

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, 2008

<u>NAME</u>	<u>TERM EXPIRES</u>
Mike Avent, Chair	January 31, 2010
Sloan Nelson, Vice Chair	January 31, 2009
Terry Grice	January 31, 2011
Ralph Painter	January 31, 2009
David Qualman	January 31, 2011
Tim Navarro	January 31, 2009
Terry Deaton	January 31, 2009

Council Members receive mail at the address listed below.

COUNCIL ADDRESS

P.O. BOX 100
RAINIER, OR 97048

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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COLUMBIA COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	I
COMPONENT UNIT BASIC FINANCIAL STATEMENTS:	
Government-wide Financial Statements:	
Statement of Net Assets (Cash Basis)	2
Statement of Cash Receipts and Disbursements	3
Fund Financial Statements:	
Combined Statement of Assets, Liabilities and Fund Equities From Cash Transactions -- All Fund Types	4
Combined Statement of Receipts, Disbursements and Changes in Cash Balances -- All Governmental Fund Types	5
Notes to Component Unit Basic Financial Statements	6
REQUIRED SUPPLEMENTARY DATA:	
Schedule of Receipts, Disbursements and Changes in Cash Balances - Actual and Budget:	
General Fund	12
Debt Service Fund	13
SUPPLEMENTARY INFORMATION:	
Schedule of Property Tax Transactions and Balances of Taxes Uncollected	14
AUDITORS' COMMENTS AND DISCLOSURES REQUIRED BY STATE REGULATIONS	15



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

June 30, 2009

Board of Councilors
Rainier Economic Development Council
The Urban Renewal Agency of the City of Rainier, Oregon
Rainier, Oregon

INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the governmental activities and each major fund of the Rainier Economic Development Council (a component unit of the City of Rainier, OR) as of and for the year ended June 30, 2008, which collectively comprise the Council's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the Council's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As disclosed in the notes to the basic financial statements, the basic financial statements are prepared on the cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Rainier Economic Development Council as of June 30, 2008, and the results of its operations for the year then ended, on the cash basis of accounting.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary data of individual fund statements and other financial schedules, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The Management's Discussion and Analysis, as listed on the table of contents, is not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Pauly, Rogers and Co., P.C.
PAULY, ROGERS AND CO., P.C.

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

This section of the Rainier Economic Development Council's annual financial report presents our discussion and analysis of the Council's financial performance during the fiscal year ended June 30, 2008. Please read it in conjunction with the Council's financial statements and notes, which follow this section.

FINANCIAL HIGHLIGHTS

- The Council's total net assets were \$1,147,363 at June 30, 2008 and \$1,011,906 at June 30, 2007, a increase of \$135,457.
- The general fund reported a fund balance of \$843,736 at June 30, 2008 and \$734,721 at June 30, 2007, an increase of \$109,015.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 the Council:

- The first two statements are *government-wide financial statements* that provide information about the Council's overall financial status.
- The remaining statements are *fund financial statements* that focus on *individual parts* of the government, reporting the Council's 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

The Council only provides "governmental activities" as defined in GASB 34, and has no substantial business-type activities. The Council 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 the Council's most significant *funds* - not the Council as a whole. Funds are accounting devices that the Council uses to keep track of specific sources of funding and spending for particular purposes.

Most of the Council'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 Council's programs. Because this information does not encompass the additional long-term focus of 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 COUNCIL AS A WHOLE

GOVERNMENT-WIDE CASH BALANCES

	2008	2007	% change
ASSETS:			
Cash and Investments	\$ 1,147,363	\$ 1,011,906	13%
Taxes Receivable	34,050	29,933	14%
Total Assets	<u>1,181,413</u>	<u>1,041,839</u>	13%
LIABILITIES			
Deferred Tax Revenues	34,050	29,933	14%
Total Liabilities	<u>34,050</u>	<u>29,933</u>	
NET ASSETS			
Restricted for Debt Service	303,627	277,185	10%
Unrestricted	843,736	734,721	15%
Total Net Assets	<u>\$ 1,147,363</u>	<u>\$ 1,011,906</u>	13%

CHANGES IN CASH-BASIS NET ASSETS

	2008	2007	% change
REVENUES:			
General Revenues:			
Property Taxes	\$ 430,383	\$ 424,861	1%
Interest	48,049	50,261	-4%
Miscellaneous	-	162,389	-100%
Total Revenues	<u>478,432</u>	<u>637,511</u>	-25%
EXPENSES:			
Materials and Supplies	16,517	38,215	-57%
Capital Outlay	27,440	32,961	-17%
Debt Service	299,018	603,018	-50%
Total Expenses	<u>342,975</u>	<u>674,194</u>	-49%
Change in Net Assets	135,457	(36,683)	-469%
Beginning Net Assets	<u>1,011,906</u>	<u>1,048,589</u>	-3%
Ending Net Assets	<u>\$ 1,147,363</u>	<u>\$ 1,011,906</u>	13%

