



**RAINIER SCHOOL DISTRICT NO. 13**  
**Rainier, Oregon**  
**ANNUAL FINANCIAL REPORT**  
**For the Year Ended June 30, 2016**

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**RAINIER SCHOOL DISTRICT NO. 13**  
**OFFICERS AND MEMBERS OF THE GOVERNING BODY**  
**For the Year Ended June 30, 2016**

**SUPERINTENDENT**

Michael Carter

**BUSINESS MANAGER**

Elisabeth Guisinger

**BOARD OF DIRECTORS**

Dale Archibald  
(Term ended June 13, 2016)  
27064 Old Rainier Road  
Rainier, OR 97048

Penny Blahm  
73583 Debast Road  
Rainier, OR 97048

Sean Clark  
69144 Nicolai Road  
Rainier, OR 97048

Rod Harding  
28893 Hirtzel Road  
Rainier, OR 97048

Bill Scholten  
23408 Beaver Falls Road  
Clatskanie, OR 97016

Monica Rea  
(Term ended April 21, 2016)  
PO Box 403  
Rainier, OR 97048

Chad Womack  
22546 Wolden Road  
Rainier, OR 97048

Darren Vaughn  
(Term began June 13, 2016)  
PO Box 601  
Rainier, OR 97048

Angela Wegener  
(Term began July 12, 2016)  
71006 Neer City Road  
Rainier, OR 97048

**DISTRICT ADDRESS**

28168 Old Rainier Road  
Rainier, OR 97048

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**RAINIER SCHOOL DISTRICT NO. 13**

**TABLE OF CONTENTS**  
**For the Year Ended June 30, 2016**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	A - C
<b>MANAGEMENT'S DISCUSSION AND ANALYSIS</b> .....	a - g
<b>BASIC FINANCIAL STATEMENTS</b>	
Government-wide Financial Statements	
Statement of Net Position .....	1
Statement of Activities .....	2
Fund Financial Statements	
Governmental Funds	
Balance Sheet .....	3
Statement of Revenues, Expenditures and Changes in Fund Balances .....	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	5
Statements of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General .....	6, 7
Special Revenue .....	8, 9
Notes to Basic Financial Statements .....	10 - 40
<b>REQUIRED SUPPLEMENTARY INFORMATION</b>	
Schedule of the Proportionate Share of the Net Pension Liability .....	41
Schedule of Contributions .....	42
<b>COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES</b>	
Major Governmental Fund	
Debt Service Fund Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual .....	43
Nonmajor Governmental Funds	
Combining Balance Sheet .....	44
Combining Statement of Revenues, Expenditures and Changes in Fund Balances .....	45
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
North Columbia Academy .....	46
Capital Improvement Reserve .....	47
Expenditures by Function and Object	
General Fund .....	48
Other Funds .....	49
Revenue Summary .....	50
Supplemental Information, 2014-2015 .....	51
Schedule of Federal Awards .....	52
Student Activities Fund Schedule of Transactions by Activity .....	53 - 55
<b>INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON</b>	
<b>STATE REGULATIONS</b> .....	56, 57

## TABLE OF CONTENTS (Continued)

	<u>Page</u>
<b>GRANT COMPLIANCE—SINGLE AUDIT</b>	
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Reporting Based on an Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i> .....	58, 59
Independent Auditor’s Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	60, 61
Schedule of Findings and Questioned Costs .....	62 - 64
Summary Schedule of Prior Findings.....	65
Schedule of Expenditures of Federal Awards .....	66
Notes to Schedule of Expenditures of Federal Awards .....	67



## INDEPENDENT AUDITOR'S REPORT

**Board of Directors  
RAINIER SCHOOL DISTRICT NO. 13  
Rainier, Oregon**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the **RAINIER SCHOOL DISTRICT NO. 13**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## INDEPENDENT AUDITOR'S REPORT (Continued)

### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the **RAINIER SCHOOL DISTRICT NO. 13**, as of June 30, 2016, the respective changes in financial position, and the budgetary comparisons for the General and Special Revenue Funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages a through g and the required supplementary information on pages 42 and 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.



## INDEPENDENT AUDITOR'S REPORT (Continued)

### Reports on Other Legal and Regulatory Requirements

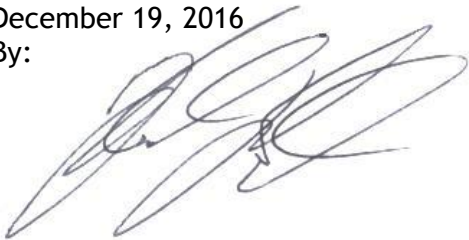
#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

#### *Other Reporting Required by Oregon State Regulations*

In accordance with Minimum Standards for Audits of Oregon Municipal Corporation, we have also issued our report dated December 19, 2016, on our consideration of the District'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.

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 19, 2016  
By:

A handwritten signature in blue ink, appearing to read 'B. Bingenheimer', is written over a horizontal line.

Bradley G. Bingenheimer, Member

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of the District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2016. Please read it in conjunction with the financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- In the government-wide financial statements, liabilities exceeded assets at June 30, 2016 by \$3,389,838. Of this amount, \$3,455,060 represents the District's net investment in capital assets, \$597,809 is restricted and (\$7,442,707) is unrestricted.
- The District's total net position (deficit) as reported on the government-wide financial statements decreased by \$1,355,813. This is primarily due to pension accounting as required by GASB 68.
- The District's governmental funds report total ending fund balance is \$1,589,511, an increase of \$473,871 over the prior year.
- At the end of the year, the General Fund balance was \$650,133, or about 8 percent of General Fund expenditures. The General Fund balance increased by \$350,718 from the prior year.

### OVERVIEW OF THE FINANCIAL STATEMENTS

The annual financial report consists of a series of financial statements that show information for the District as a whole, its funds, and its fiduciary responsibilities. The statements of net position and activities provide information about the activities of the District as a whole and present a longer-term view of the District's finances. Our fund financial statements are included later in the financial report. For our governmental activities, these statements tell how we financed our services in the short-term as well as what remains for future spending. Fund statements also may give you some insights into the District's overall financial health. Fund financial statements also report the District's operations in more detail than the government-wide financial statements by providing information about the District's most significant fund, the General Fund.

This annual financial report consists of three parts: *management's discussion and analysis*, the *basic financial statements*, and *combining and individual fund financial statements and schedules*. The basic financial statements include two kinds of statements that present different views of the District:

- The *government-wide financial statements* provide information about the District's overall financial status.
- The *fund financial statements* focus on *individual parts* of the government, reporting the District'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 basic financial statements also include notes that explain some of the information in the basic financial statements and provide more detailed data. The statements are followed by *combining and individual fund financial statements and schedules* that further explain and support 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.

## **MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

### **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The government-wide financial statements present information on the District’s finances in a manner similar to private sector businesses. One of the most important questions asked about the District is, “Is the District as a whole better off or worse off financially as a result of the year’s activities?” The statement of net position and statement of activities report information on the District as a whole and its activities in a way that helps answer this question.

We prepare these statements to include all assets and liabilities, using the accrual basis of accounting. All of the current year’s revenues and expenses are taken into account regardless of when cash is received or paid.

The statement of net position shows the District’s assets and liabilities, with the difference between the two reported as net position. All capital assets, long-term liabilities, and general government functions are shown in the statement of net position.

The statement of activities shows revenues, expenses, and the change in net position for the District as a whole. Revenues and expenses attributable to specific functions are segregated from general revenues, to display the extent to which general revenues support each function.

### **FUND FINANCIAL STATEMENTS**

Governmental funds account for the same functions reported as governmental activities in the government-wide financial statements. The governmental fund reporting focuses on how money flows in and out of funds and the balances left at year end that are available for spending. They are reported using the accounting method called “modified accrual” accounting, which measures cash and all other financial assets that can be readily converted to cash. This information is essential for preparation of and compliance with annual budgets. We describe the relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds in reconciliations following the governmental fund statements. The notes to the basic financial statements provide additional information that is essential to a complete understanding of the data provided in the basic financial statements.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

**Statement of net position.** The District's government-wide net position was as follows for the years ending June 30, 2016 and 2015:

#### STATEMENT OF NET POSITION

	<u>2016</u>	<u>2015</u>	<u>(Decrease)</u>
<b>ASSETS</b>			
Current assets	\$ 2,174,888	\$ 1,751,508	\$ 423,380
Noncurrent assets	-	997,934	(997,934)
Capital assets, net	<u>4,655,059</u>	<u>4,992,496</u>	<u>(337,437)</u>
Total assets	<u>6,829,947</u>	<u>7,741,938</u>	<u>(911,991)</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related items	<u>380,835</u>	<u>468,803</u>	<u>(87,968)</u>
<b>LIABILITIES</b>			
Current liabilities	677,454	826,330	(148,876)
Long-term obligations less amount due within one year	<u>9,361,210</u>	<u>7,492,828</u>	<u>1,868,382</u>
Total liabilities	<u>10,038,664</u>	<u>8,319,158</u>	<u>1,719,506</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension related items	<u>561,956</u>	<u>1,925,608</u>	<u>(1,363,652)</u>
<b>NET POSITION (DEFICIT)</b>			
Net investment in capital assets	3,455,060	3,642,496	(187,436)
Restricted	597,809	479,753	118,056
Unrestricted	<u>(7,442,707)</u>	<u>(6,156,274)</u>	<u>(1,286,433)</u>
Total net position (deficit)	<u>\$ (3,389,838)</u>	<u>\$ (2,034,025)</u>	<u>\$ (1,355,813)</u>

As noted previously, net position may serve over time as a useful indicator of a government's financial position. Liabilities exceeded assets by \$3,389,838 at June 30, 2016. During the current fiscal year, the District's net position decreased by \$1,355,813. This is primarily due to pension accounting as required by GASB 68.

As of June 30, 2016, capital assets, which consist of land, buildings, and equipment, represent 68 percent of total assets. Current assets consist mainly of investments, cash, grants receivable and property taxes receivable and represent 32 percent of total assets.

The District's largest liabilities are for the pension bond (60%), the QZAB bond (12%), and the net pension liability (21%). Current liabilities, representing 7 percent of the District's total liabilities, consist mainly of accounts payable, payroll taxes and related benefits payable, and long-term obligations due within one year.

Net investment in capital assets is the largest portion of the District's net position. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending.

**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)****GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)**

**Statement of activities.** The District's government-wide revenues and expenses were as follows for the years ending June 30, 2016 and 2015:

**STATEMENT OF ACTIVITIES**

	<b>Governmental Activities</b>		<b>(Decrease)</b>
	<b>2016</b>	<b>2015</b>	<b>from</b>
			<b>Fiscal 2015</b>
<b>Revenues</b>			
Program			
Charges for services	\$ 579,804	\$ 541,020	\$ 38,784
Operating grants	888,084	1,369,169	(481,085)
General			
Property taxes	3,287,656	3,093,781	193,875
State school fund general support	5,060,858	4,940,815	120,043
Miscellaneous	705,124	517,664	187,460
	<u>10,521,526</u>	<u>10,462,449</u>	<u>59,077</u>
<b>Expenses</b>			
Instruction	6,183,143	4,684,143	1,499,000
Support services	4,526,008	3,703,555	822,453
Enterprise and community services	815,842	569,841	246,001
Interest on long-term debt	352,346	367,871	(15,525)
	<u>11,877,339</u>	<u>9,325,410</u>	<u>2,551,929</u>
Change in net position	(1,355,813)	1,137,039	(2,492,852)
Net position - beginning	(2,034,025)	3,001,938	(5,035,963)
Prior period adjustment	-	(6,173,002)	6,173,002
	<u>\$ (3,389,838)</u>	<u>\$ (2,034,025)</u>	<u>\$ (1,355,813)</u>

The largest increase in revenues was \$193,875 in property tax revenues, while the largest decrease in revenues was \$481,085 in operating grants. Property taxes increased mainly due to increased collections. Operating grants decreased mainly due to the conclusion of one-time grants.

Instructional program expenditures increased by \$1,499,000 mainly due to pension accounting as required by GASB 68.



## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### FUND FINANCIAL ANALYSIS

The focus of governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Unreserved fund balance measures the District's net resources available for appropriation in the next fiscal year. As of June 30, 2016, total fund balance of all governmental funds was \$1,589,511. These amounts are available to use in accordance with applicable restrictions on the nature of the expenditures.

**Governmental Funds.** Summary of ending fund balances for the governmental funds for 2016 and 2015 are as follows:

Fund	Ending Fund Balances		Increase (Decrease)
	2016	2015	
General	\$ 650,133	\$ 299,415	\$ 350,718
Special Revenue	501,982	399,518	102,464
Debt Service	313,784	267,528	46,256
Capital Improvements Reserve	34,997	89,010	(54,013)
North Columbia Academy	88,615	60,169	28,446
Total major governmental funds	<u>\$ 1,589,511</u>	<u>\$ 1,115,640</u>	<u>\$ 473,871</u>

The total fund balances of all governmental funds increased by \$473,871 from June 30, 2015. Of the total fund balance, the General Fund makes up 41 percent, the Special Revenue Fund is 32 percent, the Debt Service Fund is 20 percent, Capital Improvements Reserve is 2 percent, and North Columbia Academy makes up 5 percent.

**General Fund.** The General Fund is the main operating fund of the District. As of June 30, 2016 the fund balance was \$650,133. As a measure of the fund's liquidity, it may be useful to compare fund balance to fund expenditures. The fund balance represents 8 percent of the General Fund expenditures.

