

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**FINANCIAL REPORT**

**FOR THE YEAR ENDED JUNE 30, 2018**



12700 SW 72<sup>nd</sup> Ave.  
Tigard, OR 97223

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**FINANCIAL REPORT**

For the Year Ended June 30, 2018

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

2017-2018  
FINANCIAL REPORT

BOARD OF EDUCATION

TERM EXPIRES

Darren Vaughn, Chair

June 30, 2021

Sean Clark, Vice Chair

June 30, 2019

Elizabeth Richardson

June 30, 2021

Jeff Flatt

June 30, 2021

Rod Harding

June 30, 2019

Kari Hollander

June 30, 2021

Elaine Placido

June 30, 2019

ADMINISTRATION

Michael Carter, Superintendent  
28168 Old Rainier Road  
Rainier, OR 97048

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**TABLE OF CONTENTS**

**PAGE**  
**NUMBER**

INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION	
Management's Discussion and Analysis	i-viii
FINANCIAL STATEMENTS AND SCHEDULES:	
Basic Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet – Governmental Funds	6
Statement of Revenues, Expenditures and Changes in Fund	
Balances - Governmental Funds	7
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	8
Reconciliation of Statement of Revenues, Expenditures and Changes in	
Fund Balances to Statement of Activities	9
Notes to Basic Financial Statements	10
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of the Proportionate Share of the Net Pension Liability and Contributions	33
Schedule of Changes in Other Post Employment Benefits Liability and Related Ratios	34
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget:	
General Fund	35
Special Revenue Fund	36
SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget:	
Debt Services Fund	37
Combining Balance Sheet Non Major Funds	38
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances	
All Non Major Funds	39
Schedule of Revenues, Expenditures and Changes in Fund	
Balance - Actual and Budget:	
North Columbia Academy Fund	40
Capital Projects Fund	41

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**TABLE OF CONTENTS (CONTINUED)**

	<u>PAGE</u> <u>NUMBER</u>
OTHER SUPPLEMENTARY INFORMATION:	
Revenue Summary – All Funds	42
Expenditure Summaries:	
General Fund	43
Special Revenue Fund	44
Debt Service Fund	45
Capital Projects Fund	46
Agency Fund	47
Supplemental Information Required by the State of Oregon Department of Education	48
Schedule of Property Tax Transactions	49
STATISTICAL INFORMATION:	
Annual Operating Data:	
General Obligation Bond Debt Capacity – Fiscal Year 2018 & Taxable Property Values	50
Representative Levy Rate	51
Debt Ratios – As of June 30, 2018	52
Major Taxpayers	53
INDEPENDENT AUDITORS’ REPORT REQUIRED BY OREGON STATE REGULATIONS	54
GRANT COMPLIANCE REVIEW:	
Schedule of Expenditures of Federal Awards (Supplementary Information)	56
Independent Auditors’ 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	57
Independent Auditors’ Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	59
Schedule of Audit Findings and Questioned Costs	61



**PAULY, ROGERS AND CO., P.C.**  
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October 31, 2018

To the Board of Directors  
Rainier School District  
Columbia County, Oregon

## INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rainier School District, Columbia County, Oregon, as of and for the year ended June 30, 2018, 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.

### **Auditors' 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 auditors' 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 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 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.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Rainier School District, Columbia County, Oregon, at June 30, 2018 and the respective changes in financial position for the year then ended, in conformity 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, and required supplementary information, as listed in the table of contents, 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 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 inquiries 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.

The pension schedule and budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have 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 records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The supplementary and other information, as listed in the table of contents, and the Schedule of Expenditures of Federal Awards, 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 not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents and the schedule of expenditures of federal expenditures 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 supplementary information, as listed in the table of contents and the schedule of federal expenditures, is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory, statistical sections and the other information, as listed in the table of contents have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

## Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2018 on our consideration of the internal control over financial reporting and on our tests of 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 internal control over financial reporting and compliance.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated October 31, 2018, on our consideration of 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.

A handwritten signature in black ink, appearing to read "Ken Allen", written in a cursive style.

Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**



**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

Our discussion and analysis of the District's financial performance provides an overview of the financial activities for the fiscal year ended June 30, 2018. 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, 2018 by \$4,250,589. Of this amount, \$3,600,410 represents the District's net investment in capital assets, \$895,830 is restricted and the deficit of \$8,746,829 is unrestricted.
- The District's total net position (deficit) as reported on the government-wide financial statements increased by \$218,052 which includes an increase of \$457,081 offset with a decrease of \$239,029 due to restatement of prior period net position.
- The District's governmental funds total ending fund balance is \$1,607,066, an increase of \$188,052 from the prior year.
- At the end of the year, the General Fund balance was \$522,922, or about 5.6 percent of General Fund expenditures. The General Fund balance increased by \$112,022 from the prior year.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This Management's Discussion and Analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains supplementary information in addition to the basic financial statements.

**Government-wide financial statements** are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. These statements include:

**The Statement of Net Position.** The *Statement of Net Position* presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

**The Statement of Activities.** The *Statement of Activities* presents information showing how the net position of the District changed over the year by tracking revenues, expenses and other transactions that increase or reduce net position. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In the government-wide financial statements, the District’s activities are shown in one category:

*Governmental activities.* The District’s basic functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon’s State School Fund and other intergovernmental revenues.

The government-wide financial statements can be found on pages 4 and 5 of this report.

**Fund financial statements.** The *fund financial statements* provide more detailed information about the District’s funds, focusing on its most significant or “major” funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities and objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are reported as governmental funds.

**Governmental funds.** The *governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on the near-term inflows and outflows of available resources, as well as on balances of available resources at the end of the fiscal year. Such information may be useful in evaluating a government’s near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide statements. By doing so, readers may better understand the long- term impact of the District’s near-term financing decisions. Both the governmental fund Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances are reconciled to the government-wide Statements of Net Position and Activities.

The basic governmental fund financial statements can be found on pages 6 and 7 of this report.

**Notes to the basic financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 10 – 32 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *Required Supplementary Information* consisting of schedules

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

detailing ten years of pension (assets)/liabilities, pension contributions, other post-employment benefits and budget to actual presentations for major funds. *Required supplementary information* can be found on pages 33 - 36 of this report. *Supplementary Information* presented on pages 37 - 41, includes the budgetary comparisons for the nonmajor funds. *Other Information* including the schedule of expenditures of federal awards and continuing disclosures can be found on pages 50-53.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

<b>RAINIER SCHOOL DISTRICT</b>			
<b>STATEMENT OF NET POSITION</b>			
	<b>Governmental Activities</b>		<b>Increase (Decrease)</b>
	<b>June 30, 2018</b>	<b>June 30, 2017</b>	
<b>ASSETS</b>			
Current and Other Assets	\$ 2,986,553	\$ 2,023,587	\$ 962,966
Capital Assets, net of depreciation	4,800,410	4,329,724	470,686
Total Assets	<u>7,786,963</u>	<u>6,353,311</u>	<u>1,433,652</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Related Deferrals	1,991,564	3,396,567	(1,405,003)
OPEB Related Deferrals	88,462	-	88,462
Total Deferred Outflows of Resources	<u>2,080,026</u>	<u>3,396,567</u>	<u>(1,316,541)</u>
<b>LIABILITIES</b>			
Current Liabilities	1,489,872	705,552	784,320
PERS net pension liability	5,420,113	6,440,696	(1,020,583)
Long-Term Obligations	6,699,881	6,861,297	(161,416)
Total Liabilities	<u>13,609,866</u>	<u>14,007,545</u>	<u>(397,679)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Related Deferrals	492,310	210,974	281,336
OPEB Related Deferrals	15,402	-	15,402
Total Deferred Inflows of Resources	<u>507,712</u>	<u>210,974</u>	<u>296,738</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	3,600,410	3,129,724	470,686
Restricted	895,830	623,925	271,905
Unrestricted	(8,746,829)	(8,222,290)	(524,539)
Total Net Position	<u>\$ (4,250,589)</u>	<u>\$ (4,468,641)</u>	<u>\$ 218,052</u>

As noted previously, net position, over time, may serve as a useful indicator of a government's financial position. In the case of the District, liabilities and deferred inflows of

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

resources of the District exceeded assets and deferred outflows of resources by \$4,250,589 as of June 30, 2018. During the 2017-18 fiscal year, the District's total Net Position increased by \$218,052 as compared to the previous year's net position.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 62 percent of total assets of governmental activities compared to about 68 percent the previous year. The remaining assets consist mainly of investments, cash and receivables of property taxes and grants.

