70,599)</u>

See notes to financial statements

NOTE 1 – FINANCIAL REPORTING ENTITY

The City of Madras (the “City”) was incorporated in 1911. The City provides basic services to the citizens within the city limits.

The city council, comprised of the mayor and six council members, forms the legislative branch of the government. Individual departments are under the direction and authority of the city administrator, who is appointed by the city council.

The accompanying financial statements present all activities and component units for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The city council appoints the governing body of the Madras Redevelopment Commission (the “MRC”), the MRC provides a financial benefit to the City, and the MRC is fiscally dependent on the City. Therefore, the accounts of the MRC are included in the financial statements of the City as a blended component unit.

Complete financial statements for the MRC may be obtained from the City’s finance department.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide financial statements and financial statement presentation

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 City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct 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. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Significant revenues, which are susceptible to accrual under the modified accrual basis of accounting, include property taxes and federal and state grants. Other revenue items are considered to be measurable and available when received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

General - accounts for all financial resources of the City, except those required to be accounted for in another fund. Included in the General Fund are the separately budgeted Parks, Community Development, Community Cleanup and Pension Stabilization funds. Principal sources of revenue are property taxes, franchise fees, and state shared revenues. Expenditures are primarily for public safety, parks and the industrial site.

Transportation Operations - accounts for improving and maintaining streets, the multi-use trail system, street greenways, street/trail lighting and associated material purchases. The City's street capital program is also accounted for in this fund.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation

Madras Redevelopment Commission Commercial Project – accounts for payment of principal and interest on long-term obligations within the Madras Redevelopment Commission. The principal revenue source is property taxes.

Madras Redevelopment Commission Commercial Property Tax and Debt Service – accounts for property tax revenues and debt service payments.

The City reports the following major proprietary funds:

Water - accounts for the operations of the City's water distribution system which is financed primarily through fees.

Wastewater - accounts for the operations of the City's wastewater collection and treatment system which is financed primarily through user charges to the general public.

Airport - accounts for the operations and capital improvements of the City's municipal airport.

Additionally, the City reports the following fund types:

Special Revenue – accounts for revenue derived from specific taxes or other revenue sources which are legally restricted to finance particular functions or activities.

Debt Service – accounts for the payment of principal and interest on long-term obligations. The principal revenue source is property taxes.

Capital Projects – accounts for major construction projects or equipment acquisition. The principal revenue resources are system development charges and proceeds from long-term obligations.

Internal Service – accounts for the cost of providing services to other funds of the City which are charged a fee on a cost reimbursement basis for those services.

Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget policies and budgetary control (continued)

The City begins its budgeting process by appointing budget committee members in January or February each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Disbursement appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.

The resolution authorizing appropriations for each fund sets the level at which disbursements cannot legally exceed appropriations. The City established the levels of budgetary control at the department level along with debt service, transfers and contingencies.

Budget amounts shown in the financial statements have been revised since the original budget amounts were adopted. The city council must authorize all appropriation transfers and supplementary budgetary appropriations.

Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any highly-liquid debt instruments purchased with a maturity of three months or less.

Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

Uncollected property taxes are reported in the governmental funds balance sheet as receivables; the portion which is available to finance expenditures of the current period is recorded as revenue and the remaining balance is recorded as deferred inflows of resources. Property taxes which are collected within 60 days of the end of the current period are considered available and recognized as revenue.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

User charges and fines

User charges are reported at the amount management expects to collect on balances outstanding at year end. Management closely monitors outstanding balances and writes off, as of year-end, all balances that are not expected to be collected.

The City has uncollected municipal court fines and fees, however due to the uncertainty of collection these amounts are not reported in the financial statements. The City maintains a listing of receivables they believe are collectible as of June 30, 2021 .

Inventory

Inventory is valued at the lower of cost (first-in, first-out method) or market. Inventory consists of expendable supplies held for consumption.

Capital assets

Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay disbursements of the governmental fund upon acquisition. Capital assets acquired for use in proprietary fund operations are accounted for the same as in the government-wide statements.

Government-wide statements

Capital assets are recorded at historical cost or estimated historical cost and adjusted by estimated amounts for accumulated depreciation in the statement of net position and depreciation expense in the statement of activities.

Capital assets purchased or acquired are carried at historical cost or estimated historical cost. Contributed capital assets are recorded at estimated fair market value at the time received. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives.

<u>Assets</u>	<u>Years</u>
Land improvements	20 – 50
Buildings and improvements	25 – 75
Equipment	5 – 15
Infrastructure	30 – 50

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over that life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs and the excess of bond amounts issued to refund previously issued debt over the refunded debt are reported as deferred charges and amortized over the term of the related debt.

Compensated absences

Vacation leave

The City has a policy which permits employees to earn vacation leave. Any leave not used or forfeited will be paid upon the employee's termination of employment.

Sick leave

The City has a policy which permits employees to earn sick leave. The City does not compensate the employees for unused sick leave upon termination of employment.

Deferred outflows / inflows of resources

In addition to assets, the statements of net position reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. These include refunded debt charges and pension related items.

In addition to liabilities, the statement of net position will report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents amounts that apply to future periods and so will not be recognized as an inflow of resources (revenue) until that time. Pension related items which are amortized over specified periods are reported as deferred inflows of resources.

The balance sheet of governmental funds will report as deferred inflows unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Retirement plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS' fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

Government-wide and proprietary fund financial statements

Equity is classified as net position and displayed in three components:

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

Restricted – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

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

In the government-wide and proprietary fund financial statements when both restricted and unrestricted resources are available for use, it is the City’s policy to use restricted resources first, and then unrestricted resources as they are needed.

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balance amounts are to be reported within one of the fund balance categories listed below:

Non-spendable — Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted — Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed — Amounts that can be used only for specific purposes determined by a formal action of the city council. The city council is the highest level of decision-making authority for the City. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the city council.

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Administrator has authority to assign fund balance amounts.

Unassigned — The residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications. Additionally, other funds may report negative unassigned fund balance in certain circumstances.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance (continued)

In the governmental fund financial statements when an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless provided otherwise in commitment or assignment actions.

Fair value measurements

The City categorizes its fair value measurements with the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 – CASH AND CASH EQUIVALENTS

The City's cash and cash equivalents at June 30, 2021 are as follows:

State of Oregon Local Government Investment Pool	\$ 6,464,168
Cash held with County Treasurer	2,091,390
Deposits with financial institutions	983,476
Cash with fiscal agent	468,913
Cash on hand	<u>2,100</u>
Total cash and cash equivalents	<u>\$ 10,010,047</u>

The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, the City's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest-bearing accounts and the aggregate of all interest-bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2021, none of the City's bank balances were exposed to custodial credit risk.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale.

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

Credit Risk: Oregon statutes authorize the City to invest in obligations of the U. S. Treasury and U. S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool.

Concentration of Credit Risk: The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer. 100% of the City's investments are in the State of Oregon State and Local Investment Pool.

Interest Rate Risk: The City does not have a formal policy that limits investment maturities as a means of managing its exposure to fair-value losses arising from increases in interest rates.

Portfolio Credit Rating: The City does not have a formal policy that establishes a minimum average credit rating for its investment portfolio.

Custodial Credit Risk – Investments: This is the risk that, in the event of the failure of a counterparty, the City will not be able to recover the value of its investments that are in the possession of an outside party. The City does not have a policy which limits the amount of investments that can be held by counterparties.

NOTE 4 – INVESTMENT IN LAND FOR SALE

Through MRC, the City holds land for sale which is reported at its estimated fair value measured using level 3 inputs.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 5 – NOTES RECEIVABLE

Through MRC, the City has made grants and loans to improve and refurbish buildings for the benefit of businesses in the City. Notes receivable have been recorded to reflect the amount the property owners will repay under the program. Loans are repayable over a maximum of 120 months. The loans are secured by the improved property and are considered fully collectible.

NOTE 6 – CAPITAL ASSETS

Activity for the governmental activities for the year ended June 30, 2021 was as follows:

	Balances <u>July 1, 2020</u>	Additions	Deletions and Reclassification	Balances <u>June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 3,038,867	\$ -	\$ -	\$ 3,038,867
Construction in progress	<u>248,508</u>	<u>573,457</u>	<u>(79,408)</u>	<u>742,557</u>
Total capital assets not being depreciated	<u>3,287,375</u>	<u>573,457</u>	<u>(79,408)</u>	<u>3,781,424</u>
Capital assets being depreciated				
Land improvements	3,809,535	-	48,977	3,858,512
Buildings and improvements	8,235,825	11,039	95,716	8,342,580
Equipment	2,344,011	-	132,628	2,476,639
Infrastructure	<u>15,828,732</u>	<u>-</u>	<u>22,000</u>	<u>15,850,732</u>
Total capital assets being depreciated	<u>30,218,103</u>	<u>11,039</u>	<u>299,321</u>	<u>30,528,463</u>
Less accumulated depreciation for:				
Land improvements	1,493,833	167,933	12,026	1,673,792
Buildings and improvements	2,101,916	208,051	33,907	2,343,874
Equipment	1,707,701	139,085	61,367	1,908,153
Infrastructure	<u>3,292,462</u>	<u>356,633</u>	<u>879</u>	<u>3,649,974</u>
Total accumulated depreciation	<u>8,595,912</u>	<u>871,702</u>	<u>108,179</u>	<u>9,575,793</u>
Total capital assets being depreciated	<u>21,622,191</u>	<u>(860,663)</u>	<u>191,142</u>	<u>20,952,670</u>
Capital assets, net	<u>\$ 24,909,566</u>	<u>\$(287,206)</u>	<u>\$ 111,734</u>	<u>\$ 24,734,094</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation was charged to expense for the year ended June 30, 2021 as follows:

General government	\$	105,959
Public safety		59,740
Highways and streets		543,402
Culture and recreation		<u>162,601</u>
	<u>\$</u>	<u>871,702</u>

Activity for business-type activities for the year ended June 30, 2021 was as follows:

	Balances <u>July 1, 2020</u>	Additions	Reclassifications and Deletions	Balances <u>June 30, 2021</u>
Capital assets not being depreciated				
Land	\$ 1,727,177	\$ -	\$ -	\$ 1,727,177
Construction in progress	<u>3,379,626</u>	<u>815,738</u>	<u>(4,058,898)</u>	<u>136,466</u>
Total capital assets not being depreciated	<u>5,106,803</u>	<u>815,738</u>	<u>(4,058,898)</u>	<u>1,863,643</u>
Capital assets being depreciated				
Land improvements	181,742	-	(48,977)	\$ 132,765
Buildings and improvements	5,662,719	-	(22,282)	5,640,437
Equipment	1,565,701	-	(208,458)	1,357,243
Infrastructure	<u>44,995,185</u>	<u>-</u>	<u>4,009,209</u>	<u>49,004,394</u>
Total capital assets being depreciated	<u>52,405,347</u>	<u>-</u>	<u>3,729,492</u>	<u>56,134,839</u>
Less accumulated depreciation for:				
Land improvements	58,496	4,424	12,111	50,809
Buildings and improvements	1,321,864	99,146	33,907	1,387,103
Equipment	1,085,017	67,745	170,860	981,902
Infrastructure	<u>11,905,822</u>	<u>792,757</u>	<u>880</u>	<u>12,697,699</u>
Total accumulated depreciation	<u>14,371,199</u>	<u>964,072</u>	<u>217,758</u>	<u>15,117,513</u>
Total capital assets being depreciated	<u>38,034,148</u>	<u>(964,072)</u>	<u>3,511,734</u>	<u>41,017,326</u>
Capital assets, net	<u>\$ 43,140,951</u>	<u>\$ (148,334)</u>	<u>\$ (547,164)</u>	<u>\$ 42,880,969</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 6 – CAPITAL ASSETS (Continued)

Depreciation was charged to expense for the year ended June 30, 2021 as follows:

Water	\$	21,500
Wastewater		519,986
Airport		<u>422,586</u>
		<u>\$ 964,072</u>

NOTE 7 – UNAVAILABLE REVENUE

As of June 30, 2021 resources in the governmental funds, which are measurable but unavailable, consist of the following:

	Governmental Funds				
	General	Transportation Operations	Property Tax and Debt Service	Nonmajor	Total
Property taxes	\$ 61,006	\$ -	\$ 20,391	\$ -	\$ 81,397
Notes	-	-	-	319,036	319,036
Other	<u>46,655</u>	<u>1,018</u>	<u>-</u>	<u>89,737</u>	<u>137,410</u>
	<u>\$107,661</u>	<u>\$ 1,018</u>	<u>\$ 20,391</u>	<u>\$ 408,773</u>	<u>\$537,843</u>

NOTE 8 – SHORT-TERM DEBT OBLIGATIONS

Transactions for the governmental activities for the year ended June 30, 2021 were as follows:

	Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021
	MRC line of credit - Commercial	\$ 794,892	\$ 550,000	\$ -
MRC line of credit - Housing	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 794,892</u>	<u>\$ 600,000</u>	<u>\$ -</u>	<u>\$ 1,394,892</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 8 – SHORT-TERM DEBT OBLIGATIONS (Continued)

MRC line of credit – Commercial

The maximum principal available is \$1,900,000, with 2.75% interest only payments due monthly. The City drew down an additional \$550,000 on the line of credit during the year for a total balance at June 30, 2021 of \$1,344,892.

MRC line of credit – Housing

The maximum principal available is \$1,000,000. A one-time payment of all outstanding principal plus accrued interest at 2.75% is due April 30, 2022. The City drew down \$50,000 on the line of credit during the year for a total balance at June 30, 2021 of \$50,000.

NOTE 9 – CAPITAL LEASE

In August 2018, the City entered into a capital lease agreement for equipment. At June 30, 2021, the equipment had a gross value of \$67,936 and accumulated depreciation of \$26,111. The future minimum lease obligations and net present value of these minimum lease payments as of June 30, 2021 were as follows:

<u>Year Ended</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	<u>\$17,369</u>	<u>\$ 849</u>	<u>\$18,218</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS

Changes in governmental activities long-term obligations for the year ended June 30, 2021 were as follows:

	Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2015	\$ 618,510	\$ -	\$ 40,845	\$ 577,665	\$ 40,845
Series 2017	3,050,000	-	200,000	2,850,000	205,000
Bond premium	214,331	-	15,731	198,600	15,731
Direct borrowings and placements					
USDA Rural Development	1,981,714	-	35,202	1,946,512	36,302
Oregon Department of Transportati	106,190	223,835	-	330,025	-
Total long-term debt obligations	5,970,745	223,835	291,778	5,902,802	297,878
Other long-term obligations					
Compensated absences	45,493	56,690	45,493	56,690	56,690
Net pension liability	3,114,894	559,347	-	3,674,241	-
Other postemployment benefit liabilit	845,236	-	1,451	843,785	-
Total long-term obligations	<u>\$ 9,976,368</u>	<u>\$ 839,872</u>	<u>\$ 338,722</u>	<u>\$ 10,477,518</u>	<u>\$ 354,568</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Changes in business-type activities long-term obligations for the year ended June 30, 2021 were as follows:

	Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021	Balances Due Within One Year
Long-term debt					
Bonded debt					
Series 2013	\$ 9,910,000	\$ -	\$ 235,000	\$ 9,675,000	\$ 265,000
Series 2015	971,489	-	64,155	907,334	64,155
Bond premium	101,638	-	7,684	93,954	7,684
Direct borrowings and placements					
DEQ's Clean Water	135,784	-	8,453	127,331	8,684
Oregon DEQ	598,056	-	17,184	580,872	17,427
Jefferson County	42,394	-	4,173	38,221	4,298
Capital lease	33,929	-	16,560	17,369	17,369
Total long-term debt obligations	11,793,290	-	353,209	11,440,081	384,617
Other long-term obligations					
Net pension liability	822,185	148,953	-	971,138	-
Other postemployment benefit liability	246,240	-	21,543	224,697	-
Total long-term obligations	<u>\$ 12,861,715</u>	<u>\$ 148,953</u>	<u>\$ 374,752</u>	<u>\$ 12,635,916</u>	<u>\$ 384,617</u>

Governmental activities long-term debt

Series 2015, Full Faith and Credit Obligation – The City borrowed \$805,230 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$22,757 to \$61,890 and include interest at rates of 1 to 4%. Annual interest only payments are due in June and range from \$467 to \$21,823.

