

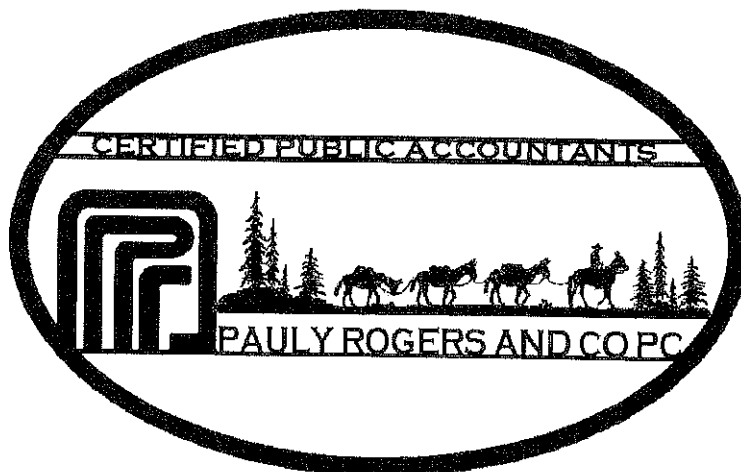
**RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF
RAINIER, OREGON**

(A Component Unit of the City of Rainier)

COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2015



12700 SW 72nd Ave.
Tigard, OR 97223

RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
(A Component Unit of the City of Rainier)

COLUMBIA COUNTY, OREGON

GOVERNING BODY UNDER ORS 457

COUNCIL MEMBERS AS OF JUNE 30, 2015

TERM EXPIRES

William Vilardi, President	December 31, 2016
James Bradfield, Vice President	December 31, 2018
Steve Massey, Treasurer	December 31, 2016
Doug Aske, Secretary	December 31, 2016
Sloan Nelson	December 31, 2018
Robert Duplessis	December 31, 2018
Dan Wayne Smith	December 31, 2018

Council Members receive mail at the address listed below.

COUNCIL ADDRESS
Debra Dudley, Staff Administrator
P.O. BOX 100
RAINIER, OR 97048

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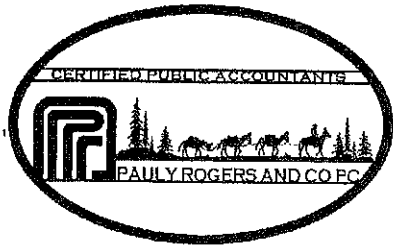
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THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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COLUMBIA COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u>
Accountants' Review Report	1
SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	3
COMPONENT UNIT BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Position – Modified Cash Basis	6
Statement of Activities – Modified Cash Basis	7
Fund Financial Statements:	
Balance Sheet- Governmental Funds- Modified Cash Basis	8
Statement of Receipts, Disbursements and Changes in Fund Balances – Modified Cash Basis	9
Notes to Component Unit Basic Financial Statements	10
SUPPLEMENTARY INFORMATION:	
Schedule of Receipts, Disbursements and Changes in Modified Cash Balances Actual and Budget:	
General Fund	18
Debt Service Fund	19
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	20
REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS:	
Management Representation of Fiscal Affairs Required by Oregon Regulations	21

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PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. Tigard, OR 97223
(503) 620-2632 (503) 684-7523 FAX

July 1, 2016

Board of Directors
Rainier Economic Development Council
Rainier, Oregon

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

We have reviewed the accompanying modified cash basis basic financial statements of Rainier Economic Development Council as of and for the year ended June 30, 2015, which comprise the basic financial statements as listed in the table of contents. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the basic financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility

Management is responsible for the preparation and fair presentation of the basic financial statements in accordance with the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the basic financial statements in the circumstances. Management is also responsible for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the basic financial statements and related notes.

Accountant's Responsibility

Our responsibility is to conduct the review in accordance with the Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the basic financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Accountant's Conclusion

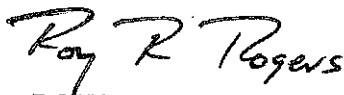
Based on our review, we are not aware of any material modification that should be made to the accompanying modified cash basis basic financial statements in order for them to be in conformity with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the basic financial statements, which describes the basis of accounting. The basic financial statements are prepared in accordance with the modified cash basis of accounting which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our conclusion is not modified with respect to this matter.