The District's largest liability (89 percent) is for the repayment of QZAB and limited tax pension obligation bonds and its proportionate share of the net pension liability. Current liabilities, representing about 11 percent of the District's total liabilities, consist principally of payables on accounts, salaries and benefits and long-term obligations due within one year.

The District's net position of \$3,600,410 reflects its investment in capital assets (land, buildings, vehicles, and equipment) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other district residents; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities. In addition, \$895,830 of the District's net position is restricted for debt service, grant and student activities. The unrestricted net position deficit of \$8,746,829 is mainly due to the PERS net pension liability.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

<b>RAINIER SCHOOL DISTRICT</b>			
<b>CHANGES IN NET POSITION</b>			
<b>Year Ended June 30,</b>			
	<b>Governmental Activities</b>		<b>Increase</b>
	<b>2018</b>	<b>2017</b>	<b>(Decrease)</b>
<b>REVENUES</b>			
Program Revenues			
Charges for Services	\$ 516,201	\$ 453,719	\$ 62,482
Operating Grants and Contributions	1,137,771	1,023,236	114,535
Capital Grants and Contributions	801,146	-	801,146
General Revenues			
Property Taxes Levied for:			
General Purposes	3,592,006	3,322,011	269,995
Other Local Sources	544,095	651,527	(107,432)
State Sources	5,911,593	4,886,695	1,024,898
Total revenues	<u>12,502,812</u>	<u>10,337,188</u>	<u>2,165,624</u>
<b>EXPENSES</b>			
Instruction	6,546,757	5,957,843	588,914
Support services	4,411,468	4,311,923	99,545
Enterprise and Community Services	760,298	805,713	(45,415)
Interest on Long-Term Debt	327,208	340,512	(13,304)
Total expenses	<u>12,045,731</u>	<u>11,415,991</u>	<u>629,740</u>
<b>Increase (Decrease) in Net Position</b>	457,081	(1,078,803)	1,535,884
Net Position - Beginning, as restated	<u>(4,707,670)</u>	<u>(3,389,838)</u>	<u>(1,317,832)</u>
Net Position - Ending	<u>\$ (4,250,589)</u>	<u>\$ (4,468,641)</u>	<u>\$ 218,052</u>

**Governmental activities.** During the 2017-18 fiscal year, the District's net position increased by \$218,052. The key elements in this change are the following:

The largest increases in revenues were \$801,146 in capital grants and \$1,024,898 in state sources. Capital grants revenues increased due to receiving revenue from the Oregon Department of Education as part of the Seismic Rehabilitation Grant Program. State sources increased mainly due to current year state funding ratio increase and the final funding adjustments from the prior year.

Instructional program expenditures increased by \$588,914 mainly due to increased salary and benefit costs as contractually agreed upon.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

**FUND FINANCIAL ANALYSIS**

The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2018, total fund balance of all governmental funds was \$1,607,066. These amounts are available to use in accordance with applicable restrictions on the nature of the expenditures. The total fund balances of all governmental funds increased by \$188,050 from June 30, 2017. Of this amount, \$1,084,144 (about 67 percent) of the ending fund balances constitutes nonspendable, restricted, committed or assigned ending fund balance, which are amounts that are either not expendable (such as inventory or prepaid expenses) or are legally restricted by outside parties for a specific purpose (such as student activities and debt service). The remaining \$522,922 (about 33 percent) of the ending fund balances is unassigned and available for spending at the District's discretion.

**General Fund.** The General Fund is the chief operating fund of the District. As of June 30, 2018 the unassigned fund balance was \$522,922. As a measure of the fund's liquidity, it may be useful to compare fund balance to fund expenditures. The fund balance represents 5.6 percent of the General Fund expenditures. The fund balance increased by \$112,022 from the prior year, primarily due to an increase in the final state school funding adjustment from the prior year.

**Special Revenue Fund.** The Special Revenue Fund accounts for revenue and expenditures of funds restricted for specific programs, such as grants, associated student body activities as well as internal funds segregated by the Board for the Briarcliff Pool operations, Outdoor School, and the food service program. Grant revenues are primarily from federal sources. As of June 30, 2018 the fund balance was \$492,369, an increase of \$35,656 from the prior year.

**Debt Service Fund.** The Debt Service Fund has a total fund balance of \$429,311, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year was \$62,595.

**Capital Improvement Reserve.** The Capital Improvement Reserve fund is reserved for capital improvement projects. As of June 30, 2018, the restricted fund balance was \$41,595, which was no change from the prior year.

**North Columbia Academy.** The North Columbia Academy fund is assigned to operations of the district charter school. As of June 30, 2018, the committed fund balance was \$120,869, which was a decrease of \$22,223 from the prior year.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

**CAPITAL ASSETS**

At June 30, 2018, the District had \$4,800,410 invested in a broad range of capital assets, including land, building, equipment and vehicles. As shown on the following table, total capital assets net of depreciation increased overall by \$470,686. This change is due to construction in progress and additions of \$847,653 for the year, offset by \$376,967 in depreciation of buildings and equipment.

<b>RAINIER SCHOOL DISTRICT</b>			
<b>CAPITAL ASSETS</b>			
<b>(net of depreciation)</b>			
	<b>Governmental Activities</b>		
	<b>June 30,</b>	<b>June 30,</b>	<b>Increase</b>
	<b>2018</b>	<b>2017</b>	<b>(Decrease)</b>
Land	\$ 693,143	\$ 693,143	\$ -
Construction in Progress	801,146	-	801,146
Building and improvements	3,094,081	3,351,280	(257,199)
Vehicles and equipment	212,040	285,301	(73,261)
	<u>4,800,410</u>	<u>4,329,724</u>	<u>470,686</u>
Total Capital Assets, net of depreciation	<u>\$ 4,800,410</u>	<u>\$ 4,329,724</u>	<u>\$ 470,686</u>

**DEBT ADMINISTRATION**

**Long-Term Debt.** At the end of the current fiscal year, the District had \$6,610,000 in bonded debt outstanding. This is a decrease of \$320,000 from the prior year, as the District continued to make payments on outstanding limited tax pension obligation bond and qualified zone academy bond (QZAB). Refer to the footnotes to the basic financial statements for detailed information.

**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 95 percent of total General Fund revenues. The Oregon Legislature passed a statewide education budget of \$8.20 billion for the 2017-19 biennium. State School Fund (SSF) support payments will be made to districts based on that budget. However, the budget is contingent upon a forecast of Oregon's continued economic recovery and the projected tax receipts based on that forecast.