Series 2017, Full Faith and Credit Obligation – the City borrowed \$3,145,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$73,050 to \$296,300 and include interest at rates of 3 to 4%. Annual interest only payments are due in June and range from \$225 to \$53,050.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Governmental activities long-term debt (continued)

USDA Rural Development Revenue Installment – The City borrowed \$2,200,000 to finance the construction of the police station. Annual principal and interest payments are due in December. The payments range from \$95,534 to \$179,130 and include interest at 3.125%.

Oregon Department of Transportation - The City entered into a \$2,233,420 loan agreement with the State of Oregon Department of Transportation to expand the Willow Creek Bridge. During fiscal year 2020, the City drew down \$106,190 of the loan. Annual principal and interest payments of \$70,060 are due in October and include interest at a rate of 1.99%.

Business-type activities long-term debt

Series 2013, Full Faith and Credit Obligation – The City borrowed \$10,495,000 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in February. The payments range from \$464,944 to \$908,538 and include interest at rates of 2 to 4.125%. Annual interest only payments are due in August and range from \$35,236 to \$424,944.

Series 2015, Full Faith and Credit Obligation – The City borrowed \$1,264,770 to refund previously issued long-term debt obligations. Annual principal and interest payments are due in December. The payments range from \$35,743 to \$97,210 and include interest at rates of 1 to 4%. Annual interest only payments are due in June and range from \$733 to \$36,889.

DEQ's Clean Water Revolving Fund Loan Program – The City borrowed \$174,778 through DEQ's clean water revolving fund loan program. Annual principal and interest payments are due in December in the amount of \$12,076 and include interest at 2.71%. Annual interest only payments are due in June and range from \$60 to \$4,687.

Oregon DEQ – The City borrowed \$1,115,000 from DEQ's Clean Water State Revolving Fund. Upon completion of the project, DEQ forgave \$500,000 of the loan amount. Semiannual principal and interest payments range from \$12,778 to \$15,853 and include interest at 1.41%.

Jefferson County – The City received a \$65,000 loan from Jefferson County to fund the Berg Drive Extension to Cherry Lane. Annual principal and interest payments are due in February in the amount of \$5,445 and include interest at 3%. Annual interest only payments are due in August and range from \$159 to \$1,845.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

The future maturities for governmental activities long-term debt obligations as of June 30, 2021 are as follows:

Fiscal Year	Full Faith and Credit Obligations Series 2015		Full Faith and Credit Obligations Series 2017		USDA Rural Development Revenue Installment		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
	2022	\$ 40,845	\$ 20,228	\$ 205,000	\$ 94,175	\$ 36,302	\$ 60,828	\$ 282,147
2023	40,845	19,411	215,000	86,800	37,437	59,694	293,282	79,105
2024	40,845	18,390	220,000	79,200	38,606	58,524	299,451	76,914
2025	42,790	17,135	225,000	71,400	39,813	57,318	307,603	74,453
2026	44,735	15,599	235,000	62,200	41,057	56,073	320,792	71,672
2024-28	233,400	50,493	1,330,000	170,950	225,352	260,301	1,788,752	310,794
2029-33	134,205	11,554	420,000	10,650	262,832	222,819	817,037	234,373
2034-38	-	-	-	-	306,550	179,105	306,550	179,105
2039-43	-	-	-	-	357,536	128,116	357,536	128,116
2044-48	-	-	-	-	417,004	68,650	417,004	68,650
2049-53	-	-	-	-	184,023	8,643	184,023	8,643
	<u>\$ 577,665</u>	<u>\$ 152,810</u>	<u>\$ 2,850,000</u>	<u>\$ 575,375</u>	<u>\$ 1,946,512</u>	<u>\$ 1,160,071</u>	<u>\$ 5,374,177</u>	<u>\$1,312,881</u>

The future maturities for business-type activities long-term debt obligations as of June 30, 2021 are as follows:

Fiscal Year	Full Faith and Credit Obligations, Series 2013		Full Faith and Credit Obligations Series 2015		DEQ's Clean Water Revolving Fund Loan Program	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 265,000	\$ 396,331	\$ 64,155	\$ 31,772	\$ 8,684	\$ 3,392
2023	300,000	385,731	64,155	30,489	8,922	3,154
2024	340,000	373,732	64,155	28,885	9,165	2,911
2025	370,000	360,131	67,210	26,915	9,415	2,661
2026	410,000	343,481	70,265	24,501	9,671	2,405
2024-28	2,625,000	1,428,113	366,600	79,307	52,463	7,917
2029-33	3,660,000	817,913	210,794	18,146	29,011	1,168
2034-38	1,705,000	105,567	-	-	-	-
2039-43	-	-	-	-	-	-
2044-48	-	-	-	-	-	-
	<u>\$ 9,675,000</u>	<u>\$ 4,210,999</u>	<u>\$ 907,334</u>	<u>\$ 240,015</u>	<u>\$ 127,331</u>	<u>\$ 23,608</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 10 – LONG-TERM OBLIGATIONS (Continued)

Fiscal Year	Jefferson County							
	Oregon DEQ		Berg Drive		Capital Lease		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 17,427	\$ 11,033	\$ 4,298	\$ 1,147	\$ 17,369	\$ 849	\$ 376,933	\$ 444,524
2023	17,674	10,699	4,427	1,018	-	-	395,178	431,091
2024	17,923	10,362	4,560	885	-	-	435,803	416,775
2025	18,178	10,017	4,697	748	-	-	469,500	400,472
2026	18,435	9,669	4,838	607	-	-	513,209	380,663
2024-28	96,159	42,954	15,401	934	-	-	3,155,623	1,559,225
2029-33	103,158	33,481	-	-	-	-	4,002,963	870,708
2034-38	110,665	23,322	-	-	-	-	1,815,665	128,889
2039-43	118,719	12,422	-	-	-	-	118,719	12,422
2044-48	62,534	1,893	-	-	-	-	62,534	1,893
	<u>\$ 580,872</u>	<u>\$ 165,852</u>	<u>\$ 38,221</u>	<u>\$ 5,339</u>	<u>\$ 17,369</u>	<u>\$ 849</u>	<u>\$ 11,346,127</u>	<u>\$ 4,646,662</u>

NOTE 11 – DEFINED BENEFIT PENSION PLAN

Plan description

Employees of the City are provided with pensions through the Oregon Public Employee Retirement Systems (OPERS).

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan. The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Plan description (continued)

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the pension plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf

Description of benefit terms

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

Tier One/Tier Two retirement benefit (Chapter 238)

Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer. General service employees may retire after reaching age 55. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Tier Two members are eligible for full benefits at age 60.

Death benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 when determining the monthly benefit.

Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes.

Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP)

Pension benefits

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 60, or age 53 with 25 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

Death benefits

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

Disability benefits

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Description of benefit terms

Benefit changes after retirement

Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes.

Contributions

OPERS funding policy provides for periodic member and employer contributions at actuarial determined rates, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

Tier One/Tier Two employer contribution rates are 27.39% and the OPSRP employer contribution rates are 16.93% for general service employees and 21.56% for police and fire employees. Employer contributions for the year ended June 30, 2021 were \$471,568.

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

At June 30, 2021, the City reported a liability of \$4,645,379 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

Normal Cost Rate: The PVFNC represents the portion of the projected long-term contribution effort related to future service. An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to three different payrolls, each with a different normal cost rate: (1) Tier One/Tier Two payroll, (2) OPSRP general service payroll, and (3) OPSRP police and fire payroll.

UAL Rate: A UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The UAL represents the portion of the projected long-term contribution effort related to past service.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

After the employer's projected long-term contribution effort is calculated, that amount is reduced by the value of the employer's supplemental lump-sum payments, known as side accounts, transition surpluses and pre-SLGRP (State and Local Government Rate Pool) surpluses as of the valuation date. Side accounts decrease the employer's projected long-term contribution effort because side accounts are effectively prepaid contributions.

At June 30, 2020, the City's proportion was 0.02128619%, which was a decrease of 0.00147464% from its proportion measured as of June 30, 2019.

Pension expense

For the year ended June 30, 2021, the City recognized pension expense of \$1,355,291.

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Net differences between projected and actual investment earnings
- Changes in employer proportion since the prior measurement date
- Differences between employer contributions and employer's proportionate share of system contributions
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize pension expense based on the balance of the closed period "layers" attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are:

- Fiscal Year ended June 30, 2020 - 5.3 years
- Fiscal Year ended June 30, 2019 - 5.2 years
- Fiscal Year ended June 30, 2018 - 5.2 years
- Fiscal Year ended June 30, 2017 - 5.3 years
- Fiscal Year ended June 30, 2016 - 5.3 years
- Fiscal Year ended June 30, 2015 - 5.4 years
- Fiscal Year ended June 30, 2014 - 5.6 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Net pension liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 204,453	\$ –
Changes of assumptions	249,303	8,735
Net difference between projected and actual earnings on pension plan investments	546,236	–
Changes in proportionate share	256,001	268,681
Difference between contributions and proportionate share of system contributions	28,719	77,161
Contributions subsequent to the measurement date	<u>471,568</u>	<u>–</u>
 Total	 <u>\$ 1,756,280</u>	 <u>\$ 354,577</u>

Deferred outflows of resources related to pensions resulting from the City's contributions subsequent to the measurement in the amount of \$471,568 will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions as of June 30, 2021 will be recognized in pension expense as follows:

Years ending June 30,		
2022	\$	208,623
2023		292,927
2024		284,436
2025		154,985
2026		<u>(10,836)</u>
 Total	 \$	 <u>930,135</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability

The total pension liability measured as of June 30, 2020 was based on an actuarial valuation as of December 31, 2018 using the following methods and assumptions:

Experience study report	2018, published July 24, 2019
Actuarial cost method	Entry age normal
Inflation rate	2.5%
Long-term expected rate of return	7.2%
Discount rate	7.2%
Administrative expenses – Tier One/Tier Two	\$32.5 million per year added to normal cost
Administrative expenses – OPSRP	\$8 million per year added to normal cost
Projected salary increases	3.5%
Cost of living adjustments (COLA)	Blend of 2% COLA and graded COLA (1.25%/ .015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p>Healthy retirees and beneficiaries: Pub-2010 Health Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Active members: Pub-2010 employee, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p> <p>Disabled retirees: Pub-2010 Disabled Retiree, sex distinct, generational with Unisex, Social Security Data Scale, with job category adjustments and set-backs as described in the valuation.</p>

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (continued)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2018 Experience Study which reviewed experience for the four-year period ending on December 31, 2018.

UAL amortization

The Tier 1/Tier 2 UAL amortization period was reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20-year period from the valuation in which they are first recognized.

The OPSRP UAL as of December 31, 2007 is amortized as a level percentage of projected combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

Discount rate

The discount rate used to measure the total pension liability was 7.2%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Assumed asset allocation

<u>Asset Class</u>	<u>Target Allocation</u>
Cash	0.00%
Debt securities	20.00%
Public equity	32.50%
Private equity	17.50%
Real estate	12.50%
Alternatives portfolio	15.00%
Risk parity	2.50%
Total	100.00%

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (continued)

Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2019 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model.

Long-Term Expected Rate of Return ¹				
Asset Class	Target Allocation	Annual Arithmetic Return ²	20-Year Annualized Geometric Mean	Annual Standard Deviation
Core Fixed Income	9.60 %	4.14 %	4.07 %	3.90 %
Short-Term Bonds	9.60	3.70	3.68	2.10
Bank/Leveraged Loans	3.60	5.40	5.19	6.85
High Yield Bonds	1.20	6.13	5.74	9.35
Large/Mid Cap US Equities	16.17	7.35	6.30	15.50
Small Cap US Equities	1.35	8.35	6.68	19.75
Micro Cap US Equities	1.35	8.86	6.79	22.10
Developed Foreign Equities	13.48	8.30	6.91	17.95
Emerging Market Equities	4.24	10.35	7.69	25.35
Non-US Small Cap Equities	1.93	8.81	7.25	19.10
Private Equity	17.50	11.95	8.33	30.00
Real Estate (Property)	10.00	6.19	5.55	12.00
Real Estate (REITS)	2.50	8.29	6.69	21.00
Hedge Fund of Funds - Diversified	1.50	4.28	4.06	6.90
Hedge Fund - Event-driven	0.38	5.89	5.59	8.10
Timber	1.13	6.36	5.61	13.00
Farmland	1.13	6.87	6.12	13.00
Infrastructure	2.25	7.51	6.67	13.85
Commodities	1.13	5.34	3.79	18.70
Assumed Inflation - Mean			2.50 %	1.65 %

¹ Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of April 24, 2019.

² The arithmetic mean is a component that goes into calculating the geometric mean. Expected rates of return are presented using the geometric mean, which the Board uses in setting the discount rate.

NOTE 11 – DEFINED BENEFIT PENSION PLAN (Continued)

Actuarial methods and assumptions used in developing contribution rates and total pension liability (continued)

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 68 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 68 (paragraph 67) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 68 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.2%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net pension liability	\$ 6,898,004	\$ 4,645,379	\$ 2,756,448

NOTE 12 – DEFINED CONTRIBUTION PLAN

Plan description

Individual account program (IAP) - Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

Pension benefits

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death benefits

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions

The City makes the employee contributions of 6% of covered payroll to the plan. Contributions for the year ended June 30, 2021 were \$136,907.

Recordkeeping

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS

City of Madras Other Postemployment Benefit Plan

Plan description and benefits provided

The City provides other postemployment benefits (OPEB) for employees, retirees, spouses and dependents through a single employer defined benefit plan in the form of group health insurance benefits. As required by ORS 243.303(2), retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by the retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 75. The plan does not issue a separate stand-alone financial report.

The City also provides explicit healthcare benefits to certain retirees meeting eligibility requirements of the plan. This includes retirees hired prior to March 11, 2014 who retire from active service with at least 20 years, and who are eligible to receive a pension from Oregon PERS. These retirees may continue coverage through the City's benefit plan through age 65, with the City paying the employee only premium at the same rate as active employees. The City also makes contributions to retirees' Health Savings Accounts in the same amount as those made for active employees.

Plan membership

As of the July 1, 2020 valuation, there were 31 active employees, 4 eligible retirees, and no spouses of ineligible retirees for a total of 35 plan members.

Contributions

The City funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis. The average monthly premium requirement for the City per individual is \$627 per retiree and \$686 per spouse.