**Special Revenue Fund.** The Special Revenue Fund accounts for revenue and expenditures of grants restricted for specific educational projects as well as internal funds segregated by the Board for the Briarcliff Pool operations, Outdoor School, the food service program, and associated student body funds. Grant revenues are primarily from federal sources.

**Debt Service Fund.** In June 2005, the District participated with other school districts in a pooled bond program (OSBA Limited Tax Pension Obligations, Series 2005A) and issued bonds in the amount of \$7,265,000. The proceeds were used to pay off the unfunded actuarial liability with the Oregon Public Employees Retirement System (PERS) and to reduce future PERS employer contribution rates. Part of the bond proceeds was reserved to put towards the first two years interest only payments. As of June 30, 2016, \$0 in fund balance is available for next year's debt service payments.

In February 2012, the District issued Qualified Zone Academy Bonds (QZAB) in the amount of \$1,200,000 to finance the costs of energy efficiency improvements to school facilities and to fund the cost of such issuance. The bond is subsidized by the federal government, which pays most of the interest cost. Annual payments of \$66,667 are made to a sinking fund beginning June 30, 2013 and continuing through June 30, 2030. These payments will be made by transfers to the Debt Service Fund from the General Fund, which will be offset by the energy savings realized through the facility improvements, for a budget-neutral project over the life of the bond.

**Capital Improvement Reserve.** This fund is reserved for capital improvement projects. Its fund balance decreased by \$54,013 due to more expenditures than revenues. See capital assets below for a description of current year expenditures.

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### FUND FINANCIAL ANALYSIS (continued)

**General Fund Budget Highlights.** The Board approved one change to the budget for the fiscal year ended June 30, 2016. The change increased appropriations in the General Fund by \$15,834 due to the receipt of unanticipated revenues from the City of Rainier for the District to staff the City Library.

General Fund expenditures were within budget for the year as detailed in the table below:

Function	General Fund expenditures		Variance
	Budget	Actual	
Instruction	\$ 4,810,511	\$ 4,604,399	\$ 206,112
Support services	3,882,297	3,813,211	69,086
Enterprise and community services	18,834	18,710	124
Debt service	150,600	150,534	66
Transfers	210,000	210,000	-
Contingency	<u>146,000</u>	<u>-</u>	<u>146,000</u>
Total General Fund expenditures	<u>\$ 9,218,242</u>	<u>\$ 8,796,854</u>	<u>\$ 421,388</u>

### CAPITAL ASSETS

At June 30, 2016, the District had \$4,655,059 invested in a broad range of capital assets, including land, building, equipment and vehicles. The following table shows the total categories of assets net of depreciation:

	Capital assets		Increase
	2016	2015	(Decrease)
Land	\$ 693,143	\$ 693,143	\$ -
Buildings and improvements	3,666,939	3,985,065	(318,126)
Vehicles and equipment	<u>294,977</u>	<u>314,288</u>	<u>(19,311)</u>
Total capital assets, net	<u>\$ 4,655,059</u>	<u>\$ 4,992,496</u>	<u>\$ (337,437)</u>

## **MANAGEMENT’S DISCUSSION AND ANALYSIS (Continued)**

### **CAPITAL ASSETS (Continued)**

Capital asset additions were \$52,853 for the year and depreciation expense was \$390,290. The capital purchases for the year include the following:

Pool Cover	\$13,588
Upgraded Planer 25”, net	2,075
2009 Garbage Truck	35,000
2004 Chevy Venture Minivan	2,190

### **DEBT ADMINISTRATION**

As of June 30, 2016, the District had \$7,494,932 in long-term obligations. This includes pension obligation bonds of \$6,015,000, QZAB bonds of \$1,200,000, \$17,545 of compensated absences, and other post-employment benefits of \$262,387.

### **ECONOMIC FACTORS AND NEXT YEAR’S BUDGET**

The most significant economic factor for the District is the Oregon State School Fund formula. The State School Fund formula revenues and local tax revenues provide 93 percent of total General Fund revenues. For the fiscal year ending June 30, 2017, the District’s state school fund formula is estimated at \$7,689 per weighted average daily membership (ADMw) compared to \$7,555 per ADMw budgeted for the year ended June 30, 2016. However, enrollment is estimated to decrease from 1,110 ADMw in 2015-16 to 1,100 ADMw in 2016-17. The District estimated an increase in total General Fund revenues of \$62,030 during the 2016-17 budget process. The increase in funding was used to meet contractual commitments for wages and benefits that increased spending in some areas.

The budget for 2015-16 had General Fund appropriations of \$9,218,242. The budget for 2016-17 has General Fund appropriations of \$9,269,438. The 2016-17 budget document is available to the public at the address below.

### **REQUESTS FOR INFORMATION**

Our financial report is designed to provide our taxpayers, parents, teachers, students, investors and creditors with an overview of the District’s finances. If you have any questions about this report or need any further information, please contact the Business Manager at the Rainier School District office, located at:

28168 Old Rainier Road  
Rainier, Oregon 97048

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## **BASIC FINANCIAL STATEMENTS**

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**RAINIER SCHOOL DISTRICT NO. 13**

**STATEMENT OF NET POSITION**

**June 30, 2016**

	Governmental Activities
<b><u>ASSETS</u></b>	
Deposits and investments	\$ 1,182,406
Restricted cash	266,667
Receivables	704,214
Prepaid items	200
Inventories	21,401
Capital assets:	
Land	693,143
Buildings and equipment, net	<u>3,961,916</u>
TOTAL ASSETS	<u>6,829,947</u>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Pension related items	<u>380,835</u>
<b><u>LIABILITIES</u></b>	
Accounts payable	56,785
Salaries and contracts payable	318,124
Long-term obligations:	
Due within one year	302,545
Due in more than one year	<u>9,361,210</u>
TOTAL LIABILITIES	<u>10,038,664</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Pension related items	<u>561,956</u>
<b><u>NET POSITION (DEFICIT)</u></b>	
Net investment in capital assets	3,455,060
Restricted for:	
Debt service	313,784
Student activities	151,652
Scholarships	87,626
Other purposes	44,747
Unrestricted	<u>(7,442,707)</u>
TOTAL NET POSITION (DEFICIT)	<u><u>\$ (3,389,838)</u></u>

*See accompanying notes*

# RAINIER SCHOOL DISTRICT NO. 13

## STATEMENT OF ACTIVITIES For the Year Ended June 30, 2016

Functions/Programs	Expenses	Program Revenue		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
<b>Governmental activities</b>				
Instruction	\$ 6,183,143	\$ 368,320	\$ 491,440	\$ (5,323,383)
Support services	4,526,008	19,922	-	(4,506,086)
Enterprise and community services	815,842	191,562	344,918	(279,362)
Interest on long-term obligations	352,346	-	51,726	(300,620)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<u>\$ 11,877,339</u>	<u>\$ 579,804</u>	<u>\$ 888,084</u>	<u>(10,409,451)</u>

### General revenues:

Property taxes levied for general purposes	3,287,656
State school fund general support	5,060,858
Common school fund general support	106,646
Gain on sale of capital assets	1,200
Unrestricted intermediate sources	214,302
Unrestricted state and local sources	82,349
Miscellaneous	287,906
Earnings on investments	<u>12,721</u>

<b>TOTAL GENERAL REVENUES</b>	<u><b>9,053,638</b></u>
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<b>CHANGE IN NET POSITION</b>	<b>(1,355,813)</b>
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<b>NET POSITION - beginning</b>	<u><b>(2,034,025)</b></u>
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<b>NET POSITION - ending</b>	<u><u><b>\$ (3,389,838)</b></u></u>
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See accompanying notes



**RAINIER SCHOOL DISTRICT NO. 13**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
June 30, 2016**

	General	Special Revenue	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b><u>ASSETS</u></b>					
Deposits and investments	\$ 847,271	\$ 159,780	49,005	\$ 126,350	\$ 1,182,406
Restricted cash	-	-	266,667	-	266,667
Receivables	350,428	353,786	-	-	704,214
Prepaid items	200	-	-	-	200
Due from other funds	13,695	-	-	-	13,695
Inventory	-	21,401	-	-	21,401
<b>TOTAL ASSETS</b>	<b><u>\$ 1,211,594</u></b>	<b><u>\$ 534,967</u></b>	<b><u>\$ 315,672</u></b>	<b><u>\$ 126,350</u></b>	<b><u>\$ 2,188,583</u></b>
<b><u>LIABILITIES</u></b>					
Accounts payable	\$ 39,119	\$ 13,040	\$ 1,888	\$ 2,738	\$ 56,785
Due to other funds	-	13,695	-	-	13,695
Salaries and contracts payable	318,124	-	-	-	318,124
<b>TOTAL LIABILITIES</b>	<b><u>357,243</u></b>	<b><u>26,735</u></b>	<b><u>1,888</u></b>	<b><u>2,738</u></b>	<b><u>388,604</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Unavailable revenue	204,218	6,250	-	-	210,468
<b><u>FUND BALANCES</u></b>					
Nonspendable	200	21,401	-	-	21,601
Restricted	-	284,025	313,784	-	597,809
Committed	-	100,000	-	-	100,000
Assigned	-	96,556	-	34,997	131,553
Unassigned	649,933	-	-	88,615	738,548
<b>TOTAL FUND BALANCES</b>	<b><u>650,133</u></b>	<b><u>501,982</u></b>	<b><u>313,784</u></b>	<b><u>123,612</u></b>	<b><u>1,589,511</u></b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b><u>\$ 1,211,594</u></b>	<b><u>\$ 534,967</u></b>	<b><u>\$ 315,672</u></b>	<b><u>\$ 126,350</u></b>	
<b>RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION</b>					
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>					
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement					4,655,059
Governmental activities report as deferred outflows of resources contributions to the public employees retirement system for the year					380,835
Certain other long-term assets are not available to pay current period expenditures and therefore are reported as unavailable in the funds					210,468
The other post-employment benefits obligation is reported in the statement of net position but is not reported in the funds					(262,387)
Long-term obligations are not due and payable in the current period and therefore are not reported in the funds					(7,232,545)
Governmental activities reported as deferred inflows the effect of differences between projected and actual earnings and changes in proportionate share of contributions to the public employees retirement system					(561,956)
Governmental activities report a net pension liability which is not reported in the fund					<u>(2,168,823)</u>
Net position of governmental activities					<u><u>\$ (3,389,838)</u></u>

*See accompanying notes*

**RAINIER SCHOOL DISTRICT NO. 13**

**STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	General	Special Revenue	Debt Service	Total Nonmajor Funds	Total Governmental Funds
<b>REVENUES</b>					
Property and other taxes	\$ 3,300,919	\$ -	\$ -	\$ -	\$ 3,300,919
State school fund	5,060,858	3,911	-	264,746	5,329,515
State common school fund	106,646	-	-	-	106,646
Federal and state support	82,457	819,238	51,726	-	953,421
County and intermediate sources	192,302	34,203	-	-	226,505
Charges for services	125,120	106,520	-	-	231,640
Extracurricular activities	40,207	171,111	-	-	211,318
Investment earnings	11,739	928	54	-	12,721
Other	147,324	282,374	546,288	9,190	985,176
<b>TOTAL REVENUES</b>	<u>9,067,572</u>	<u>1,418,285</u>	<u>598,068</u>	<u>273,936</u>	<u>11,357,861</u>
<b>EXPENDITURES</b>					
Current:					
Instruction	4,604,399	524,354	-	236,300	5,365,053
Support services	3,778,211	177,062	-	48,002	4,003,275
Enterprise and community services	18,710	692,330	-	-	711,040
Facilities acquisition and construction	-	-	-	-	-
Capital outlay	35,000	2,075	-	16,401	53,476
Debt service	150,534	-	601,812	-	752,346
<b>TOTAL EXPENDITURES</b>	<u>8,586,854</u>	<u>1,395,821</u>	<u>601,812</u>	<u>300,703</u>	<u>10,885,190</u>
Excess (deficiency) of revenues over expenditures	<u>480,718</u>	<u>22,464</u>	<u>(3,744)</u>	<u>(26,767)</u>	<u>472,671</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Interfund transfers	-	80,000	50,000	-	130,000
Sale of or compensation for loss of capital assets	-	-	-	1,200	1,200
Transfers of funds	(130,000)	-	-	-	(130,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(130,000)</u>	<u>80,000</u>	<u>50,000</u>	<u>1,200</u>	<u>1,200</u>
Net change in fund balances	350,718	102,464	46,256	(25,567)	473,871
Fund balances at beginning of year	<u>299,415</u>	<u>399,518</u>	<u>267,528</u>	<u>149,179</u>	<u>1,115,640</u>
Fund balances at end of year	<u>\$ 650,133</u>	<u>\$ 501,982</u>	<u>\$ 313,784</u>	<u>\$ 123,612</u>	<u>\$ 1,589,511</u>

*See accompanying notes*

**RAINIER SCHOOL DISTRICT NO. 13**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2016**

NET CHANGE IN FUND BALANCES-TOTAL GOVERNMENTAL FUNDS \$ 473,871

*Amounts reported for government wide statements in the statement of activities are different because of the following:*

Governmental funds report capital outlay as an expenditure while government-wide statements report depreciation expense to allocate capital expenditures over the life of the assets.

