

MADRAS REDEVELOPMENT COMMISSION
FINANCIAL REPORT
June 30, 2022

MADRAS REDEVELOPMENT COMMISSION

OFFICERS AND MEMBERS OF THE GOVERNING BODY

June 30, 2022

BOARD OF COMMISSIONERS

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Kristal Hughes

MADRAS REDEVELOPMENT COMMISSION

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INDEPENDENT AUDITOR'S REPORT

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and each major fund of Madras Redevelopment Commission (the "Commission") a component unit of the City of Madras, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Commission's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Commission, as of June 30, 2022, and the respective changes in financial position, and the budgetary comparisons for the General, Commercial Revolving Loan, Commercial Project, and Housing Project Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Commission's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i - vii* be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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.

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon
Independent Auditor's Report

Other Information

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

The 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 individual fund schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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 June 19, 2023, on our consideration of the Commission'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

June 19, 2023

By:



Brad Bingenheimer, Partner

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MANAGEMENT'S DISCUSSION AND ANALYSIS



Madras Redevelopment Commission

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Management's Discussion and Analysis

This is management's discussion and analysis (MD&A) of the financial performance of the Madras Redevelopment Commission, which includes the Madras Urban Renewal District and the Housing Urban Renewal District, of the City of Madras (City), for the fiscal year ending June 30, 2022. The report has been prepared in accordance with generally accepted accounting principles (GAAP) as promulgated by the Government Accounting Standard Board (GASB). The MD&A should be read in conjunction with the basic financial statements and notes to the financial statements.

History

The Madras Redevelopment Commission (MRC) was formed by City Ordinance No. 709 on June 24, 2003 and transferred the powers of the Madras Urban Renewal Agency of the City of Madras, to the Madras Redevelopment Commission pursuant to ORS 457.055. The Madras Urban Renewal District (Commercial District) lies primarily in the downtown corridor and extends to Lee Street to the north and Hall Street to the south. The Commission is managed by a governing board of nine members. The primary objectives of the Madras Urban Renewal District within the downtown corridor are to 1) eliminate blighted conditions; 2) reverse physical and economic decline; and 3) use tax increment financing to achieve its objectives to a \$14,000,000 maximum indebtedness.

In December of 2018 the City of Madras completed a Housing Action Plan that identified housing needs for all housing types and income levels. The Housing Action Plan recommended specific actions to address these housing needs. One of the recommended actions was evaluating the opportunities for a new or expanded urban renewal area to support development of housing. The City completed a Feasibility Study in June of 2019. Later, on November 12, 2019 the City Council approved the Housing Urban Renewal District (HURD – Housing District) Report and Plan, and Ordinance No. 935. The HURD is estimated to last 30 years, resulting in 30 years of tax increment collections. The City estimates that 965 new housing units will be constructed within the Plan Area over the estimated 30-year time frame of the HURD. The maximum amount of indebtedness (amount of dollars spent for projects, programs and administration) that may be issued for the Plan is \$39,100,000.

Financial Highlights

The Commission's total net position decreased by \$(251,353) during the year. Transactions contributing to this decrease are listed by district are as follows:

Commercial District

- The MRC met the debt obligation payment of \$125,000 per the intergovernmental agreement with City of Madras for the \$2.5 million long-term obligation issued in 2011-2012. Those same bonds were refinanced in 2017 with interest payments of \$40,000.
- The MRC made a \$65,500 payment to the City of Madras to assist with the debt obligations for the City Hall/Police Station which serves as a central civic facility in accordance with the Madras Urban Renewal Plan. Additionally, the MRC and City of Madras confirmed the commitment for the MRC to continue this partnership in the amount of \$65,500 annually for ten years beginning FY 2018-19.
- The MRC, on behalf of the Commercial District drew down on the line of credit in the amount of \$645,000 to finance projects within the District.
- The line of credit was refinanced into long-term debt in October 2021.

Housing District

- The Housing Urban Renewal District was established with a maximum indebtedness of \$39.1 million.
- The MRC, on behalf of the Housing District drew down on the line of credit in the amount of \$190,000 to cover the initial costs for running the District prior to receiving Property Taxes.
- Major expenditures included Professional Services and Legal Fees
- The MRC approved development agreements with four housing developers for a total of 366 housing units.
- Early measures indicate that the SDC Deferral Program, and the Housing Urban Renewal District are operating as intended – Residential permit activity continues to increase with 34 houses permitted within the District in 2022 and 33 homes now on the tax roles for an estimated value from the Assessor of \$90,000.

Overview of the Financial Statements

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

The government-wide financial statements are designed to provide the reader with a broad overview of the Commission'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 were 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 Commission’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 Commission is improving or deteriorating.
- The *statement of activities* presents information showing how the Commission’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 changes 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 property tax, which is earned but not physically collected by the Commission in this fiscal year).

Both of these government-wide financial statements distinguish functions of the Commission that are principally supported by taxes and assessments. The Commission does not have other functions that are intended to recover all or a significant portion of their costs through user fees and charges (referred to as business-type activities).

Fund Financial Statements

Local governments use fund accounting to demonstrate compliance with finance-related legal requirements. All of the funds of the Commission are considered governmental funds.