The District's total budgeted General Fund resources show a small increase from 2017-18. State resources are allocated to districts based not only on the available funding, but also on

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**YEAR ENDED JUNE 30, 2018**

enrollment. Overall, the District's enrollment has declined over the last ten years, which contributes to the flat revenue. Current projections show that enrollment may decline slightly for 2018-19.

Personnel expenses make up about 89% of the program costs for the instruction, support and administrative functions. While salary costs have remained steady in recent years, associated payroll costs have increased dramatically. These escalating costs continue to be one of the most pressing concerns for the District in the attempt to balance student needs with the provision of a realistic compensation package for staff. A major factor in benefit costs is medical insurance, which the cost of this is expected to increase. The premiums for District health insurance plans have increased over the years, consistent with state and national trends, and this trend is expected to continue. Another major factor in benefit costs is employer rates for the Public Employees Retirement System (PERS), which will increase significantly for the 2019-2021 biennium; a result of a decrease in investment earnings and the Oregon Supreme Court's Moro decision which reversed a significant portion of the reductions the 2013 Oregon Legislature made to future Cost of Living Adjustments. The rate effective July 1, 2017 for the 2017-2019 biennium was 12.77% of salary covered under the plan for Tiers 1 and 2 employees and 7.44% for employees covered under the Oregon Public Services Retirement Plan (OPSRP). For the biennium beginning on July 1, 2019, the rates will increase to 19.70% of salary covered under the plan for Tiers 1 and 2 employees and 14.08% for employees covered under OPSRP. Current actuarial projections show similar increases in the next two biennia.

Other areas of concern include the ongoing need for facilities repairs and maintenance, meeting increased demands mandated by federal and state regulations or reforms, and the need to build up the District's contingency.

The District's Budget Committee and School Board have considered all these factors while preparing the 2018-19 budget.

**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.



**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**BASIC FINANCIAL STATEMENTS**

**RAINIER SCHOOL DISTRICT NO. 13**  
**COLUMBIA COUNTY, OREGON**

**STATEMENT OF NET POSITION**  
**June 30, 2018**

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ASSETS	GOVERNMENTAL ACTIVITIES
Current assets:	
Cash and investments	\$ 1,267,755
Property taxes and other receivables	1,692,948
Inventories	25,850
Total current assets	<u>2,986,553</u>
Noncurrent assets:	
Capital assets, net	<u>4,800,410</u>
Total noncurrent assets	<u>4,800,410</u>
Total Assets	<u>7,786,963</u>
DEFERRED OUTFLOWS OF RESOURCES:	
OPEB Related Deferrals	88,462
Pension Related Deferrals	1,991,564
Total Deferred Outflows	<u>2,080,026</u>
LIABILITIES:	
Current liabilities:	
Accounts payable	662,937
Accrued salaries and benefits	466,935
Long term debt, current portion	360,000
Total current liabilities	<u>1,489,872</u>
Noncurrent liabilities:	
Long term debt, due in more than one year	6,250,000
Proportionate Share of Net Pension Liability	5,420,113
OPEB Liability	449,881
Total noncurrent liabilities	<u>12,119,994</u>
Total Liabilities	<u>13,609,866</u>
DEFERRED INFLOWS OF RESOURCES:	
OPEB Related Deferrals	15,402
Pension Related Deferrals	492,310
Total Deferred Outflows	<u>507,712</u>
NET POSITION:	
Net Investment in Capital Assets	3,600,410
Restricted for debt service	429,311
Restricted for Grants and Other	466,519
Unrestricted	<u>(8,746,829)</u>
Total Net Position	<u>\$ (4,250,589)</u>

The accompanying notes are an integral part of this statement.

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2018**

FUNCTIONS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
Instruction	\$ 6,546,757	48,571	770,330	-	\$ (5,727,856)
Support Services	4,411,468	302,897	-	801,146	(3,307,425)
Enterprise and Community Services	760,298	164,733	367,441	-	(228,124)
Interest on Long-Term Liabilities	327,208	-	-	-	(327,208)
<b>Total Primary Government</b>	<b>\$ 12,045,731</b>	<b>516,201</b>	<b>1,137,771</b>	<b>801,146</b>	<b>\$ (9,590,613)</b>
General Revenues					
					3,592,006
					5,821,614
					89,979
					202,080
					298,258
					43,757
					<u>10,047,694</u>
					457,081
					<u>(4,707,670)</u>
					<u>\$ (4,250,589)</u>

The accompanying notes are an integral part of this statement.

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2018**

	GENERAL	SPECIAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL
<b>ASSETS:</b>					
Assets:					
Cash and Investments	\$ 655,014	\$ 179,257	\$ 433,484	\$ -	\$ 1,267,755
Inventory	-	25,850	-	-	25,850
Receivables:					
Accounts	126,396	1,290,482	-	-	1,416,878
Property Taxes	276,070	-	-	-	276,070
Due from Other Funds	284,002	-	-	165,509	449,511
<b>Total Assets</b>	<b>\$ 1,341,482</b>	<b>\$ 1,495,589</b>	<b>\$ 433,484</b>	<b>\$ 165,509</b>	<b>\$ 3,436,064</b>
<b>LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES:</b>					
Liabilities:					
Accounts Payable	\$ 102,668	\$ 557,224	\$ -	\$ 3,045	\$ 662,937
Accrued Salaries and Benefits	457,842	658	-	-	458,500
Due to Other Funds	-	445,338	4,173	-	449,511
<b>Total Liabilities</b>	<b>560,510</b>	<b>1,003,220</b>	<b>4,173</b>	<b>3,045</b>	<b>1,570,948</b>
Deferred Inflows:					
Unavailable Revenue:					
Property Taxes	258,050	-	-	-	258,050
<b>Total Deferred Inflows</b>	<b>258,050</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>258,050</b>
Fund Balances:					
Non-Spendable					
Inventory	-	25,850	-	-	25,850
Restricted					
Debt Service	-	-	429,311	-	429,311
Various Donor Specified	-	225,822	-	-	225,822
Scholarships	-	86,773	-	-	86,773
Student Activities	-	153,924	-	-	153,924
Committed					
Capital Improvements	-	-	-	41,595	41,595
Charter School	-	-	-	120,869	-
Unassigned	522,922	-	-	-	522,922
<b>Total Fund Balances</b>	<b>522,922</b>	<b>492,369</b>	<b>429,311</b>	<b>162,464</b>	<b>1,607,066</b>
<b>Total Liabilities, Deferred Inflows, and Fund Balances</b>	<b>\$ 1,341,482</b>	<b>\$ 1,495,589</b>	<b>\$ 433,484</b>	<b>\$ 165,509</b>	<b>\$ 3,436,064</b>

The accompanying notes are an integral part of this statement.