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

FINANCIAL ANALYSIS OF THE COUNCIL'S FUNDS

Governmental fund balances totaled \$1,147,363 at June 30, 2008. A summary of changes in governmental fund balances follows:

CHANGES IN GOVERNMENTAL FUND BALANCES

	June 30, 2008	June 30, 2007	Change
General Fund	\$ 843,736	\$ 734,721	\$ 109,015
Debt Service Fund	303,627	277,185	26,442
Total	\$ 1,147,363	\$ 1,011,906	\$ 135,457

CAPITAL ASSETS

The Council 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, 2008, the Council had \$2,841,785 in outstanding bonds payable. More detailed information about the Council's long term debt is presented in the notes to the financial statements.

CONTACTING THE COUNCIL'S FINANCIAL MANAGEMENT

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



RAINIER ECONOMIC DEVELOPMENT COUNCIL
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COLUMBIA COUNTY, OREGON

COMPONENT UNIT BASIC FINANCIAL STATEMENTS

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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(A Component Unit of the City of Rainier)
COLUMBIA COUNTY, OREGON

Government-Wide Statement of Net Assets (Cash Basis)
June 30, 2008

ASSETS	
Cash and cash equivalents	\$ 1,147,363
Property taxes	<u>34,050</u>
Total Assets	<u>1,181,413</u>
LIABILITIES AND CASH BASIS NET ASSETS:	
Deferred Tax Revenue	<u>34,050</u>
Total Liabilities	<u>34,050</u>
NET ASSETS:	
Restricted for Debt Service	303,627
Unrestricted	<u>843,736</u>
Total Net Assets	<u>\$ 1,147,363</u>

See accompanying notes to basic financial statements

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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 (A Component Unit of the City of Rainier)
COLUMBIA COUNTY, OREGON

Government-Wide Statement of Cash Receipts and Disbursements
 For the Year Ended June 30, 2008

FUNCTIONS	<u>FUNCTION REVENUES</u>			NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
	<u>EXPENSES</u>	<u>CHARGES FOR SERVICES</u>	<u>OPERATING GRANTS AND CONTRIBUTIONS</u>	
Materials and Services	\$ 16,517	\$ 0	\$ 0	\$ -16,517
Capital Outlay	27,440	0	0	-27,440
Debt Service	<u>299,018</u>	<u>0</u>	<u>0</u>	<u>-299,018</u>
Total Governmental Activities	<u>\$ 342,975</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>-342,975</u>
General Revenues:				
				430,383
				48,049
				<u>478,432</u>
				135,457
				<u>1,011,906</u>
				<u>\$ 1,147,363</u>

See accompanying notes to basic financial statements

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

COMBINED STATEMENT OF ASSETS, LIABILITIES, AND FUND EQUITIES FROM CASH TRANSACTIONS
 ALL FUND TYPES
 June 30, 2008

	GOVERNMENTAL FUND TYPES		
	GENERAL FUND	DEBT SERVICE FUNDS	2008
ASSETS:			
Cash and Investments	\$ 843,736	\$ 303,627	\$ 1,147,363
Taxes Receivable	34,050	0	34,050
Total Assets	\$ 877,786	\$ 303,627	\$ 1,181,413
LIABILITIES AND FUND EQUITY:			
Liabilities:			
Deferred Revenue	34,050	0	34,050
Total Liabilities	34,050	0	34,050
Fund Equity:			
Reserved for Future Debt Service Payments	0	303,627	303,627
Unreserved	843,736	0	843,736
Total Liabilities and Fund Equity	\$ 877,786	\$ 303,627	\$ 1,181,413

See accompanying notes to basic financial statements.