Governmental fund financial statements, unlike the government-wide statements, use the modified accrual basis of accounting which focuses on viewing 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?*” Therefore, under the modified accrual basis of accounting, revenues are not recognized until they are measurable and available, and expenditures are recognized in the period in which liabilities are liquidated rather than when the liability is first incurred. Unlike the government-wide financial statements, the governmental funds 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 funds statements are followed by a reconciliation that explains the relationship or differences between governmental funds and the governmental-wide financial statements.

Previously, the MRC maintained two individual governmental funds, the *General Fund* and the *Reinvestment Fund*. These funds were abolished and replaced with the MRC TIF Fund, MRC Project Fund and MRC Program Income. This change was made effective July 1, 2019 based on guidance from Bond Counsel, Urban Renewal Consultant and Urban Renewal Best Practices. The funds are presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balance, beginning on page 3.

The MRC adopted a biannually appropriated budget for all governmental funds for FY 2020-22; A budgetary comparison has been provided for each fund to demonstrate compliance with the adopted budget. These budgetary comparison statements can be found starting on page 6 of this report.

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 funds financial statements. The notes to the basic financial statements can be found beginning on page 8 of this report. In addition to the basic financial statements and the accompanying notes lies additional pertinent information for the reader referred to as *Auditor's Comments and Reports*. This information can be found in this report following the notes to the basic financial statements.

Financial Analysis of the Government-Wide Statements

Net Position

Our analysis focuses on the net position (Table 1) and changes in net position (Table 2) for the Madras Redevelopment Commission's government-wide financial statements.

Table 1
MADRAS REDEVELOPMENT COMMISSION
CONDENSED STATEMENT OF NET POSITION

	<u>Governmental Activities</u>		<u>Net Change</u> <u>Increase/(Decrease)</u>	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>Percent</u>
Assets:				
Cash and cash equivalents	\$ 248,337	\$ 400,587	\$ (152,250)	-38.0%
Receivables	541,893	351,526	190,367	54.2%
Reinvestment Properties	187,500	187,500	-	0.0%
Total Assets	<u>977,730</u>	<u>939,613</u>	<u>38,117</u>	<u>4.1%</u>
Liabilities:				
Other liabilities	824,843	1,485,440	(660,597)	-44.5%
Long-term liabilities	2,600,067	1,650,000	950,067	57.6%
Total Liabilities	<u>3,424,910</u>	<u>3,135,440</u>	<u>289,470</u>	<u>9.2%</u>
Net Position:				
Restricted	886,110	500,266	385,844	77.1%
Unrestricted (deficit)	(3,333,290)	(2,696,093)	(637,197)	-23.6%
Total Net Position	<u>(2,447,180)</u>	<u>(2,195,827)</u>	<u>(251,353)</u>	<u>-11.4%</u>

Net position for the Commission decreased in 2022 by \$251,353. This was the result of a combination of an increase in façade improvement loans, and a decrease in the line of credit coupled with an increase in long-term loans between the Commission and the City of Madras due to debt refunding.

Change in Net Position

Below, Table 2 reflects the change in net position for fiscal year 2020-21 to fiscal year 2021-22.

Table 2
MADRAS REDEVELOPMENT COMMISSION
CONDENSED STATEMENT OF ACTIVITIES

	<u>Governmental Activities</u>		<u>Net Change</u> <u>Increase/(Decrease)</u>	
	<u>2022</u>	<u>2021</u>	<u>Amount</u>	<u>Percent</u>
Revenue:				
Property taxes	\$ 760,774	\$ 542,842	\$ 217,932	40.1%
Interest on investments	4,923	7,869	(2,946)	-37.4%
Miscellaneous	1,629	-	1,629	#DIV/0!
Charges for services	25,000	20,000	5,000	25.0%
Contributions from City of Madras	-	435,000	(435,000)	-100.0%
Capital grants and contributions	329,371	61,195	268,176	438.2%
Total Revenues	<u>1,121,697</u>	<u>1,066,906</u>	<u>54,791</u>	<u>5.1%</u>
Expenses:				
Community development	1,287,073	1,287,829	(756)	-0.1%
Debt	85,977	51,106	34,871	68.2%
Total Expenses	<u>1,373,050</u>	<u>1,338,935</u>	<u>34,115</u>	<u>2.5%</u>
Change in Net Position	<u>(251,353)</u>	<u>(272,029)</u>	<u>20,676</u>	<u>-7.6%</u>
Net Position - beginning of year	<u>(2,195,827)</u>	<u>(1,923,798)</u>	<u>(272,029)</u>	<u>-14.1%</u>
Net Position - end of year	<u><u>(2,447,180)</u></u>	<u><u>(2,195,827)</u></u>	<u><u>(251,353)</u></u>	<u><u>-11.4%</u></u>

During the fiscal year 2021-22, total property tax revenue received was a 40.1% increase from last year's property tax revenues. That trajectory bodes well for the overall objectives of the Commission.