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

REVENUES:	GENERAL	SPECIAL	DEBT SERVICE	OTHER GOVERNMENTAL FUNDS	TOTALS
Property and Other Taxes	\$ 3,562,402	\$ -	\$ -	\$ -	\$ 3,562,402
Extracurricular Activities	53,328	260,944	-	-	314,272
Investment Earnings	34,430	2,846	6,481	-	43,757
Charges for Services	10,971	91,955	-	-	102,926
County and Intermediate Sources	42,795	109,746	-	-	152,541
State School Fund	5,520,259	3,822	-	297,533	5,821,614
Other State Support	207,256	991,700	-	-	1,198,956
Miscellaneous	158,890	229,962	594,485	-	983,337
Federal Grants	-	833,881	51,837	-	885,718
<b>Total Revenues</b>	<b>9,590,331</b>	<b>2,524,856</b>	<b>652,803</b>	<b>297,533</b>	<b>13,065,523</b>
<b>EXPENDITURES:</b>					
Current:					
Instruction	5,215,004	891,014	-	319,756	6,425,774
Support Services	4,028,761	419,275	-	-	4,448,036
Enterprise & Community Services	38,964	721,630	-	-	760,594
Capital Outlay	33,750	564,281	-	-	598,031
Debt Service	-	-	647,208	-	647,208
<b>Total Expenditures</b>	<b>9,316,479</b>	<b>2,596,200</b>	<b>647,208</b>	<b>319,756</b>	<b>12,879,643</b>
Excess of Revenues Over, (Under) Expenditures	273,852	(71,344)	5,595	(22,223)	185,880
Other Financing Sources (Uses):					
Transfer In	110,000	107,000	57,000	-	274,000
Sale of/or Compensation for Loss of Capital Assets	2,170	-	-	-	2,170
Transfer Out	(274,000)	-	-	-	(274,000)
<b>Total Other Financing, Sources (Uses)</b>	<b>(161,830)</b>	<b>107,000</b>	<b>57,000</b>	<b>-</b>	<b>2,170</b>
Net Change in Fund Balance	112,022	35,656	62,595	(22,223)	188,050
Beginning Fund Balances	410,900	456,713	366,716	184,687	1,419,016
Ending Fund Balances	<u>\$ 522,922</u>	<u>\$ 492,369</u>	<u>\$ 429,311</u>	<u>\$ 162,464</u>	<u>\$ 1,607,066</u>

The accompanying notes are an integral part of this statement.

**RAINIER SCHOOL DISTRICT NO. 13**  
**COLUMBIA COUNTY, OREGON**

**Reconciliation of the Governmental Funds**  
**Balance Sheet to the Statement of Net Position**  
**June 30, 2018**

Total Fund Balances - Governmental Funds	\$	1,607,066
<p>The net pension asset (liability) is the difference between the total pension liability and the assets set aside to pay benefits earned to past and current employees and beneficiaries.</p>		
		(5,420,113)
<p>Deferred inflows and outflows of resources related to the pension plan include differences between expected and actual experience, changes of assumptions, differences between projects and actual earning, and contributions subsequent to the measurement date.</p>		
Deferred Outflows - Pensions	\$ 1,991,564	
Deferred Inflows - Pensions	<u>(492,310)</u>	1,499,254
<p>The cost of capital assets (land, buildings, furniture and equipment) purchased or constructed is reported as an expenditure in governmental funds. The Statement of Net Position includes those capital assets among the assets of the District as a whole.</p>		
		4,800,410
<p>Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long term, are reported in the Statement of Net Position.</p>		
<p>Long term Liabilities</p>		
Accrued Compensated Absences	(8,435)	
Other Post Employment Benefits	(376,821)	
General obligation bonds payable	<u>(6,610,000)</u>	(6,995,256)
<p>Revenue that is not available within 60 days of the balance sheet date is deferred in the Governmental Fund financial statements. In the Government Wide Financial Statements, revenue is recognized when earned.</p>		
		<u>258,050</u>
Net Position	\$	<u><u>(4,250,589)</u></u>

The accompanying notes are an integral part of this statement.

**RAINIER SCHOOL DISTRICT NO. 13**  
**COLUMBIA COUNTY, OREGON**

**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2018**

Total Net Changes in Fund Balances - Governmental Funds	\$	188,050
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Capitalized items are reported in governmental funds as expenditures. However, in the Statement of Activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital additions exceed depreciation.

Capital Expenditures	\$	847,653	
Depreciation Expense		(376,967)	
Gain/Loss on Disposal of Assets		-	470,686

Long term debt repayments are expenditures in the governmental funds but are recorded as a reduction in the outstanding principal obligation on the Statement of Net Position		320,000
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The pension expense represents the changes in net pension asset (liability) from year to year due to changes in total pension liability and the fair value of pension plan net position available to pay pension benefits.		(665,756)
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Other Post Employment Benefits are not recognized in the Governmental Funds. On the Statement of Activities, the change in the liability for Other Post Employment Benefits is recognized.		113,507
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Property tax revenue in the Statement of Activities differs from the amount reported in the governmental funds. In the governmental funds, which are on the modified accrual basis, the District recognizes a deferred revenue for all property taxes levied but not received, however in the Statement of Activities, there is no deferred revenue and the full property tax receivable is accrued.		29,604
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Accrued Absences is an expenditure on the Statement of Activities but not in the budgetary statements.		990
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Change in Net Position of Governmental Activities	\$	457,081
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The accompanying notes are an integral part of this statement.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of the Rainier School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

**Reporting Entity**

The District was organized under provisions of Oregon Statutes Chapter 332 for the purpose of operating elementary and secondary schools. The Rainier School District is a municipal corporation governed by an elected seven member board.

The District is a municipal corporation governed by an elected board. The accompanying financial statements present the government and its component units (if any), entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. The Rainier School District Board of Directors serves as the governing board of the North Columbia Academy, a District run and operated charter school. North Columbia Academy is not a legally separate organization since it doesn't have a separate legal tax identification with the IRS. Therefore, the accounts of the Academy are included in the financial statements of the district as a fund and they do not issue a separate set of financial statements.

**Basis of Presentation**

**Government-wide Financial Statements**

The Statement of Net Position and Statements of Activities display information about the reporting government as a whole.

The Statement of Net Position and the Statement of Activities were prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place. Revenues, expenses, gains, losses, assets and liabilities resulting from non-exchange transactions are recognized in accordance with the requirements of GASB Statement 33 "Accounting and Financial Reporting for Non-exchange Transactions."

Program revenues included in the Statement of Activities derive directly from the program itself or from parties outside the District's taxpayers or citizenry, as a whole; program revenues reduce the cost of the function to be financed from the District's general revenues.

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Interest of general long-term debt is considered an indirect expense and is reported separately on the Statement of Activities. In the process of aggregating data for the Statement of Net Position and the Statement of Activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities.



**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Fund Financial Statements**

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

**Governmental Fund Types**

Governmental funds are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to pay liabilities of the current period. Property tax revenue and proceeds from sale of property are not considered available and, therefore, are not recognized until received. Expenditures are recorded when the related liability is incurred, except for principal and interest on long-term debt, interfund transactions, certain compensated absences and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds.

Revenues susceptible to accrual are interest, state, county and local shared revenue and federal and state grants. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The District reports the following major governmental funds:

**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, and student 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 student body projects.

**Debt Service**– accounts for the repayment of principal and interest on the 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.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Measurement Focus and Basis of Accounting**

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. On the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted and available to finance the program. It is the policy to first apply cost-reimbursement grant resources to such programs and then general revenues.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. All revenues reported in the governmental funds are considered to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

**Cash, Cash Equivalents and Investments**

The cash and cash equivalents consist of cash on hand, demand deposits, saving deposits, and investments in the State of Oregon Treasurer's Local Government Investment Pool (LGIP).

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Property Taxes Receivable**

Property taxes are levied and become a lien on July 1. Collection dates are November 15, February 15, and May 15 following the lien date. Discounts are allowed if the amount due is received by November 15 or February 15. Taxes unpaid and outstanding on May 16 are considered delinquent. Uncollected property taxes are recorded on the statement of Net Position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

**Interfund Receivables and Payables and Transfers**

The receipt and payment of monies through one central checking account, as well as transfers between funds, result in interfund payables and receivables until cash is transferred from one fund to the other. These amounts represent current assets and liabilities and are reported as due to or due from other funds.

**Grants**

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as deferred revenue.