Emphasis of a Matter – Supplemental Information

Our review was made for the purpose of expressing a conclusion that there are no material modifications that should be made to the basic financial statements in order for them to be in conformity with the basis of accounting described in Note 1. The supplementary information, as listed in the table of contents, are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to such information.

A handwritten signature in cursive script that reads "Roy R. Rogers".

ROY R. ROGERS, CPA
PAULY, ROGERS AND CO., P.C.

**RAINIER ECONOMIC DEVELOPMENT REDCO
RAINIER, OREGON
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This section of the Rainier Economic Development (REDCO's) annual financial report presents our discussion and analysis of the REDCO's financial performance during the fiscal year ended June 30, 2015. Please read it in conjunction with the REDCO's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- REDCO's total net position was \$884,311 at June 30, 2014 and \$852,387 at June 30, 2015, a decrease of \$31,924, which is a result of the settlement of the USG law suit reducing the annual payment and a reduction in legal fees and other expenditures.
- The general fund reported a fund balance of \$833,123 at June 30, 2014 and \$794,316 at June 30, 2015, a decrease of \$38,807, which was primarily due to several capital improvement projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management has determined that the modified cash basis of accounting is appropriate for REDCO due to its lack of complexity and the necessity to account for, and plan for, the cash needed to operate REDCO.

This annual report consists of three parts: *management's discussion and analysis* (this section), the *basic financial statements*, and *supplementary information*. The basic financial statements include two kinds of statements that present different views of REDCO:

- The first two statements are *government-wide financial statements* that provide information about the REDCO's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of REDCO, reporting the operations in more detail than the government-wide statements. *The governmental funds* statements tell how *general government* services were financed in the *short term* as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *supplementary information* that further explains and supports the information in the financial statements. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

Government-wide Statements

REDCO only provides "governmental activities" as defined in GASB 34, and has no substantial business-type activities. REDCO has only two funds, and each are considered to be major funds under the provisions of GASB 34.

Fund Financial Statements

The fund financial statements provide more detailed information about REDCO's most significant *funds* – not REDCO as a whole. Funds are accounting devices that REDCO uses to keep track of specific sources of funding and spending for particular purposes.

REDCO's basic services are included in governmental funds, which focus on (1) how *cash and other financial assets* that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed *short-term* view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the REDCO's programs. Because this information does not encompass the additional long-term focus on the government-wide statements, we provide additional information at the bottom of the governmental funds statement, or on the subsequent page, that explain the relationship (or differences) between them.

FINANCIAL ANALYSIS OF THE REDCO AS A WHOLE

GOVERNMENT-WIDE CASH BALANCES

	<u>2014</u>	<u>2015</u>	<u>% Change</u>
ASSETS:			
Cash and Investments	\$ 884,311	\$ 852,387	-4%
Taxes Receivable	24,176	20,385	-16%
Total Assets	<u>908,487</u>	<u>872,772</u>	-4%
LIABILITIES			
Deferred Tax Revenues	24,176	20,385	-16%
Total Liabilities	<u>24,176</u>	<u>20,385</u>	-16%
NET POSITION			
Restricted for Debt Service	51,188	58,071	13%
Unrestricted	833,123	794,316	-5%
Total Net Position	<u>\$ 884,311</u>	<u>\$ 852,387</u>	-4%

CHANGES IN CASH-BASIS NET POSITION

	<u>2014</u>	<u>2015</u>	<u>% Change</u>
REVENUES:			
General Revenues:			
Property Taxes	275,074	281,883	2%
Miscellaneous	775	99	
IGA/City	75,000	75,000	
Interest	4,227	4,248	0%
Total Revenues	<u>355,076</u>	<u>361,230</u>	2%
EXPENSES:			
Materials, Supplies & Projects	28,718	118,154	311%
Debt Service	275,000	275,000	
Capital Projects	18,550		
Total Expenses	<u>322,268</u>	<u>393,154</u>	22%
Change in Net Position	32,808	(31,924)	-197%
Beginning Net Position	<u>851,503</u>	<u>884,311</u>	4%
Ending Net Position	<u>\$ 884,311</u>	<u>\$ 852,387</u>	-4%

REDCO's main sources of revenue are property taxes, and interest on reserve accounts. REDCO's main disbursements are operating emergency services, capital and REDCO operations.