Capitalized expenditures	\$ 52,853	
Depreciation expense	<u>(390,290)</u>	(337,437)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds as follows:

Taxes		(13,263)
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Principal payments on long-term obligations are an expenditure in the governmental funds, but the repayments reduce long-term obligations in the government-wide statements.		400,000
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Some expenses reported in the government-wide statements do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds		
Increase in accumulated vacation		(3,352)

GASB Statement 45 requires the reporting of an obligation for net other post-employment benefits (OPEB)

Decrease in net OPEB obligation		15,441
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The amount contributed to defined benefit pension plan is reported as an expenditure in the funds while governmental activities reports pension expense as the change in net pension asset or liability, pension related deferred inflows of resources

Change in deferred outflows of resources	(87,968)	
Change in net pension asset or liability	(3,166,757)	
Change in deferred inflows of resources	<u>1,363,652</u>	<u>(1,891,073)</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		<u><u>\$ (1,355,813)</u></u>
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*See accompanying notes*

# RAINIER SCHOOL DISTRICT NO. 13

## GENERAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For the Year Ended June 30, 2016

	Original Budget	Final Budget	Actual	Variance
<b>REVENUES</b>				
1000 Local sources				
1111 Current year's taxes	\$ 2,970,000	\$ 2,970,000	\$ 3,183,386	\$ 213,386
1112 Prior years taxes	100,000	100,000	117,533	17,533
1200 Revenue from local governmental units				
other than districts	-	15,834	15,833	(1)
1310 Regular day school tuition	90,000	90,000	115,000	25,000
1313 Tuition from other districts outside the state	-	-	7,500	7,500
1330 Summer school tuition	3,000	3,000	1,880	(1,120)
1400 Transportation fees	-	-	740	740
1510 Interest on investments	9,000	9,000	11,739	2,739
1710 Admissions	10,000	10,000	11,212	1,212
1740 Fees from extracurricular activities	35,000	35,000	28,995	(6,005)
1920 Donations from private sources	-	-	602	602
1930 Rental or leases payments	24,000	24,000	36,000	12,000
1940 Services provided by other districts	25,000	25,000	24,000	(1,000)
1943 Services provided other charter schools	15,000	15,000	20,780	5,780
1980 Fees charged to grants	-	-	98	98
1990 Miscellaneous	40,000	40,000	50,011	10,011
Total 1000 Local sources	3,321,000	3,336,834	3,625,309	288,475
2000 Intermediate sources				
2101 County school funds	10,000	10,000	50,105	40,105
2102 Education service district apportionment	150,000	150,000	132,000	(18,000)
2105 Natural gas, oil, mineral receipts	15,000	15,000	10,197	(4,803)
Total 2000 Intermediate sources	175,000	175,000	192,302	17,302
3000 State sources				
3101 State school fund - general support	5,195,265	5,195,265	5,060,858	(134,407)
3103 Common school fund	90,143	90,143	106,646	16,503
3104 State timber revenue	21,000	21,000	82,349	61,349
Total 3000 State sources	5,306,408	5,306,408	5,249,853	(56,555)
4000 Federal sources				
4500 Restricted revenue from the federal government through the state	-	-	108	108
TOTAL REVENUES	8,802,408	8,818,242	9,067,572	249,330

*Continued on next page*

**GENERAL FUND****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGET AND ACTUAL (continued)**

	Original Budget	Final Budget	Actual	Variance
<b>EXPENDITURES</b>				
1000 Instruction	\$ 4,810,511	\$ 4,810,511	\$ 4,604,399	\$ 206,112
2000 Support services	3,882,397	3,882,297	3,813,211	69,086
3000 Enterprise and community services	3,000	18,834	18,710	124
5000 Debt service	150,500	150,600	150,534	66
6000 Contingencies	<u>146,000</u>	<u>146,000</u>	<u>-</u>	<u>146,000</u>
 TOTAL EXPENDITURES	 <u>8,992,408</u>	 <u>9,008,242</u>	 <u>8,586,854</u>	 <u>421,388</u>
 Excess (deficiency) of revenues over expenditures	 (190,000)	 (190,000)	 480,718	 670,718
 <b>OTHER FINANCING SOURCES (USES)</b>				
5200 Transfers of funds	<u>(130,000)</u>	<u>(130,000)</u>	<u>(130,000)</u>	<u>-</u>
 Net change in fund balance	 (320,000)	 (320,000)	 350,718	 670,718
Fund balance at beginning of year	<u>320,000</u>	<u>320,000</u>	<u>299,415</u>	<u>(20,585)</u>
 Fund balance at end of year	 <u>\$ -</u>	 <u>\$ -</u>	 <u>\$ 650,133</u>	 <u>\$ 650,133</u>

*See accompanying notes*

**RAINIER SCHOOL DISTRICT NO. 13**

**SPECIAL REVENUE FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
1000 Local sources			
1510 Interest on investments	\$ 4,000	\$ 928	\$ (3,072)
1610 Daily sales reimbursable	153,000	93,889	(59,111)
1630 Special functions	12,000	12,631	631
1740 Fees	14,000	7,731	(6,269)
1790 Other curricular activities	400,000	163,380	(236,620)
1810 Community services activities	85,000	83,162	(1,838)
1920 Contributions and donation from private sources	25,000	36,722	11,722
1940 Services provided other districts	23,000	23,000	-
1990 Miscellaneous	<u>100,000</u>	<u>139,490</u>	<u>39,490</u>
Total 1000 Local sources	<u>816,000</u>	<u>560,933</u>	<u>(255,067)</u>
2000 Intermediate sources			
2200 Restricted revenue	-	12,203	12,203
2900 Revenue on behalf of district	<u>-</u>	<u>22,000</u>	<u>22,000</u>
Total 2000 Intermediate sources	<u>-</u>	<u>34,203</u>	<u>34,203</u>
3000 State sources			
3102 State school fund-school lunch match	5,000	3,911	(1,089)
3299 Other restricted grants-in-aid	<u>145,500</u>	<u>34,530</u>	<u>(110,970)</u>
Total 3000 State sources	<u>150,500</u>	<u>38,441</u>	<u>(112,059)</u>
4000 Federal sources			
4300 Restricted revenue direct from federal government	29,000	7,659	(21,341)
4500 Restricted revenue from the federal government through the state	473,500	441,054	(32,446)
4505 National lunch reimbursement	235,000	240,067	5,067
4506 Breakfast reimbursement	65,000	54,890	(10,110)
4910 Commodities	<u>36,000</u>	<u>41,038</u>	<u>5,038</u>
Total 4000 Federal sources	<u>838,500</u>	<u>784,708</u>	<u>(53,792)</u>
<b>TOTAL REVENUES</b>	<u>1,805,000</u>	<u>1,418,285</u>	<u>(386,715)</u>

*Continued on next page*

**SPECIAL REVENUE FUND**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**

	Original and Final Budget	Actual	Variance
<b>EXPENDITURES</b>			
1000 Instruction	\$ 874,414	\$ 526,429	\$ 347,985
2000 Support services	288,586	177,062	111,524
3000 Enterprise and community services	<u>719,000</u>	<u>692,330</u>	<u>26,670</u>
 TOTAL EXPENDITURES	 <u>1,882,000</u>	 <u>1,395,821</u>	 <u>486,179</u>
 Excess (deficiency) of revenues over expenditures	 (77,000)	 22,464	 99,464
 <b>OTHER FINANCING SOURCES (USES)</b>			
5200 Interfund transfers	<u>80,000</u>	<u>80,000</u>	<u>-</u>
 Net change in fund balance	 3,000	 102,464	 99,464
Fund balance at beginning of year	<u>83,000</u>	<u>399,518</u>	<u>316,518</u>
 Fund balance at end of year	 <u>\$ 86,000</u>	 <u>\$ 501,982</u>	 <u>\$ 415,982</u>

*See accompanying notes*

## **RAINIER SCHOOL DISTRICT NO. 13**

### **NOTES TO BASIC FINANCIAL STATEMENTS**

**June 30, 2016**

#### **1. Summary of significant accounting policies**

##### **A. Organization (reporting entity)**

The **RAINIER SCHOOL DISTRICT NO. 13** is a municipal corporation and serves students in kindergarten through grade twelve. Control of the District is vested in its board of directors who are elected to office by voters within the District. Administrative functions are delegated to individuals who report to and are responsible to the board. The chief administrative officer is the superintendent.

The accompanying financial statements present all funds for which the District is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The board of directors serves as the governing board of the NORTH COLUMBIA ACADEMY. Therefore, the accounts of the Academy are included in the financial statements of the district.

Complete financial statements for the NORTH COLUMBIA ACADEMY may be obtained from the District's finance department.

##### **B. Government-wide and fund financial statements**

Government-wide financial statements (the statement of net position and the statement of activities) report information on all of the activities of the District. As a general rule, the effect of interfund activity has been eliminated from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity is offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function or activity. Program revenues include charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or activity. In addition, program revenues include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or activity. Taxes and other items are not properly included among program revenues are reported instead as general revenues.

Fund financial statements are also provided in the report for all of the governmental funds of the District. The District's major funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### C. Measurement focus and basis of accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets less total liabilities) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the statement of net position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific school district expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as deferred revenues until earned. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. District resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. All funds operated by the District are governmental funds. The following major funds are reported by the District:

*General* – accounts for the financial operations of the District that are not accounted for in any other fund. Principal sources of revenue are state school funding and property taxes. Primary expenditures are salaries for educational and support staff.

*Special Revenue* – accounts for the majority of the federal and state grant money received and expended by the District, student activities, and co-curricular activities. The principal revenue sources are federal and state grants, fundraising, and student fees. The primary expenditures are costs associated with running the specialized education programs, and supporting sports and student body projects.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### C. Measurement focus and basis of accounting (continued)

*Debt Service*— accounts for the repayment of principal and interest on PERS bond and the sinking fund requirements for repayment of principal of the QZAB Bond. Interest payments on the QZAB Bond are subsidized and made as a direct payment by the IRS. The principal revenue sources are charges to other funds and transfers from the General Fund.

Additionally, the District reports the following as nonmajor funds:

North Columbia Academy – accounts for the District’s charter school. The principal revenue source is state school funding.

Capital Improvements Reserve – accounts for major capital improvements. The principal revenue source is bond proceeds, interest on investments and transfers from other funds.

#### D. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds except agency funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at year-end.

The District 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 Board of Directors adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was prepared.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The District established the levels of budgetary control at the instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, and all other requirement levels for all funds.

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

#### E. Investments

Investments are stated at cost, which approximates fair value.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### F. Inventory

Purchased inventory consists of food and supplies and is valued at the lower of cost (first-in, first-out method) or market. The cost of purchased inventory is recorded as an expenditure at the time of purchase. Commodities inventory consists of food items donated to the district by the USDA and is valued at estimated fair value on the donation date.

#### G. Capital assets

##### i. Government-wide statements

Capital assets, which include land, buildings, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. In addition, capital assets purchased may be capitalized regardless of the thresholds established. Such assets are reported at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are reported at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Land Improvements	10
Equipment	5 – 10
Building Improvements	20

##### ii. Fund financial statements

In the fund financial statements, capital assets arising from cash transactions acquired for use in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### H. Long-term obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

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

#### I. Compensated absences

##### i. Sick leave

The District has a policy which permits employees to earn sick leave at the rate of one day per month, except for ten month employees who earn ten days each school year. The district does not compensate the employees for accumulations upon termination of employment.

##### ii. Vacation leave

The District has a policy which allows full-time, twelve month employees to earn vacation leave. The rate at which vacation leave is earned is determined by the employee's length of employment and collective bargaining agreements.

#### J. Use of estimates

Management uses estimates and assumptions in preparing these financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenditures. Actual results could differ from those estimates.

#### K. Equity classification

##### i. Government-wide financial statements classify net position in three components as follows:

***Net investment in capital assets*** – Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

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

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 1. Summary of significant accounting policies (continued)

#### K. Equity classification (continued)

- i. Government-wide financial statements classify net position in three components as follows (continued):

***Unrestricted net position*** – All other net position that does not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

When both restricted and unrestricted resources are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

- ii. Governmental fund type fund balance reporting

The Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54) requires governmental type fund balance amounts to be properly reported within one of the fund balance categories list below:

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

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

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

***Assigned*** — amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The School Board has granted authority to the superintendent and the business manager to assign fund balance amounts.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

1. Summary of significant accounting policies (continued)

L. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Oregon Public Employee Retirement System (OPERS) and additions to/deductions from OPERS’ fiduciary net position have been determined on the same basis as they are reported by OPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

2. Deposits and investments

The District maintains a pool of cash and investments that are available for use by all funds. Each fund’s portion of this pool is displayed on the financial statements as cash and investments. Additionally, several funds hold separate cash and investment accounts. Interest earned on pooled cash and investments is allocated to participating funds based upon their combined cash and investment balances.

Investments, including amounts held in pooled cash and investments, are stated at fair value. In accordance with Governmental Accounting Standards Board (GASB) Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, investments with a remaining maturity of more than one year, at the time of purchase 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. Investments in the State of Oregon Local Government Investment Pool (LGIP) are stated at fair value.

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 the District’s position in the LGIP is the same as the value of the pool shares.

*Credit risk:* Oregon statutes authorize the District 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.

As of June 30, 2016, the District had the following investments:

	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer’s Investment Pool	N/A	<u>\$ 981,309</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Deposits and investments (continued)

*Interest Rate Risk:* The District 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.

