

Rainier Economic Development Council Minutes
February 3, 2025
Rainier Masonic Lodge
304 E 3rd St
Rainier, OR 97048

Call Meeting to Order

The meeting was called to order by REDCO President Mike Kreger at 5:39 p.m.

Roll Call

Board Present: Connie Budge, Robert duPlessis, Jeremy Howell and Mike Kreger

Board Absent: Scott Cooper, Paul Langner and Denise Watson

Agenda

a. Election of Officers

REDCO President Mike Kreger said was willing to serve another term in that role. Jeremy Howell nominated Kreger to serve as president. That motion was seconded by Connie Budge. Budge, Robert duPlessis, Howell and Kreger voted in favor, with none opposed. Budge moved to appoint duPlessis as secretary/treasurer. That motion was seconded by Kreger. Budge, duPlessis, Howell and Kreger voted in favor, with none opposed.

b. Approve December 2, 2024 Meeting Minutes

duPlessis moved to approve the minutes. That motion was approved by Budge. Budge, duPlessis, Howell and Kreger voted in favor, with none opposed.

c. Appoint Budget Officer

Budge moved to appoint City Administrator W. Scott Jorgensen as budget officer. That motion was seconded by duPlessis. Budge, duPlessis, Howell and Kreger voted in favor, with none opposed.

d. Resolution 112—Establishing That the Rainier Economic Development Council Hold Regular Meetings April 7 and December 1 at 5:30 p.m.

Budge moved to approve the resolution. That motion was seconded by Howell. Budge, duPlessis, Howell and Kreger voted in favor, with none opposed.

e. Resolution 113—Establishing the Daily News as the Rainier Economic Development Council Official Newspaper of Notice

f. Budge moved to approve the resolution. That motion was seconded by Howell. Budge, duPlessis, Howell and Kreger voted in favor, with none opposed.

g. Annual Reports

Jorgensen said that Budge requested verification at the last meeting that REDCO's annual financial reports were sent to the taxing districts that fund the agency. He included that email in the meeting packet.

Adjourn Meeting

Kreger adjourned the meeting at 5:47 p.m.

Mike Kreger, President

Date _____

Robert duPlessis, Secretary

Date _____

DRAFT

City of Rainier: 70 Rainier Economic I

CU 8001

Year End: June 30, 2024

Budget to Actual - REDCO Gen Fund

L/S: 6900 To 7904.200

Prepared by	In-Chrg Review	Manager Review
Partner Review KW 2/14/2025	EQR Review BB 2/27/2025	Other Review

Account	Prelim	Adj's	Adj Budget 06/24	CB 06/24
70-000-300000 SRF05 Fund Balance	(496,799.00)	9,437.00	(487,362.00)	(483,159.00)
6900.294 Fund balance - unassigned	(496,799.00)	9,437.00	(487,362.00)	(483,159.00)
70-000-999996 SRF05 Unappropriated E	0.00	0.00	0.00	485,259.00
6900.500 Other equity	0.00	0.00	0.00	485,259.00
70-000-460001 SRF05 Miscellaneous Re	(30.00)	0.00	(30.00)	0.00
7000.244 Miscellaneous revenue	(30.00)	0.00	(30.00)	0.00
70-000-460002 SRF05 Interest	(32,928.00)	(29.00)	(32,957.00)	(23,000.00)
7000.904 Interest Earnings	(32,928.00)	(29.00)	(32,957.00)	(23,000.00)
70-070-620205 SRF05 Administrative Se	2,200.00	0.00	2,200.00	4,400.00
70-070-621011 SRF05 Audit	7,150.00	0.00	7,150.00	8,000.00
70-070-622015 SRF05 Miscellaneous Ex	130.00	0.00	130.00	2,000.00
70-070-622020 SRF05 Dues/Fees	717.00	0.00	717.00	600.00
70-070-630128 SRF05 Software	204.00	0.00	204.00	0.00
7200.104.1200 GF General Governme	10,401.00	0.00	10,401.00	15,000.00
70-070-699999 SRF05 Contingency	0.00	0.00	0.00	5,900.00
7200.984 Contingency	0.00	0.00	0.00	5,900.00
	(519,356.00)	9,408.00	(509,948.00)	0.00
Net Income (Loss)	22,557.00		22,586.00	2,100.00