FINANCIAL ANALYSIS OF THE REDCO'S FUNDS

Governmental fund balances totaled \$852,387 at June 30, 2015. A summary of changes in governmental fund balances follows:

CHANGES IN GOVERNMENTAL FUND BALANCES

	<u>June 30, 2014</u>	<u>June 30, 2015</u>	<u>Change</u>
General Fund	\$ 833,123	\$ 794,316	\$ (38,807)
Debt Service Fund	51,188	58,071	6,883
Total	<u>\$ 884,311</u>	<u>\$ 852,387</u>	<u>\$ (31,924)</u>

CAPITAL ASSETS

REDCO does not maintain any fixed assets on its books. Fixed assets are the property of the City of Rainier when projects are completed.

LONG TERM DEBT

At June 30, 2015, REDCO had \$3,217,646 in outstanding debt payable. More detailed information about REDCO's long term debt is presented in the notes to the financial statements.

CONTACTING THE REDCO'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our taxpayers, ratepayers, investors and creditors with an overview of REDCO's finances. If you have any questions about this report or need any clarification of information please contact Debra Dudley, Staff Administrator at the Rainier Economic Development Council (REDCO). Our Address is: PO Box 100, Rainier, Oregon, 97048.

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RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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COLUMBIA COUNTY, OREGON

COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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COLUMBIA COUNTY, OREGON

Statement of Net Position (Modified Cash Basis)
June 30, 2015

ASSETS:

Cash and cash equivalents	\$ 852,387
Property taxes receivable	<u>20,385</u>
Total Assets	<u><u>\$ 872,772</u></u>

LIABILITIES AND CASH BASIS NET POSITION:

Unearned Tax Revenue	\$ <u>20,385</u>
Total Liabilities	<u>20,385</u>

NET POSITION:

Restricted for Debt Service	58,071
Unrestricted	<u>794,316</u>
Total Net Position	<u><u>\$ 852,387</u></u>

See accompanying notes and independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
 THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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Statement of Activities - Modified Cash Basis
 For the Year Ended June 30, 2015

FUNCTIONS	DISBURSEMENTS	PROGRAM RECEIPTS		NET (DISBURSEMENTS) RECEIPTS AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	
Materials and Services	\$ 118,154	\$ -	\$ -	\$ (118,154)
Capital Projects	-	-	-	-
Debt Service	275,000	-	-	(275,000)
Total Governmental Activities	\$ 393,154	\$ -	\$ -	(393,154)
General Receipts:				
				281,883
				75,000
Income Not Restricted to Specific Programs:				
				99
				4,248
				<u>361,230</u>
				(31,924)
				<u>884,311</u>
				<u>\$ 852,387</u>

See accompanying notes and independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
 THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
 (A Component Unit of the City of Rainier)
COLUMBIA COUNTY, OREGON

BALANCE SHEET- GOVERNMENTAL FUNDS- MODIFIED CASH BASIS

June 30, 2015

	<u>GOVERNMENTAL FUND TYPES</u>		
	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL</u>
ASSETS:			
Cash and Investments	\$ 794,316	\$ 58,071	\$ 852,387
Taxes Receivable	-	20,385	20,385
Total Assets	<u>\$ 794,316</u>	<u>\$ 78,456</u>	<u>\$ 872,772</u>
LIABILITIES AND FUND BALANCES:			
Liabilities:			
Unearned Revenue	\$ -	\$ 20,385	\$ 20,385
Total Liabilities	<u>-</u>	<u>20,385</u>	<u>20,385</u>
Fund Balances:			
Restricted for Future Debt Service Payments	-	58,071	58,071
Unassigned	794,316	-	794,316
Total Liabilities and Fund Balances	<u>\$ 794,316</u>	<u>\$ 78,456</u>	<u>\$ 872,772</u>

See accompanying notes and independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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COLUMBIA COUNTY, OREGON