*Concentration of Credit Risk:* The District does not have a formal policy that places a limit on the amount that may be invested in any one issuer. 100 percent of the District's investments are in the State Treasurer's Investment Pool.

*Custodial Credit Risk – Deposits:* This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2016, \$165,577 of the District's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not the District's name.

A. The District's deposits and investments at June 30, 2016 are as follows:

Total investments	\$ 981,309
Cash on hand	1,300
Deposits with financial institutions	199,744
Cash with fiscal agents	<u>266,720</u>
Total deposits and investments	<u>\$ 1,449,073</u>

B. Cash and investments by fund:

Unrestricted	
General	\$ 847,271
Special Revenue	159,780
Debt Service	49,005
Nonmajor	<u>126,350</u>
Subtotal – unrestricted	1,182,406
Restricted	
Debt Service	<u>266,667</u>
Totals	<u>\$ 1,449,073</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 2. Deposits and investments (continued)

#### C. Restricted cash

In connection with the Qualified Zone Academy Bonds, discussed in Note 7.B., the District is required to set aside cash in an account for the future payment of maturing bond principal and interest.

### 3. Receivables

	<u>General</u>	<u>Special Revenue</u>	<u>Totals</u>
Property taxes	\$ 220,337	\$ -	\$ 220,337
County treasurer	40,596	-	40,596
Grants	-	347,012	347,012
Intergovernment loan	-	6,250	6,250
Other	<u>89,495</u>	<u>524</u>	<u>90,019</u>
	<u>\$ 350,428</u>	<u>\$ 353,786</u>	<u>\$ 704,214</u>

#### A. Property tax collection procedures

Taxes are levied on July 1 and are payable in three installments due November 15, February 15 and May 15. Columbia County bills and collects property taxes for the District.

#### B. Ensuing year's property tax levy

The permanent tax rate is \$5.436 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$5.00 per thousand of assessed value imposed by the Oregon Constitution is expected to affect this levy.

### 4. Inventory

	<u>Special Revenue</u>
Commodities – U.S.D.A.	\$ 18,334
Purchased food and supplies	<u>3,067</u>
	<u>\$ 21,401</u>



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 5. Capital assets

A. Transactions for the year ended June 30, 2016 were as follows:

	Balances July 1, 2015	Increases	Decreases	Balances June 30, 2016
Capital assets not being depreciated				
Land	\$ 693,143	\$ -	\$ -	\$ 693,143
Capital assets being depreciated				
Building	\$ 12,476,575	\$ -	\$ -	\$ 12,476,575
Equipment	<u>1,151,773</u>	<u>52,853</u>	<u>(381,674)</u>	<u>822,952</u>
Total capital assets being depreciated	13,628,348	52,853	(381,674)	13,299,527
Total accumulated depreciated	<u>9,328,995</u>	<u>390,290</u>	<u>(381,674)</u>	<u>9,337,611</u>
Total capital assets being depreciated, net	<u>\$ 4,299,353</u>	<u>\$ (337,437)</u>	<u>\$ -</u>	<u>\$ 3,961,916</u>
Total capital assets, net	<u>\$ 4,992,496</u>	<u>\$ (337,437)</u>	<u>\$ -</u>	<u>\$ 4,655,059</u>

B. Depreciation expense was charged to functions as follows:

Instruction	\$ 247,351
Support services	117,740
Enterprise and community services	<u>25,199</u>
	<u>\$ 390,290</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6. Long-term obligations

#### A. Transactions for the year ended June 30, 2016

	Balances July 1, 2015	Additions	Reductions	Balances June 30, 2016	Due Within One Year
<u>Pension Obligation Bonds</u>					
UAL PERS, Series 2005A	\$ 6,265,000	\$ -	\$ 250,000	\$ 6,015,000	\$ 285,000
<u>Revenue Bonds</u>					
Qualified Zone Academy Bonds Series, 2012A	1,200,000	-	-	1,200,000	-
<u>Loan</u>					
St. Helens Community Federal Credit Union	150,000	-	150,000	-	-
Subtotal	7,615,000	-	400,000	7,215,000	285,000
<u>Other long-term obligations</u>					
Net pension liability	-	2,168,823	-	2,168,823	-
Compensated absences	14,193	17,545	14,193	17,545	17,545
Other post-employment benefits	277,828	72,406	87,847	262,387	-
Total long-term obligations	<u>\$ 7,907,021</u>	<u>\$ 2,258,774</u>	<u>\$ 502,040</u>	<u>\$ 9,663,755</u>	<u>\$ 302,545</u>

#### B. Pension obligation bonds

2005 UAL PERS, Series 2005A -. The District issued PERS bonds in the amount of \$7,265,000 with variable interest rates of 3.68 percent to 4.52 percent, as a prepayment of the District's unfunded pension liability. The annual payments on the UAL PERS Bonds are accounted for as additional contributions to the Public Employees Retirement System.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 6. Long-term obligations (Continued)

#### C. Revenue bonds

2012 Qualified Zone Academy Bond, Series 2012A – The District issued a \$1,200,000 bond through the Oregon School Boards Association Flex Fund Program. Interest is payable on the bonds at the rate of 4.625 percent per annum with semiannual interest payments of \$27,750 due on June 30 and December 30 of each year, through June 30, 2030. The District receives a subsidy from the United States Treasury for the entire amount of the interest payments. In the event of nonpayment by the United States Treasury, the District is obligated to pay the interest charges.

The District is required to make annual sinking fund payments of \$66,667 to a trustee to be deposited and held in the debt service account. The District's debt service account must match the end of year sinking fund balance as per agreement. At June 30, 2016 the sinking fund balance satisfied the agreement requirement.

#### D. Loan

St. Helens Community Federal Credit Union – The District borrowed \$150,000 to finance the purchase of bleachers. Monthly, interest only, payments at 5.00 percent were due beginning August 21, 2014 and a final payment for the remaining principal was made in July of 2015.

#### E. The future maturities of long-term obligations outstanding as of June 30, 2016 are as follows:

Fiscal Year	Pension Obligation		QZAB Bonds			
	Bonds, Series 2005 A		OSBA Flexfund Series 2012A		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 285,000	\$ 285,013	\$ -	\$ 55,500	\$ 285,000	\$ 340,513
2018	320,000	271,708	-	55,500	320,000	327,208
2019	360,000	256,770	-	55,500	360,000	312,270
2020	400,000	239,966	-	55,500	400,000	295,466
2021	445,000	221,293	-	55,500	445,000	276,793
2022-26	3,005,000	741,690	-	277,500	3,005,000	1,019,190
2027-31	1,200,000	76,858	1,200,000	222,000	2,400,000	298,858
2032-36	-	-	-	-	-	-
	\$ 6,015,000	\$ 2,093,298	\$ 1,200,000	\$ 777,000	\$ 7,215,000	\$ 2,870,298

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Unavailable revenue

Resources owned by the District, which are measurable but unavailable consist of the following:

	<u>General</u>	<u>Special Revenue</u>	<u>Total</u>
Property taxes	\$ 204,218	\$ -	\$ 204,218
Loan	<u>-</u>	<u>6,250</u>	<u>6,250</u>
	<u>\$ 204,218</u>	<u>\$ 6,250</u>	<u>\$ 210,468</u>

### 8. Governmental fund balances

Fund balance amounts for governmental funds have been reported in the categories of nonspendable, restricted, committed, assigned and unassigned. The specific purposes for these amounts are as follows:

<u>Categories</u>	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Nonmajor Funds</u>	<u>Total</u>
<b>Nonspendable:</b>					
Prepaid items	\$ 200	\$ -	\$ -	\$ -	\$ 200
Inventory	-	21,401	-	-	21,401
<b>Restricted:</b>					
Debt service	-	-	313,784	-	313,784
Fred Meyer grounds grant	-	2,000	-	-	2,000
American Forest					
Foundation grant	-	2,081	-	-	2,081
Other miscellaneous donor					
specified purposes	-	40,666	-	-	40,666
Scholarship	-	87,626	-	-	87,626
Student activities	-	151,652	-	-	151,652
<b>Committed:</b>					
Health Center	-	100,000	-	-	100,000
<b>Assigned:</b>					
Capital improvements	-	-	-	34,997	34,997
Student health needs	-	96,556	-	-	96,556
<b>Unassigned</b>	<u>649,933</u>	<u>-</u>	<u>-</u>	<u>88,615</u>	<u>738,548</u>
Total fund balances	<u>\$ 650,133</u>	<u>\$ 501,982</u>	<u>\$ 313,784</u>	<u>\$ 123,612</u>	<u>\$ 1,589,511</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan

#### A. Plan description

Employees of the District are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A.

The OPERS consists of a single cost-sharing multiple employer defined benefit pension plan.

OPERS produces an independently audited Comprehensive Annual Financial Report which can be found at: [www.oregon.gov/pers/Pages/section/financial\\_reports/financials.aspx](http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx)

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

#### B. Description of benefit terms

##### Plan benefits

All benefits of the System are established by the legislature pursuant to ORS Chapters 238 and 238A.

1. **Tier one/tier two retirement benefit (Chapter 238).** Tier One/Tier Two Retirement Benefit plan is closed to new members hired on or after August 29, 2003.

##### Pension benefits

The OPERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefit results.

A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier One general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier Two members are eligible for full benefits at age 60.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### B. Description of benefit terms (continued)

##### Plan benefits (continued)

##### 1. Tier one/tier two retirement benefit (Chapter 238) (continued)

###### Death benefits

Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- the member was employed by a OPERS employer at the time of death,
- the member died within 120 days after termination of OPERS-covered employment,
- the member died as a result of injury sustained while employed in a OPERS-covered job, or
- the member was on an official leave of absence from a OPERS-covered job at the time of death.

###### Disability benefits

A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including OPERS judge members) for disability benefits regardless of the length of OPERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

###### Benefit changes after retirement

Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value of equity investments.

Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cost-of-living increase for fiscal year 2015 was capped at 1.5 percent for all benefit recipients. As a result of the *Moro Decision* (*Everice Moro et al v. State of Oregon et al*), the cap on the cost-of-living increases are 2.0 percent for fiscal years 2016 and beyond.

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **9. Defined benefit pension plan (continued)**

#### **B. Description of benefit terms (continued)**

##### **Plan benefits (continued)**

#### **2. Oregon Public Service Retirement Plan (Chapter 238A) (OPSRP DB)**

##### **Pension benefits.**

The OPSRP pension program provides benefits to members hired on or after August 29, 2003.

This portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated with the following formula for members who attain normal retirement age:

General service: 1.5 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for general service members is age 65, or age 58 with 30 years of retirement credit.

A member of the OPSRP pension program becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, and, if the pension program is terminated, the date on which termination becomes effective.

##### **Death benefits**

Upon the death of a non-retired member, the spouse or other person who is constitutionally required to be treated in the same manner as the spouse, receives for life 50 percent of the pension that would otherwise have been paid to the deceased member.

##### **Disability Benefits**

A member who has accrued 10 or more years of retirement credits before the member becomes disabled or a member who becomes disabled due to job-related injury shall receive a disability benefit of 45 percent of the member's salary determined as of the last full month of employment before the disability occurred.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### C. Contributions

OPERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due.

Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2015.

Tier 1/tier 2 employer contribution rates are 7.76 percent and the OPSRP employer contribution rates are 3.07 percent for general service employees. Employer contributions for the year ended June 30, 2016 were \$240,863, excluding amounts to fund employer specific liabilities.

#### D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions

At June 30, 2016, the District reported a liability of \$2,168,823 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

Employers' long-term contribution efforts are based on projected rates that have two major components:

1. Normal Cost Rate: The economic value, stated as a percent of payroll, for the portion of each active member's total projected retirement benefit that is allocated to the upcoming year of service. The rate is in effect for as long as each member continues in OPERS-covered employment. The current value of all projected future Normal Cost Rate contributions is the Present Value of Future Normal Costs (PVFNC). The PVFNC represents the portion of the projected long-term contribution effort related to future service.

An employer's PVFNC depends on both the normal cost rates charged on the employer's payrolls, and on the underlying demographics of the respective payrolls. For OPERS funding, employers have up to two different payrolls, each with a different normal cost rate: (1) Tier 1/Tier 2 payroll and (2) OPSRP general service payroll.

The employer's Normal Cost Rates for each payroll are combined with system-wide present value factors for each payroll to develop an estimated PVFNC. The present value factors are actuarially determined at a system level for simplicity and to allow for the PVFNC calculations to be audited in a timely, cost-effective manner.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

2. UAL Rate: If system assets are less than the actuarial liability, an Unfunded Actuarial Liability (UAL) exists. UAL can arise when an event such as experience differing from the assumptions used in the actuarial valuation occurs. An amortization schedule is established to eliminate the UAL that arises over a fixed period of time if future experience follows assumption. The UAL Rate is the upcoming year's component of the cumulative amortization schedules, stated as a percent of payroll. The present value of all projected UAL Rate contributions is equal to the Unfunded Actuarial Liability (UAL). The UAL represents the portion of the projected long-term contribution effort related to past service.
3. The UAL has Tier 1/Tier 2 and OPSRP pieces. The Tier 1/Tier 2 piece is based on the employer's Tier 1/Tier 2 pooling arrangement. If an employer participates in one of the two large Tier 1/Tier 2 rate pools [State & Local Government Rate Pool (SLGRP) or School Districts Rate Pool], then the employer's Tier 1/Tier 2 UAL is their pro-rata share of their pool's UAL. The pro-rata calculation is based on the employer's payroll in proportion to the pool's total payroll. The OPSRP piece of the UAL follows a parallel pro-rata approach, as OPSRP experience is mandatorily pooled at a state-wide level. Employers that do not participate in a Tier 1/Tier 2 pooling arrangement, who are referred to as "Independent Employers", have their Tier 1/Tier 2 UAL tracked separately in the actuarial valuation.