Fund Financial Analysis

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

At the conclusion of fiscal year 2021-22, the MRC's combined governmental funds reported a deficit ending fund balance of \$(380,122), a decrease of \$(889,760) from the prior year fund balance of \$509,638. The General Fund increased by \$4,484 due to increases in property tax revenues. The Commercial Revolving Loan fund increased by \$81,330 transfers from other funds related to draws on the line of credit less the net effect of loan distributions offset by loan payments. The Commercial Project Fund decreased by \$454,415 and the Housing Project Fund decreased by \$630,564 mainly due to community development projects in the funds during the year. The Commercial Property Tax and Debt Service Fund increased by \$105,011 and the Housing Property Tax and Debt Service fund increased by \$5,212 due to property taxes collected in excess of debt service for each fund.

Debt Administration

At the end of the fiscal year 2021-22, the MRC's total outstanding debt was \$3,394,010, comprised of \$793,943 in short-term obligations and \$2,600,067 in long-term notes payable to the City of Madras. On October 19, 2021, the 2017 Bond Refinancing of the 2011B Series and 2012B Series bonds was completed, and a portion of the bond and resulting savings of \$21,955 was transferred to the Commission through a loan payable to the City of Madras totaling \$1,115,067. These funds were used to refinance amounts owed on the line of credit. \$1,525,000 remains on the 2017 Series Bonds as of June 30, 2022. See page 18 – 19 for additional information.

The line of credit has an available limit of \$1,900,000; as of June 30, 2022, \$793,985 was outstanding. A separate line of credit was established for the Housing District in the amount of \$1,000,000. During FY 2021-22, \$180,000 was drawn on this line of credit. Both of these lines of credit have an annual renewal and review by the lending institution, currently First Interstate Bank. This is part of the current strategic plan in which the MRC will use the line of credit to fund projects until the balance necessitates a larger bond issuance.

Economic Factors and Next Year's Budget

Major factors anticipated in the 2022-24 budget include the following:

- The Budget is now a biennial budget, rather than an annual budget and includes the Madras Urban Renewal Agency General Fund, all Commercial District Funds as outlined above and the Housing Urban Renewal Funds.
- Commercial District Revenue:
 - Property Tax Revenue is growing with a 33.8% forecasted increase for the next biennium vs. the prior.
 - Program Income (loan repayments) – projected to increase from \$71,000 repayment to \$131,900 with the additional number of loans being issued.
- MRC TIF Fund (formerly General Fund): Tracks all property tax revenues and debt service payments. This includes the line of credit, du jour borrowing and formal issuances such as bonds. Du Jour borrowing is a mechanism in which the City provides a one-day loan. Property tax receipts are then used to repay that one-day loan to the City. This allows property tax revenues to be used towards debt rather than for direct purchases, consistent with Urban Renewal best practices.

- The City of Madras a line of credit up to \$1,900,000 with First Interstate Bank (formerly Bank of the Cascades). This line of credit is anticipated to be sufficient for supporting the District’s plans for the next 12 to 24 months. The line of credit was paid off with the 2021A and 2021B Bond Refinancing consistent with the District’s round-one funding approach as anticipated by the Urban Renewal Plan. The lines of credit are reviewed and adjusted annually.

MRC Project Fund 704:

Table - Summary of Special Payment Categories.

Special Payment Categories	2022-24 Budget	Overview of Expenditures
Public Open Spaces & Parks Investments	\$30,000	<ul style="list-style-type: none"> • \$30,000 Grant Match Sahalee Park Restrooms
Streets & Infrastructure Investments	\$500,000	<ul style="list-style-type: none"> • \$500,000 Wild Winds Frontage.
Streetscape, Landscaping, Lighting & Gateway Investments	\$600,930	<ul style="list-style-type: none"> • \$20,000 downtown sidewalk repairs • \$280,930 Olive St. Improvements • \$300,000 ODOT Grant Match Earl to Colfax
Downtown Flowers	\$72,000	<ul style="list-style-type: none"> • flowers for flowerpots and hanging baskets and winter plants for flowerpots and winter greens.
Redevelopment – New Construction Assistance (Private & Public)	\$1,810,000	<ul style="list-style-type: none"> • Funding to assist new development or redevelopment on vacant and underutilized properties.
Redevelopment – Rehabilitation Assistance/Grants	\$726,250	<ul style="list-style-type: none"> • Funding for Paint, Window Improvement & Design Assistance, Building Improvement, & Adaptive Reuse grants.
Business & Economic Development Activities (Private & Private)	\$131,000	<ul style="list-style-type: none"> • Two annual payments for the Madras Police Station/City Hall per the Madras City Hall/Civic Plaza Grant Agreement.

- MRC Program Income Fund 705 (formerly Reinvestment Fund): This fund provides loans for facades and building renovations. The District anticipates multiple façade and building renovation loans within the district this year.

Request for Information

This financial report is designed to provide a general overview of the Madras Redevelopment Commission’s finances for all those with an interest in the government’s finances. Questions concerning any of the information provided in this report or requests for additional financial information should be address to the City of Madras/Madras Redevelopment Commission, Attention: Finance Director, 125 S.E. “E” Street, Madras, Oregon 97741, (541) 475-2344.

The City’s website address is <http://www.ci.madras.or.us>.