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCES- MODIFIED CASH BASIS

For the Year Ended June 30, 2015

	GENERAL FUND	DEBT SERVICE FUND	TOTAL
RECEIPTS:			
County Taxes	\$ -	\$ 281,883	\$ 281,883
Intergovernmental - City of Rainier	75,000	-	75,000
Interest	4,248	-	4,248
Miscellaneous	99	-	99
Total Receipts	<u>79,347</u>	<u>281,883</u>	<u>361,230</u>
DISBURSEMENTS:			
Material and Services	118,154	-	118,154
Debt Service	-	275,000	275,000
Total Disbursements	<u>118,154</u>	<u>275,000</u>	<u>393,154</u>
Excess of Revenues and Other Financing Sources, (Uses) Over, (Under) Expenditures	(38,807)	6,883	(31,924)
Beginning Fund Balance	<u>833,123</u>	<u>51,188</u>	<u>884,311</u>
Ending Fund Balance	<u>\$ 794,316</u>	<u>\$ 58,071</u>	<u>\$ 852,387</u>

See accompanying notes and independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. THE FINANCIAL REPORTING ENTITY

On April 19, 1993, the City of Rainier's City Council adopted ordinance No. 944 establishing the Rainier Economic Development Council – Urban Renewal Agency of the City of Rainier, Oregon (REDCO). Provisions of ordinance No. 944 require the Mayor, subject to approval of the City Council, to appoint seven people to the governing board of REDCO. The seven people serve at the pleasure of the City Council and may be removed at any time by a majority vote of the City Council. REDCO was formed as a municipal corporation pursuant to ORS 457 to have urban renewal authority under Oregon law. The Council is undertaking a planning and economic development program that focuses on the Rainier Waterfront.

REDCO is a component unit of the City of Rainier because the Rainier City Council exercises oversight authority as demonstrated by the designation of Council Members and economic dependency. Generally accepted accounting principles require that these basic financial statements present the Council and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 61, are separate organizations that are included in the Council's reporting entity because of the significance of their operational or financial relationships with the Council. All significant activities and organizations with which the Council exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units.

B. BASIS OF PRESENTATION

GOVERNMENT-WIDE FINANCIAL STATEMENTS (GWFS)

The government-wide statements report information irrespective of fund activity, and the fund financial statements report information using funds. In total, the results presented using both of these methods are the same due to the use of the modified cash basis of accounting. Accordingly, there is no need for reconciling statements, except that any interfund transfers between the General and Debt Service funds are eliminated in the government wide statement of cash receipts and disbursements activities.

General receipts are property and related taxes and interest. All disbursements are categorized as program disbursements.

FUND FINANCIAL STATEMENTS

The accounts are organized and operated on the basis of funds. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. BASIS OF PRESENTATION (CONTINUED)

Financial operations are accounted for in the following governmental funds:

GENERAL FUND

This fund accounts for the general operations. It is used to account for all transactions not specifically related to other funds. Disbursements are made to finance planning and economic development.

DEBT SERVICE FUND

This fund is primarily reserved for the payment of debt. Its primary source of revenue is Urban Renewal Tax collection and transfers from the General Fund.

Each of the two funds is considered a "major fund" in accordance with GASB 34.

C. BASIS OF ACCOUNTING

The governmental funds are maintained using the modified cash basis of accounting whereby receipts are recognized when collected rather than when measurable and available, and disbursements are recognized when paid rather than when incurred. For disclosure purposes only, taxes receivable and an offset to unearned tax revenue are disclosed on the Statement of Net Position. Governmental funds include the general fund and debt service fund. Governmental funds are accounted for on a spending measurement focus. Governmental fund operating statements present increases (receipts and other financing sources) and decreases (disbursements and other financing uses) in cash.

The above basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America, which requires the modified accrual basis for governmental fund types and accrual for government-wide statements.

D. BUDGETS

A budget is prepared for each governmental fund type in accordance with the cash basis of accounting and legal requirements set forth in the Oregon Local Budget Law. The budget process begins early in each fiscal year with the establishment of the budget committee. Recommendations are developed through late winter with the budget committee approving the budget in early spring. Public notices of the budget hearing are generally published in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption. However, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30.

The expenditure budgets are appropriated at the following levels:

See independent accountants' review report.