City of Rainier: 71 REDCO Debt Service

CU 8002

Year End: June 30, 2024

Budget to Actual - REDCO Gen Debt Service

L/S: 6900 To 7904.200

Prepared by	In-Chrg Review	Manager Review
Partner Review KW 2/14/2025	EQR Review BB 2/27/2025	Other Review

Account	Prelim	Adj's	Adj	Budget 06/24	CB 06/24
71-000-300000 DSF02 Fund Balance	(197,096.00)	0.00	(197,096.00)	(193,552.00)	(193,552.00)
6900.294 Fund balance - unassigned	(197,096.00)	0.00	(197,096.00)	(193,552.00)	(193,552.00)
71-000-999996 DSF02 Unappropriated F	0.00	0.00	0.00	193,452.00	193,452.00
6900.500 Other equity	0.00	0.00	0.00	193,452.00	193,452.00
71-000-410001 DSF02 Current Taxes	(283,398.00)	0.00	(283,398.00)	(550,000.00)	(550,000.00)
7004 Property tax revenue	(283,398.00)	0.00	(283,398.00)	(550,000.00)	(550,000.00)
71-071-670001 DSF02 Debt Service - Lo	226,081.00	0.00	226,081.00	459,000.00	459,000.00
71-071-670111 DSF02 Debt Service - Int	48,919.00	0.00	48,919.00	91,100.00	91,100.00
7200.974.0100 Debt Service - Govern	275,000.00	0.00	275,000.00	550,100.00	550,100.00
	<u>(205,494.00)</u>	<u>0.00</u>	<u>(205,494.00)</u>	<u>0.00</u>	<u>0.00</u>
Net Income (Loss)	8,398.00		8,398.00	(100.00)	(100.00)

Prepared by	In-Chrg Review	Manager Review
Partner Review KW 2/14/2025	EQR Review	Other Review

Number	Date	Name	Account No	Reference	Debit	Credit	Recurrence	Misstatement
AJE-2	6/30/2024	Checking - Transfer to InRoads	70-000-100000 SRF05	6903		9,437.00		
AJE-2	6/30/2024	Fund Balance	70-000-300000 SRF05	6903	9,437.00			
To adjust REDCO GL's 2023 cash and fund balance to agree w/ the 2023 Audited FS								
AJE-3	6/30/2024	Checking - Transfer to InRoads	70-000-100000 SRF05	5001		5,563.00		
AJE-3	6/30/2024	Public Funds Checking	70-000-100001 SRF05	5001	5,592.00			
AJE-3	6/30/2024	Interest	70-000-460002 SRF05	5001		29.00		
To adjust REDCO 2024 cash								
					15,029.00	15,029.00		
Net Income (Loss)			30,984.00					

City of Rainier: REDCO

Year End: June 30, 2024

Trial Balance - REDCO

CU 8000

Prepared by	In-Chrg Review	Manager Review
Partner Review KW 2/14/2025	EQR Review	Other Review

