

# ANNUAL REPORT FOR FISCAL YEAR ENDING JUNE 30TH, 2019

2018/2019

Madras Urban Renewal Agency

This report fulfills the requirements, prescribed in ORS 457.460, for the filing of an annual report detailing the financial activity of an urban renewal area established in Oregon.



# Annual Report for Fiscal Year Ending June 30th, 2019

## MADRAS URBAN RENEWAL AGENCY

### URBAN RENEWAL AREA BACKGROUND

The Madras Urban Renewal Plan was adopted by the City Council of the City of Madras on August 13, 2002 via City Ordinance No. 700. This ordinance also established the Madras Urban Renewal District (“MURD”) and the Urban Renewal Agency in order to enhance the downtown commercial corridor within Madras.

The purpose of the Madras Urban Renewal Plan is to:

1. Eliminate blighted condition within the downtown commercial corridor;
2. Reverse physical and economic decline;
3. Establish a maximum indebtedness of \$14 million;
4. Identify financing methods to eliminate blight and improve economic conditions.

In 2002 the Madras City Council passed Ordinance 709 which created the Madras Redevelopment Commission and transferred its urban renewal authority to the Madras Redevelopment Commission (“MRC”) to increase public involvement in the urban renewal program, pursuant to Oregon Revised Statutes (ORS) 457.055.

The MURD lies primarily along the commercial corridor that extends from Lee Street in the north and Hall Street in the south. Property taxes are imposed on the increase in property values on the assessed value within the urban renewal district. The MURD receives property taxes (tax increment) to fund projects are consistent with the purpose of the MURD’s Plans.

ORS 457.460 requires urban renewal agencies to provide a summary of their finances for public information. Additional reporting for the Agency includes the adoption of its annual budget and its annual independent audit.

This report is on file with the City Recorder, City of Madras, 125 SW “E” Street, Madras, Oregon 97741. Notice of this report and its availability to all interested persons, including a summary of the information in 1(a)-(d) above, will be published in the Madras Pioneer on February 5, 2020 and February 12, 2020.

A full copy of the Madras Urban Renewal District Plan can be found on the Madras website.

<http://www.ci.madras.or.us>

### DEBT ADMINISTRATION

At the end of the fiscal year 2018/19, the MRC’s total outstanding debt for the MURD consists of \$2,279,949.

## FINANCIAL REPORTING

Pursuant to ORS 457.460, a detailed accounting of the financial activity related to urban renewal areas is required to be reported on an annual basis. The following financial information responds to the requirements of this statute.

### Money Received

In FY 2018/2019, the Agency received \$441,243 from division of taxes for the MURD.<sup>1</sup> The detailed revenues of the MURD can be seen in Table 1.

**Table 1. Money Received During FY 2018/2019**

| Receipt Category             | 2018/2019 Amount |
|------------------------------|------------------|
| <b>MURD TIF Fund</b>         |                  |
| Working Capital Carryover    | 159,530          |
| Division of Taxes            | 432,000          |
| Prior Year Division of Taxes | 9,243            |
| Interest Income              | 7,276            |
| TOTAL:                       | <b>\$608,049</b> |
|                              |                  |
| <b>MURD Project Fund</b>     |                  |
| Working Capital Carryover    | 207,309          |
| Fair Value Adjustment        | -20,500          |
| Borrowings                   | 319,109          |
| TOTAL:                       | <b>\$505,918</b> |
|                              |                  |
| <b>MURD Program Income</b>   |                  |
| Working Capital Carryover    | 197,570          |
| Line of Credit               | 0                |
| Use of Money & Property      | 21,615           |
| TOTAL:                       | <b>\$219,185</b> |

Source: Madras Urban Renewal Agency Financial Statement FYE 2019

<sup>1</sup> Madras Urban Renewal Agency Financial Statement FYE 2018

## Money Expended

Revenue received through urban renewal and spent on urban renewal activities in the MURD is shown in Table 2.

**Table 2. Expenditures During FY 2018/2019**

| <b>Expenditure Category</b> | <b>2018/2019<br/>Amount</b> |
|-----------------------------|-----------------------------|
| <b>MURD TIF Fund</b>        |                             |
| Debt Service                | 443,612                     |
| <b>TOTAL:</b>               | <b>443,612</b>              |
|                             |                             |
| <b>MURD Project Fund</b>    |                             |
|                             |                             |
| Materials and Services      | 108,355                     |
| Special Payments            | 180,244                     |
| <b>TOTAL:</b>               | <b>\$288,599</b>            |
| <b>MURD Program Income</b>  |                             |
|                             |                             |
| Special Payments            | \$112,466                   |
| <b>TOTAL:</b>               | <b>\$112,466</b>            |

Source: Madras Urban Renewal Agency Financial Statement FYE 2019

## Estimated Revenues

The estimated tax revenues from the FY 2019/2020 adopted Agency budget for the MURD are \$440,092 from this year's TIF collections and \$6,500 from prior years' TIF collections.<sup>2</sup>

<sup>2</sup> City of Madras FY 2019/2020 Urban Renewal Budget, pg. 13-15

## Proposed Budget for Current Fiscal Year, FY 2019/2020

A compiled budget listing the money to be received due to urban renewal, money to be spent, and what projects/expenses the money will fund is shown in Table 3 below.