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB

At June 30, 2021, the City reported a total OPEB liability of \$1,068,482. The total OPEB liability was measured as of June 30, 2020 and determined by an actuarial valuation dated July 1, 2020.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

For the year ended June 30, 2021 changes in the total OPEB liability are as follows:

	Total OPEB Liability
Balances at June 30, 2020	\$ 1,091,476
Changes for the year:	
Service cost	50,646
Interest	38,992
Economic/demographic gains or losses	42,739
Changes in assumptions or other inputs	(98,759)
Benefit payments	(56,612)
Balances at June 30, 2021	\$ 1,068,482

For the year ended June 30, 2021, the City recognized OPEB expense of \$131,432. At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 37,397	\$ 10,984
Changes of assumptions	25,181	178,296
City's contributions subsequent to the measurement date	66,245	-
	\$ 128,823	\$ 189,280

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Total OPEB liability, changes in total OPEB liability, OPEB expense, deferred outflows of resources and deferred inflows of resources related to OPEB (continued)

Deferred outflows of resources related to OPEB resulting from the City's contributions subsequent to the measurement date in the amount of \$66,245 will be recognized as an adjustment to the Total OPEB liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021 will be recognized in OPEB expense as follows:

Years ending June 30,	
2022	\$ (20,786)
2023	(20,786)
2024	(20,786)
2025	(20,786)
2026	(20,786)
Thereafter	<u>(22,772)</u>
	<u>\$ (126,702)</u>

Actuarial valuation

The City's contributions are based on the accruing benefit costs measured using the individual entry age normal actuarial cost method. The present value of benefits is allocated over the service for each active employee from their date of hire to their expected retirement age, as a level percent of the employee's pay. This level percent times pay is referred to as the service cost and is that portion of the present value of benefits attributable to an employee's service in a current year. The service cost equals \$0 for retired members. The total OPEB liability is the present value of benefits less the actuarial present value of future normal costs and represents the liabilities allocated to service up to the valuation date. For retirees, the total OPEB liability is equal to the present value of benefits.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Actuarial methods and assumptions used in developing total OPEB liability

Valuation Date	July 1, 2020
Actuarial Cost Method	Entry Age Normal, Level Percent of Pay
Actuarial Assumptions:	
Inflation Rate	2.5%
Projected Salary Increases	3.5%
Mortality	Pub-2010 General and Safety Employee and Healthy Retiree tables, sex distinct for members and dependents, with a one-year setback for male general service employees and female safety employees
Election and Lapse Rates	40% of eligible employees. 60% of male members and 35% of female members will elect spouse coverage. 5% annual lapse rate

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Discount rate

The discount rate used to measure the total OPEB liability was 2.21%. The discount rate is based on the Bond Buyer 20-year General Obligation Bond Index. The discount rate at the prior measurement date was 3.5%.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Healthcare cost trend rate

The assumed healthcare cost trend for medical and vision costs is as follows:

<u>Year</u>	<u>Pre-65 Trend</u>
2020	3.75%
2021	5.75%
2022	5.25%
2023-2025	5.00%
2026-2040	4.75%
2041-2049	5.00%
2050-2064	4.75%
2065-2067	4.50%
2068-2071	4.25%
2072+	4.00%

Dental costs are assumed to decrease 1.25% for 2020 and increase 4% per year thereafter.

Sensitivity of the City's total OPEB liability to changes in the discount and healthcare cost trend rates

The following presents the City's total OPEB liability calculated using the discount rate of 2.21%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21%) or 1-percentage-point higher (3.21%) than the current rate. A similar sensitivity analysis is then presented for changes in the healthcare cost trend assumption.

	<u>1 Percentage Point Lower</u>	<u>Current Discount Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 1,147,096	\$ 1,068,482	\$ 994,223
	<u>1 Percentage Point Lower</u>	<u>Current Trend Rate</u>	<u>1 Percentage Point Higher</u>
City's total OPEB liability	\$ 965,543	\$ 1,068,482	\$ 1,189,573

Changes since prior valuation

Expected Claims and Premiums was updated to reflect changes in available benefits and premium levels. If applicable, expected retiree and dependent costs were updated to reflect current health cost guidelines.

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Changes since prior valuation (continued)

The health care cost trend was updated to reflect changes in current premium levels as well as future expected economic and regulatory conditions.

The mortality, withdrawal and retirement rates were updated to reflect assumptions used in the Oregon PERS December 31, 2019 actuarial valuation.

The data processing assumptions for missing dates of hire and inconsistent or missing PERS tier information were updated to provide a better approximation for missing or inconsistent data.

Oregon Public Employees Retirement System Retirement Health Insurance Account

Plan description

The City contributes to the Oregon PERS Retirement Health Insurance Account (RHIA) for each of its eligible employees. The RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by PERS. Contributions are mandatory for each employer that is a member of PERS.

The Oregon Legislature has delegated the authority to the Public Employees Retirement Board to administer and manage the system.

OPERS produces an independently audited Comprehensive Annual Financial Report which includes detailed information about the plan's fiduciary net position. The report can be found at: www.oregon.gov/pers/Documents/Financials/CAFR/2020-CAFR.pdf

Description of benefit terms

All benefits of the System are established by the legislature pursuant to Oregon Revised Statutes Chapters 238 and 238A.

The RHIA is closed to new members hired on or after August 29, 2003.

Other Postemployment Healthcare benefits

Eligible retired members receive a monthly healthcare benefit for life up to \$60 toward the monthly cost health insurance.

To be eligible, the member must:

- 1) Have eight years or more of qualifying service in PERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in PERS
- 2) Receive both Medicare Parts A and B coverage
- 3) Enroll in a PERS-sponsored health plan

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Surviving spouse or dependent benefits

A surviving spouse or dependent of a deceased retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she is receiving a retirement benefit or allowance from PERS or was insured at the time the member died and the member retired before May 1, 1991.

Contributions

OPERS funding policy provides for periodic member and employer contributions at the rates established by the Public Employees Retirement Board, subject to limits set in statute. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. Employer contribution rates during the period were based on the December 31, 2017 actuarial valuation.

The City contributed 0.06% of PERS-covered salaries for Tier One and Tier Two members to fund the normal cost portion of RHIA benefits. Since the funded status of the RHIA UAL is in excess of 100%, no contributions were required to fund the RHIA UAL. For the year ended June 30, 2021, the City made contributions in the amount of \$384 to the RHIA.

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits

Net OPEB liability (asset)

At June 30, 2021, the City reported an (asset) of \$(32,696) for its proportionate share of the net OPEB liability/(asset). The net OPEB liability/(asset) was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability/(asset) was determined by an actuarial valuation as of that date. The City's proportion of the net OPEB liability/(asset) was based on its actual, legally required contributions made during the fiscal year with the total actual contributions of all employers during the fiscal year.

At June 30, 2020, the City's proportion was 0.01604627 percent, which was a decrease of .00321735 percent from its proportion measured as of June 30, 2019.

OPEB expense

For the year ended June 30, 2021, the City recognized OPEB (revenue) of \$(3,448).

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (continued)

Deferred inflows of resources and deferred outflows of resources

Deferred inflows of resources and deferred outflows of resources are calculated at the plan level and are allocated to employers based on their proportionate share. For the measurement period ended June 30, 2020, employers will report the following deferred inflows or resources and/or deferred outflows of resources:

- Difference between expected and actual experience
- Changes in assumptions
- Changes in employer proportion since the prior measurement date
- Net difference between projected and actual investment earnings
- Contributions subsequent to the measurement date

Differences between expected and actual experience, changes in assumptions and changes in employer proportionate are amortized over the average remaining service lives of all plan participants, including retirees, determined at the beginning of the respective measurement period. Employers are required to recognize OPEB expense based on the balance of the closed period “layers” attributable to each measurement period. The average remaining service lives determined as of the beginning of each measurement period are described below:

- Fiscal Year ended June 30, 2020 – 2.9 years
- Fiscal Year ended June 30, 2019 – 3.1 years
- Fiscal Year ended June 30, 2018 – 3.3 years
- Fiscal Year ended June 30, 2017 – 3.7 years

The net difference between projected and actual investment earnings attributable to each measurement period is amortized over a closed five-year period.

At June 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,342
Changes of assumptions	-	1,738
Net difference between projected and actual earnings on pension plan investments	3,636	-
Changes in proportionate share	3,362	36
Contributions subsequent to the measurement date	384	-
Total	\$ 7,382	\$ 5,116

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Net OPEB liability/(asset), pension expense and deferred outflows of resources and deferred inflows of resources related to other postemployment benefits (continued)

Deferred outflows of resources related to OPEB resulting from the City’s contributions subsequent to the measurement date in the amount of \$384 will be recognized as an adjust to the net OPEB (asset) / liability in the years ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB as of June 30, 2021 will be recognized in OPEB expense as follows:

Year ends June 30,	
2022	\$ (1,494)
2023	885
2024	1,344
2025	1,147
2026	<u>—</u>
Total	<u>\$ 1,882</u>

Actuarial methods and assumptions used in developing total OPEB liability

Except as identified below, actuarial methods and assumptions used in developing the total OPEB liability are the same as those used to develop the total PERS pension liability as discussed in Note 11.

Retiree healthcare participation

Healthy retirees are assumed to participate 32% of the time while disabled retirees are assumed to participate 20% of the time.

Healthcare cost trend rate

A healthcare cost trend rate is not utilized in the actuarial valuation as statute stipulates a \$60 monthly payment to retirees for health insurance.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 13 – OTHER POSTEMPLOYMENT BENEFIT PLANS (Continued)

Actuarial methods and assumptions used in developing total OPEB liability (continued)

Depletion date projection

GASB 75 generally requires that a blended discount rate be used to measure the Total OPEB Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s fiduciary net position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the fiduciary net position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 75 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 75 (paragraph 82) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS (OPERS):

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100 percent funded position by the end of the amortization period if future experience follows assumption.
- GASB 75 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 75 would clearly indicate that the fiduciary net position is always projected to be sufficient to cover benefit payments and administrative expenses.

Sensitivity of the proportionate share of the net OPEB liability/(asset) to changes in the discount rate

The following presents the proportionate share of the net OPEB liability/(asset) calculated using the discount rate of 7.2%, as well as what the proportionate share of the net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.2%) or 1-percentage-point higher (8.2%) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
Proportionate share of net OPEB liability/(asset)	\$ (26,396)	\$ (32,696)	\$ (38,082)

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 14 – RISK MANAGEMENT

The City 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 City purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 15 – INTERFUND TRANSFERS AND BALANCES

Interfund transfers were as follows during the year ended June 30, 2021:

Fund	Transfers	
	In	Out
General	\$ 1,098,983	\$ 428,616
Transportation Operations	68,000	-
MRC Commercial Project	400,000	-
MRC Commercial Property Tax and Debt Service	-	400,000
Nonmajor governmental	705,793	466,750
Sewer	-	958,697
Sewer - non-cash	18,219	111,648
Airport	-	9,000
Internal Service	-	9,713
Internal Service - non-cash	-	70,599
Governmental activities - non-cash	164,028	-
	<u>\$ 2,455,023</u>	<u>\$ 2,455,023</u>

As part of the budget process, the City plans to make interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

Non-cash transfers occur when a fund 1) acquires capital assets which will be used in the operation of a different fund's activities, 2) issues long-term obligations which will be repaid out of a different fund's resources or 3) pays principal on long-term obligations reported in a different fund.

An advance (loan) from the Debt Service Fund to the MRC Fund is being repaid in annual installments, including interest of 2.5 to 4% through June 2032. At June 30, 2021, the balance is \$1,650,000.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 16 – NET POSITION RESTRICTED THROUGH ENABLING LEGISLATION

Capital Projects – Ordinances imposing System Development Charges (SDC) restrict the use of those funds to capital improvements which expand the capacity of the system for which the charges were made. Net position related to SDC’s as of June 30, 2021 was \$1,780,718.

NOTE 17 – DEFICIT FUND BALANCE

As of June 30, 2021, a deficit fund balance existed in the Madras Redevelopment Commission Commercial Property Tax and Debt Service Fund in the amount of \$(1,492,685). Management has a plan in place to correct the deficit fund balance with prudent fiscal management to ensure revenues exceed expenditures in the coming years.

NOTE 18 – TAX ABATEMENT

Jefferson County has established an Enterprise Zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. As a result, the property taxes that the City received for the year ended June 30, 2021 have been reduced by \$199,576.

NOTE 19 – COMMITMENTS

Operating leases

Total lease payments for the year ended June 30, 2021 were \$29,304. Future minimum lease payments are scheduled as follows:

Years Ending	
June 30,	Payments
2022	\$ 40,110
2023	30,673
2024	30,673
2025	19,183
2026	7,317
	\$ 127,956

Option agreement

The City entered into an option agreement with a local land developer for the sale of 67 acres within the City limits and 542 acres outside the City limits. \$50,000 was paid as part of the agreement for the first five-year term of additional eight years by paying \$10,000 annually beginning December 1, 2014. The option may be exercised through phases consisting of not less than ten acre contiguous parcels. The price for each phase shall be at fair market value, but in no event will the purchase price be less than \$9,000 per acre.

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 19 – COMMITMENTS (Continued)

Bean Foundation

The City is committed to providing the Bean Foundation either 120 acres of land or cash in the value of 120 acres. The City holds the option to either deed assets (land) or to pay cash. The option choices are dependent upon land development sales in the Yarrow development.

Construction commitments

The City has active construction projects as of June 30, 2021 as follows:

<u>Capital Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Airport Master Plan Update	\$ 431,808	\$ 22,307
Cleveland Street Sewer	661,531	338,469
J Street Bridge	351,249	1,882,171
Water Master Plan	158,857	317,643
Grizzly Sewer Project	71,784	2,241,447
	<u>\$ 1,675,229</u>	<u>\$ 4,802,037</u>

Grant commitments

The City had the following new development assistance grant commitments as of June 30, 2021:

<u>Grantee</u>	<u>Years Ending June 30,</u>				<u>Total</u>
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	
Homeless Services Center	\$ 150,000	\$ -	\$ -	\$ -	\$ 150,000
Love's	70,000	70,000	70,000	70,000	280,000
MetroPCS	237,000	-	-	-	237,000
Wild Winds	440,000	-	-	-	440,000
City of Madras	335,500	325,500	75,500	-	736,500
	<u>\$ 1,232,500</u>	<u>\$ 395,500</u>	<u>\$ 145,500</u>	<u>\$ 70,000</u>	<u>\$ 1,843,500</u>

CITY OF MADRAS
NOTES TO BASIC FINANCIAL STATEMENTS

NOTE 19 – COMMITMENTS (Continued)

Housing credits

The City provides housing credits to developers at a rate of \$1,500 per apartment and \$2,000 per home. At June 30, 2021, the City estimates the future commitments per year to be as follows:

	Development			
	Treasure Hills	Willowbrook Pkg 1	Yarrow Apartments Pkg 1	Morning Crest - Phase 6
2021-22	\$ 40,000	\$ -	\$ -	\$ -
2022-23	90,000	30,000	72,000	44,000
2023-24	90,000	30,000	72,000	44,000
2024-25	90,000	30,000	72,000	44,000
2025-26	90,000	30,000	72,000	44,000
Thereafter	230,000	90,000	216,000	132,000
	\$ 630,000	\$ 210,000	\$ 504,000	\$ 308,000

NOTE 20 – PRIOR PERIOD ADJUSTMENT

The beginning net position of the business-type activities (\$308,097), the Water Fund (\$73,393) and Airport Fund (\$234,704) have been reduced due to errors in capitalizing assets in previous years.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF MADRAS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

Year Ended June 30,	Proportion of the net pension liability (asset)	Proportionate share of the net pension liability (asset)	Covered payroll	Proportionate share of the net pension liability (asset) as a percentage of its covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2020	0.02128619%	\$ 4,645,379	\$ 2,313,705	200.78%	75.80%
2019	0.02276083%	3,937,079	2,147,013	183.37%	80.23%
2018	0.01945789%	2,947,614	2,043,787	144.22%	82.07%
2017	0.02105521%	2,838,250	1,872,016	151.61%	83.12%
2016	0.02025036%	3,040,049	1,758,503	172.88%	80.53%
2015	0.02722843%	1,563,310	1,571,466	99.48%	91.88%
2014	0.02674091%	(606,140)	1,533,879	-39.52%	103.59%

* Information will be accumulated annually until 10 years is presented

CITY OF MADRAS
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30, *

Year Ended June 30,	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Covered payroll	Contributions as a percent of covered payroll
2021	\$ 471,568	\$ 471,568	\$ -	\$ 2,362,839	19.96%
2020	460,010	460,010	-	2,313,705	19.88%
2019	343,167	343,167	-	2,147,013	15.98%
2018	331,183	331,183	-	2,043,787	16.20%
2017	244,594	244,594	-	1,872,016	13.07%
2016	237,410	237,410	-	1,758,503	13.50%
2015	197,022	197,022	-	1,571,466	12.54%
2014	203,857	203,857	-	1,533,879	13.29%

* Information will be accumulated until 10 years are presented.