BASIC FINANCIAL STATEMENTS

MADRAS REDEVELOPMENT COMMISSION

STATEMENT OF NET POSITION

June 30, 2022

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 248,337
Receivables:	
Property taxes	26,280
Notes	<u>515,613</u>
 Total current assets	 <u>790,230</u>
 Investment in land held for resale	 <u>187,500</u>
 Total assets	 <u>977,730</u>
 Liabilities	
Accounts payable and accrued liabilities	17,220
Retainage payable	13,638
Short-term debt obligations	793,985
Long-term liabilities:	
Due within one year	174,384
Due in more than one year	<u>2,425,683</u>
 Total liabilities	 <u>3,424,910</u>
 Net position	
Restricted for:	
Urban renewal revitalization	594,132
Debt service	291,978
Unrestricted (deficit)	<u>(3,333,290)</u>
 Total net position (deficit)	 <u>\$ (2,447,180)</u>

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

	Governmental Activities
Program expenses	
Community development	\$ 1,287,073
Interest expense	<u>85,977</u>
Total program expenses	<u>1,373,050</u>
Program revenues	
Charges for services	25,000
Capital grants and contributions	<u>329,371</u>
Total program revenues	<u>354,371</u>
Net program revenues (expenses)	<u>(1,018,679)</u>
General revenues:	
Property taxes	760,774
Unrestricted investment earnings	4,923
Miscellaneous	<u>1,629</u>
Contributions from the City of Madras	
Total general revenues	<u>767,326</u>
Change in net position	(251,353)
Net position (deficit) - beginning	<u>(2,195,827)</u>
Net position (deficit) - ending	<u>\$ (2,447,180)</u>

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION

BALANCE SHEET

GOVERNMENTAL FUNDS

June 30, 2022

	General	Commercial Revolving Loan	Commercial Project	Housing Project	Commercial Property Tax and Debt Service	Housing Property Tax and Debt Service	Total Governmental Funds
Assets							
Cash and cash equivalents	\$ 5,208	\$ 79,011	\$ -	\$ 2,281	\$ 156,625	\$ 5,212	\$ 248,337
Receivables:							
Property taxes	-	-	-	-	26,280	-	26,280
Notes	-	515,613	-	-	-	-	515,613
Due from other funds	-	-	-	-	103,861	-	103,861
Investment in land held for sale	-	-	187,500	-	-	-	187,500
Total assets	\$ 5,208	\$ 594,624	\$ 187,500	\$ 2,281	\$ 286,766	\$ 5,212	\$ 1,081,591
Liabilities, deferred inflows and fund balances							
Liabilities							
Accounts payable and accrued liabilities	724	2,648	27,360	125	-	-	30,857
Short-term obligations	-	-	510,000	283,985	-	-	793,985
Due to other funds	-	-	103,861	-	-	-	103,861
Total liabilities	724	2,648	641,221	284,110	-	-	928,703
Deferred inflows of resources							
Unavailable revenue	-	508,570	-	-	24,440	-	533,010
Total deferred inflows of resources	-	508,570	-	-	24,440	-	533,010
Fund balances							
Nonspendable	-	-	187,500	-	-	-	187,500
Restricted for:							
Urban renewal revitalization	-	83,406	-	-	-	-	83,406
Debt service	-	-	-	-	262,326	5,212	267,538
Unassigned (deficit)	4,484	-	(641,221)	(281,829)	-	-	(918,566)
Total fund balances	4,484	83,406	(453,721)	(281,829)	262,326	5,212	(380,122)
Total liabilities, deferred inflows and fund balances	\$ 5,208	\$ 594,624	\$ 187,500	\$ 2,281	\$ 286,766	\$ 5,212	\$ 1,081,591

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION
RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
June 30, 2022

Amounts reported for governmental activities in the statement of net position are different because:

Fund balances - total governmental funds	\$ (380,122)
Other assets are not available for current period expenditures and, therefore, are reported as unavailable revenue in the funds	533,010
Long-term obligations are not due and payable in the current period and, therefore, are not reported in the funds	<u>(2,600,068)</u>
Net position of governmental activities	<u>\$ (2,447,180)</u>

MADRAS REDEVELOPMENT COMMISSION
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2022

	General	Commercial Revolving Loan	Commercial Project	Housing Project	Commercial Property Tax and Debt Service	Housing Property Tax and Debt Service	Total Governmental Funds
Revenues							
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ 702,173	\$ 54,552	\$ 756,725
Charges for services	25,000	-	-	-	-	-	25,000
Loan repayments	-	139,837	-	-	-	-	139,837
Interest	-	4,863	-	-	56	4	4,923
Miscellaneous	-	1,629	-	-	-	-	1,629
Total revenues	<u>25,000</u>	<u>146,329</u>	<u>-</u>	<u>-</u>	<u>702,229</u>	<u>54,556</u>	<u>928,114</u>
Expenditures							
Current							
Community development	20,580	179,999	549,915	536,579	-	-	1,287,073
Debt service	-	-	-	-	476,703	54,098	530,801
Total expenditures	<u>20,580</u>	<u>179,999</u>	<u>549,915</u>	<u>536,579</u>	<u>476,703</u>	<u>54,098</u>	<u>1,817,874</u>
Excess (deficiency) of revenues over expenditures	4,420	(33,670)	(549,915)	(536,579)	225,526	458	(889,760)
Other financing sources (uses)							
Issuance of long-term obligations	-	-	-	-	1,115,067	-	1,115,067
Proceeds from refunding debt	-	-	-	-	1,030,000	-	1,030,000
Payment on refunded obligations	-	-	-	-	(2,145,067)	-	(2,145,067)
Transfers in	-	115,000	95,500	-	-	4,000	214,500
Transfers out	-	-	-	(93,985)	(120,515)	-	(214,500)
Total other financing sources (uses)	<u>-</u>	<u>115,000</u>	<u>95,500</u>	<u>(93,985)</u>	<u>(120,515)</u>	<u>4,000</u>	<u>-</u>
Net change in fund balances	4,420	81,330	(454,415)	(630,564)	105,011	4,458	(889,760)
Fund balances at beginning of year	64	2,076	694	348,735	157,315	754	509,638
Fund balance at end of year	\$ 4,484	\$ 83,406	\$ (453,721)	\$ (281,829)	\$ 262,326	\$ 5,212	\$ (380,122)