**Table 3. Budget FY 2019/2020 Urban Renewal Fund**

| <b>MURD Budget Category (Revenues)</b> | <b>2019/2020 Amount</b> |
|--|-------------------------|
| <b>MURD TIF Fund</b>                   |                         |
| Beginning Balance                      | 131,272                 |
| Division of Taxes                      | 440,092                 |
| Prior Year Division of Taxes           | 6,500                   |
| Interest on Investments                | 1,000                   |
| <b>TOTAL:</b>                          | <b>\$578,864</b>        |
| <b>MURD Project Fund</b>               |                         |
| Beginning Balance                      | 187,500                 |
| Shared Revenues                        | 939,650                 |
| <b>TOTAL:</b>                          | <b>\$1,127,150</b>      |
| <b>MURD Program Income</b>             |                         |
| Beginning Balance                      | 16,276                  |
| Line of Credit                         | 175,000                 |
| Loan Repayment                         | 35,500                  |
| <b>TOTAL:</b>                          | <b>\$226,776</b>        |

| <b>Budget Category (Expenditures)</b> | <b>2019/2020 Amount</b> |
|---------------------------------------|-------------------------|
| <b>MURD TIF Fund</b>                  |                         |
| Debt Service                          | 446,600                 |
| Ending Balance                        | 132,264                 |
| <b>TOTAL:</b>                         | <b>\$578,864</b>        |
| <b>MURD Project Fund</b>              |                         |
| Materials and Services                | 89,150                  |
| Special Payments                      | 750,500                 |
| Reserve for Future Expenditures       | 187,500                 |
| Contingency                           | 100,000                 |
| <b>TOTAL:</b>                         | <b>\$1,127,150</b>      |
| <b>MURD Program Income</b>            |                         |
| Special Payments                      | 200,000                 |
| Contingency                           | 20,000                  |
| Ending Balance                        | 6,776                   |
| <b>TOTAL:</b>                         | <b>\$226,776</b>        |

Source: City of Madras FY 2019/2020 Urban Renewal Budget, pg. 12-15

## Impact on Taxing Districts

The revenues foregone by local taxing districts due to urban renewal are shown in Table 4. This information is from Jefferson County Assessor records, Table 4a and 4e.

Urban renewal agencies do not create an additional tax. Instead, during the Area's lifespan, overlapping taxing districts "forego" a portion of their permanent rate. Once the urban renewal area is terminated, the taxing jurisdictions receive the full permanent rate of taxes. The School District and Education Service District are funded through the State School Fund on a per pupil allocation. There is no *direct* impact of urban renewal on their funding. The State School Fund is funded through property tax allocations, but also through other state resources.

**Table 4. Impact on Taxing Districts - MURD - FY 2018/2019**

| Taxing Jurisdiction               | Impact        | Percent of Total Permanent Rate Levy |
|-----------------------------------|---------------|--------------------------------------|
| Jefferson County                  | \$ 108,455.76 | 1.72%                                |
| City of Madras                    | \$ 125,486.94 | 8.05%                                |
| Jefferson County RFPD             | \$ 36,026.04  | 3.68%                                |
| COCC                              | \$ 18,843.81  | 1.72%                                |
| Jefferson County ESD              | \$ 6,371.95   | 1.78%                                |
| Madras School District 509J       | \$ 139,497.06 | 2.95%                                |
| Mac Recreation District           | \$ 7,590.39   | 2.95%                                |
| Jefferson County Library District | \$ 13,217.10  | 2.03%                                |

Source: FY 2018/2019 Sal 4a and 4e from Jefferson County Assessor

## Maximum Indebtedness

A maximum indebtedness (MI) of \$14 million was established by the Madras City Council when the MURD was formed. As the MURD borrows and expends funds, the MI is reduced by MURD expenditures for administration, projects, and formal debt issuances. Expenditures are made from debt proceeds and other non-property tax (TIF) revenues (property sales, Agency loan repayments, etc.) first and property tax revenue second. The remaining MI for the MURD as of June 30, 2019 is \$8,405,321.45.<sup>3</sup>

<sup>3</sup> City of Madras spreadsheet 2019MI.xls