CITY OF MADRAS
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Plan Years Ended June 30, *

<u>Year Ended June 30,</u>	<u>Proportion of the net OPEB liability (asset)</u>	<u>Proportionate share of the net OPEB liability (asset)</u>	<u>Covered payroll</u>	<u>Proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll</u>	<u>Plan fiduciary net position as a percentage of the total OPEB liability</u>
2020	0.01604627%	\$ (32,696)	\$ 2,313,705	-1.41%	150.10%
2019	0.01926362%	(37,224)	2,147,013	-1.73%	144.36%
2018	0.01955149%	(21,826)	2,043,787	-1.07%	123.99%
2017	0.01783509%	(7,433)	1,872,016	-0.40%	108.88%
2016	0.01779924%	4,834	1,758,503	0.27%	94.15%

* Information will be accumulated annually until 10 years is presented

CITY OF MADRAS
SCHEDULE OF CONTRIBUTIONS
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last 10 Fiscal Years Ended June 30, *

<u>Year Ended June 30,</u>	<u>Statutorily required contribution</u>	<u>Contributions in relation to the statutorily required contribution</u>	<u>Contribution deficiency (excess)</u>	<u>Covered payroll</u>	<u>Contributions as a percent of covered payroll</u>
2021	\$ 384	\$ 384	\$ -	\$ 2,362,839	0.02%
2020	1,146	1,146	-	2,313,705	0.05%
2019	9,547	9,547	-	2,147,013	0.44%
2018	9,467	9,467	-	2,043,787	0.46%
2017	8,567	8,567	-	1,872,016	0.46%

* Information will be accumulated until 10 years are presented.

CITY OF MADRAS
SCHEDULE OF CHANGES IN THE CITY'S TOTAL OPEB LIABILITY
AND RELATED RATIOS
Last 10 Plan Fiscal Years*

	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Service cost	\$ 50,646	\$ 44,846	\$ 55,352	\$ 59,790
Interest on total OPEB liability	38,992	40,327	38,973	31,266
Effect of economic/demographic gains or losses	42,739	-	(16,384)	-
Effect of assumptions changes or inputs	(98,759)	32,273	(76,599)	(68,982)
Benefit payments	<u>(56,612)</u>	<u>(45,877)</u>	<u>(29,183)</u>	<u>(23,002)</u>
Net change in total OPEB liability	(22,994)	71,569	(27,841)	(928)
Total OPEB liability - beginning of year	<u>1,091,476</u>	<u>1,019,907</u>	<u>1,047,748</u>	<u>1,048,676</u>
Total OPEB liability - end of year	<u>\$ 1,068,482</u>	<u>\$ 1,091,476</u>	<u>\$ 1,019,907</u>	<u>\$ 1,047,748</u>
Covered employee payroll	\$ 2,313,705	\$ 2,147,013	\$ 2,043,787	\$ 1,872,016
Total OPEB liability as a percentage of covered payroll	46.2%	50.8%	49.9%	56.0%

Notes to schedule

*Information will be accumulated until 10 years are presented.

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

COMBINING STATEMENTS AND INDIVIDUAL FUND SCHEDULES

CITY OF MADRAS
COMBINING BALANCE SHEET
GENERAL FUNDS
June 30, 2021

	General	Parks	Community Development	Community Cleanup	Pension Stabilization	Total
Assets						
Cash and cash equivalents	\$ 1,137,506	\$ 848,500	\$ 93,857	\$ 49,545	\$ 206,969	\$ 2,336,377
Receivables						
Property taxes	69,983	-	-	-	-	69,983
Accounts, net	241,194	7,084	-	-	-	248,278
Due from other funds	1,630	-	-	-	-	1,630
Inventory	-	4,102	-	-	-	4,102
Investment in land held for sale	-	-	-	25,000	-	25,000
Total assets	<u>\$ 1,450,313</u>	<u>\$ 859,686</u>	<u>\$ 93,857</u>	<u>\$ 74,545</u>	<u>\$ 206,969</u>	<u>\$ 2,685,370</u>
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 120,577	\$ 28,818	\$ 15,881	\$ 1,332	\$ -	\$ 166,608
Total liabilities	<u>120,577</u>	<u>28,818</u>	<u>15,881</u>	<u>1,332</u>	<u>-</u>	<u>166,608</u>
Deferred inflows of resources						
Unavailable revenue	105,274	2,387	-	-	-	107,661
Total deferred inflows of resources	<u>105,274</u>	<u>2,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107,661</u>
Fund balances						
Nonspendable	-	4,102	-	25,000	-	29,102
Assigned for:						
Pensions	-	-	-	-	206,969	206,969
Community development	-	-	77,976	48,213	-	126,189
Parks	-	824,379	-	-	-	824,379
Unassigned	1,224,462	-	-	-	-	1,224,462
Total fund balances	<u>1,224,462</u>	<u>828,481</u>	<u>77,976</u>	<u>73,213</u>	<u>206,969</u>	<u>2,411,101</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,450,313</u>	<u>\$ 859,686</u>	<u>\$ 93,857</u>	<u>\$ 74,545</u>	<u>\$ 206,969</u>	<u>\$ 2,685,370</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GENERAL FUNDS
Year Ended June 30, 2021

	General	Parks	Community Development	Community Cleanup	Pension Stabilization	Total
Revenues						
Property taxes	\$ 1,565,955	\$ -	\$ -	\$ -	\$ -	\$ 1,565,955
Franchise fees	446,659	-	-	-	-	446,659
Miscellaneous taxes	645,845	-	-	-	-	645,845
Licenses, permits and fees	31,706	129,925	376,416	-	-	538,047
Fines and forfeitures	42,385	-	-	-	-	42,385
Charges for services	-	-	45,000	-	69,671	114,671
Intergovernmental	266,601	-	-	8,847	-	275,448
Interest	5,105	5,405	-	-	-	10,510
Miscellaneous	3,682	62,722	-	11,598	-	78,002
	<u>3,007,938</u>	<u>198,052</u>	<u>421,416</u>	<u>20,445</u>	<u>69,671</u>	<u>3,717,522</u>
Total revenues						
Expenditures						
Current						
General government	69,653	-	-	-	-	69,653
Public safety	2,271,755	-	-	-	-	2,271,755
Community development	-	-	415,993	11,976	-	427,969
Culture and recreation	-	647,952	-	-	-	647,952
Capital outlay	-	26,570	-	-	-	26,570
	<u>2,341,408</u>	<u>674,522</u>	<u>415,993</u>	<u>11,976</u>	<u>-</u>	<u>3,443,899</u>
Total expenditures						
Excess (deficiency) of revenues over expenditures	<u>666,530</u>	<u>(476,470)</u>	<u>5,423</u>	<u>8,469</u>	<u>69,671</u>	<u>273,623</u>
Other financing sources (uses)						
Transfers in	-	1,098,983	-	-	-	1,098,983
Transfers out	(428,616)	-	-	-	-	(428,616)
	<u>(428,616)</u>	<u>1,098,983</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>670,367</u>
Total other financing sources (uses)						
Net change in fund balances	237,914	622,513	5,423	8,469	69,671	943,990
Fund balances at beginning of year	<u>986,548</u>	<u>205,968</u>	<u>72,553</u>	<u>64,744</u>	<u>137,298</u>	<u>1,467,111</u>
Fund balances at end of year	<u>\$ 1,224,462</u>	<u>\$ 828,481</u>	<u>\$ 77,976</u>	<u>\$ 73,213</u>	<u>\$ 206,969</u>	<u>\$ 2,411,101</u>

CITY OF MADRAS
PARKS - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 127,000	\$ 129,925	\$ 2,925
Interest	2,500	5,405	2,905
Miscellaneous	<u>71,000</u>	<u>62,722</u>	<u>(8,278)</u>
Total revenues	<u>200,500</u>	<u>198,052</u>	<u>(2,448)</u>
Expenditures			
Materials and services	770,670	647,952	122,718
Capital outlay	70,000	26,570	43,430
Contingency	<u>35,000</u>	<u>-</u>	<u>35,000</u>
Total expenditures	<u>875,670</u>	<u>674,522</u>	<u>201,148</u>
Excess (deficiency) of revenues over expenditures	<u>(675,170)</u>	<u>(476,470)</u>	<u>198,700</u>
Other financing sources (uses)			
Transfers in	<u>1,064,867</u>	<u>1,098,983</u>	<u>34,116</u>
Total other financing sources (uses)	<u>1,064,867</u>	<u>1,098,983</u>	<u>34,116</u>
Net change in fund balance	389,697	622,513	232,816
Fund balance at beginning of year	<u>157,117</u>	<u>205,968</u>	<u>48,851</u>
Fund balance at end of year	<u>\$ 546,814</u>	<u>\$ 828,481</u>	<u>\$ 281,667</u>

CITY OF MADRAS
COMMUNITY DEVELOPMENT - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Licenses, permits and fees	\$ 78,250	\$ 376,416	\$ 298,166
Charges for services	45,000	45,000	-
Interest	100	-	(100)
	<u>123,350</u>	<u>421,416</u>	<u>298,066</u>
Total revenues			
Expenditures			
Personnel services	277,304	249,660	27,644
Materials and services	225,591	166,333	59,258
Contingency	25,000	-	25,000
	<u>527,895</u>	<u>415,993</u>	<u>111,902</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(404,545)</u>	<u>5,423</u>	<u>409,968</u>
Other financing sources (uses)			
Transfers in	350,000	-	(350,000)
	<u>350,000</u>	<u>-</u>	<u>(350,000)</u>
Total other financing sources (uses)			
Net change in fund balance	(54,545)	5,423	59,968
Fund balance at beginning of year	<u>72,362</u>	<u>72,553</u>	<u>191</u>
Fund balance at end of year	<u>\$ 17,817</u>	<u>\$ 77,976</u>	<u>\$ 60,159</u>

CITY OF MADRAS
COMMUNITY CLEANUP - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 8,000	\$ 8,847	\$ 847
Miscellaneous	7,500	11,598	4,098
Total revenues	<u>15,500</u>	<u>20,445</u>	<u>4,945</u>
Expenditures			
Materials and services	35,000	11,976	23,024
Contingency	<u>15,000</u>	-	<u>15,000</u>
Total expenditures	<u>50,000</u>	<u>11,976</u>	<u>38,024</u>
Net change in fund balance	(34,500)	8,469	42,969
Fund balance at beginning of year	<u>34,500</u>	<u>64,744</u>	<u>30,244</u>
Fund balance at end of year	<u><u>\$ -</u></u>	<u><u>\$ 73,213</u></u>	<u><u>\$ 73,213</u></u>

CITY OF MADRAS
PENSION STABILIZATION - GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 79,326	\$ 69,671	\$ (9,655)
Total revenues	<u>79,326</u>	<u>69,671</u>	<u>(9,655)</u>
Expenditures			
Special payments	1,150,000	-	1,150,000
Debt service	<u>69,000</u>	<u>-</u>	<u>69,000</u>
Total expenditures	<u>1,219,000</u>	<u>-</u>	<u>1,219,000</u>
Excess (deficiency) of revenues over expenditures	<u>(1,139,674)</u>	<u>69,671</u>	<u>1,209,345</u>
Other financing sources (uses)			
Proceeds from long-term debt	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Total other financing sources (uses)	<u>1,000,000</u>	<u>-</u>	<u>(1,000,000)</u>
Net change in fund balance	(139,674)	69,671	209,345
Fund balance at beginning of year	<u>139,674</u>	<u>137,298</u>	<u>(2,376)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 206,969</u>	<u>\$ 206,969</u>

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION COMMERCIAL PROPERTY TAX AND DEBT SERVICE
DEBT SERVICE FUND (A MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Biennium Budget	FY 2020-21 Actual	Variance
Revenues			
Property taxes	\$ 1,016,725	\$ 537,396	\$ (479,329)
Interest	50	3,307	3,257
Total revenues	<u>1,016,775</u>	<u>540,703</u>	<u>(476,072)</u>
Expenditures			
Debt service	<u>1,122,500</u>	<u>200,632</u>	<u>921,868</u>
Total expenditures	<u>1,122,500</u>	<u>200,632</u>	<u>921,868</u>
Excess (deficiency) of revenues over expenditures	<u>(105,725)</u>	<u>340,071</u>	<u>445,796</u>
Other financing sources (uses)			
Transfers in	67,500	-	(67,500)
Transfers out	<u>-</u>	<u>(400,000)</u>	<u>(400,000)</u>
Total other financing sources (uses)	<u>67,500</u>	<u>(400,000)</u>	<u>(467,500)</u>
Net change in fund balance	(38,225)	(59,929)	(21,704)
Fund balance at beginning of year	<u>196,356</u>	<u>217,244</u>	<u>20,888</u>
Fund balance at end of year	<u>\$ 158,131</u>	\$ 157,315	<u>\$ (816)</u>
Reconciliation to generally accepted accounting principles			
Due to other funds		<u>(1,650,000)</u>	
Net position - ending		<u>\$ (1,492,685)</u>	

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2021

	Special Revenue	Debt Service	Capital Projects	Total
Assets				
Cash and cash equivalents	\$ 1,110,955	\$ 457,599	\$ 1,139,093	\$ 2,707,647
Receivables				
Accounts, net	14,793	-	98,311	113,104
Notes	328,182	-	-	328,182
Due from other funds	-	1,650,000	-	1,650,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,453,930</u>	<u>\$ 2,107,599</u>	<u>\$ 1,237,404</u>	<u>\$ 4,798,933</u>
Liabilities, deferred inflows and fund balances				
Liabilities				
Accounts payable and accrued liabilities	\$ 18,001	\$ -	\$ -	\$ 18,001
Due to other funds	6,527	-	-	6,527
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>24,528</u>	<u>-</u>	<u>-</u>	<u>24,528</u>
Deferred inflows of resources				
Unavailable revenue	319,036	-	89,737	408,773
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total deferred inflows of resources	<u>319,036</u>	<u>-</u>	<u>89,737</u>	<u>408,773</u>
Fund balances				
Restricted for:				
Highways and streets	426,241	-	-	426,241
Economic development	350,875	-	-	350,875
Debt service	-	2,107,599	-	2,107,599
Capital projects	-	-	1,147,667	1,147,667
Committed for tourism	333,250	-	-	333,250
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>1,110,366</u>	<u>2,107,599</u>	<u>1,147,667</u>	<u>4,365,632</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,453,930</u>	<u>\$ 2,107,599</u>	<u>\$ 1,237,404</u>	<u>\$ 4,798,933</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended June 30, 2021