Account	Prelim	Adj's	Reclass	Rep	Rep 06/23	Amount Chg	%Chg
70-000-100000 SRF05 Checking - Transfer to InRoads	15,000.00	(15,000.00)	0.00	0.00	15,000.00	(15,000.00)	(100)
70-000-100001 SRF05 Public Funds Checking	3,142.00	5,592.00	0.00	8,734.00	(1,487.00)	10,221.00	(687)
70-000-100002 SRF05 Public funds savings	5.00	0.00	0.00	5.00	5.00	0.00	0
70-000-100100 SRF05 LGIP	706,703.00	0.00	0.00	706,703.00	680,377.00	26,326.00	4
70-000-100999 SRF05 Cash allocation	(205,494.00)	0.00	0.00	(205,494.00)	(197,096.00)	(8,398.00)	4
70 Rainier Economic Development Council (SRF05)	519,356.00	(9,408.00)	0.00	509,948.00	496,799.00	13,149.00	3
71-000-100999 DSF02 Cash Allocation	205,494.00	0.00	0.00	205,494.00	197,096.00	8,398.00	4
71 REDCO Debt Service	205,494.00	0.00	0.00	205,494.00	197,096.00	8,398.00	4
5000.100 Cash and cash equivalents	724,850.00	(9,408.00)	0.00	715,442.00	693,895.00	21,547.00	3
70-000-300000 SRF05 Fund Balance	(496,799.00)	9,437.00	0.00	(487,362.00)	(493,996.00)	6,634.00	(1)
70 Rainier Economic Development Council (SRF05)	(496,799.00)	9,437.00	0.00	(487,362.00)	(493,996.00)	6,634.00	(1)
71-000-300000 DSF02 Fund Balance	(197,096.00)	0.00	0.00	(197,096.00)	(188,552.00)	(8,544.00)	5
71 REDCO Debt Service	(197,096.00)	0.00	0.00	(197,096.00)	(188,552.00)	(8,544.00)	5
6900.294 Fund balance - unassigned	(693,895.00)	9,437.00	0.00	(684,458.00)	(682,548.00)	(1,910.00)	0
70-000-460001 SRF05 Miscellaneous Revenue	(30.00)	0.00	0.00	(30.00)	(50.00)	20.00	(40)
70 Rainier Economic Development Council (SRF05)	(30.00)	0.00	0.00	(30.00)	(50.00)	20.00	(40)
7000.244 Miscellaneous revenue	(30.00)	0.00	0.00	(30.00)	(50.00)	20.00	(40)
70-000-460002 SRF05 Interest	(32,928.00)	(29.00)	0.00	(32,957.00)	(19,737.00)	(13,220.00)	67
70 Rainier Economic Development Council (SRF05)	(32,928.00)	(29.00)	0.00	(32,957.00)	(19,737.00)	(13,220.00)	67
7000.904 Interest Earnings	(32,928.00)	(29.00)	0.00	(32,957.00)	(19,737.00)	(13,220.00)	67
71-000-410001 DSF02 Current Taxes	(283,398.00)	0.00	0.00	(283,398.00)	(283,544.00)	146.00	0
71 REDCO Debt Service	(283,398.00)	0.00	0.00	(283,398.00)	(283,544.00)	146.00	0
7004 Property tax revenue	(283,398.00)	0.00	0.00	(283,398.00)	(283,544.00)	146.00	0
70-070-620205 SRF05 Administrative Services	2,200.00	0.00	0.00	2,200.00	10,200.00	(8,000.00)	(78)
70-070-621011 SRF05 Audit	7,150.00	0.00	0.00	7,150.00	5,975.00	1,175.00	20
70-070-622015 SRF05 Miscellaneous Expense	130.00	0.00	0.00	130.00	659.00	(529.00)	(80)
70-070-622020 SRF05 Dues/Fees	717.00	0.00	0.00	717.00	150.00	567.00	378
70-070-630128 SRF05 Software	204.00	0.00	0.00	204.00	0.00	204.00	0
70 Rainier Economic Development Council (SRF05)	10,401.00	0.00	0.00	10,401.00	16,984.00	(6,583.00)	(39)
7200.104.1200 GF General Government - Materials & Services	10,401.00	0.00	0.00	10,401.00	16,984.00	(6,583.00)	(39)
71-071-670001 DSF02 Debt Service - Loan Payment	226,081.00	0.00	0.00	226,081.00	219,496.00	6,585.00	3
71-071-670111 DSF02 Debt Service - Interest	48,919.00	0.00	0.00	48,919.00	55,504.00	(6,585.00)	(12)
71 REDCO Debt Service	275,000.00	0.00	0.00	275,000.00	275,000.00	0.00	0
7200.974.0100 Debt Service - Governmental	275,000.00	0.00	0.00	275,000.00	275,000.00	0.00	0
	0.00	0.00	0.00	0.00	0.00	0.00	0
Net Income (Loss)	30,955.00			30,984.00	11,347.00	19,637.00	173