**Supply Inventories**

Purchased inventories are stated at cost using first-in, first-out (FIFO) method. Any donated inventories are stated at their estimated fair market value. The cost of inventory items are recognized as an expenditure when purchased (purchase method).

A portion of the inventory consists of donated United States Department of Agriculture (USDA) commodities. Commodities are recorded as expenditures when consumed and are stated at their fair market value based on guidelines provided by the USDA. Commodities on hand at year end are recorded as deferred revenue. As a result, fund balance on the balance sheet has not been reserved for inventories of donated commodities.

**Accounts and Other Receivables**

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants.

**Capital Assets**

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. Capital assets are defined as assets with an initial cost of more than \$5,000 and an estimated life in excess of one year. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following useful lives:

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Capital Assets (Cont.)**

Buildings	50 years
Land Improvements	10 years
Building Improvements	20 years
Equipment	5-10 years

**Retirement Plans**

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. 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. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

**Compensated Absences**

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. 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.

**Long-term Debt**

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Net Position**

Net Position comprises the various net earnings from operations, nonoperating revenues, expenses and contributions of capital. Net Position is classified in the following three categories:

Net Investment in Capital Assets – consists of all capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

Restricted – consists of external constraints placed on asset use by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

Unrestricted—consists of all other assets that are not included in the other categories previously mentioned.

**Fund Balance**

In March 2009, the GASB issued Statement 54, *Fund Balance Reporting and Governmental Fund-type Definitions*. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – nonspendable, restricted, committed, assigned, and unassigned.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. No assignments have been made.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

---

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

**Budget**

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is substantially the same as accounting principles generally accepted in the United States of America basis, except capital outlay expenditures are expensed when purchased, debt is recorded as an expense when paid, tax revenue is recorded when received, inventories are budgeted as expenditures when purchased, and depreciation is not recorded. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. Appropriations lapse at the end of each fiscal year.

Expenditures of the various funds were within authorized appropriations, except for Support Service in the General Fund which exceeded appropriations by \$72,799. Budget amounts shown in the budgetary financial statements include amounts from the supplemental budget.

**Use of Estimates**

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District inflows and outflows are clearly labeled on the face of the financial statement.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT.)**

Fair Value Inputs and Methodologies and Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Observable inputs are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are developed based on the best information available about the assumptions market participants would use in pricing the asset. The classification of securities within the fair value hierarchy is based up on the activity level in the market for the security type and the inputs used to determine their fair value, as follows:

Level 1 – unadjusted price quotations in active markets/exchanges for identical assets or liabilities that each Fund has the ability to access

Level 2 – other observable inputs (including, but not limited to, quoted prices for similar assets or liabilities in markets that are active, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the assets or liabilities (such as interest rates, yield curves, volatilities, loss severities, credit risks and default rates) or other market–corroborated inputs)

Level 3 – unobservable inputs based on the best information available in the circumstances, to the extent observable inputs are not available (including each Fund’s own assumptions used in determining the fair value of investments)

The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. The inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the fair value hierarchy classification is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

**2. CASH AND INVESTMENTS**

**Investments**

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2018. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**2. CASH AND INVESTMENTS (CONT.)**

The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund's audited financial report. As of June 30, 2018, the fair value of the position in the LGIP is 100.13% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized. The audited financial statements can be found at:

[http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-\(OSTF\).aspx](http://www.oregon.gov/treasury/Divisions/Investment/Pages/Oregon-Short-Term-Fund-(OSTF).aspx)

If the link has expired please contact the Oregon Short Term Fund directly.

Cash and Investments at June 30, 2018 (recorded at fair value) consisted of:

Deposits With Financial Institutions:		<u>2018</u>	
Demand Deposits			
Checking	\$	563,128	
Investments		<u>704,626</u>	
Total	\$	<u><u>1,267,755</u></u>	

There are the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in months)		
		Less than 3	3-18	More than 18
State Treasurer's Investment Pool	\$ 704,626	\$ 704,626	\$ -	\$ -
Total	\$ 704,626	\$ 704,626	\$ -	\$ -

**Interest Rate Risk**

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

**Credit Risk**

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

**Concentration of Credit/Deposit Risk**

At June 30, 2018, 100% was invested in the State Treasurer's Investment Pool. Oregon Revised Statutes require no more than 25 percent of the moneys of local government to be invested in bankers' acceptances of any qualified financial institution.



**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**2. CASH AND INVESTMENTS (CONT.)**

**Custodial Credit Risk – Deposits**

Deposits with financial institutions are comprised of bank demand deposits and certificates of deposit. The total bank balance per the bank statements was \$391,256. Of these deposits, \$250,000 was covered by the NCUA, and the remainder is collateralized by the Oregon Public Funds Collateralization Program (PFCP).

**Custodial Credit Risk – Investments**

This is the risk that, in the event of the failure of a counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District does not have a policy which limits the amount of investments that can be held by counterparties.

**3. ACCOUNTS/GRANTS RECEIVABLE**

Special revenue fund accounts and grants receivable are comprised of claims for reimbursement of costs under various federal grant programs. All are considered collectible and therefore there is no allowance for uncollectible accounts.

**4. CAPITAL ASSETS**

The changes in capital assets for the fiscal year ended June 30, 2018 are as follows:

	Balance June 30, 2017	Additions	Deletions	Balance June 30, 2018
Land (Non-Depreciable)	\$ 693,143	\$ -	\$ -	\$ 693,143
Construction in Progress (Non-Depreciable)	-	801,146	-	801,146
Building & Improvements	12,476,575	33,750	-	12,510,325
Equipment	870,651	12,757	(7,825)	875,583
Total	14,040,369	847,653	(7,825)	14,880,197
Accumulated Depreciation:				
Buildings & Improvements	9,125,296	290,948	-	9,416,244
Equipment	585,349	86,019	(7,825)	663,543
Total	9,710,645	376,967	(7,825)	10,079,787
Net Capital Assets	<u>\$ 4,329,724</u>			<u>\$ 4,800,410</u>

Depreciation was allocated to the functions as follows:

Instruction	\$ 282,726
Support Services	75,393
Community Services	18,848
Total Depreciation	<u>\$ 376,967</u>

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

Plan Description – The Oregon Public Employees Retirement System (PERS) consists of a single cost-sharing multiple-employer defined benefit plan. All benefits of the system are established by the legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Oregon PERS produces an independently audited Comprehensive Annual Financial Report which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf>

If the link is expired please contact Oregon PERS for this information.

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
  - i. **Pension Benefits.** The PERS 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, and 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 benefits 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 1 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 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
  - ii. **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 on or more of the following contributions are met:
    - member was employed by PERS employer at the time of death,
    - member died within 120 days after termination of PERS covered employment,
    - member died as a result of injury sustained while employed in a PERS-covered job, or
    - member was on an official leave of absence from a PERS-covered job at the time of death.
  - iii. **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 PERS judge members) for disability benefits regardless of the length of PERS-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.
  - iv. **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 equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

- b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.
- i. **Pension Benefits.** 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:
- Police and fire:* 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.
- 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 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.
- ii. **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.
- iii. **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.
- iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

**Contributions** – PERS 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. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$461,938, excluding amounts to fund employer specific liabilities. In addition approximately \$285,807 in employee contributions were paid or picked up by the District in fiscal 2018. At June 30, 2018, the District reported a net pension liability of \$5,420,113 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2015. 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. As of the measurement date of June 30, 2017, the District's proportion was .04 percent. Pension expense for the year ended June 30, 2018 was \$1,342,230.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

	<u>Deferred Outflow of Resources</u>	<u>Deferred Inflow of Resources</u>
Difference between expected and actual experience	\$ 262,119	\$ -
Changes in assumptions	987,990	-
Net difference between projected and actual earnings on pension plan investments	55,840	-
Net changes in proportionate share	211,861	241,023
Differences between City contributions and proportionate share of contributions	11,816	251,287
Subtotal - Amortized Deferrals (below)	<u>1,529,626</u>	<u>492,310</u>
City contributions subsequent to measuring date	461,938	-
Deferred outflow (inflow) of resources	<u>\$ 1,991,564</u>	<u>\$ 492,310</u>

The amount of contributions subsequent to the measurement date will be included as a reduction of the net pension liability in the fiscal year ended June 30, 2019.