	Special Revenue	Debt Service	Capital Projects	Total
Revenues				
Property taxes	\$ -	\$ 7,727	\$ -	\$ 7,727
Licenses, permits and fees	66,064	-	-	66,064
Charges for services	20,000	-	-	20,000
System development charges	-	-	635,813	635,813
Intergovernmental	103,410	-	-	103,410
Loan repayments	61,195	-	-	61,195
Interest	9,124	58,974	7,808	75,906
Miscellaneous	4,500	-	17,992	22,492
	<u>264,293</u>	<u>66,701</u>	<u>661,613</u>	<u>992,607</u>
Expenditures				
Current				
General government	-	450	-	450
Highways and streets	-	-	21,169	21,169
Community development	802,986	-	-	802,986
Debt service	-	181,497	-	181,497
	<u>802,986</u>	<u>181,947</u>	<u>21,169</u>	<u>1,006,102</u>
Excess (deficiency) of revenues over expenditures	<u>(538,693)</u>	<u>(115,246)</u>	<u>640,444</u>	<u>(13,495)</u>
Other financing sources (uses)				
Proceeds from line of credit	310,000	-	-	310,000
Transfers in	672,208	33,585	-	705,793
Transfers out	(183,750)	(4,000)	(279,000)	(466,750)
	<u>798,458</u>	<u>29,585</u>	<u>(279,000)</u>	<u>549,043</u>
Net change in fund balances	259,765	(85,661)	361,444	535,548
Fund balances at beginning of year	<u>850,601</u>	<u>2,193,260</u>	<u>786,223</u>	<u>3,830,084</u>
Fund balances at end of year	<u>\$ 1,110,366</u>	<u>\$ 2,107,599</u>	<u>\$ 1,147,667</u>	<u>\$ 4,365,632</u>

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
June 30, 2021

	Tourism/Economic Development	Improvement Fee	Madras Redevelopment Commission Commercial Revolving Loan	Madras Redevelopment Commission Housing Project	Madras Redevelopment Commission General	Total
Assets						
Cash and cash equivalents	\$ 333,067	\$ 426,241	\$ -	\$ 348,788	\$ 2,859	\$ 1,110,955
Receivables						
Accounts, net	14,793	-	-	-	-	14,793
Notes	-	-	328,182	-	-	328,182
Total assets	\$ 347,860	\$ 426,241	\$ 328,182	\$ 348,788	\$ 2,859	\$ 1,453,930
Liabilities, deferred inflows and fund balances						
Liabilities						
Accounts payable and accrued liabilities	\$ 14,610	\$ -	\$ 543	\$ 53	\$ 2,795	\$ 18,001
Due to other funds	-	-	6,527	-	-	6,527
Total liabilities	14,610	-	7,070	53	2,795	24,528
Deferred inflows of resources						
Unavailable revenue	-	-	319,036	-	-	319,036
Total deferred inflows of resources	-	-	319,036	-	-	319,036
Fund balances						
Restricted for:						
Highways and streets	-	426,241	-	-	-	426,241
Economic development	-	-	2,076	348,735	64	350,875
Committed for tourism	333,250	-	-	-	-	333,250
Total fund balances	333,250	426,241	2,076	348,735	64	1,110,366
Total liabilities, deferred inflows of resources and fund balances	\$ 347,860	\$ 426,241	\$ 328,182	\$ 348,788	\$ 2,859	\$ 1,453,930

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
Year Ended June 30, 2021

	Tourism/Economic Development	Improvement Fee	Madras Redevelopment Commission Commercial Revolving Loan	Madras Redevelopment Commission Housing Project	Madras Redevelopment Commission General	Total
Revenues						
Licenses, permits and fees	\$ -	\$ 66,064	\$ -	\$ -	\$ -	\$ 66,064
Intergovernmental	103,410	-	-	-	-	103,410
Loan repayments	-	-	61,195	-	-	61,195
Interest	1,693	2,893	4,538	-	-	9,124
Miscellaneous	4,500	-	-	-	-	4,500
Total revenues	<u>109,603</u>	<u>68,957</u>	<u>65,733</u>	<u>-</u>	<u>20,000</u>	<u>264,293</u>
Expenditures						
Current						
Community development	306,749	-	428,887	47,414	19,936	802,986
Total expenditures	<u>306,749</u>	<u>-</u>	<u>428,887</u>	<u>47,414</u>	<u>19,936</u>	<u>802,986</u>
Excess (deficiency) of revenues over expenditures	<u>(197,146)</u>	<u>68,957</u>	<u>(363,154)</u>	<u>(47,414)</u>	<u>64</u>	<u>(538,693)</u>
Other financing sources (uses)						
Proceeds from line of credit	-	-	260,000	50,000	-	310,000
Transfers in	233,208	-	100,000	339,000	-	672,208
Transfers out	(183,750)	-	-	-	-	(183,750)
Total other financing sources (uses)	<u>49,458</u>	<u>-</u>	<u>360,000</u>	<u>389,000</u>	<u>-</u>	<u>798,458</u>
Net change in fund balances	(147,688)	68,957	(3,154)	341,586	64	259,765
Fund balances at beginning of year	480,938	357,284	5,230	7,149	-	850,601
Fund balances at end of year	\$ 333,250	\$ 426,241	\$ 2,076	\$ 348,735	\$ 64	\$ 1,110,366

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR DEBT SERVICE FUNDS
June 30, 2021

	<u>Debt Service</u>	<u>Debt Reserve</u>	<u>Madras Redevelopment Commission Housing Property Tax and Debt Service</u>	<u>Total</u>
Assets				
Cash and cash equivalents	\$ 4,575	\$ 452,270	\$ 754	\$ 457,599
Due from other funds	<u>1,650,000</u>	<u>-</u>	<u>-</u>	<u>1,650,000</u>
Total assets	<u>\$ 1,654,575</u>	<u>\$ 452,270</u>	<u>\$ 754</u>	<u>\$ 2,107,599</u>
Liabilities, deferred inflows and fund balances				
Fund balances				
Restricted for debt service	<u>\$ 1,654,575</u>	<u>\$ 452,270</u>	<u>\$ 754</u>	<u>\$ 2,107,599</u>
Total fund balances	<u>1,654,575</u>	<u>452,270</u>	<u>754</u>	<u>2,107,599</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,654,575</u>	<u>\$ 452,270</u>	<u>\$ 754</u>	<u>\$ 2,107,599</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR DEBT SERVICE FUNDS
Year Ended June 30, 2021

	Debt Service	Debt Reserve	Madras Redevelopment Commission Housing Property Tax and Debt Service	Total
Revenues				
Property taxes	\$ -	\$ -	\$ 7,727	\$ 7,727
Interest	58,950	-	24	58,974
Total revenues	<u>58,950</u>	<u>-</u>	<u>7,751</u>	<u>66,701</u>
Expenditures				
Current				
General government	450	-	-	450
Debt service	178,500	-	2,997	181,497
Total expenditures	<u>178,950</u>	<u>-</u>	<u>2,997</u>	<u>181,947</u>
Excess (deficiency) of revenues over expenditures	<u>(120,000)</u>	<u>-</u>	<u>4,754</u>	<u>(115,246)</u>
Other financing sources (uses)				
Transfers in	-	33,585	-	33,585
Transfers out	-	-	(4,000)	(4,000)
Total other financing sources (uses)	<u>-</u>	<u>33,585</u>	<u>(4,000)</u>	<u>29,585</u>
Net change in fund balances	(120,000)	33,585	754	(85,661)
Fund balances at beginning of year	<u>1,774,575</u>	<u>418,685</u>	<u>-</u>	<u>2,193,260</u>
Fund balances at end of year	<u>\$ 1,654,575</u>	<u>\$ 452,270</u>	<u>\$ 754</u>	<u>\$ 2,107,599</u>

CITY OF MADRAS
COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECTS FUNDS
June 30, 2021

	SDC Street Improvement	SDC Parks Improvement	SDC Stormwater Improvement	Total
Assets				
Cash and cash equivalents	\$ 831,583	\$ 220,758	\$ 86,752	\$ 1,139,093
Receivables	<u>62,567</u>	<u>32,472</u>	<u>3,272</u>	<u>98,311</u>
Total assets	<u>\$ 894,150</u>	<u>\$ 253,230</u>	<u>\$ 90,024</u>	<u>\$ 1,237,404</u>
Liabilities, deferred inflows and fund balances				
Deferred inflows of resources				
Unavailable revenue	<u>\$ 57,170</u>	<u>\$ 29,520</u>	<u>\$ 3,047</u>	<u>\$ 89,737</u>
Total deferred inflows of resources	<u>57,170</u>	<u>29,520</u>	<u>3,047</u>	<u>89,737</u>
Fund balances				
Restricted for capital projects	<u>836,980</u>	<u>223,710</u>	<u>86,977</u>	<u>1,147,667</u>
Total fund balances	<u>836,980</u>	<u>223,710</u>	<u>86,977</u>	<u>1,147,667</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 894,150</u>	<u>\$ 253,230</u>	<u>\$ 90,024</u>	<u>\$ 1,237,404</u>

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR CAPITAL PROJECTS FUNDS
Year Ended June 30, 2021

	SDC Street	SDC Parks	SDC	
	Improvement	Improvement	Stormwater	Total
Revenues				
System development charges	\$ 478,166	\$ 139,374	\$ 18,273	\$ 635,813
Interest	5,707	1,509	592	7,808
Miscellaneous	-	17,992	-	17,992
Total revenues	<u>483,873</u>	<u>158,875</u>	<u>18,865</u>	<u>661,613</u>
Expenditures				
Current				
Highways and streets	<u>21,169</u>	-	-	<u>21,169</u>
Total expenditures	<u>21,169</u>	-	-	<u>21,169</u>
Excess (deficiency) of revenues over expenditures	<u>462,704</u>	<u>158,875</u>	<u>18,865</u>	<u>640,444</u>
Other financing sources (uses)				
Transfers out	<u>(259,000)</u>	<u>(20,000)</u>	-	<u>(279,000)</u>
Total other financing sources (uses)	<u>(259,000)</u>	<u>(20,000)</u>	-	<u>(279,000)</u>
Net change in fund balances	203,704	138,875	18,865	361,444
Fund balances at beginning of year	<u>633,276</u>	<u>84,835</u>	<u>68,112</u>	<u>786,223</u>
Fund balances at end of year	<u>\$ 836,980</u>	<u>\$ 223,710</u>	<u>\$ 86,977</u>	<u>\$ 1,147,667</u>

CITY OF MADRAS
TOURISM/ECONOMIC DEVELOPMENT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Intergovernmental	\$ 150,000	\$ 103,410	\$ (46,590)
Interest	4,000	1,693	(2,307)
Miscellaneous	4,500	4,500	-
Total revenues	<u>158,500</u>	<u>109,603</u>	<u>(48,897)</u>
Expenditures			
Materials and services	173,010	144,453	28,557
Special payments	395,500	162,296	233,204
Contingency	120,000	-	120,000
Total expenditures	<u>688,510</u>	<u>306,749</u>	<u>381,761</u>
Excess (deficiency) of revenues over expenditures	<u>(530,010)</u>	<u>(197,146)</u>	<u>332,864</u>
Other financing sources (uses)			
Transfers in	163,500	233,208	69,708
Transfers out	(95,000)	(183,750)	(88,750)
Total other financing sources (uses)	<u>68,500</u>	<u>49,458</u>	<u>(19,042)</u>
Net change in fund balance	(461,510)	(147,688)	313,822
Fund balance at beginning of year	<u>484,908</u>	<u>480,938</u>	<u>(3,970)</u>
Fund balance at end of year	<u>\$ 23,398</u>	<u>\$ 333,250</u>	<u>\$ 309,852</u>

CITY OF MADRAS
IMPROVEMENT FEE - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 111,703	\$ 66,064	\$ (45,639)
Interest	6,811	2,893	(3,918)
Total revenues	118,514	68,957	(49,557)
Expenditures			
Capital outlay	459,073	-	459,073
Total expenditures	459,073	-	459,073
Excess (deficiency) of revenues over expenditures	(340,559)	68,957	409,516
Fund balance at beginning of year	340,559	357,284	16,725
Fund balance at end of year	\$ -	\$ 426,241	\$ 426,241

CITY OF MADRAS

MADRAS REDEVELOPMENT COMMISSION COMMERCIAL REVOLVING LOAN - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Biennium Budget	FY 2020-21 Actual	Variance
Revenues			
Loan repayments	\$ 71,000	\$ 61,195	\$ (9,805)
Interest	3,850	4,538	688
Total revenues	<u>74,850</u>	<u>65,733</u>	<u>(9,117)</u>
Expenditures			
Special payments	1,385,000	428,887	956,113
Contingency	64,919	-	64,919
Total expenditures	<u>1,449,919</u>	<u>428,887</u>	<u>1,021,032</u>
Excess (deficiency) of revenues over expenditures	<u>(1,375,069)</u>	<u>(363,154)</u>	<u>1,011,915</u>
Other financing sources (uses)			
Line of credit proceeds	1,375,000	260,000	(1,115,000)
Transfers in	-	100,000	100,000
Total other financing sources (uses)	<u>1,375,000</u>	<u>360,000</u>	<u>(1,015,000)</u>
Net change in fund balance	(69)	(3,154)	(3,085)
Fund balance at beginning of year	<u>569</u>	<u>5,230</u>	<u>4,661</u>
Fund balance at end of year	<u>\$ 500</u>	<u>\$ 2,076</u>	<u>\$ 1,576</u>

CITY OF MADRAS

MADRAS REDEVELOPMENT COMMISSION HOUSING PROJECT - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	FY 2020-21		
	Biennium Budget	Actual	Variance
Expenditures			
Materials and services	\$ 104,463	\$ 43,233	\$ 61,230
Special payments	1,195,000	4,181	1,190,819
Contingency	<u>150,000</u>	<u>-</u>	<u>150,000</u>
Total expenditures	<u>1,449,463</u>	<u>47,414</u>	<u>1,402,049</u>
Excess (deficiency) of revenues over expenditures	<u>(1,449,463)</u>	<u>(47,414)</u>	<u>1,402,049</u>
Other financing sources (uses)			
Issuance of short-term obligations	350,000	-	(350,000)
Line of credit proceeds	750,000	50,000	(700,000)
Transfers in	<u>350,000</u>	<u>339,000</u>	<u>(11,000)</u>
Total other financing sources (uses)	<u>1,450,000</u>	<u>389,000</u>	<u>(1,061,000)</u>
Net change in fund balance	537	341,586	341,049
Fund balance at beginning of year	<u>8,750</u>	<u>7,149</u>	<u>(1,601)</u>
Fund balance at end of year	<u>\$ 9,287</u>	<u>\$ 348,735</u>	<u>\$ 339,448</u>

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION GENERAL - SPECIAL REVENUE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 40,000	\$ 20,000	\$ (20,000)
Total revenues	<u>40,000</u>	<u>20,000</u>	<u>(20,000)</u>
Expenditures			
Materials and services	<u>36,000</u>	<u>19,936</u>	<u>16,064</u>
Total expenditures	<u>40,000</u>	<u>19,936</u>	<u>20,064</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>64</u>	<u>64</u>
Net change in fund balance	-	64	64
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 64</u>	<u>\$ 64</u>

CITY OF MADRAS
DEBT SERVICE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Interest	\$ 185,450	\$ 178,950	\$ (6,500)
Total revenues	<u>185,450</u>	<u>178,950</u>	<u>(6,500)</u>
Expenditures			
Materials and services	450	450	-
Debt service	<u>185,000</u>	<u>178,500</u>	<u>6,500</u>
Total expenditures	<u>185,450</u>	<u>178,950</u>	<u>6,500</u>
Excess (deficiency) of revenues over expenditures	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>4,575</u>	<u>4,575</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 4,575</u>	<u>\$ 4,575</u>
Reconciliation to generally accepted accounting principles			
Due from other funds		<u>1,650,000</u>	
Fund balance at end of year		<u>\$ 1,654,575</u>	

CITY OF MADRAS
DEBT RESERVE - DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Other financing sources (uses)			
Transfers in	33,585	33,585	-
Total other financing sources (uses)	33,585	33,585	-
Net change in fund balance	33,585	33,585	-
Fund balance at beginning of year	(33,585)	418,685	452,270
Fund balance at end of year	\$ -	\$ 452,270	\$ 452,270