REDCO
2025/2026 Fiscal Year Budget Calendar

Budget Committee Meeting (quorum required)	May 19, 2025 5 p.m.
Publish Budget Hearing and Financial Summary Notice	June 6, 2025
Budget Hearing Adopt Budget Approve Tax Levy Approve Appropriations	June 16, 2025 5 p.m.
File Notice of Property Tax Certification (File with Assessor)	July 7, 2025

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
FINANCIAL REPORT
June 30, 2024

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

OFFICERS AND MEMBERS OF THE GOVERNING BODY

June 30, 2024

Council

Connie Budge

Scott Cooper

Robert DuPlessis

Jeremy Howell

Mike Kreger

Paul Langner

Denise Watson

*Council members receive mail at the address:

City of Rainier, Oregon

P.O. Box 100

Rainier, Oregon 97048

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
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INDEPENDENT AUDITOR'S REPORT

REDCO Council
Rainier Economic Development Council
Rainier, Oregon

Report on the Audit of the Financial Statements

Opinions

We have audited the modified cash basis financial statements of the governmental activities and each major fund of the Rainier Economic Development Council ("REDCO"), a component unit of the City of Rainier, Oregon, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise REDCO's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and each major fund of REDCO, as of June 30, 2024, and the respective changes in modified cash basis financial position for the year then ended in accordance with the modified cash basis of accounting described in Note 2.

Basis for Opinions

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

Emphasis of Matter – Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on 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 opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the modified cash basis of accounting described in Note 2, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

REDCO Council
Rainier Economic Development Council
Independent Auditor's Report
March 5, 2025

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise REDCO's basic financial statements. The individual budget to actual schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual budget to actual schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole on the basis of accounting described in Note 2.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated *****, 2025, on our consideration of REDCO's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

Singer Lewak LLP

March 5, 2025

By



Bradley G. Bingenheimer, Partner

BASIC FINANCIAL STATEMENTS

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities
Assets	
Current assets	
Cash and cash equivalents	\$ 715,442
Total assets	<u>715,442</u>
Net position	
Restricted for:	
Debt service	205,494
Unrestricted	<u>509,948</u>
Total net position	<u>\$ 715,442</u>

See notes to financial statements

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

STATEMENT OF ACTIVITIES

Year Ended June 30, 2024

	Governmental Activities
Program expenses	
General government	\$ 285,401
Total program expenses	<u>285,401</u>
General revenues	
Property taxes	283,398
Unrestricted investment earnings	32,957
Miscellaneous	<u>30</u>
Total general revenues	<u>316,385</u>
Change in net position	30,984
Net position - beginning	<u>684,458</u>
Net position - ending	<u><u>\$ 715,442</u></u>

See notes to financial statements

RAINIER ECONOMIC DEVELOPMENT COUNCIL
 (A Component Unit of the City of Rainier)
BALANCE SHEET
GOVERNMENTAL FUNDS
 June 30, 2024

	General Fund	Debt Service	Total
Assets			
Cash and cash equivalents	<u>\$ 509,948</u>	<u>\$ 205,494</u>	<u>\$ 715,442</u>
Fund balance			
Restricted for:			
Debt service	\$ -	\$ 205,494	\$ 205,494
Unassigned	<u>509,948</u>	<u>-</u>	<u>509,948</u>
Total fund balances	<u>\$ 509,948</u>	<u>\$ 205,494</u>	<u>\$ 715,442</u>

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES**
GOVERNMENTAL FUNDS
Year Ended June 30, 2024