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COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. BUDGETS (CONTINUED)

LEVEL OF CONTROL

Materials and Services
Debt Service
Capital Outlay
Operating Contingency
Transfers

Expenditures cannot legally exceed the above appropriation levels except in the case of grants which could not be estimated at the time of budget adoption. Appropriations lapse at the fiscal year end. Management may amend line items in the budget without Council approval as long as appropriation levels (the legal level of control) are not changed. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budget amounts.

Expenditures in all funds were within authorized appropriations for the year ended June 30, 2015, except materials and services in the general fund by \$59,416.

E. FUND BALANCE

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund-type Definitions*, is followed. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications are nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items, if they exist.
- Restricted represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The authority to classify portions of ending fund balance as Assigned is granted to the City Manager and Mayor.

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. FUND BALANCE (CONTINUED)

- Unassigned is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

There were no nonspendable, committed or assigned fund balances at year end.

The governing body has approved the following order of spending regarding fund balance categories: Restricted resources are spent first when both restricted and unrestricted (committed, assigned or unassigned) resources are available for expenditures. When unrestricted resources are spent, the order of spending is committed (if applicable), assigned (if applicable) and unassigned.

F. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers. Interfund transactions are eliminated in the government wide financial statements.

G. PROPERTY TAXES

Ad valorem property taxes are levied and become a lien on all taxable property as of July 1. Property taxes are levied on November 15. Collection dates are November 15, February 15, and May 15. Discounts are allowed if the amount due is received by November 15. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected taxes are deemed by management to be substantially collectible or recoverable through liens so there is no allowance for uncollectible amounts.

H. ESTIMATES

The preparation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of receipts and disbursements during the reporting period. Accordingly, actual results could differ from those estimates.

I. NET POSITION

Net position comprises the various net earnings from operations, nonoperating receipts and disbursements. Net position is classified in the following three categories:

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

1. Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. Since capital assets are not shown in the statement of net position there is no investment in capital assets recorded.
2. Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
3. Unrestricted – consists of all other assets that are not included in the other categories previously mentioned.

2. CASH AND INVESTMENTS

DEPOSITS

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements is \$42,133. The entire amount of these deposits is covered by federal deposit insurance. Oregon Revised Statutes require deposits to be adequately covered by federal depository insurance or deposited at an approved depository as identified by the Treasury. At June 30, 2015 all depository accounts were held at approved depositories identified by the Treasury.

INVESTMENTS

The policy is to follow state statutes governing cash management. Statutes authorize investing in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

The State Treasurer's Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State's investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board (OSTFB), which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
 THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
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COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. At June 30, 2015 the fair value of the REDCO's position in the State Treasurer's Local Government Investment Pool is approximate to the value of the pool shares as reported in the Oregon Short Term Fund basic financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and Investments at June 30, 2015
 (recorded at fair value) consisted of:

	2015
Deposits With Financial Institutions:	
Demand Deposits	\$ 42,078
State of Oregon Treasurer's Local Government Investment Pool	810,309
	\$ 852,387

There are the following investments and maturities:

Investment Type	Fair Value	Less than 3 Months
State Treasurer's Investment Pool	\$810,309	\$ 810,309
Total	\$810,309	\$ 810,309

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, unless the local government has adopted a written investment policy that was submitted to and reviewed by the OSTFB. There are no investments that have a maturity date of more than three months.

Credit Risk – Investments

Oregon Revised Statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

Concentration of Credit Risk

At June 30, 2015, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in the Local Government Investment Pool. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution. At June 30, 2015, investments appear to be in compliance with all percentage restrictions.

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
(A Component Unit of the City of Rainier)

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

3. RISK MANAGEMENT

There is exposure to various risks of loss related to torts; errors and omissions; and natural disasters. The Council is covered by the City of Rainier's commercial insurance to minimize its exposure to these risks. Settled claims for the last three years have not exceeded this commercial coverage.

4. OPERATIONS

During 2014-15 the operations were handled by council members and consultants. Council members are responsible for adopting the budget and performing management functions. Consultants provide services necessary for implementing the improvements authorized by management.