CITY OF MADRAS
MADRAS REDEVELOPMENT COMMISSION HOUSING PROPERTY TAX AND DEBT SERVICE
- DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Biennium Budget	Actual	Variance
Revenues			
Property taxes	\$ 419,000	\$ 7,727	\$ (411,273)
Interest	-	24	24
	<u>419,000</u>	<u>7,751</u>	<u>(411,249)</u>
Total revenues			
Expenditures			
Debt service	390,000	2,997	387,003
	<u>390,000</u>	<u>2,997</u>	<u>387,003</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>29,000</u>	<u>4,754</u>	<u>(24,246)</u>
Other financing sources (uses)			
Transfers out	-	(4,000)	(4,000)
	<u>-</u>	<u>(4,000)</u>	<u>(4,000)</u>
Total other financing sources (uses)			
Net change in fund balance	29,000	754	(28,246)
Fund balance at beginning of year	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 29,000</u>	<u>\$ 754</u>	<u>\$ (28,246)</u>

CITY OF MADRAS
SDC STREET IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 111,540	\$ 478,166	\$ 366,626
Interest	<u>15,000</u>	<u>5,707</u>	<u>(9,293)</u>
Total revenues	<u>126,540</u>	<u>483,873</u>	<u>357,333</u>
Expenditures			
Materials and services	25,000	21,169	3,831
Contingency	<u>142,000</u>	<u>-</u>	<u>142,000</u>
Total expenditures	<u>167,000</u>	<u>21,169</u>	<u>145,831</u>
Excess (deficiency) of revenues over expenditures	<u>(40,460)</u>	<u>462,704</u>	<u>503,164</u>
Other financing sources (uses)			
Transfers out	<u>(259,000)</u>	<u>(259,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(259,000)</u>	<u>(259,000)</u>	<u>-</u>
Net change in fund balance	(299,460)	203,704	503,164
Fund balance at beginning of year	<u>627,268</u>	<u>633,276</u>	<u>6,008</u>
Fund balance at end of year	<u>\$ 327,808</u>	<u>\$ 836,980</u>	<u>\$ 509,172</u>

CITY OF MADRAS
SDC PARKS IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 57,900	\$ 139,374	\$ 81,474
Interest	1,280	1,509	229
Miscellaneous	<u>14,000</u>	<u>17,992</u>	<u>3,992</u>
Total revenues	<u>73,180</u>	<u>158,875</u>	<u>85,695</u>
Expenditures			
Contingency	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Total expenditures	<u>110,000</u>	<u>-</u>	<u>110,000</u>
Excess (deficiency) of revenues over expenditures	<u>(36,820)</u>	<u>158,875</u>	<u>195,695</u>
Other financing sources (uses)			
Transfers out	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(20,000)</u>	<u>(20,000)</u>	<u>-</u>
Net change in fund balance	(56,820)	138,875	195,695
Fund balance at beginning of year	<u>56,820</u>	<u>84,835</u>	<u>28,015</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 223,710</u>	<u>\$ 223,710</u>

CITY OF MADRAS
SDC STORMWATER IMPROVEMENT - CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
System development charges	\$ 9,000	\$ 18,273	\$ 9,273
Interest	500	592	92
Total revenues	<u>9,500</u>	<u>18,865</u>	<u>9,365</u>
Expenditures			
Contingency	<u>25,000</u>	-	<u>25,000</u>
Total expenditures	<u>25,000</u>	-	<u>25,000</u>
Excess (deficiency) of revenues over expenditures	<u>(15,500)</u>	<u>18,865</u>	<u>34,365</u>
Other financing sources (uses)			
Transfers out	<u>(25,000)</u>	-	<u>25,000</u>
Total other financing sources (uses)	<u>(25,000)</u>	-	<u>25,000</u>
Net change in fund balance	(40,500)	18,865	59,365
Fund balance at beginning of year	<u>66,697</u>	<u>68,112</u>	<u>1,415</u>
Fund balance at end of year	<u>\$ 26,197</u>	<u>\$ 86,977</u>	<u>\$ 60,780</u>

CITY OF MADRAS
WATER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 740,300	\$ 803,184	\$ 62,884
System development charges	4,065	15,376	11,311
Intergovernmental	426,000	82,924	(343,076)
Interest	2,520	2,542	22
Miscellaneous	-	200	200
	<u>1,172,885</u>	<u>904,226</u>	<u>(268,659)</u>
Expenditures			
Materials and services	833,913	712,558	121,355
Capital outlay	426,000	85,464	340,536
Debt service	9,700	9,546	154
Contingency	60,000	-	60,000
	<u>1,329,613</u>	<u>807,568</u>	<u>522,045</u>
Excess (deficiency) of revenues over expenditures	(156,728)	96,658	253,386
Fund balance at beginning of year	<u>235,489</u>	<u>298,694</u>	<u>63,205</u>
Fund balance at end of year	<u>\$ 78,761</u>	<u>\$ 395,352</u>	<u>\$ 316,591</u>
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		1,233	
Capital assets, net		617,724	
Deferred outflows of resources		71,355	
Unavailable revenues		3,607	
Accrued interest payable		(260)	
Net pension liability		(167,320)	
Net other postemployment benefit liability		(40,286)	
Long-term obligations		(93,435)	
Deferred inflows of resources		(20,699)	
		<u>767,271</u>	
Net position - ending		<u>\$ 767,271</u>	

CITY OF MADRAS
COMBINING STATEMENT OF NET POSITION
WASTEWATER FUND
June 30, 2021

	Wastewater Operations	SDC Wastewater Improvement	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 1,536,253	\$ 469,046	\$ 2,005,299
Receivables, net	449,300	74,268	523,568
Inventory	24,784	-	24,784
Total current assets	2,010,337	543,314	2,553,651
Net other postemployment benefits asset	5,643	-	5,643
Capital assets			
Land and construction in progress	1,745,250	-	1,745,250
Other capital assets, net	25,180,710	-	25,180,710
Total capital assets	26,925,960	-	26,925,960
Total assets	28,941,940	543,314	29,485,254
Deferred outflows of resources			
Pension related items	303,120	-	303,120
Other postemployment benefit related items	23,508	-	23,508
Total deferred outflows of resources	326,628	-	326,628
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	40,211	-	40,211
Accrued interest payable	151,809	-	151,809
Consumer deposits	44,610	-	44,610
Long-term obligations due within one year	315,717	-	315,717
Total current liabilities	552,347	-	552,347
Long-term obligations due in more than one year	11,162,924	-	11,162,924
Total liabilities	11,715,271	-	11,715,271
Deferred inflows of resources			
Pension related items	61,197	-	61,197
Other postemployment benefit related items	33,551	-	33,551
Total deferred inflows of resources	94,748	-	94,748
Net position			
Net investment in capital assets	16,435,548	-	16,435,548
Restricted for capital projects	-	543,314	543,314
Unrestricted	1,023,001	-	1,023,001
Total net position	\$ 17,458,549	\$ 543,314	\$ 18,001,863

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
WASTEWATER FUND
Year Ended June 30, 2021

	Wastewater Operations	SDC Wastewater Improvement	Eliminations	Totals
Operating revenues				
Charges for services	\$ 3,672,120	\$ -	\$ -	\$ 3,672,120
Miscellaneous	668	-	-	668
Total operating revenues	<u>3,672,788</u>	<u>-</u>	<u>-</u>	<u>3,672,788</u>
Operating expenses				
Personnel services	93,539	-	-	93,539
Materials and services	2,215,624	-	-	2,215,624
Depreciation	519,986	-	-	519,986
Total operating expenses	<u>2,829,149</u>	<u>-</u>	<u>-</u>	<u>2,829,149</u>
Operating income (loss)	<u>843,639</u>	<u>-</u>	<u>-</u>	<u>843,639</u>
Nonoperating revenues (expenses)				
Grants	633,266	-	-	633,266
Interest income	16,860	3,284	-	20,144
Interest expense	(411,919)	-	-	(411,919)
Total nonoperating revenue (expenses)	<u>238,207</u>	<u>3,284</u>	<u>-</u>	<u>241,491</u>
Income (loss) before transfers	1,081,846	3,284	-	1,085,130
Capital contributions	71,071	349,534	-	420,605
Transfers in	65,585	-	(47,366)	18,219
Transfers out	(1,020,345)	(97,366)	47,366	(1,070,345)
Change in net position	198,157	255,452	-	453,609
Net position - beginning	<u>17,260,392</u>	<u>287,862</u>	<u>-</u>	<u>17,548,254</u>
Net position - ending	<u>\$ 17,458,549</u>	<u>\$ 543,314</u>	<u>\$ -</u>	<u>\$ 18,001,863</u>

CITY OF MADRAS
COMBINING STATEMENT OF CASH FLOWS
WASTEWATER FUND
Year Ended June 30, 2021

	SDC			Totals
	Wastewater Operations	Wastewater Improvement	Eliminations	
Cash flows from operating activities				
Receipts from customers	\$ 3,545,107	\$ (8,826)	\$ -	\$ 3,536,281
Payments to suppliers	(2,304,898)	-	-	(2,304,898)
Net cash provided by (used in) operating activities	<u>1,240,209</u>	<u>(8,826)</u>	<u>-</u>	<u>1,231,383</u>
Cash flows from noncapital financing activities				
Transfers in	47,366	-	(47,366)	-
Transfers out	(908,697)	(97,366)	47,366	(958,697)
Net cash provided by (used in) noncapital financing activities	<u>(861,331)</u>	<u>(97,366)</u>	<u>-</u>	<u>(958,697)</u>
Cash flows from capital and related financing activities				
System development charges received	71,071	349,534	-	420,605
Grants	633,266	-	-	633,266
Receipt from property taxes	1,368	-	-	1,368
Acquisition of capital assets	(762,015)	-	-	(762,015)
Principal paid on long-term obligations	(263,336)	-	-	(263,336)
Interest paid on long-term obligations	(419,116)	-	-	(419,116)
Net cash provided by (used in) capital and related financing activities	<u>(738,762)</u>	<u>349,534</u>	<u>-</u>	<u>(389,228)</u>
Cash flows from investing activities				
Interest on investments	16,860	3,284	-	20,144
Net increase (decrease) in cash and cash equivalents	(343,024)	246,626	-	(96,398)
Cash and cash equivalents - beginning	1,879,277	222,420	-	2,101,697
Cash and cash equivalents - ending	\$ 1,536,253	\$ 469,046	\$ -	\$ 2,005,299
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities				
Operating income (loss)	\$ 843,639	\$ -	\$ -	\$ 843,639
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	519,986	-	-	519,986
(Increase) decrease in assets and deferred outflows of resources				
Receivables, net	(129,918)	1	-	(129,917)
Inventories	9,392	-	-	9,392
Net other postemployment benefits asset	1,287	-	-	1,287
Pension related items	(4,405)	-	-	(4,405)
Other postemployment benefit related items	(7,378)	-	-	(7,378)
Increase (decrease) in liabilities and deferred inflows of resources				
Accounts payable and accrued liabilities	(98,666)	-	-	(98,666)
Consumer deposits	2,237	(8,827)	-	(6,590)
Net pension liability	122,247	-	-	122,247
Net other postemployment benefits liability	(18,782)	-	-	(18,782)
Pension related items	(9,228)	-	-	(9,228)
Other postemployment benefit related items	9,798	-	-	9,798
Net cash provided by (used in) operating activities	\$ 1,240,209	\$ (8,826)	\$ -	\$ 1,231,383
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS				
Transfers in	\$ 18,219	\$ -	\$ -	\$ 18,219
Transfers out	(111,648)	-	-	(111,648)
Total noncash transactions	\$ (93,429)	\$ -	\$ -	\$ (93,429)

CITY OF MADRAS
WASTEWATER OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 3,514,840	\$ 3,672,120	\$ 157,280
System development charges	25,000	72,661	47,661
Intergovernmental	1,350,000	633,266	(716,734)
Interest	24,000	16,860	(7,140)
Miscellaneous	2,864	668	(2,196)
Total revenues	4,916,704	4,395,575	(521,129)
Expenditures			
Materials and services	2,757,238	2,215,624	541,614
Capital outlay	1,562,362	762,015	800,347
Debt service	690,700	682,452	8,248
Contingency	10,000	-	10,000
Total expenditures	5,020,300	3,660,091	1,360,209
Excess (deficiency) of revenues over expenditures	(103,596)	735,484	839,080
Other financing sources (uses)			
Transfers in	63,155	47,366	(15,789)
Transfers out	(923,697)	(908,697)	15,000
Total other financing sources (uses)	(860,542)	(861,331)	(789)
Net change in fund balance	(964,138)	(125,847)	838,291
Fund balance at beginning of year	1,782,606	2,037,296	254,690
Fund balance at end of year	\$ 818,468	\$ 1,911,449	\$ 1,092,981
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		5,643	
Capital assets, net		26,925,960	
Deferred outflows of resources		326,628	
Unavailable revenues		14,067	
Accrued interest payable		(151,809)	
Net pension liability		(803,818)	
Net other postemployment benefit liability		(184,411)	
Long-term obligations		(10,490,412)	
Deferred inflows of resources		(94,748)	
Net position - ending		\$ 17,458,549	

CITY OF MADRAS
SDC WASTEWATER IMPROVEMENT - WASTEWATER FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
System development charges	\$ 132,420	\$ 355,951	\$ 223,531
Interest	5,340	3,284	(2,056)
	137,760	359,235	221,475
Expenditures			
Contingency	8,000	-	8,000
	8,000	-	8,000
Excess (deficiency) of revenues over expenditures	129,760	359,235	229,475
Other financing sources (uses)			
Transfers out	(155,155)	(97,366)	57,789
	(155,155)	(97,366)	57,789
Net change in fund balance	(25,395)	261,869	287,264
Fund balance at beginning of year	25,395	213,929	188,534
Fund balance at end of year	\$ -	\$ 475,798	\$ 475,798
Reconciliation to generally accepted accounting principles			
Unavailable revenues		67,516	
Net position - ending		\$ 543,314	

CITY OF MADRAS
COMBINING STATEMENT OF NET POSITION
AIRPORT FUND
June 30, 2021

	Airport Operations	Airport Construction	Totals
Assets			
Current assets			
Cash and cash equivalents	\$ 817,088	\$ 35,970	\$ 853,058
Receivables, net	50,432	-	50,432
Inventory	66,774	-	66,774
Total current assets	934,294	35,970	970,264
Capital assets			
Land and construction in progress	112,345	-	112,345
Other capital assets, net	15,224,940	-	15,224,940
Total capital assets	15,337,285	-	15,337,285
Total assets	16,271,579	35,970	16,307,549
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	63,518	-	63,518
Accrued interest payable	2,611	-	2,611
Long-term obligations due within one year	62,277	-	62,277
Total current liabilities	128,406	-	128,406
Long-term obligations due in more than one year	793,957	-	793,957
Total liabilities	922,363	-	922,363
Net position			
Net investment in capital assets	14,481,051	-	14,481,051
Unrestricted	868,165	35,970	904,135
Total net position	\$ 15,349,216	\$ 35,970	\$ 15,385,186

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
AIRPORT FUND
Year Ended June 30, 2021