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Revenues			
Property taxes	\$ -	\$ 283,398	\$ 283,398
Interest	32,957	-	32,957
Miscellaneous	30	-	30
	<u>32,987</u>	<u>283,398</u>	<u>316,385</u>
Total revenues			
	<u>32,987</u>	<u>283,398</u>	<u>316,385</u>
Expenditures			
Current			
General government	10,401	-	10,401
Debt service	-	275,000	275,000
	<u>10,401</u>	<u>275,000</u>	<u>285,401</u>
Total expenditures			
	<u>10,401</u>	<u>275,000</u>	<u>285,401</u>
Net change in fund balances	22,586	8,398	30,984
Fund balances at beginning of year	<u>487,362</u>	<u>197,096</u>	<u>684,458</u>
Fund balance at end of year	<u>\$ 509,948</u>	<u>\$ 205,494</u>	<u>\$ 715,442</u>

See note to financial statements

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
NOTES TO FINANCIAL STATEMENTS

NOTE 1 – FINANCIAL REPORTING ENTITY

The Rainier Economic Development Council – Urban Renewal Agency for the City of Rainier, Oregon (“REDCO”), a component unit of the City of Rainier, Oregon (the “City”), was organized in April 1993 under ORS 457 and is a municipal corporation created by the City to assist in the re-development of blighted and deteriorated areas within the City’s designated urban renewal area. The REDCO Council serves as the governing body and is accountable for the fiscal matters of REDCO. Although the REDCO Council and City Council are made up of the same members, each is a legally separate entity and conducts business as such. Based on the standards set forth in GASB Statement No. 61, REDCO is considered a component unit of the City. According, the financial statements of REDCO are included in the City’s basic financial statements.

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

Projects are financed in urban renewal plan areas as follows:

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

As required by ORS 457.190(3)(a), REDCO has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$300,000.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation - government-wide and fund financial statements

The government-wide financial statements are reported on the modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenses, assets, and liabilities resulting from cash transactions, adjusted for modifications that have substantial support in generally accepted accounting principles.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation - government-wide and fund financial statements

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalents during the period are recognized, except for the following modifications:

Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized;

Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and

Liabilities for cash or cash equivalents held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

As a result of the use of the modified cash basis of accounting, certain transactions are not presented in the financial statements. For example, accounts receivable for billed or provided services that have not been collected in cash are not accrued as revenue or receivables. Additionally, capital assets such as property, equipment, and infrastructure are not presented, as well as long-term liabilities such as debt and compensated absences.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Basis of presentation – fund financial statements

The fund financial statements provide information about the government's funds. Separate statements for each fund are presented. The emphasis of fund financial statements is on major funds, each displayed in a separate column. The fund financial statements are presented on the modified cash basis of accounting.

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of presentation – fund financial statements (continued)

REDCO reports the following major funds:

General fund - accounts for the general operation of REDCO, and expenditures related to the acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal area.

Debt Service fund - accounts for repayment of debt incurred by REDCO.

Budget Policies and Budgetary Control

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

REDCO begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally overextended.

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

Budget amounts shown in the financial statements have not been revised since the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

Property Taxes

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

As the basic financial statements are reported on the modified cash basis, uncollected property taxes are not reported. Property taxes are recorded as revenues when received.

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net position

Government-wide financial statements

In the government-wide financial statements, equity is classified as net position and displayed in two components:

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

Unrestricted net position – All amounts that do not meet the definition of “restricted” or “invested in capital assets, net of related debt” are reported as “unrestricted net position.”

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

Fund Balance

Governmental fund type balance reporting

Governmental type fund balance is reported within one of the fund balance categories listed below:

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

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

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

Assigned — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes.

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

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
NOTES TO FINANCIAL STATEMENTS

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balance (continued)

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

Risk management

REDCO is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. REDCO purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 3 – CASH AND CASH EQUIVALENTS

REDCO’s cash and cash equivalents at June 30, 2024 are as follows:

State of Oregon Local Government Investment Pool	\$ <u>715,442</u>
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REDCO’s cash and cash equivalents are pooled with the City. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalents balances.