The projected long-term contribution effort is the sum of the PVFNC and the UAL. The PVFNC part of the contribution effort pays for the value of future service while the UAL part of the contribution effort pays for the value of past service not already funded by accumulated contributions and investment earnings. Each of the two contribution effort components are calculated at the employer-specific level. The sum of these components across all employers is the total projected long-term contribution effort.

At June 30, 2016, the District's proportion was 0.03777475 percent, which was an decrease of 0.00625082 percent from its proportion measured as of June 30, 2015.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### D. Pension asset or liability, pension expense and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

For the year ended June 30, 2016, the District recognized pension expense (revenue) of \$(1,891,073). At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 116,954	\$ --
Net difference between projected and actual earnings on pension plan investments	--	454,634
Changes in proportion and difference between District's contributions and proportionate share of contributions	23,018	107,322
District's contributions subsequent to the measurement date	<u>240,863</u>	<u>--</u>
	<u>\$ 380,835</u>	<u>\$ 561,956</u>

\$240,863 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability (asset) in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (income) as follows:

Year ends June 30,	
2017	\$ (209,131)
2018	(209,131)
2019	(209,131)
2020	203,108
2021	<u>2,301</u>
	<u>\$ (421,984)</u>

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **9. Defined benefit pension plan (continued)**

#### **E. Actuarial valuations**

The December 31, 2013 actuarial valuation used the following actuarial methods and valuation procedures in determining the Tier One/Tier Two contribution rates.

##### **Actuarial cost method**

The employer contribution rates effective July 1, 2015, through June 30, 2017, were set using the entry age normal actuarial cost method. Under this actuarial cost method, each active member's entry age present value of projected benefits is allocated over the member's service from the member's date of entry until their assumed date of exit, taking into consideration expected future compensation increases.

##### **Tier One/Tier Two unfunded actuarial accrued liability amortization**

The Tier 1/Tier 2 UAL amortization period is reset to 20 years as of December 31, 2013. Gains and losses between subsequent odd-year valuations will be amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 20 year period from the valuation in which they are first recognized.

##### **Retiree healthcare unfunded actuarial accrued liability amortization**

The UAL for Retiree Health Care as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed 10 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over a closed 10 year period from the valuation in which they are first recognized.

##### **Asset valuation method**

The actuarial value of assets equals the market value of assets, excluding the Contingency and Capital Preservation Reserves, and the Rate Guarantee Reserve when it is in positive surplus status. Market values are reported to the actuary by PERS.

##### **Contribution rate stabilization method**

Contribution rates for a rate pool (e.g. Tier 1/Tier 2 SLGRP, Tier 1/Tier 2 School Districts, OPSRP) are confined to a collared range based on the prior contribution rate (prior to application of side accounts, pre-SLGRP liabilities, and 6 percent Independent Employer minimum). The new contribution rate will generally not increase or decrease from the prior contribution rate by more than the greater of 3 percentage points or 20 percent of the prior contribution rate. If the funded percentage excluding side accounts drops below 60% or increases above 140%, the size of the collar doubles. If the funded percentage excluding side accounts is between 60% and 70% or between 130% and 140%, the size of the rate collar is increased on a graded scale.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

E. Actuarial valuations (continued)

Allocation of liability for service segments

For active Tier 1/Tier 2 members who have worked for multiple PERS employers over their career, the calculated actuarial accrued liability is allocated among the employers based on a weighted average of the Money Match methodology, which uses account balance, and the Full Formula methodology, which uses service. The allocation is 30% (5% for police & fire) based on account balance with each employer and 70% (95% for police & fire) based on service with each employer. The entire normal cost is allocated to the current employer.

Allocation of benefits-in-force reserve

The reserve is allocated to each rate pool in proportion to the retiree liability attributable to the rate pool.

Economic assumptions

Investment return	7.75% compounded annually
Pre-2014 interest crediting	8.00% compounded annually on regular account balances
	8.25% compounded annually on variable account balances
Post 2013 interest crediting	7.75% compounded annually
Inflation	2.75% compounded annually
Payroll growth	3.75% compounded annually
Healthcare cost trends	Ranges from 6.1% in 2014 to 4.7% in 2083

Demographic assumptions

Mortality tables

Healthy retirees	RP 2000, Generational (Scale AA) Combined Active/Healthy Annuitant, Sex Distinct
Disabled retirees	RP 2000, Static, Combined Disabled, No Collar, Sex Distinct Male 65% and Female 90% of disabled table
Non-annuitants	Ranges from 55% to 70% of healthy retired mortality tables depending upon sex and employment type

Retirement assumptions

Probability tables based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

Salary increase assumptions

Salary increase assumptions, in addition to general payroll growth, include merit increase, unused sick leave and vacation pay.

## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **9. Defined benefit pension plan (continued)**

#### **E. Actuarial valuations (continued)**

The December 31, 2013 actuarial valuation for OPSRP generally used the same actuarial methods and valuation procedures as Tier One/Tier Two contribution rates except as follows.

##### **OPSRP unfunded actuarial accrued liability amortization**

The UAL as of December 31, 2007 is amortized as a level percentage of combined valuation payroll (Tier 1/ Tier 2 plus OPSRP payroll) over a closed period 16 year period. Gains and losses between subsequent odd-year valuations are amortized as a level percentage of combined valuation payroll over 16 years from the valuation in which they are first recognized.

##### **Economic assumptions**

An additional amount for administrative expenses is added to the normal cost.

##### **Retirement assumptions**

Probability tables are different but still based on age of member, years of service and employment type with all police and fire retired by age 65 and all others retired by age 70, election to receive a lump sum option at retirement, disability assumptions, termination assumptions and Oregon post-retirement residency assumptions.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### F. Actuarial methods and assumptions used in developing total pension liability

Valuation Date	December 31, 2013
Measurement Date	June 30, 2015
Experience Study Report	2014, published September 2015
Actuarial Cost Method	Entry Age Normal
Actuarial Assumptions:	
Inflation Rate	2.75 percent
Long-term expected rate of return	7.75 percent
Discount rate	7.75 percent
Projected Salary Increases	3.75 percent
Cost of living adjustments (COLA)	Blend of 2.00 percent COLA and graded COLA (1.25%/.015) in accordance with <i>Moro</i> decision; blend based on service
Mortality	<p><b>Healthy retirees and beneficiaries:</b> RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation.</p> <p><b>Active members:</b> Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation.</p> <p><b>Disabled retirees:</b> Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.</p>

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The methods and assumptions shown above are based on the 2014 Experience Study which reviewed experience for the four-year period ending on December 31, 2014.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 9. Defined benefit pension plan (continued)

#### F. Actuarial methods and assumptions used in developing total pension liability (continued)

##### Discount rate

The discount rate used to measure the total pension liability was 7.75 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

##### Long-term expected rate of return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both the actuaries capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on forward-looking capital market economic model. For more information on the Plan's portfolio, assumed asset allocation and the long-term expected rate of return for each major asset class, calculated using both arithmetic and geometric means, see PERS audited financial statements.

The table below presents the assumptions for each of the asset classes in which the Plan was invested at the time based on the OIC's long-term target asset allocation.

Asset Class	Target Allocation*	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00	3.76	3.70	3.45
Intermediate-Term Bonds	3.00	4.23	4.10	5.15
High Yield Bonds	1.80	7.21	6.66	11.10
Large Cap US Equities	11.65	8.60	7.20	17.90
Mid Cap US Equities	3.88	9.38	7.30	22.00
Small Cap US Equities	2.27	10.38	7.45	26.40
Developed Foreign Equities	14.21	8.73	6.90	20.55
Emerging Market Equities	5.49	11.51	7.40	31.70
Private Equity	20.00	11.95	8.26	30.00
Hedge Funds/Absolute Return	5.00	6.46	6.01	10.00
Real Estate (Property)	13.75	7.27	6.51	13.00
Real Estate (REITS)	2.50	8.41	6.76	19.45
Commodities	1.25	7.71	6.07	19.70
Assumed Inflation - Mean			2.75%	2.00%
* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 18, 2012, and the revised allocation adopted at the June 26, 2013 OIC meeting.				

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

9. Defined benefit pension plan (continued)

F. Actuarial methods and assumptions used in developing total pension liability (continued)

Depletion date projection

GASB 68 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan’s Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for OPERS:

- OPERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 68 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan’s funded position.

Based on these circumstances, it is OPERS independent actuary’s opinion that the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

G. Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.75 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75 percent) or 1-percentage-point higher (8.75 percent) than the current rate:

	1 Percentage Point Lower	Current Discount Rate	1 Percentage Point Higher
District’s proportionate share of net pension liability or (asset)	\$ 5,234,373	\$ 2,168,823	\$ (414,631)



## **NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

### **10. Defined contribution plan**

#### **Individual Account Program (IAP)**

Participants in OPERS defined benefit pension plan also participate in the defined contribution plan.

#### **Pension benefits**

An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies.

Upon retirement, a member of the IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

#### **Death benefits**

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

#### **Contributions**

The District makes the employee contributions of 6 percent of covered payroll to the plan. Contributions for the year ended June 30, 2016 were \$273,772.

#### **Recordkeeping**

PERS contracts with VOYA Financial to maintain IAP participant records.

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

11. Contingencies - sick leave

Portions of amounts accumulated at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2016, employees of the District had accumulated 38,018 hours of sick leave.

12. Other post-employment benefits

Plan description and benefits provided

The District provides *other post-employment benefits* (OPEB) for employees, retirees, spouses and dependents through a single employer defined contribution plan in the form of group health insurance benefits. As required by ORS 243.303(2) retirees who were hired after July 1, 2003 are allowed to continue, at the retirees' expense, coverage under the group health insurance plan until age 65. The difference between the premium actually paid by retirees under the group insurance plan and the premium that they would pay if they were not included in the plan is considered to be an implicit subsidy under the provisions of GASB 45. The plan does not issue a separate stand-alone financial report.

Membership

The District's membership in the plan at October 1, 2015 (the date of the most recent actuarial valuation) consisted of the following:

Active employees	106
Retirees, spouses or dependents	<u>14</u>
Total	<u><u>120</u></u>

Funding policy and contributions

The District funds the plan only to the extent of current year insurance premium requirements on a pay-as-you-go basis.

The District has not established an irrevocable trust to accumulate assets to fund the cost of the net OPEB obligation that arises from the implicit subsidy.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 12. Other post-employment benefits (continued)

#### Annual OPEB cost and net OPEB Obligation

The District had its latest actuarial valuation performed as of October 1, 2015 to determine the *unfunded accrued actuarial liability* (UAAL), *annual required contribution* (ARC) and NOPEBO as of that date. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed fifteen years. The annual OPEB cost is equal to the ARC as follows:

Normal cost	\$ 32,281
Amortization of UAAL	<u>63,807</u>
Annual required contribution	<u>\$ 96,088</u>

The OPEB obligation as of June 30, 2016 was calculated as follows:

Annual required contribution	\$ 96,088
Interest on prior year OPEB Obligation	9,724
Adjustment to ARC	(33,406)
Contributions made	<u>(87,847)</u>
Increase in OPEB obligation	(15,441)
OPEB obligation at beginning of year	<u>277,828</u>
OPEB obligation at end of year	<u>\$ 262,387</u>

The District's annual OPEB cost, percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation is as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>OPEB Obligation</u>
June 30, 2016	\$ 72,406	121%	\$ 262,387
June 30, 2015	135,551	79%	277,828
June 30, 2014	137,936	73%	249,731
June 30, 2013	140,828	69%	212,166
June 30, 2012	192,862	70%	169,126

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 12. Other post-employment benefits (continued)

#### Funded status and funding progress

Actuarial valuations of an ongoing plan involve estimates of the values of reported amounts and assumptions about the probability of occurrence of events into the future, including assumptions about future employment, mortality and healthcare costs. Amounts determined regarding the funded status of the plan and the annual required contributions of the District are subject to continual revisions as actual results are compared with historical experience and new estimates are made about the future. The schedule of funding progress presents information about the actuarial value of the plan and the unfunded actuarial liability.

<u>Valuation Date</u>	<u>Assets</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Accrued Liability</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAL/ Payroll</u>
October 1, 2015	\$ --	\$ 535,245	\$ 535,245	0%	\$ 4,824,011	11%
October 1, 2012	\$ --	\$ 886,232	\$ 886,232	0%	\$ 4,705,668	19%
October 1, 2009	\$ --	\$ 1,511,430	\$ 1,511,430	0%	\$ 4,709,784	32%

#### Actuarial methods and assumptions

Actuarial valuations will be performed every two years for the District's other post-employment benefit plan. Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and plan members and include the types of benefits provided at the time of each valuation and historical patterns of sharing benefit costs between the District and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets consistent with the long-term perspective of the calculations.