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

COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
 IN CASH BALANCES- ALL GOVERNMENTAL FUND TYPES
 For the Year Ended June 30, 2008

	GENERAL FUND	DEBT SERVICE	2008
REVENUES:			
County Taxes	\$ 430,383	\$ 0	\$ 430,383
Interest	28,049	20,000	48,049
Total Revenues	458,432	20,000	478,432
EXPENDITURES:			
Material and Services	16,517	0	16,517
Capital Outlay	27,440	0	27,440
Debt Service	0	299,018	299,018
Total Expenditures	43,957	299,018	342,975
Excess of Revenues Over, -Under Expenditures	414,475	-279,018	135,457
Other Financing Sources, -Uses			
Transfers In	0	305,460	305,460
Transfers Out	-305,460	0	-305,460
Total Other Financing Sources, -Uses	-305,460	305,460	0
Excess of Revenues and Other Financing Sources, -Uses Over, -Under Expenditures	109,015	26,442	135,457
Beginning Fund Balance	734,721	277,185	1,011,906
Ending Fund Balance	<u>\$ 843,736</u>	<u>\$ 303,627</u>	<u>\$ 1,147,363</u>

See accompanying notes to basic financial statements.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
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COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

1. 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 Agency is undertaking a planning and economic development program that focuses on the Rainier Waterfront.

The Rainier Economic Development Council, a component unit of the City of Rainier, is a municipal corporation governed by the appointed seven member council. Generally accepted accounting principles require that these basic financial statements present the Rainier Economic Development Council and all component units, if any. Component units, as established by the Governmental Accounting Standards Board (GASB) Statement No. 39, are separate organizations that are included in REDCO's reporting entity because of the significance of their operational or financial relationships with REDCO. All significant activities and organizations with which REDCO exercises oversight responsibility have been considered for inclusion in the basic financial statements. There are no component units. REDCO is a component unit of the City of Rainier because the Rainier City Council exercises oversight authority over REDCO as demonstrated by the designation of REDCO Council Members and economic dependency.

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. Additionally, each of the two funds are considered a "major fund" in accordance with GASB 34. 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 receipt and disbursement 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.

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

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. Its primary source of revenue is Urban Renewal Tax collections. Disbursements are made to finance planning and economic development.

DEBT SERVICE FUND

This fund is primarily reserved for the payment of debt. Its primary revenue source is transfers from the General Fund.

C. BASIS OF ACCOUNTING

The governmental funds are maintained using the cash basis of accounting whereby revenues are recognized when collected rather than when measurable and available, and expenditures are recognized when paid rather than when incurred. For disclosure purposes only taxes receivable are disclosed on the statement of net assets. 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 (revenues and other financing sources) and decreases (expenditures 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.

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:

LEVEL OF CONTROL

- Materials and Services
- Debt Service
- Capital Outlay
- Operating Contingency

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NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

D. BUDGETS (CONTINUED)

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.

E. 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.

F. 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 to be substantially collectible or recoverable through liens.

G. ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

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 \$9,602. 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, 2008 all depository accounts were held at approved depositories identified by the Treasury.

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 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

2. CASH AND INVESTMENTS (CONTINUED)

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.

Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. There is no material difference between the fair value of the REDCO's position in the State Treasurer's Local Government Investment Pool and the value of the pool shares at June 30, 2008. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Cash and Investments at June 30, 2008
 (recorded at fair value) consisted of:

	2008
Deposits With Financial Institutions:	
Demand Deposits	\$ 1,239
State of Oregon Treasurer's Local Government Investment Pool	1,146,124
	\$ 1,147,363

The Agency had the following investments and maturities:

Investment Type	Fair Value	Less than 3	3 - 18	18-59
State Treasurer's Investment Pool	\$ 1,146,124	\$ 1,146,124	\$ -	\$ -
Total	\$ 1,146,124	\$ 1,146,124	\$ -	\$ -

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NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk

Oregon Revised Statutes require investments to not exceed a maturity of 18 months, except when 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 – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the deposits may not be returned. The District does not have a deposit policy for custodial credit risk. As of June 30, 2008, the bank balance of \$9,602 was not exposed to custodial credit risk as it was fully insured.

Credit Risk – Investments

Oregon Revised Statutes does 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, 2009, 100% of total investments were in the State Treasurer's Investment Pool. State statutes do not limit the percentage of investments in either of these instruments. 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, 2008, investments were in compliance with all percentage restrictions.

3. RISK MANAGEMENT

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

4. OPERATIONS

During 2007-08 the operations were handled by REDCO council members and consultants. Council members are responsible for adopting the budget and performing management functions as required by state law. Consultants provide services necessary for implementing the improvements authorized by management.

5. PROPERTY TAX LIMITATIONS

The State of Oregon imposes a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 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 further reduced property taxes by replacing the previous constitutional limits on tax bases with a rate and value limit in 1997. This reduction is 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.

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COLUMBIA COUNTY, OREGON

NOTES TO COMPONENT UNIT BASIC FINANCIAL STATEMENTS

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.