Deposits with financial institutions

Custodial Credit Risk – Deposits: This is the risk that in the event of a bank failure, REDCO’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for REDCO’s deposits with financial institutions up to \$250,000 each for the aggregate of all noninterest-bearing accounts and the aggregate of all interest-bearing accounts at each institution.

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
NOTES TO FINANCIAL STATEMENTS

NOTE 3 – CASH AND CASH EQUIVALENTS (Continued)

Deposits with financial institutions (continued)

Deposits in excess of FDIC coverage with financial institutions participating in the Oregon Public Funds Collateralization Program are collateralized under the Public Funds Collateralization Program (PFCP) of the Oregon State Treasurer. The PFCP is a shared liability structure for participating financial institutions and is considered additional depository insurance as defined in GASB 40. Participating financial institutions are required to pledge securities, held by the Federal Home Loan Bank of Seattle in the name of the financial institution, with a value equal to at least 10%, with limited exceptions that may require up to 110%, of the amount of deposits of Oregon municipal corporations in excess of FDIC depository insurance. In the event of a failure of a participating financial institution the collective amount of all pledged securities under the PFCP are available to return REDCO's deposits. As of June 30, 2024, none of REDCO's deposits with financial institutions were exposed to custodial credit risk.

State of Oregon Local Government Investment Pool

Balances in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value. Fair value is determined at the quoted market price, if available; otherwise the fair value is estimated based on the amount at which the investment could be exchanged in a current transaction between willing parties, other than a forced liquidation sale. The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any agency, political subdivision or public corporation of the state who by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of REDCO's position in the LGIP is the same as the value of the pool shares.

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

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

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

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

RAINIER ECONOMIC DEVELOPMENT COUNCIL
(A Component Unit of the City of Rainier)
NOTES TO FINANCIAL STATEMENTS

NOTE 4 – LONG-TERM OBLIGATIONS

Changes in long-term obligations for the year ended June 30, 2024

	<u>Outstanding July 1, 2023</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2024</u>	<u>Balances Due Within One Year</u>
Long-term debt					
Governmental activities					
United States Gypsum Corporation	\$ 1,630,625	\$ -	\$ 226,081	\$ 1,404,544	232,864

United States Gypsum Corporation Note Payable -In 1999-2000, a promissory note was executed for a principal amount not to exceed \$3,410,000 between the Rainier Economic Development Council and United States Gypsum Corporation (USGC), which called for semi-annual payments beginning December 1, 2006, including interest at 6.00%.

During fiscal year 2008-09, litigation was entered into against USGC regarding the interpretation of the note’s payment terms. A settlement of \$4,750,000 was reached in fiscal year 2011-12 which called for an immediate payment of \$1,000,000, and annual payments of \$275,000 including interest at 15.4%.

Future maturities are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 232,864	\$ 42,136
2026	239,850	35,150
2027	247,045	27,955
2028	254,456	20,544
2029	262,090	12,910
2030-34	<u>168,239</u>	<u>5,047</u>
	<u>\$ 1,404,544</u>	<u>\$ 143,742</u>

SUPPLEMENTARY INFORMATION

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

GENERAL FUND

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

Year Ended June 30, 2024

	Biennium Budget		Actual	Variance
	Original	Final	FY 2023-24	
Revenues				
Interest	\$ 23,000	\$ 23,000	\$ 32,957	\$ 9,957
Miscellaneous	-	-	30	30
Total revenues	<u>23,000</u>	<u>23,000</u>	<u>32,987</u>	<u>9,987</u>
Expenditures				
Operations	15,000	15,000	10,401	4,599
Contingency	<u>5,900</u>	<u>5,900</u>	-	<u>5,900</u>
Total expenditures	<u>20,900</u>	<u>20,900</u>	<u>10,401</u>	<u>10,499</u>
Net change in fund balance	2,100	2,100	22,586	20,486
Fund balance at beginning of year	<u>483,159</u>	<u>483,159</u>	<u>487,362</u>	<u>4,203</u>
Fund balance at end of year	<u>\$ 485,259</u>	<u>\$ 485,259</u>	<u>\$ 509,948</u>	<u>\$ 24,689</u>