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ 194,999
2020	633,849
2021	419,379
2022	(195,511)
2023	(15,400)
Thereafter	-
Total	<u>\$ 1,037,316</u>

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 20, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/documents/financials/CAFR/2017-CAFR.pdf>

**Actuarial Valuations** – The employer contribution rates effective July 1, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

For the OPSRP Pension Program component of the PERS Defined Benefit Plan, this method produced an employer rate consisting of (a) an amount for normal cost (the estimated amount necessary to finance benefits earned by the employees during the current service year), (b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

**Actuarial Methods and Assumptions:**

Valuation Date	December 31, 2015 rolled forward to June 30, 2017
Experience Study Report	2014, Published September 23, 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.50 percent
Investment rate of return	7.50 percent
Projected salary increase	3.5 percent overall payroll growth
Cost of Living Adjustment	Blend of 2% COLA and graded COLA (1.25%/.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts 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 method and assumptions shown are based on the 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

**Assumed Asset Allocation:**

<b>Asset Class/Strategy</b>	<b>Low Range</b>	<b>High Range</b>	<b>OIC Target</b>
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
<b>Total</b>			<b>100%</b>

(Source: June 30, 2017 PERS CAFR; p. 92)

**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 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. 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 a forward-looking capital market economic model.

<b>Asset Class</b>	<b>Target</b>	<b>Compound Annual Return (Geometric)</b>
Core Fixed Income	8.00%	4.00%
Short-Term Bonds	8.00%	3.61%
Bank/Leveraged Loans	3.00%	5.42%
High Yield Bonds	1.00%	6.20%
Large/Mid Cap US Equities	15.75%	6.70%
Small Cap US Equities	1.31%	6.99%
Micro Cap US Equities	1.31%	7.01%
Developed Foreign Equities	13.13%	6.73%
Emerging Market Equities	4.12%	7.25%
Non-US Small Cap Equities	1.88%	7.22%
Private Equity	17.50%	7.97%
Real Estate (Property)	10.00%	5.84%
Real Estate (REITS)	2.50%	6.69%
Hedge Fund of Funds - Diversified	2.50%	4.64%
Hedge Fund - Event-driven	0.63%	6.72%
Timber	1.88%	5.85%
Farmland	1.88%	6.37%
Infrastructure	3.75%	7.13%
Commodities	1.88%	4.58%
<i>Assumed Inflation - Mean</i>		<i>2.50%</i>

(Source: June 30, 2017 PERS CAFR; p. 69)

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

**Discount Rate** – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the 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.

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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
District's proportionate share of the net pension liability	\$ 9,236,862	\$ 5,420,113	\$ 2,228,604

**Changes Subsequent to the Measurement Date**

As described above, GASB 67 and GASB 68 require the Total Pension Liability to be determined based on the benefit terms in effect at the Measurement Date. Any changes to benefit terms that occurs after that date are reflected in amounts reported for the subsequent Measurement Date. However, Paragraph 80f of GASB 68 requires employers to briefly describe any changes between the Measurement Date and the employer’s reporting date that are expected to have a significant effect on the employer’s share of the collective Net Pension Liability, along with an estimate of the resulting change, if available.

At its July 28, 2017 meeting, the PERS Board lowered the assumed rate to 7.2 percent. For member transactions, this rate will take effect January 1, 2018. The current assumed rate is 7.5 percent and has been in effect for member transactions since January 1, 2016.

**Deferred Compensation Plan**

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the District for amounts earned by them to not be paid until a future date when certain circumstances are met. These circumstances are: termination by reason of death, disability, resignation, or retirement. Payment to the employee will be made over a period not to exceed 15 years. The deferred compensation plan is one which is authorized under IRC Section 457 and has been approved in its specifics by a private ruling from the Internal Revenue Service. The assets of the plan are held by the administrator for the sole benefit of the plan participants and are not considered assets or liabilities of the District.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

**OPSRP Individual Account Program (OPSRP IAP)**

*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. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member's IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

*Pension Benefits:*

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. 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 OPSRP 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 pays the employee's required contribution of six (6) percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

**Retirement Health Insurance Account**

*Plan Description:*

As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. Oregon Revised Statute (ORS) 238.420 established this trust fund. Authority to establish and amend the benefit provisions of RHIA reside with the Oregon Legislature. The plan is closed to new entrants after January 1, 2004. OPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700.



**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)**

*Funding Policy:*

Because RHIA was created by enabling legislation (ORS 238.420), contribution requirements of the plan members and the participating employers were established and may be amended only by the Oregon Legislature. ORS require that an amount equal to \$60 dollars or the total monthly cost of Medicare companion health insurance premiums coverage, whichever is less, shall be paid from the Retirement Health Insurance Account established by the employer, and any monthly cost in excess of \$60 dollars shall be paid by the eligible retired member in the manner provided in ORS 238.410. To be eligible to receive this monthly payment toward the premium cost the member must: (1) have eight years or more of qualifying service in OPERS at the time of retirement or receive a disability allowance as if the member had eight years or more of creditable service in OPERS, (2) receive both Medicare Parts A and B coverage, and (3) enroll in an OPERS-sponsored health plan. A surviving spouse or dependent of a deceased OPERS retiree who was eligible to receive the subsidy is eligible to receive the subsidy if he or she (1) is receiving a retirement benefit or allowance from OPERS or (2) was insured at the time the member died and the member retired before May 1, 1991.

Participating Districts are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the District currently contributes 0.49% of annual covered OPERF payroll and 0.42% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the year ended June 30, 2018 was \$21,679, which equaled the required contributions each year.

Additional disclosures related to Oregon PERS not applicable to specific employers are available online, or by contacting PERS at the following address: PO Box 23700 Tigard, OR 97281-3700.

<http://www.oregon.gov/pers/EMP/Pages/GASB.aspx>

At June 30, 2018, the Districts a net OPEB liability/(asset) and deferred inflows and outflows were not considered significant by management and were not accrued on the government wide statements.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**6. POST EMPLOYMENT HEALTH CARE BENEFITS**

**Post Employment Health Care Benefits**

Plan Description: The District operates a single-employer retiree benefit plan that provides postemployment health, and dental vision to eligible employees and their spouses. There are active and retired members in the plan. Benefits and eligibility for members are established through the collective bargaining agreements.

The District's post-retirement healthcare plan established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulated that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees. The difference between retiree claims cost, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer contribution. The District did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

Funding Policy – The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

**Post Employment Health Insurance Subsidy**

Plan Description: The District administers a single-employer defined benefit healthcare plan that covers both active and retired participants. The plan provides post-retirement healthcare benefits for eligible retirees and their dependents through the District's group health insurance plans. The District's post-retirement plan was established in accordance with Oregon Revised Statutes (ORS) 243.303 which states, in part, that for the purposes of establishing healthcare premiums, the calculated rate must be based on the cost of all plan members, including both active employees and retirees. Because claim costs are generally higher for retiree groups than for active members, the premium amount does not represent the full cost of coverage for retirees. The resulting additional cost, or implicit subsidy, is required to be valued under GASB Statement 75 related to Other Post-Employment Benefits (OPEB). Calculations are based on the OPEB benefits provided under the terms of the substantive plan in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial valuations for OPEB plans involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as results are compared to past expectations and new estimates are made about the future. Actuarial calculations of the OPEB plan reflect a long-term perspective.