5. PROPERTY TAX LIMITATIONS

The State of Oregon voters imposed a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

The State voters' further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The State Constitution sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

6. LONG-TERM DEBT

A promissory note was entered into during 1999-2000 for a principal amount not to exceed \$3,410,000. The payments are due on December 1 and June 1 beginning December 1, 2006. The note payable below is a loan from the United States Gypsum Company (USGC). The applicable interest rate on the loan is 6% per annum.

During the FY 2008-09, litigation was entered into against the USGC regarding the interpretation of the note's payment terms. A settlement of \$4,750,000 was reached in FY 2011-12 with an immediate payment of \$1,000,000 and the below updated payment schedule. Since the council uses the modified cash basis of accounting debt is not shown on the basic financial statements.

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
 THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
 (A Component Unit of the City of Rainier)

COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

<u>PAYMENTS DUE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
6/30/2016	178,472	96,528	275,000
6/30/2017	183,825	91,175	275,000
6/30/2018	189,339	85,661	275,000
6/30/2019	195,020	79,980	275,000
6/30/2020	200,870	74,130	275,000
2021-2025	1,098,440	276,560	1,375,000
2026-2030	<u>1,171,680</u>	<u>101,606</u>	<u>1,273,286</u>
	\$ <u>3,217,646</u>	\$ <u>805,640</u>	\$ <u>4,023,286</u>

Total long-term liability activity for the year ended June 30, 2015 was as follows:

	<u>BALANCE</u> <u>July 1, 2014</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING</u> <u>BALANCE</u> <u>June 30, 2015</u>	<u>DUE WITHIN</u> <u>ONE YEAR</u>
Notes Payable	\$ <u>3,390,918</u>	\$ <u>-</u>	\$ <u>173,272</u>	\$ <u>3,217,646</u>	\$ <u>178,472</u>
Total Long-term Liabilities	\$ <u>3,390,918</u>	\$ <u>-</u>	\$ <u>173,272</u>	\$ <u>3,217,646</u>	\$ <u>178,472</u>

7. PAYROLL

There are no employees. Services are performed by contracted labor through consultants.

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
(A Component Unit of the City of Rainier)

COLUMBIA COUNTY, OREGON

Individual Funds and Other Schedules

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RAINIER ECONOMIC DEVELOPMENT COUNCIL
 THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
 (A Component Unit of the City of Rainier)
COLUMBIA COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
 GENERAL FUND - ACTUAL AND BUDGET
 For the Year Ended June 30, 2015

	<u>GENERAL FUND</u>			VARIANCE FAVORABLE (UNFAVORABLE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
RECEIPTS				
Intergovernmental - City of Rainier	\$ 75,000	\$ 75,000	\$ 75,000	\$ -
Interest	3,000	3,000	4,248	1,248
Miscellaneous	-	-	99	99
Total Receipts	<u>78,000</u>	<u>78,000</u>	<u>79,347</u>	<u>1,347</u>
DISBURSEMENTS				
Materials and Services	58,738	58,738 (1)	118,154	(59,416)
Capital Outlay	751,218	751,218 (1)	-	751,218
Contingency	137,397	137,397 (1)	-	137,397
Total Disbursements	<u>947,353</u>	<u>947,353</u>	<u>118,154</u>	<u>829,199</u>
Other Financing Sources, (Uses)				
Transfers Out	<u>(10,000)</u>	<u>(10,000) (1)</u>	<u>-</u>	<u>10,000</u>
Net Change in Fund Balance	(879,353)	(879,353)	(38,807)	840,546
Beginning Fund Balance	<u>879,353</u>	<u>879,353</u>	<u>833,123</u>	<u>(46,230)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 794,316</u>	<u>\$ 794,316</u>

(1) Appropriation Level

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
 THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
 (A Component Unit of the City of Rainier)
COLUMBIA COUNTY, OREGON

SCHEDULE OF RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH BALANCES
 -ACTUAL AND BUDGET-
 For the Year Ended June 30, 2015