MADRAS REDEVELOPMENT COMMISSION
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2022

Net change in fund balances - total governmental funds		\$	(889,760)
<i>Amounts reported for governmental activities in the Statement of Activities are different because of the following</i>			
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:			
Property taxes			4,049
Loans		189,534	193,583
The repayment of the principal of debt consumes the current financial resources of the governmental funds. This transaction has no effect on net position. This amount is the difference in the treatment of debt.			
			2,504,824
The proceeds from debt provide current financial resources of the governmental funds. This transaction has no effect on net position. This amount is the difference in the treatment of debt.			
			(2,060,000)
Change in net position of governmental activities			\$ (251,353)

MADRAS REDEVELOPMENT COMMISSION

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Year Ended June 30, 2022

	<u>Biennium Budget</u>		<u>FY 2021-22</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Charges for services	\$ 40,000	\$ 50,000	\$ 25,000	\$ (25,000)
Total revenues	<u>40,000</u>	<u>50,000</u>	<u>25,000</u>	<u>(25,000)</u>
Expenditures				
Materials and services	32,000	50,000	20,580	29,420
Contingency	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>40,000</u>	<u>50,000</u>	<u>20,580</u>	<u>29,420</u>
Net change in fund balance	-	-	4,420	4,420
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>64</u>	<u>64</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,484</u>	<u>\$ 4,484</u>

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION
COMMERCIAL REVOLVING LOAN FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2022

	Biennium Budget		FY 2021-22	
	Original	Final	Actual	Variance
Revenues				
Loan repayments	\$ 71,000	\$ 71,000	\$ 139,837	\$ 68,837
Interest	3,850	3,850	4,863	1,013
Total revenues	<u>74,850</u>	<u>74,850</u>	<u>146,329</u>	<u>71,479</u>
Expenditures				
Special payments	1,285,000	1,385,000	179,999	1,205,001
Contingency	64,919	64,919	-	64,919
Total expenditures	<u>1,349,919</u>	<u>1,449,919</u>	<u>179,999</u>	<u>1,269,920</u>
Excess (deficiency) of revenues over expenditures	<u>(1,275,069)</u>	<u>(1,375,069)</u>	<u>(33,670)</u>	<u>1,341,399</u>
Other financing sources (uses)				
Issuance of short-term obligations	<u>1,275,000</u>	<u>1,375,000</u>	<u>115,000</u>	<u>(1,260,000)</u>
Total other financing sources (uses)	<u>1,275,000</u>	<u>1,375,000</u>	<u>115,000</u>	<u>(1,260,000)</u>
Net change in fund balance	(69)	(69)	81,330	81,399
Fund balance at beginning of year	<u>569</u>	<u>569</u>	<u>2,076</u>	<u>1,507</u>
Fund balance at end of year	<u>\$ 500</u>	<u>\$ 500</u>	<u>\$ 83,406</u>	<u>\$ 82,906</u>
Reconciliation to generally accepted accounting principles				
Proceeds from short-term obligations			(115,000)	
Transfers to other funds			<u>115,000</u>	
Net position - ending			<u>\$ 83,406</u>	

MADRAS REDEVELOPMENT COMMISSION
COMMERCIAL PROJECT FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2022

	<u>Biennium Budget</u>		<u>FY 2021-22</u>	
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance</u>
Expenditures				
Materials and services	\$ 198,250	\$ 203,250	\$ 65,794	\$ 137,456
Special payments	2,341,000	2,353,000	484,121	1,868,879
Contingency	200,000	183,000	-	183,000
Total expenditures	<u>2,739,250</u>	<u>2,739,250</u>	<u>549,915</u>	<u>2,189,335</u>
Excess (deficiency) of revenues over expenditures	<u>(2,739,250)</u>	<u>(2,739,250)</u>	<u>(549,915)</u>	<u>2,189,335</u>
Other financing sources (uses)				
Issuance of short-term obligations	2,800,000	2,800,000	510,000	(2,290,000)
Transfers in		-	95,500	95,500
Total other financing sources (uses)	<u>2,800,000</u>	<u>2,800,000</u>	<u>605,500</u>	<u>(2,194,500)</u>
Net change in fund balance	60,750	60,750	55,585	(5,165)
Fund balance at beginning of year	<u>38,169</u>	<u>38,169</u>	<u>694</u>	<u>(37,475)</u>
Fund balance at end of year	<u>\$ 98,919</u>	<u>\$ 98,919</u>	<u>\$ 56,279</u>	<u>\$ (42,640)</u>
Reconciliation to generally accepted accounting principles				
Short-term obligations			<u>(510,000)</u>	
Net position - ending			<u>\$ (453,721)</u>	