In the October 1, 2015 valuation, the projected unit credit actuarial cost method was used to determine contribution levels comprised of normal cost and amortization payments. The actuarial assumptions included a 3.5 percent discount rate for future liabilities, a payroll growth rate of 2.50 percent per year, annual premium rate increases from 5.75 percent in 2015, 8.25 percent in 2016, 6.75 percent in 2017 and 6.25 to 5.25 percent thereafter, and a participation rate of 55 percent of future retirees electing coverage under the plan. Dental and vision premium rate increases are assumed to be 4.50% for all years. The unfunded actuarial accrued liability is being amortized using the level dollar amount over an open period of 10 years.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 13. Risk management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; torts; errors and omissions; injuries to employees; and natural disasters. The District 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.

### 14. Commitments

#### A. Operating leases

The District leases copiers under five-year non-cancelable operating leases. Remaining minimum lease payments subsequent to June 30, 2016 are as follows:

2016-2017	\$ <u>6,945</u>
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Lease obligation expenditures amounted to \$10,417 for the year ended June 30, 2016.

#### B. Scholarship awards

The District has received a pledge of \$16,000 per year to fund scholarships for two graduating students each year. These scholarships will be awarded each year in the amount of \$8,000 per recipient and are payable over a period of four years at \$2,000 per year. As of June 30, 2016, the District has received \$64,000 from the donor and awarded scholarships to a total of eight students. Scholarship awards totaling \$38,000 have not yet been paid to the scholarship recipients. These funds are considered restricted and are reported in the Special Revenue Fund.

### 15. Interfund transfers

Transfer from	Transfer to	Amount
General	Special Revenue	\$ 80,000
General	Debt Service	50,000

The transfer from the General Fund to the Special Revenue Fund was to supplement the resources of the Special Revenue Fund to cover expenditures in excess of revenues for pool operations, nutrition services, and outdoor school.

The transfer from the General Fund to the Debt Service Fund was to provide for the payment on the QZAB bond.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 16. Interfund receivables and payables

During the course of operations, numerous transactions occur between individual funds that may result in amounts owed between funds. Those related to goods and services type transactions are classified as “due to and from other funds.” Short-term interfund loans are reported as “interfund receivables and payables.” Long-term interfund loans (noncurrent portion) are reported as “advances from and to other funds.” Interfund receivables and payables between funds are eliminated in the statement of net position.

Individual fund receivable/payable balances at June 30, 2016 are as follows:

	Interfund Receivables	Interfund Payables
Major Funds:		
General	\$ 13,695	\$ -
Special Revenue	-	13,695

## **REQUIRED SUPPLEMENTARY INFORMATION**

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**RAINIER SCHOOL DISTRICT NO. 13**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM**

**Last 10 Years Ended June 30, \***

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Proportion of the collective net pension liability (asset)	0.03777475%	0.04402557%	0.04402557%
Proportionate share of the collective net pension liability (asset)	\$ 2,168,823	\$ (997,934)	\$ 2,246,689
Covered payroll	\$ 4,562,864	\$ 4,597,915	\$ 4,501,455
Proportionate share of the collective net pension liability (asset) as a percentage of the covered payroll	47.532%	-21.704%	49.910%
Pension plan's fiduciary net position as a percentage of the total pension liability	91.875%	103.590%	91.974%

\* Information will be accumulated annually until 10 years is presented

**RAINIER SCHOOL DISTRICT NO. 13**

**SCHEDULE OF CONTRIBUTIONS  
OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM  
Last 10 Years Ended June 30, \***

	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contributions	\$ 240,863	\$ 459,431	\$ 455,651	\$ 404,969	\$ 391,390	\$ 91,362	\$ 96,505	\$ 250,371
Contractually required contributions recognized by the pension plan	240,863	459,431	455,651	404,969	391,390	91,362	96,505	250,371
Difference	-	-	-	-	-	-	-	-
Covered payroll	4,562,864	4,597,915	4,501,455	4,499,061	4,426,437	4,622,126	4,628,136	5,009,553
Contractually required contributions as a percentage of covered payroll	5.27877%	9.99216%	10.12230%	9.00119%	8.84210%	1.97662%	2.08518%	4.99787%

\* Information will be accumulated until 10 years are presented.

**COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS  
AND SCHEDULES**

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**RAINIER SCHOOL DISTRICT NO. 13**

**DEBT SERVICE - DEBT SERVICE FUND  
(MAJOR FUND)**

**SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
1000 Local sources			
1510 Interest on investments	\$ 1,200	\$ 54	\$ (1,146)
1970 Services provided to other funds	<u>546,000</u>	<u>546,288</u>	<u>288</u>
Total 1000 Local sources	547,200	546,342	(858)
4000 Federal sources			
4900 Revenue for/on behalf of the district	<u>55,500</u>	<u>51,726</u>	<u>(3,774)</u>
TOTAL REVENUES	602,700	598,068	(4,632)
<b>EXPENDITURES</b>			
5000 Debt service	<u>602,500</u>	<u>601,812</u>	<u>688</u>
Excess (deficiency) of revenues over expenditures	200	(3,744)	(3,944)
<b>OTHER FINANCING SOURCES (USES)</b>			
5200 Interfund transfers	<u>50,000</u>	<u>50,000</u>	<u>-</u>
Net change in fund balance	50,200	46,256	(3,944)
Fund balance at beginning of year	<u>270,000</u>	<u>267,528</u>	<u>(2,472)</u>
Fund balance at end of year	<u>\$ 320,200</u>	<u>\$ 313,784</u>	<u>\$ (6,416)</u>

**RAINIER SCHOOL DISTRICT NO. 13**

**COMBINING BALANCE SHEET**

**NONMAJOR GOVERNMENTAL FUNDS**

**June 30, 2016**

	Special Revenue	Capital Projects	
	North Columbia Academy *	Capital Improvement Reserve	Totals
<b><u>ASSETS</u></b>			
Deposits and investments	\$ 88,777	\$ 37,573	\$ 126,350
<b><u>LIABILITIES</u></b>			
Accounts payable	162	2,576	2,738
<b><u>FUND BALANCES</u></b>			
Assigned	-	34,997	34,997
Unassigned	88,615	-	88,615
<b>TOTAL FUND BALANCES</b>	88,615	34,997	123,612
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	\$ 88,777	\$ 37,573	\$ 126,350

\* The District accounts for the North Columbia Academy as an agency (700) fund. However, GAAP requires it be presented as a special revenue fund for financial reporting purposes.

**RAINIER SCHOOL DISTRICT NO. 13**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2016**

	Special Revenue	Capital Projects	
	North Columbia Academy *	Capital Improvement Reserve	Totals
<b>REVENUES</b>			
State school fund	\$ 264,746	\$ -	\$ 264,746
Other	<u>-</u>	<u>9,190</u>	<u>9,190</u>
<b>TOTAL REVENUES</b>	<u>264,746</u>	<u>9,190</u>	<u>273,936</u>
<b>EXPENDITURES</b>			
Current:			
Instruction	236,300	-	236,300
Support services	-	48,002	48,002
Capital outlay	<u>-</u>	<u>16,401</u>	<u>16,401</u>
<b>TOTAL EXPENDITURES</b>	<u>236,300</u>	<u>64,403</u>	<u>300,703</u>
Excess (deficiency) of revenues over expenditures	28,446	(55,213)	(26,767)
<b>OTHER FINANCING SOURCES (USES)</b>			
Sale of or compensation for loss of capital assets	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Net change in fund balances	28,446	(54,013)	(25,567)
Fund balances at beginning of year	<u>60,169</u>	<u>89,010</u>	<u>149,179</u>
Fund balances at end of year	<u>\$ 88,615</u>	<u>\$ 34,997</u>	<u>\$ 123,612</u>

\* The District accounts for the North Columbia Academy as an agency (700) fund. However, GAAP requires it be presented as a special revenue fund for financial reporting purposes.

**RAINIER SCHOOL DISTRICT NO. 13**

**NORTH COLUMBIA ACADEMY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

<b>REVENUES</b>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
3000 State sources			
3101 State school fund	<u>\$ 275,000</u>	<u>\$ 264,746</u>	<u>\$ (10,254)</u>
 <b>EXPENDITURES</b>			
1000 Instruction	305,000	236,300	68,700
6000 Contingencies	<u>20,000</u>	<u>-</u>	<u>20,000</u>
 TOTAL EXPENDITURES	<u>325,000</u>	<u>236,300</u>	<u>88,700</u>
 Net change in fund balance	(50,000)	28,446	78,446
Fund balance at beginning of year	<u>50,000</u>	<u>60,169</u>	<u>10,169</u>
 Fund balance at end of year	<u>\$ -</u>	<u>\$ 88,615</u>	<u>\$ 88,615</u>



**RAINIER SCHOOL DISTRICT NO. 13**

**CAPITAL IMPROVEMENT RESERVE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
1000 Local sources			
1200 Revenue from local governmental units other than districts	\$ 22,000	\$ 9,190	\$ (12,810)
<b>EXPENDITURES</b>			
2000 Support services	<u>110,000</u>	<u>64,403</u>	<u>45,597</u>
Excess (deficiency) of revenues over expenditures	(88,000)	(55,213)	32,787
<b>OTHER FINANCING SOURCES (USES)</b>			
5300 Sale of or compensation for loss of capital assets	<u>-</u>	<u>1,200</u>	<u>1,200</u>
Net change in fund balance	(88,000)	(54,013)	33,987
Fund balance at beginning of year	<u>88,000</u>	<u>89,010</u>	<u>1,010</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 34,997</u>	<u>\$ 34,997</u>

# RAINIER SCHOOL DISTRICT NO. 13

## GENERAL FUND EXPENDITURES BY FUNCTION AND OBJECT For the Year Ended June 30, 2016

	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies and Materials	500 Capital Outlay	600 Other Objects	700 Transfers	Totals
1000 Instruction								
1111 Primary, K-3	\$ 1,079,781	\$ 593,136	\$ 8,900	\$ 78,167	\$ -	\$ -	\$ -	\$ 1,759,984
1121 Middle/Junior high programs	300,368	163,839	2,291	10,902	-	-	-	477,400
1131 High school programs	641,174	304,526	53,747	35,383	-	2,555	-	1,037,385
1132 High school extracurricular	63,637	16,864	17,277	948	-	5,449	-	104,175
1210 Programs for talented and gifted	-	-	737	520	-	-	-	1,257
1220 Restrictive programs for students with disabilities	250,640	153,928	1	3,116	-	-	-	407,685
1229 Other	428	46	17,574	-	-	-	-	18,048
1250 Less restrictive programs for students with disabilities	321,237	186,711	9	4,816	-	-	-	512,773
1272 Title IA/D	1,601	144	-	-	-	-	-	1,745
1288 Charter schools	-	-	264,746	-	-	-	-	264,746
1289 Other alternative programs	1,166	202	163	-	-	-	-	1,531
1291 English second language programs	5,537	1,714	-	85	-	-	-	7,336
1460 Special programs, summer school	7,714	2,277	-	343	-	-	-	10,334
Total 1000 Instruction	\$ 2,673,283	\$ 1,423,387	\$ 365,445	\$ 134,280	\$ -	\$ 8,004	\$ -	\$ 4,604,399
2000 Support services								
2120 Guidance services	51,551	23,594	1,133	3,057	-	1,270	-	80,605
2130 Health services	-	-	431	947	-	314	-	1,692
2140 Psychological services	47,399	17,886	496	1,062	-	-	-	66,843
2150 Speech pathology and audiology services	27,927	8,771	16,579	1,197	-	-	-	54,474
2190 Service direction, student support services	76,456	43,494	4,928	2,311	-	-	-	127,189
2210 Improvement of instruction services	37,071	20,141	2,032	-	-	-	-	59,244
2220 Educational media services	42,603	25,018	794	13,524	-	-	-	81,939
2240 Instructional staff development	2,077	414	5,237	1,162	-	-	-	8,890
2310 Board of education services	-	-	41,723	1,279	-	1,545	-	44,547
2321 Office of the superintendent services	182,302	99,206	39,929	10,506	-	37,156	-	369,099
2410 Office of the principal services	437,006	225,822	7,587	11,649	-	-	-	682,064
2520 Fiscal services	114,067	54,969	10,627	2,474	-	2,487	-	184,624
2542 Care and upkeep of building services	300,925	130,269	247,854	83,720	35,000	53,985	-	851,753
2543 Care and upkeep of grounds services	28,956	11,582	200	6,100	-	-	-	46,838
2552 Vehicle operation services	-	-	884,185	57,876	-	-	-	942,061
2660 Technology services	76,592	40,741	35,898	47,103	-	150	-	200,484
2700 Supplemental retirement program	10,000	865	-	-	-	-	-	10,865
Total 2000 Support services	1,434,932	702,772	1,299,633	243,967	35,000	96,907	-	3,813,211
3000 Enterprise and community services								
3300 Community services	9,272	7,115	2,323	-	-	-	-	18,710
5000 Other uses								
5100 Debt service	-	-	-	-	-	150,534	-	150,534
5200 Transfers of funds	-	-	-	-	-	-	210,000	210,000
Total 5000 Other uses	-	-	-	-	-	150,534	210,000	360,534
Total General Fund	\$ 4,117,487	\$ 2,133,274	\$ 1,667,401	\$ 378,247	\$ 35,000	\$ 255,445	\$ 210,000	\$ 8,796,854