	<u>DEBT SERVICE FUND</u>			
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE (UNFAVORABLE)</u>
RECEIPTS:				
County Taxes	\$ 270,000	\$ 270,000	\$ 281,883	\$ 11,883
Total Receipts	<u>270,000</u>	<u>270,000</u>	<u>281,883</u>	<u>11,883</u>
DISBURSEMENTS				
Debt Service	275,000	275,000 (1)	275,000	-
Contingency	<u>5,000</u>	<u>5,000 (1)</u>	<u>-</u>	<u>5,000</u>
Total Disbursements	<u>280,000</u>	<u>280,000</u>	<u>275,000</u>	<u>5,000</u>
Other Financing Sources, (Uses)				
Transfers In	<u>10,000</u>	<u>10,000 (1)</u>	<u>-</u>	<u>(10,000)</u>
Net Change in Fund Balance	-	-	6,883	6,883
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>51,188</u>	<u>51,188</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 58,071</u>	<u>\$ 58,071</u>

(1) Appropriation Level

See independent accountants' review report.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For The Year Ended June 30, 2015

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/14	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED 6/30/15
<u>DEBT SERVICE FUND</u>						
CURRENT:						
2014-15	\$ 282,413	\$ (7,375)	\$ (1,319)	\$ 125	\$ 264,286	\$ 9,558
PRIOR YEARS:						
2013-14	10,502	(1)	(108)	304	5,706	4,991
2012-13	6,410	-	(44)	430	3,348	3,448
2011-12	3,698	-	(54)	681	3,604	721
2010-11	1,908	-	(47)	390	1,727	524
2009-10	664	-	(49)	115	370	360
Prior	994	-	(74)	84	221	783
TOTAL	<u>\$ 306,589</u>	<u>\$ (7,376)</u>	<u>\$ (1,695)</u>	<u>\$ 2,129</u>	<u>\$ 279,262</u>	<u>\$ 20,385</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurer Above	279,262
Other tax adjustments	<u>2,621</u>
	<u>\$ 281,883</u>

See independent accountants' review report.

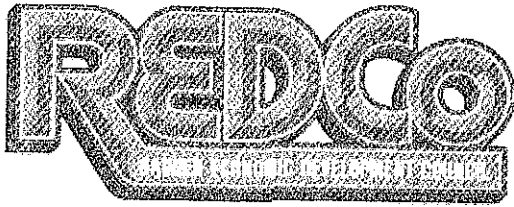
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RAINIER ECONOMIC DEVELOPMENT COUNCIL
THE URBAN RENEWAL AGENCY OF THE CITY OF RAINIER, OREGON
(A Component Unit of the City of Rainier)

COLUMBIA COUNTY, OREGON

Management Representation of Fiscal Affairs Required by Oregon Regulation

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RAINIER ECONOMIC DEVELOPMENT COUNCIL
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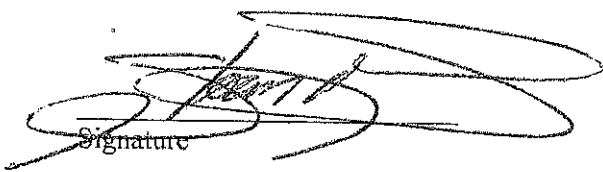
July 1, 2016

Management Representation of Fiscal Affairs Required by Oregon Regulation

Rainier Economic Development Council is subject to, and responsible for, compliance with various laws, rules, and regulations relating to its operation and finances. Among such laws, rules, and regulations are the requirements prescribed in Municipal Audit Law (ORS Chapter 297) and the Minimum Standards for Review of Oregon Municipal Corporations (OAR 162, division 40) including, but not limited to:

- Deposit of public funds with financial institutions (ORS Chapter 295).
- Indebtedness limitations, restrictions, and repayment.
- Budgets legally required (ORS Chapter 294).
- Insurance and fidelity bonds in force or required by law.
- Programs funded from outside sources.
- Authorized investment of surplus funds (ORS Chapter 294).
- Public contracts, purchasing, and improvements (ORS Chapters 279A, 279B, and 279C).

The directors of Rainier Economic Development Council are aware of the requirements of Oregon laws and administrative rules concerning each of the above requirements and has complied, in all material respects, with such requirements for the year ended June 30, 2015. Further, we are not aware of any violations or possible violations of laws, rules, or regulations, whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.


 Signature

Sloan Nelson
 Printed Name

officer
 Title

7-28-16
 Date