MADRAS REDEVELOPMENT COMMISSION**HOUSING PROJECT FUND****STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
Year Ended June 30, 2022**

	Biennium Budget		FY 2021-22	Variance
	Original	Final	Actual	
Expenditures				
Materials and services	\$ 104,463	\$ 109,463	\$ 48,318	\$ 61,145
Special payments	595,000	1,195,000	488,261	706,739
Contingency	150,000	145,000	-	145,000
Total expenditures	849,463	1,449,463	536,579	912,884
Excess (deficiency) of revenues over expenditures	(849,463)	(1,449,463)	(536,579)	912,884
Other financing sources (uses)				
Line of credit proceeds	850,000	1,100,000	190,000	(910,000)
Transfers in	-	350,000	-	(350,000)
Total other financing sources (uses)	850,000	1,450,000	190,000	(1,260,000)
Net change in fund balance	537	537	(346,579)	(347,116)
Fund balance at beginning of year	8,750	8,750	348,735	339,985
Fund balance at end of year	\$ 9,287	\$ 9,287	\$ 2,156	\$ (7,131)
Reconciliation to generally accepted accounting principles				
Short-term obligations			(283,985)	
Net position - ending			\$ (281,829)	

See notes to financial statements

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY

The Madras Redevelopment Commission (the “Commission”), a component unit of the City of Madras (the “City”), was organized in June 2003 under ORS 457 and is a municipal corporation created by the City to facilitate urban renewal within the boundaries of the City. The city council appoints the governing body and is accountable for the fiscal matters of the Commission.

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

- The Commission selects an urban renewal plan area and defines its boundaries.
- The county assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.
- Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in paying the principal and interest on any indebtedness incurred to finance urban renewal projects.
- Urban renewal tax increment revenues are used to repay the indebtedness of the Commission. The proceeds of the indebtedness finance the Commission's activities.

As required by ORS 457.190(3)(a), the Commission has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$53,100,000, with the \$14,000,000 maximum allowed to be issued or incurred for the Commercial District and \$39,100,000 maximum allowed to be issued or incurred for the Housing District.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Government-wide and fund financial statements

The statement of net position and the statement of activities display information about the Commission, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The statement of activities presents a comparison between direct expenses and program revenues for the Commission's program. The Commission does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments, and the gain on refunding, are presented as general revenues.

The fund financial statements provide information about the Commission's fund. The emphasis of fund financial statements is on major funds, each displayed in a separate column.

The Commission reports the following major funds:

General – accounts for all financial resources of the Commission, except those required to be accounting for in another fund. Principal sources of revenue are charges for services and primary expenditures are materials and services.

Commercial Revolving Loan – accounts for loan distributions and repayments as well as projects funded by program income.

Commercial Project – accounts for proceeds from long-term and short-term debt, grant distributions and urban renewal plan projects and special payments.

Housing Project – accounts for incentives provided to developers to construct housing within the district boundary.

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

Housing Property Tax and Debt Service – accounts for property tax revenues and debt service payments.

Measurement focus, basis of accounting and financial statement presentation

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the Commission receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement focus, basis of accounting and financial statement presentation (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The Commission considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt are reported as other financing sources.

Budget policies and budgetary control

A biennial (July 1, 2020 through June 30, 2022) budget for all funds is adopted on a basis consistent with Oregon Revised Statutes (ORS 294 – Local Budget Law). The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at the end of the biennium.

The budget process occurs every other year with the Commission appointing budget committee members in the fall. 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 governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personal services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

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

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.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes (continued)

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.

Long-term obligations

In the government-wide financial statements' long-term obligations are reported as liabilities in the governmental activities' statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net position

Government-wide statements

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

In the government-wide financial statements when both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund balance

Governmental fund type fund balance reporting

Governmental type fund balances are to be reported within 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 council. The council is the highest level of decision-making authority for the Commission. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the 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 council has granted authority to the Community Development Director 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.

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

Fair value measurements

The Commission 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.

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

New accounting standard implemented

In June 2017, the GASB issued Statement No. 87, *Leases* (GASB 87). The statement establishes accounting and financial reporting standards for leases by lessees and lessors. The statement requires lessees to report a “right of use” asset and a lease liability and requires lessors to report a lease receivable and a deferred inflow, for leases with a term of more than one year. The implementation of this standard had no effect on the Commission’s financial statements at June 30, 2022.

NOTE 3 – CASH AND CASH EQUIVALENTS

The Commission’s cash and cash equivalents at June 30, 2022 are as follows:

State of Oregon Local Government Investment Pool	\$ 152,291
Cash held with County Treasurer	90,931
Deposits with financial institutions	<u>5,115</u>
Total cash and cash equivalents	<u>\$ 248,337</u>

The Commission’s cash and cash equivalents are pooled with the City of Madras. 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 with Financial Institutions: This is the risk that in the event of a bank failure, the Commission’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the Commission’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 financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateral Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return the Commission’s deposits. As of June 30, 2022, none of the Commission’s deposits with financial institutions were exposed to custodial credit risk.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO 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 Commission, 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 Commission's position in the LGIP is the same as the value of the pool shares.