RAINIER ECONOMIC DEVELOPMENT COUNCIL

(A Component Unit of the City of Rainier)

DEBT SERVICE FUND

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

Year Ended June 30, 2024

	Biennium Budget		Actual	Variance
	Original	Final	FY 2023-24	
Revenues				
Property taxes	\$ 550,000	\$ 550,000	\$ 283,398	\$ (266,602)
Total revenues	<u>550,000</u>	<u>550,000</u>	<u>283,398</u>	<u>(266,602)</u>
Expenditures				
Debt service	\$ 550,100	\$ 550,100	275,000	275,100
Total expenditures	<u>550,100</u>	<u>550,100</u>	<u>275,000</u>	<u>275,100</u>
Net change in fund balance	(100)	(100)	8,398	8,498
Fund balance at beginning of year	<u>193,552</u>	<u>193,552</u>	<u>197,096</u>	<u>3,544</u>
Fund balance at end of year	<u>\$ 193,452</u>	<u>\$ 193,452</u>	<u>\$ 205,494</u>	<u>\$ 12,042</u>

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COMPLIANCE SECTION

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

REDCO Council
Rainier Economic Development Council
Rainier, Oregon

We have audited the basic financial statements of the Rainier Economic Development Council ("REDCO") as of and for the year ended June 30, 2024, and have issued our report thereon March 5, 2025. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether REDCO's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-010-000 through 162-010-0320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

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

REDCO Council
Rainier Economic Development Council
Independent Auditor's Report Required by
Oregon State Regulations
March 5, 2025

Budgets legally required (ORS Chapter 294)

REDCO adopted \$35,000 in appropriations for operations, which exceeded the approved budget by more than \$5,000 or 10% without a supplemental budget.

OAR 162-010-0230 Internal Control

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

Restriction of Use

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

Singer Lewak LLP

March 5, 2025

By:



Bradley G. Bingenheimer, Partner

Settlement with United States Gypsum Corp.

Amortization Schedule

Payment Beginning Due Date	Principal	Payment			End Principal
		Principal	Interest	Total	
4/2/2012	4,750,000	1,000,000		1,000,000	3,750,000
12/31/2012	3,750,000	190,856	84,144	275,000	3,559,144
12/31/2013	3,559,144	168,226	106,774	275,000	3,390,918
12/31/2014	3,390,918	173,272	101,728	275,000	3,217,646
12/31/2015	3,217,646	178,471	96,529	275,000	3,039,175
12/31/2016	3,039,175	183,825	91,175	275,000	2,855,350
12/31/2017	2,855,350	189,339	85,661	275,000	2,666,011
12/31/2018	2,666,011	195,020	79,980	275,000	2,470,991
12/31/2019	2,470,991	200,870	74,130	275,000	2,270,121
12/31/2020	2,270,121	206,896	68,104	275,000	2,063,225
12/31/2021	2,063,225	213,103	61,897	275,000	1,850,121
12/31/2022	1,850,121	219,496	55,504	275,000	1,630,625
12/31/2023	1,630,625	226,081	48,919	275,000	1,404,544
12/31/2024	1,404,544	232,864	42,136	275,000	1,171,680
12/31/2025	1,171,680	239,850	35,150	275,000	931,830
12/31/2026	931,830	247,045	27,955	275,000	684,785
12/31/2027	684,785	254,456	20,544	275,000	430,329
12/31/2028	430,329	262,090	12,910	275,000	168,239
12/31/2029	168,239	168,239	5,047	173,286	0
		<u>4,750,000</u>	<u>1,098,286</u>	<u>5,848,286</u>	

Settlement Amount	4,750,000
Initial Payment	<u>1,000,000</u>
Initial Note Amount	<u>3,750,000</u>

Interest Rate 3.0%