# RAINIER SCHOOL DISTRICT NO. 13

## OTHER FUNDS EXPENDITURES BY FUNCTION AND OBJECT For the Year Ended June 30, 2016

	100 Salaries	200 Associated Payroll Costs	300 Purchased Services	400 Supplies and Materials	500 Capital Outlay	600 Other Objects	Totals
<u>SPECIAL REVENUE FUND</u>							
1000 Instruction							
1111 Primary, K-3	\$ 2,631	\$ 783	\$ 12,106	\$ 14,638	\$ -	\$ -	\$ 30,158
1131 High school programs	10,831	3,275	4,022	7,439	2,075	-	27,642
1132 High school extracurricular	-	-	-	122,426	-	-	122,426
1140 Pre-Kindergarten	-	-	140	-	-	-	140
1220 Restrictive programs for students with disabilities	380	130	-	550	-	-	1,060
1229 Other	33,064	15,398	2,970	1,551	-	-	52,983
1250 Less restricted programs for students with disabilities	83,366	40,260	-	-	-	-	123,626
1272 Title IA/D	96,086	62,784	-	966	-	-	159,836
1288 Charter schools	-	-	-	417	-	-	417
1299 Other	775	225	-	3,000	-	-	4,000
1460 Special programs, summer school	2,746	815	-	580	-	-	4,141
Total 1000 Instruction	229,879	123,670	19,238	151,567	2,075	-	526,429
2000 Support services							
2110 Attendance and social work services	-	-	381	334	-	-	715
2130 Health services	26,923	10,149	2,021	1,088	-	-	40,181
2150 Speech pathology and audiology services	-	-	63,576	-	-	-	63,576
2190 Service direction, student support services	1,295	399	-	-	-	-	1,694
2210 Improvement of instruction services	-	-	18,202	-	-	98	18,300
2240 Instructional staff development	9,923	2,332	21,694	16	-	-	33,965
2640 Staff service	2,798	762	4,268	7,230	-	3,573	18,631
Total 2000 Support services	40,939	13,642	110,142	8,668	-	3,671	177,062
3000 Enterprise and community services							
3100 Food services	200,473	116,522	7,798	202,390	-	-	527,183
3300 Community services	100,367	36,342	630	12,063	-	245	149,647
3390 Other community services	-	-	15,500	-	-	-	15,500
Total 3000 Enterprise and community services	300,840	152,864	23,928	214,453	-	245	692,330
Total Special Revenue Funds	\$ 571,658	\$ 290,176	\$ 153,308	\$ 374,688	\$ 2,075	\$ 3,916	\$ 1,395,821
<u>DEBT SERVICE FUND</u>							
5000 Other uses							
5100 Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 601,812	\$ 601,812
<u>CAPITAL PROJECT FUND</u>							
2000 Support services							
2542 Care and upkeep of buildings services	\$ -	\$ -	\$ 48,002	\$ -	\$ 16,401	\$ -	\$ 64,403
<u>TRUST AND AGENCY FUND</u>							
1000 Instruction							
1288 Charter schools	\$ 134,866	\$ 67,919	\$ 18,682	\$ 8,144	\$ -	\$ 6,689	\$ 236,300

**RAINIER SCHOOL DISTRICT NO. 13**  
**REVENUE SUMMARY**  
**For the Year Ended June 30, 2016**

	Fund Type				
	General	Special Revenue	Debt Service	Capital Projects	Agency
1000 Local sources					
1111 Current year's taxes	\$ 3,183,386	\$ -	\$ -	\$ -	\$ -
1112 Prior years taxes	117,533	-	-	-	-
1190 Penalties and interest on taxes	-	-	-	-	-
1200 Revenue from local government units other than districts	15,833	-	-	9,190	-
1310 Regular day school tuition	115,000	-	-	-	-
1313 Tuition from other districts outside the state	7,500	-	-	-	-
1330 Summer school tuition	1,880	-	-	-	-
1400 Transportation fees	740	-	-	-	-
1510 Interest on investments	11,739	928	54	-	-
1610 Daily sales reimbursable	-	93,889	-	-	-
1630 Special functions	-	12,631	-	-	-
1710 Admissions	11,212	-	-	-	-
1740 Fees from extracurricular activities	28,995	7,731	-	-	-
1790 Other curricular activities	-	163,380	-	-	-
1810 Community services activities	-	83,162	-	-	-
1920 Contributions and donations from private sources	602	36,722	-	-	-
1930 Rental or lease payments	36,000	-	-	-	-
1940 Services provided by other districts	24,000	23,000	-	-	-
1943 Services provided other charter schools	20,780	-	-	-	-
1970 Services provided other funds	-	-	546,288	-	-
1980 Fees charged to grants	98	-	-	-	-
1990 Miscellaneous	50,011	139,490	-	-	-
<b>TOTAL REVENUES FROM LOCAL SOURCES</b>	<b>3,625,309</b>	<b>560,933</b>	<b>546,342</b>	<b>9,190</b>	<b>-</b>
2000 Intermediate sources					
2101 County school funds	50,105	-	-	-	-
2102 Education service district apportionment	132,000	-	-	-	-
2105 Natural gas, oil, mineral receipts	10,197	-	-	-	-
2200 Restricted revenue	-	12,203	-	-	-
2900 Revenue on behalf of district	-	22,000	-	-	-
<b>TOTAL REVENUES FROM INTERMEDIATE SOURCES</b>	<b>192,302</b>	<b>34,203</b>	<b>-</b>	<b>-</b>	<b>-</b>
3000 State sources					
3101 State school fund - general support	5,060,858	-	-	-	264,746
3102 State school fund - school lunch match	-	3,911	-	-	-
3103 Common school fund	106,646	-	-	-	-
3104 State Timber revenue	82,349	-	-	-	-
3299 Other restricted grants-in-aid	-	34,530	-	-	-
<b>TOTAL REVENUES FROM STATE SOURCES</b>	<b>5,249,853</b>	<b>38,441</b>	<b>-</b>	<b>-</b>	<b>264,746</b>
4000 Federal sources					
4300 Restricted revenue direct from federal government	-	7,659	-	-	-
4500 Restricted revenue from federal government through the state	108	441,054	-	-	-
4505 National lunch reimbursement	-	240,067	-	-	-
4506 Breakfast reimbursement	-	54,890	-	-	-
4900 Revenue for/on behalf of the district	-	-	51,726	-	-
4910 Commodities	-	41,038	-	-	-
<b>TOTAL REVENUES FROM FEDERAL SOURCES</b>	<b>108</b>	<b>784,708</b>	<b>51,726</b>	<b>-</b>	<b>-</b>
5000 Other sources					
5200 Interfund transfers	80,000	80,000	50,000	-	-
5300 Sale of capital assets	-	-	-	1,200	-
5400 Resources - Beginning fund balance	299,415	399,518	267,528	89,010	60,169
<b>TOTAL REVENUES FROM OTHER SOURCES</b>	<b>379,415</b>	<b>479,518</b>	<b>317,528</b>	<b>90,210</b>	<b>60,169</b>
<b>TOTAL REVENUES</b>	<b>\$ 9,446,987</b>	<b>\$ 1,897,803</b>	<b>\$ 915,596</b>	<b>\$ 99,400</b>	<b>\$ 324,915</b>

# RAINIER SCHOOL DISTRICT NO. 13

## SUPPLEMENTAL INFORMATION, 2015-2016

### A. Energy Bill for Heating - **All Funds:**

Please enter your expenditures for electricity and heating fuel for these Functions and Objects.

	Objects 325 and 326
Function 2540	\$ 174,193
Function 2550	-

### B. Replacement of Equipment - **General Fund:**

Include all General Fund expenditures in object 542, except for the following exclusions:

Exclude these functions:

1113, 1122 and 1132 Co-curricular Activities  
 1140 Pre-Kindergarten  
 1300 Continuing Education  
 1400 Summer School

Exclude these functions:

4150 Construction  
 2550 Pupil Transportation  
 3100 Food Service  
 3300 Community Services

-

# RAINIER SCHOOL DISTRICT NO. 13

## SCHEDULE OF FEDERAL AWARDS For the Year Ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Grant Period	Federal CFDA Number	Grant Amount	Revenues	Expenditures
<i>Department of Agriculture - Special Revenue Fund</i>					
Passed through State Department of Education:					
School Breakfast Program	2015-16	10.553	\$ 54,890	\$ 54,890	\$ 54,890
National School Lunch Program	2015-16	10.555	242,376	242,376	242,376
Summer Food Service Program for Children	2015-16	10.559	38,729	38,729	38,729
State Administrative Expenses Reallocation	2015-16	10.559	1,033	1,033	1,033
Total Department of Agriculture - Special Revenues			337,028	337,028	337,028
<i>Department of Education - Special Revenue Fund</i>					
Indian Education Grants to Local Educational Agencies	2015-16	84.060A	4,000	4,000	4,000
Fund for the Improvement of Education	2012-15	84.215F	480,795	3,659	3,659
Passed through State Department of Education:					
Title I Grants to LEA's	2015-16	84.010	166,735	160,276	160,276
Special Education - Grants to States	2015-16	84.027	193,032	193,032	193,032
Special Education - Grants to States - Preschool Grants	2015-16	84.173	510	510	510
Improving Teacher Quality State Grants	2015-16	84.367	39,390	39,390	39,390
Passed through Clatsop Community College					
Career and Technical Education - Basic Grants to States	2015-16	84.048	6,256	6,256	6,256
Passed through Oregon Department of Human Services:					
Rehabilitation Services - Vocation Rehabilitation - Grants to States	2013-16	84.126A	215,114	41,698	41,698
Total Department of Education - Special Revenues			1,105,832	448,821	448,821
<i>U.S. General Services Administration - Special Revenue Fund</i>					
Passed through Oregon Department of Administrative Services					
Donation of Federal Surplus Property	2015-16	39.003	773	773	773
TOTAL SPECIAL REVENUE FUNDS			1,443,633	786,622	786,622
TOTAL FEDERAL AWARDS			\$ 1,443,633	\$ 786,622	\$ 786,622

This schedule does not agree to the statement of revenues, expenditures, and changes in fund balances by \$49,920 because the interest subsidy of \$51,726 related to the 2012 Qualified Zone Academy Bond is not considered expenditures of federal awards but is a federal source receipt. Additionally, the \$773 purchase of Federal Surplus Property is considered Federal support for purposes of the Schedule of Federal Awards but not for financial statement purposes and the District has reported the State Administrative Expenses Reallocation of \$1,033 as a reduction in expenses in the fund financial statements.

# **SCHEDULE OF TRANSACTIONS BY STUDENT ACTIVITY (Continued)**

<b><u>Rainier Junior/Senior High (continued)</u></b>	Balances July 1, 2015	Receipts	Disburse- ments	Transfers	Balances June 30, 2016
Textbook	\$ 7,463.12	\$ 2,099.39	\$ 1,422.69	\$ -	\$ 8,139.82
PTSO	136.65	-	-	-	136.65
Booster club	1,592.18	286.00	-	-	1,878.18
Clothes for Columbians	1,594.37	-	-	-	1,594.37
Ruth Kellar Book Memorial	845.06	-	75.00	-	770.06
Future teacher scholarship	1,100.00	-	500.00	-	600.00
Parents of 2013	311.16	-	-	-	311.16
Parents of 2016	-	3,336.91	3,336.91	-	-
Parents of 2017	-	375.00	-	-	375.00
Project unify	94.20	41.00	-	-	135.20
Future Farmers of America	3,683.09	3,442.72	1,226.69	-	5,899.12
Class of 2013	2,049.68	-	1,400.00	-	649.68
Class of 2015	-	-	49.00	-	(49.00)
Class of 2016	1,906.01	2,360.21	2,452.07	-	1,814.15
Class of 2017	2,471.04	6,114.67	5,009.27	-	3,576.44
Class of 2018	239.00	1,813.61	645.94	-	1,406.67
Class of 2019	-	375.27	226.02	-	149.25
Class of 2020	-	24.70	-	-	24.70
Class of 2021	-	7.69	-	-	7.69
SR High Student Council	1,406.31	-	-	-	1,406.31
Columbian crew	1,783.51	-	84.74	-	1,698.77
Rho Kappa	15.00	75.56	90.00	-	0.56
Honor society	293.00	1,423.30	1,769.00	50.00	(2.70)
OSSOM	1,608.26	-	-	-	1,608.26
Health advocacy	146.15	-	-	-	146.15
Sr High yearbook	3,629.41	7,848.00	5,993.25	-	5,484.16
Jr. magazine sales	3,663.05	-	905.08	-	2,757.97
Jr High leadership	2,251.21	-	111.56	-	2,139.65
Reader board	2,500.95	-	-	-	2,500.95
International club	2,135.49	-	-	-	2,135.49
Equestrian club	0.52	655.00	387.00	-	268.52
Strategy club	31.26	20.55	28.96	-	22.85
Library	304.20	299.97	391.25	-	212.92
AG	2,627.52	-	-	-	2,627.52
Language arts - OIT class	6.65	1,098.00	1,046.32	-	58.33
Book club	11.55	10.80	-	-	22.35
Science grant	250.00	250.00	-	-	500.00
Natural resources	658.72	-	-	-	658.72
Art	1,714.20	184.00	738.76	-	1,159.44
Choir	201.51	240.00	260.00	-	181.51
Band	220.17	178.00	237.00	-	161.17
Drama	1,696.58	3,137.18	4,617.38	-	216.38
History club	1,172.91	692.78	817.82	-	1,047.87

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**RAINIER SCHOOL DISTRICT NO. 13**