Future maturities of notes payable are as follows:

<u>PAYMENTS DUE</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
6/30/2009	517,128	379,921	897,049
6/30/2010	322,840	280,176	603,016
6/30/2011	304,310	298,706	603,016
6/30/2012	289,174	318,819	607,993
6/30/2013	270,374	332,642	603,016
6/30/2013-6/30/2018	1,137,959	1,882,145	3,020,104
TOTALS	\$ 2,841,785	\$ 3,492,409	\$ 6,334,194

During the 2007-08 REDCO entered into litigation against the USGC regarding the interpretation of the note's payment terms. As a result only the first of the two payments required during the year were made. Management has not yet determined the likelihood of a favorable or unfavorable outcome.

Total long-term liability activity for the year ended June 30, 2008 was as follows:

	<u>Beginning Balance</u>	<u>Additons</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes Payable	\$ 3,024,605	\$ -	\$ 182,820	\$ 2,841,785	\$ 517,128
Total Long-term Liabilities	<u>\$ 3,024,605</u>	<u>\$ -</u>	<u>\$ 182,820</u>	<u>\$ 2,841,785</u>	<u>\$ 517,128</u>

7. PAYROLL

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

8. TRANSFERS

During the 2007 – 2008 fiscal year, the Council approved transfers of \$305,460 from the General Fund to the Debt Service Fund for a debt payment on the promissory note from United States Gypsum Company (USGC).

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

SUPPLEMENTARY DATA

Individual Funds and Other Schedules

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, 2008

	<u>GENERAL FUND</u>			VARIANCE
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>FAVORABLE -UNFAVORABLE</u>
REVENUES:				
County Taxes	\$ 458,050	\$ 458,050	\$ 430,383	\$ -27,667
Interest	30,000	30,000	28,049	-1,951
Total Revenues	<u>488,050</u>	<u>488,050</u>	<u>458,432</u>	<u>-29,618</u>
EXPENDITURES:				
Materials and Services	24,495	24,495 (1)	16,517	7,978
Capital Outlay	684,387	684,387 (1)	27,440	656,947
Total Expenditures	<u>708,882</u>	<u>708,882</u>	<u>43,957</u>	<u>664,925</u>
Excess of Revenues, Over -Under Expenditures	-220,832	-220,832	414,475	635,307
Other Financing Uses, Transfers Out	<u>-305,460</u>	<u>-305,460 (1)</u>	<u>-305,460</u>	<u>0</u>
Total Other Financing Sources	<u>-305,460</u>	<u>-305,460</u>	<u>-305,460</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over, -Under Expenditures	-526,292	-526,292	109,015	635,307
Beginning Fund Balance	<u>526,292</u>	<u>526,292</u>	<u>734,721</u>	<u>208,429</u>
Ending Fund Balance	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 843,736</u>	<u>\$ 843,736</u>

(1) Appropriation Level

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, 2008

DEBT SERVICE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE FAVORABLE -UNFAVORABLE</u>
REVENUES:				
IGA	\$ 433,824	\$ 433,824	\$ 0	\$ -433,824
Interest	<u>20,000</u>	<u>20,000</u>	<u>20,000</u>	<u>0</u>
Total Revenues	<u>\$ 453,824</u>	<u>\$ 453,824</u>	<u>\$ 20,000</u>	<u>\$ 0</u>
EXPENDITURES:				
Debt Service				
Interest	120,000	120,000	116,198	3,802
Principal	<u>478,033</u>	<u>478,033</u>	<u>182,820</u>	<u>295,213</u>
Total Expenditures	<u>598,033</u>	<u>598,033 (1)</u>	<u>299,018</u>	<u>299,015</u>
Excess of Revenues Over, -Under Expenditures	-144,209	-144,209	-279,018	-134,809
Other Financing Sources, -Uses				
Transfers In	<u>305,460</u>	<u>305,460</u>	<u>305,460</u>	<u>0</u>
Total Other Financing Sources, -Uses	<u>305,460</u>	<u>305,460</u>	<u>305,460</u>	<u>0</u>
Excess of Revenues and Other Financing Sources, Over, -Under Expenditures	161,251	161,251	26,442	-134,809
Beginning Fund Balance	<u>454,212</u>	<u>454,212</u>	<u>277,185</u>	<u>-177,027</u>
Ending Fund Balance	<u>\$ 615,463</u>	<u>\$ 615,463</u>	<u>\$ 303,627</u>	<u>\$ -311,836</u>