Funding Policy – The benefits from this program are paid by the retired employees on a self-pay basis and the required contribution is based on projected pay-as-you go financing requirements. There is no obligation on the part of the District to fund these benefits in advance.

Actuarial Methods and Assumptions - The District's total pension liability and total other post employment benefits were measured as of June 30, 2018 and determined by an actuarial valuation as of July 1, 2017. The total other post employment benefit liability in the June 30, 2018 actuarial valuation was calculated based on the discount rate and actuarial assumptions below, and was then projected forward/backward to the measurement date. Discount Rate 3.58%, Inflation 2.50%, Salary Increases 3.5%, Healthy Mortality, Turnover, Disability, and Retirement Rates: Based on Oregon PERS valuation assumptions as of December 31, 2016, Actuarial Cost Method is Entry Age Normal Level Percent of Pay. Election and lapse rate - 50% of eligible employees 60% of male members and 35% of females members will elect spouse coverage 5% annual lapse rate.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**6. POST EMPLOYMENT HEALTH CARE BENEFITS**

Changes in the Net Other Post-employment Benefit Liability

Total OPEB Liability at June 30, 2017	\$	490,328
Changes for the year:		
Service Cost		45,623
Interest		14,113
Changes of benefit terms		-
Differences between expected and actual experience		(18,104)
Benefit Payments		(82,079)
Net Changes		(40,447)
Total OPEB Liability at June 30, 2018	\$	<u>449,881</u>

Sensitivity Analysis

*Sensitivity of the total OPEB liability to changes in the discount rate.* The following presents the total OPEB liability of the District for the Total OPEB Liability, as well as what the total OPEB liability would be if it were calculated using a discount rate that is I-percentage-point lower (6.50%) or I-percentage-point higher (8.50%) than the current discount rate:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 474,882	\$ 449,881	\$ 426,417

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the District for the Postemployment Health Insurance Subsidy, as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are I-percentage-point lower or I-percentage-point higher than the current discount rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB Liability	\$ 416,468	\$ 449,881	\$ 489,013

Amounts reported as deferred outflows or inflow of resources related to pension will be recognized in pension expense as follows:

<u>Year ending June 30,</u>	<u>Amount</u>
2019	\$ (2,702)
2020	\$ (2,702)
2021	\$ (2,702)
2022	\$ (2,702)
2023	\$ (2,702)
Thereafter	\$ (1,892)
Total	<u>\$ (15,402)</u>

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**7. RISK MANAGEMENT**

There is exposure to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Commercial insurance is purchased to minimize its exposure to these risks. Settled claims have not exceeded this commercial coverage.

**8. LONG-TERM DEBT**

At June 30, 2018, Long Term Debt consisted of two loans, one capital lease, and the balance of accumulated unpaid vacation.

Changes in long-term debt and future maturities were as follows:

	<u>Ousting</u> <u>June 30, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ousting</u> <u>June 30, 2018</u>	<u>Due Within</u> <u>One Year</u>
Pension Obligation Bonds 2005A	\$ 5,730,000	\$ -	\$(320,000)	\$ 5,410,000	\$ 360,000
QZAB Bonds 2012A	<u>1,200,000</u>	<u>-</u>	<u>-</u>	<u>1,200,000</u>	<u>-</u>
Totals	<u>\$ 6,930,000</u>	<u>\$ -</u>	<u>\$(320,000)</u>	<u>\$ 6,610,000</u>	<u>\$ 360,000</u>

**Pension obligation bonds**

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.

**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, 2018 the sinking fund balance satisfied the agreement requirement.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

**8. LONG-TERM DEBT (CONT.)**

Future maturities of all long-term obligations outstanding as of June 30, 2018 (other than accumulated unpaid vacation) are as follows:

Year	2005 PERS Bonds		2012 QZAB		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2018-2019	360,000	256,770	-	55,500	360,000	312,270
2019-2020	400,000	239,966	-	55,500	400,000	295,466
2020-2021	445,000	221,293	-	55,500	445,000	276,793
2021-2022	490,000	200,118	-	55,500	490,000	255,618
2022-2023	545,000	176,797	-	55,500	545,000	232,297
2023-2028	3,170,000	441,760	-	277,500	3,170,000	719,260
2027-2032	-	-	1,200,000	111,000	1,200,000	111,000
Totals	<u>\$ 5,410,000</u>	<u>\$ 1,536,704</u>	<u>\$ 1,200,000</u>	<u>\$ 666,000</u>	<u>\$ 6,610,000</u>	<u>\$ 2,202,704</u>

**9. PROPERTY TAX LIMITATION**

The State of Oregon imposes a constitutional limit on property taxes for schools and non-school government operations. School operations include community colleges, local school districts, and education service districts. The limitation provides that property taxes for school operations are limited to \$4.8880 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt. The result of this requirement has been that school districts have become more dependent upon state funding and less dependent upon property tax revenues as their major source of operating revenue.

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

**10. TAX ABATEMENTS**

Columbia County has established an Enterprise Zone under ORS 285C.050-250 that abates property taxes on new business development within the zone. For the year ended June 30, 2018, the District received taxes reduced by \$91,289 of abatements.

**11. RESTATEMENT**

Due to the implementation of GASB 75 a restatement of the prior year net position was required to remove the other post employment benefit obligation liability, record the total OPEB liability, and record the deferred outflows associated with contributions. The net effect was a decrease in net position of \$239,029.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**NOTES TO BASIC FINANCIAL STATEMENTS**

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**12. COMMITMENTS AND CONTINGENCIES**

Substantially all amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although management expects such amounts, if any, to be immaterial.

A substantial portion of operating funding is received from the State of Oregon. State funding is determined through state wide revenue projections that are paid to individual school districts based on pupil counts and other factors in the state school fund revenue formula. Since these projections and pupil counts fluctuate they can cause increases or decreases in revenue. Due to these future uncertainties at the state level, the future effect on the operations cannot be determined.

As public employees retire, the PERS system reviews their complete employment history to verify that all of their previous public employers have contributed the correct amount to their pensions. When PERS becomes aware of unpaid pension amounts by an employer from previous years, the amount owed becomes due immediately and the total liability (plus interest) is added to the next invoice. The District is not currently aware of any material unpaid pension contributions from previous years.

**Scholarship awards**

The District has received a pledge of \$16,000 per year to fund scholarships for two graduating students each year. These scholarships are 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, 2018, the District has received funds and awarded currently outstanding scholarships for ten students. Scholarship awards totaling \$40,000 have not yet been paid to the scholarship recipients. These funds are considered restricted and are reported in the Special Revenue Fund.

**13. TRANSFERS**

Transfers are made to support operations and reserves. Interfund transfers for the year ended June 30, 2018 are as follows:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 110,000	\$ 274,000
Special Funds	107,000	-
Debt Service Funds	57,000	-
Other	-	-
Total	<u>\$ 274,000</u>	<u>\$ 274,000</u>

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. Due to and from items are used as a pooling of cash and are clearly shown on the face of the financial statements.