Investments

Credit Risk: Oregon statutes authorize the Commission 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 Commission does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

Interest Rate Risk: The Commission 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 Commission 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 Commission will not be able to recover the value of its investments that are in the possession of an outside party. The Commission does not have a policy which limits the amount of investments that can be held by counterparties.

NOTE 4 – INVESTMENT IN PROPERTIES

The Commission holds land for sale which is reported at estimated fair value measured using Level 3 inputs, based on the comparable transactions method which compares the market price of similar assets to the market price of the asset being valued.

MADRAS REDEVELOPMENT COMMISSION

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – NOTES RECEIVABLE

Funds are expended to improve and refurbish buildings for the benefit of business in the local area through a combination grant and loan program. Notes receivable have been recorded to reflect the amount the property owners will repay under the program. Notes are repayable over a maximum of 120 months. The notes are secured by the improved property and are considered fully collectible.

NOTE 6 – SHORT-TERM DEBT OBLIGATIONS

Changes in short-term debt obligations for the year ended June 30, 2022

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022
Line of credit	\$ 1,394,892	\$ 825,000	\$ 1,425,949	\$ 793,943
City of Madras one-day loans	-	85,500	85,500	-
Total short-term obligations	<u>\$ 1,394,892</u>	<u>\$ 910,500</u>	<u>\$ 1,511,449</u>	<u>\$ 793,943</u>

Governmental activities short-term debt obligations

Line of credit – The Commission entered into a loan agreement with the City of Madras. The agreement was specifically meant to finance an economic development activity. The maximum principal available is \$1,500,000, with 3.00% interest only payments due monthly.

City of Madras – The City of Madras provides one-day loans to the Commission to fund purchases. These one-day loans are repaid the following day by the Commission. No interest is charged.

NOTE 7 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2022

	Outstanding July 1, 2021	Additions	Reductions	Outstanding June 30, 2022	Balances Due Within One Year
Direct borrowings and placements					
City of Madras, 2017 note	\$ 1,650,000	\$ -	\$ 125,000	\$ 1,525,000	\$ 130,000
City of Madras, 2021 note	-	1,115,067	40,000	1,075,067	43,070
Total long-term obligations	<u>\$ 1,650,000</u>	<u>\$ 1,115,067</u>	<u>\$ 165,000</u>	<u>\$ 2,600,067</u>	<u>\$ 173,070</u>

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 7 – LONG-TERM OBLIGATIONS (Continued)

Governmental activities long-term debt obligations

City of Madras, 2017 Note – The City issued a bond specifically meant to refinance the Commission’s bond anticipation line of credit. The Commission entered into an agreement with the City under which the Commission reimburses the City for the bond payments made by the City. The terms of the advance match the related bond issuance with interest at 63.5% of the BBA Libor Daily floating rate plus 2.6% with a 3.076% floor.

City of Madras, 2021 Note – The City issued a bond specifically meant to refinance the Commission’s bond anticipation line of credit. The Commission entered into an agreement with the City under which the Commission reimburses the City for the bond payments made by the City. The terms of the advance match the related bond issuance with interest at 3%.

Future maturities are as follows:

Fiscal Year	City of Madras 2017 Note		City of Madras 2021 Note		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 130,000	\$ 50,350	\$ 44,384	\$ 29,700	\$ 174,384	\$ 80,050
2024	135,000	45,725	44,384	28,500	179,384	74,225
2025	140,000	40,900	44,384	27,300	184,384	68,200
2026	145,000	35,200	44,385	26,100	189,385	61,300
2027	800,000	90,825	49,384	24,750	849,384	115,575
2028-32	175,000	2,625	261,916	103,050	436,916	105,675
2033-37	-	-	306,915	64,350	306,915	64,350
2038-42	-	-	279,315	19,350	279,315	19,350
	<u>\$ 1,525,000</u>	<u>\$ 265,625</u>	<u>\$ 1,075,067</u>	<u>\$ 323,100</u>	<u>\$ 2,600,067</u>	<u>\$ 588,725</u>

NOTE 8 – UNAVAILABLE REVENUES

Resources which are measurable but unavailable consist of the following:

	Commercial Revolving Loan	Commercial Property Tax and Debt Service	Total
Property taxes	\$ -	\$ 24,440	\$ 24,440
Notes	<u>508,570</u>	<u>-</u>	<u>508,570</u>
	<u>\$ 508,570</u>	<u>\$ 24,440</u>	<u>\$ 533,010</u>

MADRAS REDEVELOPMENT COMMISSION
NOTES TO FINANCIAL STATEMENTS

NOTE 9 – TAX ABATEMENTS

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 Commission received for the year ended June 30, 2022 have been reduced by \$33,232.