	Airport Operations	Airport Construction	Totals
Operating revenues			
Charges for services	\$ 643,248	\$ -	\$ 643,248
Rental income	706,355	-	706,355
Miscellaneous	43,045	35,970	79,015
Total operating revenues	<u>1,392,648</u>	<u>35,970</u>	<u>1,428,618</u>
Operating expenses			
Materials and services	1,206,984	-	1,206,984
Depreciation	422,586	-	422,586
Total operating expenses	<u>1,629,570</u>	<u>-</u>	<u>1,629,570</u>
Operating income (loss)	<u>(236,922)</u>	<u>35,970</u>	<u>(200,952)</u>
Nonoperating revenues (expenses)			
Grants	361,553	-	361,553
Interest income	4,753	-	4,753
Interest expense	(26,741)	-	(26,741)
Total nonoperating revenue (expenses)	<u>339,565</u>	<u>-</u>	<u>339,565</u>
Income (loss) before transfers	102,643	35,970	138,613
Transfers out	(9,000)	-	(9,000)
Change in net position	93,643	35,970	129,613
Net position - beginning	<u>15,490,277</u>	<u>-</u>	<u>15,490,277</u>
Prior period adjustment	<u>(234,704)</u>	<u>-</u>	<u>(234,704)</u>
Net position - ending	<u>\$ 15,349,216</u>	<u>\$ 35,970</u>	<u>\$ 15,385,186</u>

CITY OF MADRAS
COMBINING STATEMENT OF CASH FLOWS
AIRPORT FUND
Year Ended June 30, 2021

	Airport Operations	Airport Construction	Totals
Cash flows from operating activities			
Receipts from customers	\$ 1,631,607	\$ 35,970	\$ 1,667,577
Payments to suppliers	(1,238,364)	-	(1,238,364)
Net cash provided by (used in) operating activities	<u>393,243</u>	<u>35,970</u>	<u>429,213</u>
Cash flows from noncapital financing activities			
Transfers out	(9,000)	-	(9,000)
Net cash provided by (used in) noncapital financing activities	<u>(9,000)</u>	<u>-</u>	<u>(9,000)</u>
Cash flows from capital and related financing activities			
Grants	361,553	-	361,553
Acquisition of capital assets	(53,723)	-	(53,723)
Principal paid on long-term obligations	(59,330)	-	(59,330)
Interest paid on long-term obligations	(29,691)	-	(29,691)
Net cash provided by (used in) capital and related financing activities	<u>218,809</u>	<u>-</u>	<u>218,809</u>
Cash flows from investing activities			
Interest on investments	4,753	-	4,753
Net increase (decrease) in cash and cash equivalents	607,805	35,970	643,775
Cash and cash equivalents - beginning	209,283	-	209,283
Cash and cash equivalents - ending	<u>\$ 817,088</u>	<u>\$ 35,970</u>	<u>\$ 853,058</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities			
Operating income (loss)	\$ (236,922)	\$ 35,970	\$ (200,952)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	422,586	-	422,586
(Increase) decrease in assets and deferred outflows of resources			
Receivables, net	238,959	-	238,959
Inventories	(32,443)	-	(32,443)
Increase (decrease) in liabilities and deferred inflows of resources			
Accounts payable and accrued liabilities	1,063	-	1,063
Net cash provided by (used in) operating activities	<u>\$ 393,243</u>	<u>\$ 35,970</u>	<u>\$ 429,213</u>

CITY OF MADRAS
AIRPORT OPERATIONS - ENTERPRISE FUND (MAJOR FUND)
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues			
Charges for services	\$ 588,754	\$ 643,248	\$ 54,494
Intergovernmental	727,947	518,545	(209,402)
Rents	667,499	706,355	38,856
Interest	2,500	4,753	2,253
Miscellaneous	-	43,045	43,045
	<u>1,986,700</u>	<u>1,915,946</u>	<u>(70,754)</u>
Total revenues			
Expenditures			
Materials and services	1,248,201	1,009,880	238,321
Capital outlay	302,500	250,827	51,673
Debt service	91,500	89,021	2,479
Contingency	407,500	-	407,500
	<u>2,049,701</u>	<u>1,349,728</u>	<u>699,973</u>
Total expenditures			
Excess (deficiency) of revenues over expenditures	<u>(63,001)</u>	<u>566,218</u>	<u>629,219</u>
Other financing sources (uses)			
Transfers out	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Total other financing sources (uses)			
	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>
Net change in fund balance	(72,001)	557,218	629,219
Fund balance at beginning of year	<u>170,628</u>	<u>252,839</u>	<u>82,211</u>
Fund balance at end of year	<u>\$ 98,627</u>	\$ 810,057	<u>\$ 711,430</u>
Reconciliation to generally accepted accounting principles			
Capital assets, net		15,337,285	
Unavailable revenues		60,719	
Accrued interest payable		(2,611)	
Long-term obligations		<u>(856,234)</u>	
Net position - ending		<u>\$ 15,349,216</u>	

CITY OF MADRAS
AIRPORT CONSTRUCTION - AIRPORT FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Miscellaneous	\$ -	\$ 35,970	\$ 35,970
Total revenues	-	35,970	35,970
Net change in fund balance	-	35,970	35,970
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 35,970	\$ 35,970

CITY OF MADRAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2021

	Central Services	Public Works Staff	Buldings	Fleet	Totals
Assets					
Current assets					
Cash and cash equivalents	\$ 322,456	\$ 483,773	\$ 181,921	\$ -	\$ 988,150
Receivables, net	1,488	1,312	-	-	2,800
Inventory	-	-	-	12,016	12,016
Prepaid items	5,804	-	-	-	5,804
Total current assets	329,748	485,085	181,921	12,016	1,008,770
Net other postemployment benefits asset	7,566	3,449	-	-	11,015
Capital assets					
Land and construction in progress	-	-	2,270,000	-	2,270,000
Other capital assets, net	-	-	4,553,328	260,680	4,814,008
Total capital assets	-	-	6,823,328	260,680	7,084,008
Total assets	337,314	488,534	7,005,249	272,696	8,103,793
Deferred outflows of resources					
Refunded debt charges	-	-	107,355	-	107,355
Pension related items	406,385	185,289	-	-	591,674
Other postemployment benefit related items	31,516	14,370	-	-	45,886
Total deferred outflows of resources	437,901	199,659	107,355	-	744,915
Liabilities					
Current liabilities					
Accounts payable and accrued liabilities	58,449	101,385	36,974	10,386	207,194
Accrued interest payable	-	-	20,056	-	20,056
Customer deposits	-	200	-	-	200
Due to other funds	-	-	-	1,630	1,630
Compensated absences	16,154	17,938	-	-	34,092
Unearned revenue	2,937	-	-	-	2,937
Long-term obligations due within one year	-	-	122,263	-	122,263
Total current liabilities	77,540	119,523	179,293	12,016	388,372
Long-term obligations due in more than one year	1,159,982	669,394	3,098,754	-	4,928,130
Total liabilities	1,237,522	788,917	3,278,047	12,016	5,316,502
Deferred inflows of resources					
Pension related items	82,045	37,408	-	-	119,453
Other postemployment benefit related items	44,982	20,509	-	-	65,491
Total deferred inflows of resources	127,027	57,917	-	-	184,944
Net position					
Net investment in capital assets	-	-	3,602,311	260,680	3,862,991
Unrestricted	(589,334)	(158,641)	232,246	-	(515,729)
Total net position	\$ (589,334)	\$ (158,641)	\$ 3,834,557	\$ 260,680	\$ 3,347,262

CITY OF MADRAS
COMBINING STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Central Services	Public Works Staff	Buldings	Fleet	Totals
Operating revenues					
Licenses, permits and fees	\$ 41,768	\$ 18,025	\$ -	\$ -	\$ 59,793
Charges for services	1,195,048	1,766,813	511,037	103,266	3,576,164
Rents	1,205	-	-	-	1,205
Miscellaneous	20,081	42,417	-	-	62,498
Total operating revenues	<u>1,258,102</u>	<u>1,827,255</u>	<u>511,037</u>	<u>103,266</u>	<u>3,699,660</u>
Operating expenses					
Personnel services	1,031,351	1,400,064	-	-	2,431,415
Materials and services	338,920	445,375	294,797	141,467	1,220,559
Depreciation	-	-	116,273	55,344	171,617
Total operating expenses	<u>1,370,271</u>	<u>1,845,439</u>	<u>411,070</u>	<u>196,811</u>	<u>3,823,591</u>
Operating income (loss)	<u>(112,169)</u>	<u>(18,184)</u>	<u>99,967</u>	<u>(93,545)</u>	<u>(123,931)</u>
Nonoperating revenues (expenses)					
Capital grants	-	-	65,500	-	65,500
Interest earned on investments	-	60	-	-	60
Interest expense	-	-	(105,803)	-	(105,803)
Total nonoperating revenue (expenses)	<u>-</u>	<u>60</u>	<u>(40,303)</u>	<u>-</u>	<u>(40,243)</u>
Income (loss) before transfers	(112,169)	(18,124)	59,664	(93,545)	(164,174)
Transfers out	<u>-</u>	<u>-</u>	<u>(20,752)</u>	<u>(59,560)</u>	<u>(80,312)</u>
Change in net position	(112,169)	(18,124)	38,912	(153,105)	(244,486)
Net position - beginning	<u>(477,165)</u>	<u>(140,517)</u>	<u>3,795,645</u>	<u>413,785</u>	<u>3,591,748</u>
Net position - ending	<u>\$ (589,334)</u>	<u>\$ (158,641)</u>	<u>\$ 3,834,557</u>	<u>\$ 260,680</u>	<u>\$ 3,347,262</u>

CITY OF MADRAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended June 30, 2021

	Central Services	Public Works	Building	Fleet	Totals
Cash flows from operating activities					
Receipts from other funds	\$ 1,258,369	\$ 1,828,616	\$ 510,912	\$ 103,266	\$ 3,701,163
Payments to suppliers	(333,874)	(403,855)	(277,414)	(143,251)	(1,158,394)
Payments to employees	(935,006)	(1,340,154)	-	-	(2,275,160)
Net cash provided by (used in) operating activities	(10,511)	84,607	233,498	(39,985)	267,609
Cash flows from noncapital financing activities					
Advance from other funds	-	-	-	1,630	1,630
Transfers out	-	-	(9,713)	-	(9,713)
Net cash provided by (used in) noncapital financing activities	-	-	(9,713)	1,630	(8,083)
Cash flows from capital and related financing activities					
Grants	-	-	65,500	-	65,500
Acquisition of capital assets	-	-	(49,199)	(17,599)	(66,798)
Principal paid on long-term obligations	-	-	(115,202)	(16,560)	(131,762)
Interest paid on long-term obligations	-	-	(103,678)	(1,659)	(105,337)
Net cash provided by (used in) capital and related financing activities	-	-	(202,579)	(35,818)	(238,397)
Cash flows from investing activities					
Interest on investments	-	60	-	-	60
Net increase (decrease) in cash and cash equivalents	(10,511)	84,667	21,206	(74,173)	21,189
Cash and cash equivalents - beginning	332,967	399,106	160,715	74,173	966,961
Cash and cash equivalents - ending	\$ 322,456	\$ 483,773	\$ 181,921	\$ -	\$ 988,150
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities					
Operating income (loss)	\$ (112,169)	\$ (18,184)	\$ 99,967	\$ (93,545)	\$ (123,931)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities					
Depreciation	-	-	116,273	55,344	171,617
(Increase) decrease in assets and deferred outflows of resources					
Receivables, net	267	1,161	-	-	1,428
Inventories	-	-	-	4,583	4,583
Prepaid items	(4,595)	-	-	-	(4,595)
Net other postemployment benefits asset	(1,005)	865	-	-	(140)
Pension related items	(123,552)	676	-	-	(122,876)
Other postemployment benefit related items	(16,244)	(4,328)	-	-	(20,572)
Increase (decrease) in liabilities and deferred inflows of resources					
Accounts payable and accrued liabilities	9,641	41,520	17,383	(6,367)	62,177
Consumer deposits	-	200	(125)	-	75
Compensated absences payable	(117)	4,438	-	-	4,321
Unearned revenue	(19,332)	(1,980)	-	-	(21,312)
Net pension liability	163,893	74,726	-	-	238,619
Net other postemployment benefits liability	54,846	(13,774)	-	-	41,072
Pension related items	15,364	(6,435)	-	-	8,929
Other postemployment benefit related items	22,492	5,722	-	-	28,214
Net cash provided by (used in) operating activities	\$ (10,511)	\$ 84,607	\$ 233,498	\$ (39,985)	\$ 267,609
SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS					
Transfers out	\$ -	\$ -	\$ (11,039)	\$ (59,560)	\$ (70,599)
Total noncash transactions	\$ -	\$ -	\$ (11,039)	\$ (59,560)	\$ (70,599)

CITY OF MADRAS
CENTRAL SERVICES - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 37,000	\$ 43,748	\$ 6,748
Charges for services	1,453,128	1,195,048	(258,080)
Rents	-	1,205	1,205
Miscellaneous	8,500	20,081	11,581
Total revenues	1,498,628	1,260,082	(238,546)
Expenditures			
Personnel services	925,416	915,674	9,742
Materials and services	381,900	338,920	42,980
Contingency	50,000	-	50,000
Total expenditures	1,357,316	1,254,594	102,722
Excess (deficiency) of revenues over expenditures	141,312	5,488	(135,824)
Other financing sources (uses)			
Transfers out	(175,000)	-	175,000
Total other financing sources (uses)	(175,000)	-	175,000
Net change in fund balance	(33,688)	5,488	39,176
Fund balance at beginning of year	262,873	262,874	1
Fund balance at end of year	\$ 229,185	\$ 268,362	\$ 39,177
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		7,566	
Deferred outflows of resources		437,901	
Unearned revenues		(2,937)	
Compensated absences payable		(16,154)	
Net pension liability		(912,745)	
Net other postemployment benefit liability		(247,237)	
Deferred inflows of resources		(127,027)	
Net position - ending		\$ (592,271)	

CITY OF MADRAS
PUBLIC WORKS - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Licenses, permits and fees	\$ 5,500	\$ 18,025	\$ 12,525
Charges for services	2,235,277	1,766,813	(468,464)
Interest	150	60	(90)
Miscellaneous	-	42,417	42,417
 Total revenues	 2,240,927	 1,827,315	 (413,612)
Expenditures			
Personnel services	1,491,657	1,338,174	153,483
Materials and services	526,100	445,375	80,725
 Total expenditures	 2,017,757	 1,783,549	 234,208
 Excess (deficiency) of revenues over expenditures	 223,170	 43,766	 (179,404)
Other financing sources (uses)			
Transfers out	(175,000)	-	175,000
 Total other financing sources (uses)	 (175,000)	 -	 175,000
 Net change in fund balance	 48,170	 43,766	 (4,404)
 Fund balance at beginning of year	 339,734	 339,734	 -
 Fund balance at end of year	 \$ 387,904	 \$ 383,500	 \$ (4,404)
Reconciliation to generally accepted accounting principles			
Net other postemployment benefit asset		3,449	
Deferred outflows of resources		199,659	
Compensated absences payable		(17,938)	
Net pension liability		(556,669)	
Net other postemployment benefit liability		(112,725)	
Deferred inflows of resources		(57,917)	
 Net position - ending		 \$ (158,641)	

CITY OF MADRAS
BUILDING - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 693,381	\$ 511,037	\$ (182,344)
Intergovernmental	65,500	65,500	-
Total revenues	758,881	576,537	(182,344)
Expenditures			
Materials and services	337,005	294,797	42,208
Capital outlay	127,000	49,199	77,801
Debt service	224,000	218,880	5,120
Contingency	65,000	-	65,000
Total expenditures	753,005	562,876	190,129
Excess (deficiency) of revenues over expenditures	5,876	13,661	7,785
Other financing sources (uses)			
Transfers out	(9,713)	(9,713)	-
Total other financing sources (uses)	(9,713)	(9,713)	-
Net change in fund balance	(3,837)	3,948	7,785
Fund balance at beginning of year	140,097	140,999	902
Fund balance at end of year	\$ 136,260	\$ 144,947	\$ 8,687
Reconciliation to generally accepted accounting principles			
Capital assets, net		6,823,328	
Refunded debt charges		107,355	
Accrued interest payable		(20,056)	
Bond premium		(68,544)	
Long-term obligations		(3,152,473)	
Net position - ending		\$ 3,834,557	

CITY OF MADRAS
FLEET - INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2021

	Budget	Actual	Variance
Revenues			
Charges for services	\$ 279,440	\$ 103,266	\$ (176,174)
Total revenues	279,440	103,266	(176,174)
Expenditures			
Materials and services	207,582	141,467	66,115
Capital outlay	70,000	35,818	34,182
Contingency	15,000	-	15,000
Total expenditures	292,582	177,285	115,297
Excess (deficiency) of revenues over expenditures	(13,142)	(74,019)	(60,877)
Net change in fund balance	(13,142)	(74,019)	(60,877)
Fund balance at beginning of year	74,019	74,019	-
Fund balance at end of year	\$ 60,877	\$ -	\$ (60,877)
Reconciliation to generally accepted accounting principles			
Capital assets, net		260,680	
Net position - ending		\$ 260,680	

OTHER INFORMATION



**Post Compliance Reporting
Fiscal Year Ending June 30, 2021**

- Local Oregon Capital Assets Program, Certificates of Participation, Series 2011B (“2011B COPs”)**
- Local Oregon Capital Assets Program, Certificates of Participation, Series 2011B (“2012B COPs”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2013 (“2013 Obligations”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2015 (“2015 Obligations”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2017 (“2017 Obligations”)**
- City of Madras, Full Faith and Credit Refunding Obligations, Series 2021 (“2021 Obligations”)**

Securities and Exchange Commission Rule 15c2-12, as amended (the “Rule”) requires at least annual disclosure of current financial information and timely disclosure of certain events with respect to the Obligations, if material. Pursuant to the Rule, the City has agreed to provide to the Municipal Securities Rulemaking Board (“MSRB”), audited financial information of the City and certain financial information or operating data. In addition, the City has agreed to provide to the MSRB, notice of certain events, pursuant to the requirements of Section (b)(5)(i) of the Rule.