**STUDENT ACTIVITIES FUND  
SCHEDULE OF TRANSACTIONS BY STUDENT ACTIVITY  
For the Year Ended June 30, 2016**

	Balances July 1, 2015	Receipts	Disburse- ments	Transfers	Balances June 30, 2016
<b><u>Hudson Park Elementary</u></b>					
Bank interest	\$ 1,767.40	\$ 10.03	\$ -	\$ -	\$ 1,777.43
Book fair	929.74	5,538.77	4,831.42	-	1,637.09
Box tops	3,166.41	816.80	764.47	-	3,218.74
Field trips	87.12	1,965.00	1,618.00	-	434.12
Jump rope for heart	20.00	1,177.55	1,157.55	-	40.00
Library donations	417.41	-	-	-	417.41
Library fees	3,989.02	40.11	145.54	-	3,883.59
Movie tickets	153.00	169.00	89.00	-	233.00
Music	5.50	-	-	-	5.50
Outdoor school	(74.00)	74.00	-	-	-
Principal	2,164.59	-	-	-	2,164.59
RSD lunch fund	(5.00)	-	-	-	(5.00)
Special events	97.06	-	-	-	97.06
Staff social	420.48	213.06	-	-	633.54
Student body	<u>13,254.95</u>	<u>4,858.15</u>	<u>4,087.87</u>	<u>-</u>	<u>14,025.23</u>
Subtotal	<u>26,393.68</u>	<u>14,862.47</u>	<u>12,693.85</u>	<u>-</u>	<u>28,562.30</u>
	Balances		Disburse-		Balances
<b><u>North Columbia Academy</u></b>	July 1, 2015	Receipts	ments	Transfers	June 30, 2016
Student body	<u>1,127.80</u>	<u>1,045.78</u>	<u>440.28</u>	<u>-</u>	<u>1,733.30</u>
	Balances		Disburse-		Balances
<b><u>Rainier Junior/Senior High</u></b>	July 1, 2015	Receipts	ments	Transfers	June 30, 2016
Principal	\$ 1,318.47	\$ 1,195.01	\$ 1,708.61	\$ -	\$ 804.87
Sr High ASB card sales	7,061.63	5,266.73	5,406.63	-	6,921.73
Jr High ASB card sales	4,407.06	1,020.00	1,703.04	-	3,724.02
Student incentives	1,244.34	1,202.91	253.00	-	2,194.25
Faculty	510.87	110.00	315.39	-	305.48
AP/testing fund	265.00	574.00	-	-	839.00
Gate receipts	-	7,359.50	6,772.00	(587.50)	-
District expenses	(399.30)	-	(399.30)		-

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**SCHEDULE OF TRANSACTIONS BY STUDENT ACTIVITY (Continued)**

<b><u>Rainier Junior/Senior High (continued)</u></b>	Balances July 1, 2015	Receipts	Disburse- ments	Transfers	Balances June 30, 2016
History bowl	\$ 2,965.08	\$ 28.70	\$ -	\$ -	\$ 2,993.78
Wood shop	15.00	155.10	-	-	170.10
Athletics	4,855.94	3,910.01	4,577.68	(500.00)	3,688.27
Athletics donation	-	15,090.93	6,557.63	-	8,533.30
Counseling	(16.00)	135.00	195.00	-	(76.00)
Transition class	5,381.06	6,545.93	5,007.05	-	6,919.94
Business education	9.39	-	-	-	9.39
Industrial arts	693.43	-	-	-	693.43
Steve Pinard memorial	550.89	-	-	-	550.89
PE	323.64	-	-	-	323.64
Cheerleading	1,686.20	11,903.42	12,216.74	50.00	1,422.88
Baseball	295.17	4,337.68	2,283.12	-	2,349.73
Basketball - boys	56.33	5,202.42	6,392.94	537.50	(596.69)
Jr High basketball	175.74	-	-	-	175.74
Basketball - girls	3,216.64	3,003.00	3,033.64	-	3,186.00
Cross country	545.48	2,220.23	2,383.74	-	381.97
Football	580.33	21,050.00	13,396.76	-	8,233.57
Soccer - girls	34.52	1,111.07	242.35	-	903.24
Softball	(534.94)	4,850.25	3,982.93	150.00	482.38
Youth softball	130.15	-	-	-	130.15
Swim team	472.68	3,137.56	3,399.10	125.00	336.14
Track	664.42	1,142.09	1,177.60	50.00	678.91
Volleyball	2,918.34	1,725.80	2,453.59	50.00	2,240.55
Jr High volleyball	930.41	-	-	-	930.41
Wrestling	<u>3,678.37</u>	<u>9,260.20</u>	<u>5,545.20</u>	<u>75.00</u>	<u>7,468.37</u>
Subtotal	<u>95,850.03</u>	<u>147,927.85</u>	<u>122,426.15</u>	<u>-</u>	<u>121,351.73</u>
TOTAL STUDENT BODY	<u>\$ 123,371.51</u>	<u>\$ 163,836.10</u>	<u>\$ 135,560.28</u>	<u>\$ -</u>	<u>\$ 151,647.33</u>

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

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

**Board of Directors  
RAINIER SCHOOL DISTRICT NO. 13  
Rainier, Oregon**

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the **RAINIER SCHOOL DISTRICT NO. 13** as of and for the year ended June 30, 2016, and have issued our report thereon dated December 19, 2016.

### **Compliance**

As part of obtaining reasonable assurance about whether the **RAINIER SCHOOL DISTRICT NO. 13** '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 162-10-240 through 162-10-320 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, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, 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.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the District 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.

INDEPENDENT AUDITOR'S REPORT  
REQUIRED BY OREGON STATE REGULATIONS (Continued)

OAR 162-10-0230 Internal Control

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

Restriction on Use

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

*Boldt Carlisle & Smith*

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 19, 2016

## **GRANT COMPLIANCE – SINGLE AUDIT**

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

**Board of Directors  
RAINIER SCHOOL DISTRICT NO. 13  
Rainier, Oregon**

We have audited, in accordance with the auditing standards generally accepted in the United States of American and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of **RAINIER SCHOOL DISTRICT NO. 13**, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 19, 2016.

***Internal Control Over Financial Reporting***

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

A *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. Finding 2016-01.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS (Continued)**

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

***Rainier School District's Response to Findings***

Rainier School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Rainier School District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Boldt Carlisle & Smith***

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 19, 2016



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors  
**RAINIER SCHOOL DISTRICT NO. 13**  
Rainier, Oregon

**Report on Compliance for Each Major Federal Program**

We have audited the District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on Each Major Federal Program***

In our opinion, RAINIER SCHOOL DISTRICT NO. 13 complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH  
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
REQUIRED BY THE UNIFORM GUIDANCE (Continued)

*Other Matters*

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2016-02. Our opinion on each major federal program is not modified with respect to this matter.

The District's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control over Compliance**

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Boldt Carlisle & Smith***

Boldt Carlisle + Smith  
Certified Public Accountants  
Salem, Oregon  
December 19, 2016

**RAINIER SCHOOL DISTRICT NO. 13**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2016**

**Section I - Summary of Auditor's Results**

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**Financial statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency (ies) Yes

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal controls over major federal programs:

- Material weakness(es) identified? No
- Significant deficiencies that are

not considered to be material weaknesses? None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes

Identification of major federal programs:

CFDA Number(s)	Name of Federal Program or Cluster
84.027; 84.173	Special Education Cluster
84.010	Title I, Part A

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualifies as low-risk auditee? No

*Continued on next page*

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

### **Section II - Financial Statement Findings**

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2016-01

Criteria:

Proper documentation should exist to support authorizations and disbursements for Student Activity Funds.

Condition:

The District did not maintain adequate documentation to support disbursements made from Student Activity Funds. Approval by the required parties was not documented for all purchases made and complete documentation to support charges was not available for all disbursements

Cause:

There was turnover in the position during the year and there was not adequate monitoring of the prescribed disbursement process to detect that controls were not operating as designed.

Effect:

This increases the possibility that errors or fraud could occur and not be detected in a timely basis.

Response:

Management believes that this was due to a change in staff and has reinforced the need for following the documented disbursement process and monitoring that controls are being followed.

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

### **Section III - Federal Award Findings and Questioned Costs**

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Finding 2016-02

Criteria:

2 CFR Part 200.302(b)(7) requires the financial management system to include written procedures for determining the allowability of costs.

Condition:

Rainier School District No. 13 has not developed written procedures over the determination of allowable costs with as require by 2 CFR Part 200.302(b)(7).

Cause:

Administration was not aware of the requirement to have written procedures for determining the allowability of costs.

Effect:

Unallowable costs could be charged to the program.

Questions Costs:

None

Perspective:

Written procedures for determining the allowability of costs is integral to the proper design of internal controls. However, the results of audit procedures did not detect any costs which are not allowable charged to the program.

Recommendations:

Management should develop written procedures as required by 2 CFR Part 200.302(b)(7).

Management's Response:

Management agrees and will develop written procedures over the determination of allowable costs.

**RAINIER SCHOOL DISTRICT NO. 13  
SUMMARY SCHEDULE OF PRIOR FINDINGS**

**For the Year Ended June 30, 2016**

2015-1

Federal Program: Title I Part A 84.010

Criteria: The District is required to provide a budget narrative to the Department of Education for approval of expenditures of Title I Part A funds.  
The District should have adequate controls in place to ensure that the spending of Title I A funds is in accordance with the approved budget.

Condition: District personnel did not spend Title I A funds in accordance with the approved budget from ODE. Adequate monitoring was not provided over requests for reimbursements to ensure that expenses being charged to the grant were allowable in accordance with the approved budget.  
  
The District did not submit a revised budget narrative for approval to ODE to support the revised spending of Title I A funds.

Questioned costs: \$31,986 of Title I allowable expenses that exceeded the amount budgeted and approved by ODE.

Recommendations: The District should implement a review process to have the appropriate staff review expenditures being charged to the grant prior to submitting a request for reimbursement.

If a change is made to the planned use of Title I Part A funds, the District should resubmit a budget narrative for approval prior to requesting reimbursement for those funds.

Response: The District believes that the questioned costs were allowable Title I-A expenditures, although the District also agrees that we should have submitted a revised budget narrative to ODE for approval prior to the revised spending.

Review processes have been updated to ensure appropriate staff review grant expenditures prior to submitting a request for reimbursement, and that revised budget narratives are submitted to ODE prior to spending.

Status: Management has updated review processes to ensure appropriate review of grant expenditures prior to spending and submitting requests for reimbursement. If there is a revised spending plan, it will be submitted to ODE for approval prior to revised spending.



**RAINIER SCHOOL DISTRICT NO. 13**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**For the Year Ended June 30, 2016**

Federal Grantor/Pass-through Grantor/Title or Cluster	Federal CFDA No.	Grant Year	Federal Expenditures
<b>DEPARTMENT OF AGRICULTURE</b>			
<b>Food and Nutrition Service</b>			
<i>Passed through Oregon Department of Education</i>			
National School Lunch:			
School Breakfast Program	10.553	15-16	\$ 54,890
National School Lunch Program	10.555	15-16	242,376
Summer Food Service Program for Children	10.559	15-16	38,729
State Administrative Expenses Reallocation	10.560	15-16	<u>1,033</u>
 TOTAL DEPARTMENT OF AGRICULTURE			 <u>337,028</u>
<b>DEPARTMENT OF EDUCATION</b>			
<b>Office of Vocational and Adult Education</b>			
<i>Passed through Clatsop Community College</i>			
Career and Technical Education - Basic Grants to States	84.048	15-16	<u>6,256</u>
<b>Office of Special Education and Rehabilitative Services</b>			
<i>Passed through Oregon Department of Education</i>			
Special Education - Grants to States	84.027	15-16	193,032
Special Education - Preschool Grants (IDEA Preschool)	84.173	15-16	<u>510</u>
 Total Special Education Cluster			 <u>193,542</u>
<i>Passed through Oregon Department of Human Services</i>			
Rehabilitation Services- Vocational Rehabilitation - Grants to States	84.126A	15-16	<u>41,698</u>
<b>Office of Elementary and Secondary Education</b>			
Indian Education Grants to Local Educational Agencies	84.060A	15-16	<u>4,000</u>
<i>Passed through Oregon Department of Education</i>			
Title I Grants to LEA's	84.010	15-16	<u>160,276</u>
Improving Teacher Quality State Grants	84.367	15-16	<u>39,390</u>
<b>Office of Innovation and Improvement</b>			
Fund for the Improvement of Education	84.215F	14-15	<u>3,659</u>
 TOTAL DEPARTMENT OF EDUCATION			 <u>448,821</u>
<b>GENERAL SERVICES ADMINISTRATION</b>			
<i>Passed through Oregon Department of Administrative Services</i>			
Donation of Federal Surplus Personal Property	39.003	15-16	<u>773</u>
 TOTAL EXPENDITURES OF FEDERAL AWARDS			 <u>\$ 786,622</u>

*See accompanying notes*

## **RAINIER SCHOOL DISTRICT NO. 13**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**June 30, 2016**

#### **1. Basis of presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Rainier School District No. 13** and is presented on the modified accrual basis of accounting.

The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

#### **2. Summary of significant accounting policies**

Rainier School District No. 13 has not elected to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

#### **3. Food distribution**

Nonmonetary assistance is reported in the schedule at the fair value of the commodities received and disbursed. During 2015-16 year, the district received U.S.D.A. commodities in the amount of \$41,038.

#### **4. Federal surplus property**

Nonmonetary assistance is reported in the schedule at the fair value of the federal surplus property purchased.