NOTE 10 – COMMITMENTS

Grants

The Commission had the following new development and improvement assistance grant commitments as of June 30, 2022:

Grantee	2023	2024	2025	2026	Thereafter	Total
Love's	\$ 70,000	\$ 70,000	\$ 70,000	\$ -	\$ -	\$ 210,000
BunkHouse Hotel	110,000	110,000	110,000	110,000	110,000	550,000
City of Madras	325,500	75,500	-	-	-	401,000
	<u>\$ 505,500</u>	<u>\$ 255,500</u>	<u>\$ 180,000</u>	<u>\$ 110,000</u>	<u>\$ 110,000</u>	<u>\$ 1,161,000</u>

Housing credits

The Commission provides housing credits to developers at an estimated rate of \$1,500 per apartment and \$2,000 per home. The final credit amount will be set by the Jefferson County Assessor based on the assessed value of the homes at completion. At year end June 30, 2022, the Commission estimates the future commitments per year to be as follows:

	Development			
	Treasure Hills	Willowbrook Pkg 1	Yarrow Apartments Pkg 1	Morning Crest - Phase 6
	2022-23	\$ 47,000	\$ 37,786	\$ 72,000
2023-24	70,953	151,578	72,000	16,497
2024-25	75,000	156,125	72,000	31,000
2025-26	80,000	160,809	72,000	31,000
2026-27	80,000	170,333	72,000	31,000
Thereafter	<u>160,000</u>	<u>340,667</u>	<u>144,000</u>	<u>62,000</u>
	<u>\$ 512,953</u>	<u>\$ 1,017,298</u>	<u>\$ 504,000</u>	<u>\$ 178,193</u>

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INDIVIDUAL FUND SCHEDULES

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, 2022

	<u>Biennium Budget</u>		<u>FY 2021-22</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes	\$ 1,016,725	\$ 1,146,725	\$ 702,173	\$ (444,552)
Interest	50	50	56	6
Total revenues	<u>1,016,775</u>	<u>1,146,775</u>	<u>702,229</u>	<u>(444,546)</u>
Expenditures				
Debt service	<u>1,055,000</u>	<u>1,252,500</u>	<u>597,218</u>	<u>655,282</u>
Total expenditures	<u>1,055,000</u>	<u>1,252,500</u>	<u>597,218</u>	<u>655,282</u>
Excess (deficiency) of revenues over expenditures	<u>(38,225)</u>	<u>(105,725)</u>	<u>105,011</u>	<u>210,736</u>
Other financing sources (uses)				
Issuance of long-term obligations	-	-	1,115,067	1,115,067
Proceeds from refunding debt	-	-	1,030,000	1,030,000
Payment on refunded debt	-	-	(2,145,067)	(2,145,067) *
Transfers in	-	67,500	-	(67,500)
Total other financing sources (uses)	<u>-</u>	<u>67,500</u>	<u>-</u>	<u>(67,500)</u>
Net change in fund balance	(38,225)	(38,225)	105,011	143,236
Fund balance at beginning of year	<u>196,356</u>	<u>196,356</u>	<u>157,315</u>	<u>(39,041)</u>
Fund balance at end of year	<u>\$ 158,131</u>	<u>\$ 158,131</u>	<u>\$ 262,326</u>	<u>\$ 104,195</u>
Reconciliation to generally accepted accounting principles				
Transfers to other funds			(120,515)	
Debt service			<u>120,515</u>	
Net position - ending			<u>\$ 262,326</u>	

*ORS294.338(4)(c) exempts the expenditure of proceeds of debt issued to refund previously issued obligations. The expenditure is the result of the issuance of refunding debt and is not an overexpenditure of appropriations

MADRAS REDEVELOPMENT COMMISSION
HOUSING 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, 2022

	Biennium Budget	FY 2021-22 Actual	Variance
Revenues			
Property taxes	\$ 419,000	\$ 54,552	\$ (364,448)
Interest	-	4	4
Total revenues	<u>419,000</u>	<u>54,556</u>	<u>(364,444)</u>
Expenditures			
Debt service	<u>390,000</u>	<u>50,098</u>	<u>339,902</u>
Total expenditures	<u>390,000</u>	<u>50,098</u>	<u>339,902</u>
Net change in fund balance	29,000	4,458	(24,542)
Fund balance at beginning of year	<u>-</u>	<u>754</u>	<u>754</u>
Fund balance at end of year	<u>\$ 29,000</u>	<u>\$ 5,212</u>	<u>\$ (23,788)</u>
Reconciliation to generally accepted accounting principles			
Transfer in from other funds		4,000	
Additional debt service - short-term obligations		<u>(4,000)</u>	
Net position - ending		<u>\$ 5,212</u>	

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COMPLIANCE SECTION

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

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon

We have audited the basic financial statements of the Madras Redevelopment Commission (the "Commission") as of and for the year ended June 30, 2022, and have issued our report thereon June 19, 2023. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Commission'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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- 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).

In connection with our testing nothing came to our attention that caused us to believe the Commission 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 162-010-0230 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

Board of Commissioners
Madras Redevelopment Commission
Madras, Oregon
Independent Auditor's Report Required
By Oregon State Regulations

OAR 162-010-0230 Internal Control

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

Restriction of Use

This report is intended solely for the information and use of the Board of Commissioners and management of the Commission 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

June 19, 2023

By:



Brad Bingenheimer, Partner