The following information meets the other operating data required to be reported with the audited financial information of the City under the Securities and Exchange Commission Rule 15c2-12.

Property Values – City of Madras

Taxable Property Values

The City					
Permanent Levy and Bond Levy					
Fiscal Year	Measure 5 Real Market Value	Total Taxable Assessed Value	Urban Renewal Excess Value	Assessed Value to compute the Taxes	Taxes to Be Received General Fund
2021	\$784,072,764	\$457,381,891	\$52,530,462	\$404,851,429	\$1,663,061
2020	693,109,691	424,053,558	37,140,034	386,913,524	1,595,013
2019	611,741,256	394,775,192	33,020,744	361,754,448	1,492,046
2018	455,110,414	352,041,191	26,675,246	325,365,945	1,342,544
2017	407,686,611	344,015,154	24,278,096	309,737,058	1,279,434
2016	369,700,511	318,255,793	23,978,363	294,277,430	1,214,558
2015	375,072,095	305,835,643	22,317,792	283,517,851	1,177,669
2014	362,214,121	283,117,698	21,112,484	262,005,214	1,150,281
2013	358,443,373	274,904,016	20,541,405	254,362,611	1,114,497

¹ Value represents the Real Market Value of taxable properties, including the reduction in Real Market Value of specially assessed properties such as farm and forestland. This value is also commonly referred to as the Measure 5 Real Market Value by county assessors.

² Assessed value of property in the City on which the permanent rate is applied to derive *ad valorem* property taxes, excluding any other offsets.

Source: Jefferson County Department of Assessment and Taxation and the Oregon Department of Revenue.

Tax Rate History and Percent Collected

Tax Collection Record¹

Fiscal Year	Permanent Tax Rate	Bond Tax Rate	Local Option Rate	Percent collected as of	
				Levy Year ²	6/30/2021 ³
2021	\$4.1262	0.000	0.00	96.2%	96.2%
2020	4.1262	0.000	0.00	94.5	94.5
2019	4.1262	0.000	0.00	95.2	95.2
2018	4.1262	0.000	0.00	95.6	95.6
2017	4.1262	0.000	0.00	95.2	95.2
2016	4.1262	0.000	0.00	97.4	97.4
2015	4.1262	0.000	0.00	96.7	96.7
2014	4.1262	0.2996	0.00	96.4	96.4
2013	4.1262	0.3602	0.00	95.7	95.7

¹ Percentage of total tax levy collection in the County. Pre-payment discounts are considered to be collected when outstanding taxes are calculated. The tax rates are before offsets.

² The percentage of taxes collected in the “year of the levy” represents taxes collected in a single levy year, beginning July 1 and ending June 30.

³ The percentage of taxes collected represents taxes collected for that levy year through June 30, 2021.

Source: Jefferson County Department of Assessment and Taxation.

Major Taxpayers – City of Madras

(Fiscal Year 2020-2021)

The following table shows the top taxpayers in the City.

Taxpayer	Business/Service	Tax ¹	Assessed Value ²	Percent of Value
Bright Wood Corporation	Manufacturer (Wood Components)	\$547,242.19	\$29,958,820	6.55%
Keith Investments, LLC	Manufacturer (Material Handling Systems)	262,559.94	14,447,390	3.16%
Love's Travel Stops & Countrys	Fuel Station/Convenience Store	193,882.49	9,771,250	2.14%
Pacificorp (PP&L)	Power Utility	137,305.20	7,585,000	1.66%
ACI Real Estate SPE 130, LLC dba Albertsons Co.	Grocer	130,480.86	6,583,430	1.44%
Pratum Co-Op	Agriculture Co-Op	119,725.95	6,613,890	1.45%
East Cascade Retirement Community	Retirement Community	98,437.69	4,902,300	1.07%
Daimler Trucks North America	Trucking	95,568.75	4,976,363	1.09%
Aero Air. LLC DBA Erickson	Aeronautics	75,273.81	3,946,570	0.86%
Aero Tankers				
Cascade Natural Gas Corp	Natural Gas Utility	66,543.68	3,676,000	0.80%
Subtotal - Ten largest taxpayers		<u>\$1,727,020.56</u>	92,461,013	20.22%
All Other City Taxpayers			364,920,878	79.78%
Total City			<u>\$ 457,381,891</u>	100%

¹ Tax amount is the total tax paid by the taxpayer. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

² Assessed value does not exclude offsets such as urban renewal and farm tax credits.

Source: Jefferson County Department of Assessment and Taxation.

Major Taxpayers – Jefferson County

(Fiscal Year 2020-2021)

The following table shows the top taxpayers in the County.

Taxpayer	Business/Service	Tax ¹	Assessed Value ²	Percent of Value
Portland General Electric	Electric Utility	\$3,837,721.34	\$268,764,000	13.0%
Northwest Corp. Gas Trans.	Gas Utility	853,580.47	63,290,000	3.1%
PacifiCorp	Power Utility	753,492.68	48,701,000	2.4%
Bright Wood Corporation	Manufacturer (Wood Components)	625,647.83	34,523,360	1.7%
Keith Manufacturing Inc./Keith investments	Manufacturer (Material Handling Systems)	305,650.18	16,868,160	0.8%
Warm Springs Power Enterprises	Hydroelectric Utilities	242,238.00	17,000,000	0.8%
Love's Travel Stops & Country	Fuel Station/Convenience Store	193,882.49	9,771,250	0.5%
BNSF Railway Company	Railroad	172,491.44	11,194,000	0.5%
Apple, Inc.	Telecommunications	157,895.55	11,450,000	0.6%
Union Pacific Railroad Co	Railroad	152,648.02	9,574,000	0.5%
Subtotal - Ten largest taxpayers		<u>\$7,295,248.00</u>	<u>\$491,135,770</u>	23.8%
All other County taxpayers			1,575,010,799	76.2%
Total County			<u>\$2,066,146,569</u>	100.00%

¹ Tax amount is the total tax paid by the taxpayer within the boundaries of the County. This amount is distributed to individual local governments by the County. A breakdown of amounts paid to each individual local government is not available.

² Assessed value does not exclude offsets such as urban renewal and farm tax credits.

³ Portland General Electric ("PGE") operates the Pelton Round Butte hydroelectric project. It is the only project in the U.S. jointly owned by a Native American tribe and a utility. Currently, the project is fifty-one percent (51%) owned by PGE, and forty-nine (49%) owned by the Confederated Tribes of the Warm Springs Reservation of Oregon, through its Warm Springs Power Enterprises. The project is located on the Deschutes River in Jefferson County approximately six miles west of Madras, and approximately 90 miles southeast of downtown Portland. About one third of the central hydro project (dams, reservoirs and shore land) is located on the Warm Springs Reservation. Source: portlandgeneral.com.

Source: Jefferson County Department of Assessment and Taxation

Summary of Overlapping Debt

Fiscal Year 2020-21					
Overlapping Issuer Name	Overlapping Real Market Valuation	Percent Overlapping	Overlapping Debt		
			Gross Property Tax-Backed Debt ¹	Net Property Tax-Backed Debt ²	
Central Oregon Community College	\$56,815,699,819	1.22%	\$653,457	\$567,254	
Jefferson County	3,717,601,565	18.64	2,112,030	2,112,030	
Jefferson Cnty RFPD 1 (Madras)	1,731,270,887	40.03	40,035	40,035	
Jefferson Co./Madras School District No. 509J	2,122,104,027	32.66	11,787,499	11,787,499	
Madras Aquatic Center	2,077,973,823	33.36	1,002,471	1,002,471	
			<u>\$15,595,492</u>	<u>\$15,509,289</u>	

¹ Gross Property Tax-Backed Debt includes all limited and unlimited tax supported debt.

² Net Property Tax-backed Debt is Gross Property Tax-Backed debt less self-supporting unlimited tax general obligation debt and less self-supporting full faith and credit debt.

Source: Debt Management Division, the Office of the State Treasurer.

Debt Ratios

The following table presents information regarding the City's tax supported direct debt, including the Obligations, and the estimated portion of the debt of overlapping taxing districts allocated to the City's property owners. Property tax-backed debt shown in the following table does not include appropriation credits, conduit revenue bonds, dedicated niche obligations, revenue bonds, obligations issued for less than 13-month, lease purchase agreements, loans, lines of credit or other non-publicly offered financial obligations.

Debt Ratios		
Real Market Value	\$693,109,691	
Estimated Population	6,470	
Per Capita Real Market Value	\$107,127	
Debt Information	Gross Property Tax-Backed Debt ^{1, 2}	Net Property Tax-Backed Debt ^{1, 3}
Direct Debt	\$14,010,000	\$4,335,000
Overlapping Direct Debt	104,090,055	97,023,654
Total Direct Debt	<u>\$118,100,055</u>	<u>\$101,358,654</u>
Bonded Debt Ratios ¹		
Direct Debt to Real Market Value	2.02%	0.63%
Total Direct Debt to Real Market Value	17.04%	14.6%
Per Capita Direct Debt	\$2,165	\$670
Per Capita Total Direct Debt	\$18,253	\$15,666

¹ Preliminary; subject to change.

² Gross Property Tax-Backed Debt includes all limited and unlimited tax supported debt, including the Obligations.

³ Net Property Tax-backed Debt is Gross Property Tax-Backed debt less self-supporting unlimited tax general obligation debt and less self-supporting full faith and credit debt. The Obligations are *NOT* classified as self-supporting for the purposes of this table.

Source: Jefferson County, Oregon State Treasury, City's Audited Financial Statements and the Obligations.

Outstanding Long-Term Debt

	Outstanding July 1, 2020	Additions	Reductions	Outstanding July 1, 2021	Balances Due Within One Year
Long-term Debt					
Bonded Debt					
Series 2015	\$618,510	\$ -	\$40,845	\$577,665	\$40,845
Series 2017	3,050,000	-	200,000	2,850,000	205,000
Bond premium	214,331	-	15,731	198,600	15,731
Direct borrowings and placements					
USDA Rural Development	1,981,714	-	35,202	1,946,512	36,302
ODOT	<u>106,190</u>	<u>223,835</u>	-	<u>330,025</u>	-
Total Long-term debt obligations	5,970,745	223,835	291,778	5,902,802	297,878
Other long-term obligations					
Compensated absences	45,493	56,690	45,493	56,690	56,690
Net pension liability	3,114,894	559,347	-	3,674,241	-
Other postemployment benefit liability	<u>845,236</u>	-	<u>1,451</u>	<u>843,785</u>	-
Total long-term obligations	<u>\$9,976,368</u>	<u>\$839,872</u>	<u>\$338,772</u>	<u>\$10,477,518</u>	<u>\$354,568</u>

City Pension Plan Actuarial Valuations

	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Allocated Pooled SLGRP T1/T2 UAL	\$3,732,485	\$4,446,562	\$4,149,638	\$4,678,691
Allocated Pre SLGRP pooled liability/(surplus)	\$0	\$0	\$0	\$0
Transition liability/(surplus)	(\$533,329)	(\$495,559)	(\$454,881)	(\$406,702)
Allocated pooled OPSRP UAL	\$294,837	\$370,141	\$362,504	\$471,299
Side Account	\$0	\$0	\$0	\$0
Net unfunded pension actuarial accrued liability	\$3,493,993	\$4,321,144	\$4,057,261	\$4,743,288
Combined Valuation Payroll	\$1,956,566	\$2,049,915	\$2,205,071	\$2,302,417
Net Pension UAL as a % of Payroll	179%	211%	184%	206%
Pre-SLGRP Pooled Rate	0.00%	0.00%	0.00%	0.00%
Transition Rate	-3.28%	-3.18%	-3.00%	-2.87%
Side Account Rate Relief	0.00%	0.00%	0.00%	0.00%
Allocated Pooled RHIA UAL	(\$22,419)	(\$30,047)	(\$45,932)	(\$52,883)
Allocated Pooled RHIPA UAL	\$0	\$0	\$0	\$0

Source: Oregon Public Employees Retirement System (OPERS) website, 2020 Actuarial Valuations

Possible Contribution Rate Collar

12/31/2020 Valuation:

The rate collar limits changes in the UAL Rate for the rate pool, but does not limit changes in rates for individual employers related to pre-SLGRP liabilities or side accounts and does not limit the change in the normal cost rate. The table below shows the possible minimum and maximum UAL Rates for the SLGRP first effective as of July 1, 2023. The collar width, which in general is the amount the UAL Rate could increase or decrease from the current UAL Rate being paid, is 3% of pay. However, the UAL Rate is only allowed to decrease by the full collar width if the funded status (excluding side accounts) of the SLGRP is greater than or equal to 90%. The UAL Rate is not allowed to decrease at all if funded status is below 87%, and the allowable decrease is phased in for funded status levels from 87% to 90%.

For Comparison the Pool's Funded Status as of December 31, 2020 is 69%.

2021-2023 Biennium	2023-2025 Biennium	
	15.46%	<< No higher than this
12.46%	12.46%	<< No lower than this if December 31, 2021 funded status is 87% or lower
	9.46%	<<No lower than this if December 31, 2021 funded status is 90% or higher

COMPLIANCE SECTION

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

Mayor and Members
of the City Council
City of Madras

We have audited the basic financial statements of the City of Madras (the "City") as of and for the year ended June 30, 2021, and have issued our report thereon dated March 18, 2022. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

Compliance and Other Matters (continued)

In connection with our testing nothing came to our attention that caused us to believe the City was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purposes of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Restriction of Use

This report is intended solely for the information and use of the council members and management of City of Madras and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

Singer Lewak LLP

March 18, 2022

By:



Bradley G. Bingenheimer, CPA, Partner

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Mayor and Members
of the City Council
City of Madras

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of City of Madras (the "City"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 18, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Mayor and Members
of the City Council
City of Madras
Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial
Statements Performed in Accordance with *Government Auditing Standards*

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Singer Lewak LLP

March 18, 2022