(1) Appropriation Level

RAINIER ECONOMIC DEVELOPMENT COUNCIL
COLUMBIA COUNTY, OREGON

SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED
For The Year Ended June 30, 2008

TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED 7/1/07	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	ADD INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OF UNSEGREGATED 6/30/08
<u>GENERAL FUND</u>						
CURRENT:						
2007-08	\$ 445,695	11,269	-1,698	304	412,447	20,585
PRIOR YEARS:						
2006-07	14,952	0	2,459	629	10,143	7,897
2005-06	6,925	0	-730	435	3,144	3,486
2004-05	4,062	0	-693	563	2,714	1,218
2003-04	2,185	0	-788	354	1,468	283
2002-03 & Prior	1,810	0	-936	174	467	581
TOTAL	\$ 475,629	\$ 11,269	\$ -2,386	\$ 2,459	\$ 430,383	\$ 34,050

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

2007-08 AUDITORS' COMMENTS AND DISCLOSURES



PAULY, ROGERS AND CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

-
- 12700 SW 72ND AVENUE • TIGARD, OREGON 97223
 - (503) 620-2632 • FAX (503) 684-7523

June 30, 2009

AUDITORS' COMMENTS AND DISCLOSURES

Oregon Administrative Rules 162-10-000 through 162-16-000 of the Minimum Standards for Audits of Oregon Municipal Corporations, enumerate the basic financial statements, schedules, comments and disclosures required in audit reports. Certain required disclosures, statements and schedules are set forth in preceding pages of this report. Additional required comments and disclosures related to our audit of such statements and schedules are set forth as follows:

REPORT ON INTERNAL ACCOUNTING CONTROL

We have audited the basic financial statements of Rainier Economic Development Council for the year ended June 30, 2008, and have issued our report thereon dated June 30, 2009.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatements.

In planning and performing our audit of the basic financial statements of Rainier Economic Development Council for the year ended June 30, 2008, we obtained an understanding of the internal control structure. With respect to the internal control structure, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide an opinion on the internal control structure. Accordingly, we do not express such an opinion.

The management of Rainier Economic Development Council is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of the basic financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the degree of compliance with the procedures may deteriorate.

A *control deficiency* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the financial statements that is more than inconsequential will not be prevented or detected by internal control.

AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

REPORT ON INTERNAL ACCOUNTING CONTROL (CONTINUED)

We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in our management letter dated June 30, 2009.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants.

A material weakness is a significant deficiency in which the design or operation of one or more of the specific internal control structure elements does not reduce to a relatively low level the risk that errors and irregularities in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control structure and its operations that we consider to be material weaknesses as defined above.

Because of a limited number of available personnel, it is not always possible to adequately segregate certain duties so that no one individual has access to both physical assets and the related accounting records or to all phases of a transaction. Consequently, the possibility exists that unintentional or intentional errors or irregularities could exist and not be promptly detected.

This report is intended solely for the information and use of the Board, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

ACCOUNTING RECORDS

The accounting records are adequate for audit.

BUDGET TRANSACTIONS

Amounts expended were within their authorized appropriation levels.

2007-2008 and 2008-2009 BUDGETS

The budgets adopted for the current and ensuing fiscal year were examined during the audit. Based on our testing the budget preparation and adoption procedures followed were in compliance with the Oregon Local Budget Law, except for non-compliance with having the required number of budget committee members for the 2008-09 budget year.

COLLATERAL SECURING BANK DEPOSITS

Collateral pledged by the depositories appeared to be adequate at all times during the year to meet requirements of Oregon Law, based on our testing.

AUDITORS' COMMENTS AND DISCLOSURES (CONTINUED)

INVESTMENTS

The investments at June 30, 2008, are amounts with the State Treasurer's Local Government Investment Pool.

PUBLIC CONTRACTS AND PURCHASING

The procedures for awarding public contracts were reviewed and based on our testing appeared to be in compliance with ORS Chapter 279.

INSURANCE AND FIDELITY BONDS

The Council is covered by insurance held by the City of Rainier. The coverage provided appears to meet legal requirements. We do not have the professional expertise to state whether the insurance coverage is adequate.

STATUTORY BONDED DEBT LIMITATION

There is no bonded debt subject to the statutory bonded debt limitation outstanding at June 30, 2008.

PROGRAMS FUNDED FROM OUTSIDE SOURCES

No federal funding was received for the year ended June 30, 2008.

STATE HIGHWAY FUNDS

There were no programs funded by State Highway Funds for the year ended June 30, 2008.

Pauly, Rogers and Co. P.C.
PAULY, ROGERS AND CO., P.C.