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**

**RAINIER SCHOOL DISTRICT NO. 13**  
**COLUMBIA COUNTY, OREGON**

**REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2018**

**SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2018	0.04 %	\$ 5,420,113	\$ 4,687,692	115.6 %	83.1 %
2017	0.04 %	\$ 6,440,696	\$ 4,562,864	141.2 %	80.5 %
2016	0.04 %	\$ 2,168,823	\$ 4,597,915	47.2 %	91.2 %
2015	0.04 %	\$ (997,934)	\$ 4,501,455	(22.2) %	103.6 %
2014	0.04 %	\$ 2,246,689	\$ 4,499,061	49.9 %	92.0 %

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.

**SCHEDULE OF CONTRIBUTIONS**

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2018	\$ 461,938	\$ 461,938	\$ -	\$ 4,754,693	10%
2017	\$ 243,207	\$ 243,207	\$ -	\$ 4,687,692	5%
2016	\$ 240,863	\$ 240,863	\$ -	\$ 4,562,864	5%
2015	\$ 459,431	\$ 2,151,424	\$ -	\$ 4,597,915	12%
2014	\$ 455,431	\$ 455,431	\$ -	\$ 4,501,455	10%

The amounts presented for each fiscal year were actuarially determined at 12/31 and rolled forward to the measurement date.

These schedules are presented to illustrate the requirements to show information for 10 years. However, until a full 10-year trend has been compiled, information is presented only for the years for which the required supplementary information is available.



**RAINIER SCHOOL DISTRICT NO. 13**  
**COLUMBIA COUNTY, OREGON**

**SCHEDULE OF CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS**  
**For the Year Ended June 30, 2018**

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**Total Other Post Employment Benefits Liability at June 30, 2017**                     **\$       490,328**

Changes for the year:

Service Cost	45,623
Interest	14,113
Changes in Benefit Terms	-
Differences between expected and actual experience	-
Changes in assumptions or other input	(18,104)
Employer Contributions	-
Benefit Payments	(82,079)
	(40,447)
Net changes for the year	(40,447)

**Total Other Post Employment Benefits Liability at June 30, 2018**                     **\$       449,881**

**Fiduciary Net Position - Beginning**   **\$               -**

Contributions - Employer	82,079
Contributions - Employee	-
Net Investment Income	-
Benefit Payments	(82,079)
Administrative Expense	-
	-
Net changes for the year	-

**Fiduciary Net Position - Ending**   **\$               -**

**Net Liability for Other Post Employment Benefits - End of Year**                     **\$       449,881**

Fiduciary Net Position as a percentage of the total Single Employer Pension Liabilit                     0%

Covered Payroll   **\$       5,240,099**

Net Single Employer Pension Plan as a Percentage of Covered Payroll                     9%

**RAINIER SCHOOL DISTRICT NO. 13**  
**COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**ACTUAL AND BUDGET**  
**For the Year Ended June 30, 2018**

<u>GENERAL FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
1000 Revenue From Local Sources:				
1110 Ad Valorem Taxes Levied by District	3,300,000	\$ 3,300,000	\$ 3,561,403	\$ 261,403
1190 Penalties and Interest on Taxes	-	-	999	999
1200 Revenue From Local Governments	50,000	50,000	58,500	8,500
1330 Summer School Tuition	3,000	3,000	10,971	7,971
1500 Interest on Investments	20,000	20,000	34,430	14,430
1700 Extracurricular Activities	40,000	40,000	53,328	13,328
1920 Contributions and Donations	-	-	156	156
1930 Lease Payments From Private Co.	36,000	36,000	36,000	-
1940 Services Provided Other Local Education Agencies	40,000	40,000	25,000	(15,000)
1960 Recovery of Prior Years' Expenses	-	-	16,432	16,432
1990 Other Local Sources	40,000	40,000	22,802	(17,198)
Total Local Revenue	<u>3,529,000</u>	<u>3,529,000</u>	<u>3,820,021</u>	<u>291,021</u>
2000 Revenue from Intermediate Sources:				
2101 County School Funds	10,000	10,000	32,147	22,147
2102 Education Service District	85,000	85,000	-	(85,000)
2105 Natural Gas, Oil, & Mineral Receipts	15,000	15,000	6,129	(8,871)
2199 Other Intermediate Revenue	-	-	4,519	4,519
Total Intermediate Revenue	<u>110,000</u>	<u>110,000</u>	<u>42,795</u>	<u>(67,205)</u>
3000 Revenue From State Sources:				
3101 State School Fund - General	5,415,927	5,415,927	5,520,259	104,332
3103 Common School Fund	112,573	112,573	89,979	(22,594)
3104 State Managed County Timber	20,000	20,000	49,539	29,539
3199 Other Unrestricted Grants-in-Aid	-	-	56,463	56,463
3299 Other Restricted Grants-in-aid	-	-	11,275	11,275
Total State Revenue	<u>5,548,500</u>	<u>5,548,500</u>	<u>5,727,515</u>	<u>179,015</u>
Total Revenue	<u>9,187,500</u>	<u>9,187,500</u>	<u>9,590,331</u>	<u>402,831</u>
<b>EXPENDITURES:</b>				
1000 Instruction	5,293,461	5,293,461 (1)	5,215,004	78,457
2000 Support Services	3,989,712	3,989,712 (1)	4,062,511	(72,799)
3000 Enterprise and Community Services	80,327	80,327 (1)	38,964	41,363
Operating Contingency	110,000	110,000 (1)	-	110,000
Total Expenditures	<u>9,473,500</u>	<u>9,473,500</u>	<u>9,316,479</u>	<u>157,021</u>
Excess of Revenues Over, (Under) Expenditures	(286,000)	(286,000)	273,852	(559,852)
Other Financing Sources, (Uses):				
5200 Interfund Transfers	110,000	110,000	110,000	-
5200 Transfers of Funds	(274,000)	(274,000) (1)	(274,000)	-
5300 Sale of/or Compensation for Loss of Capital Assets	-	-	2,170	2,170
Total Other Financing Sources, (Uses):	<u>(164,000)</u>	<u>(164,000)</u>	<u>(161,830)</u>	<u>2,170</u>
Net Change in Fund Balance	(450,000)	(450,000)	112,022	562,022
Beginning Fund Balance	450,000	450,000	410,900	(39,100)
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 522,922</u>	<u>\$ 522,922</u>

(1) Appropriation Level

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018**

<u>SPECIAL REVENUE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE/ (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
1000 Revenue From Local Sources:				
1311 Tuition From Individuals	\$ 27,000	\$ 27,000	\$ 1,600	\$ (25,400)
1400 Transportation Fees		-	7,000	7,000
1500 Earnings on Investments	4,000	4,000	2,846	(1,154)
1600 Food Service	165,000	165,000	90,355	(74,645)
1700 Extracurricular Activities	185,000	185,000	260,944	75,944
1800 Community Services	85,000	85,000	68,139	(16,861)
1920 Private Contributions	26,000	26,000	19,150	(6,850)
1940 Services Provided	23,000	23,000	23,000	-
1990 Other Revenue from Local Sources	112,000	112,000	112,673	673
Total Local Sources	<u>627,000</u>	<u>627,000</u>	<u>585,707</u>	<u>(41,293)</u>
2000 Revenue From Intermediate Sources				
2200 Restricted Revenue	40,000	40,000	109,746	69,746
Total Intermediate Sources	<u>40,000</u>	<u>40,000</u>	<u>109,746</u>	<u>69,746</u>
3000 Revenue from State Sources				
3102 State School Fund-Lunch Match	5,000	5,000	3,822	(1,178)
3299 Other Restricted Grants-In-Aid	3,612,500	3,612,500	991,700	(2,620,800)
Total State Sources	<u>3,617,500</u>	<u>3,617,500</u>	<u>995,522</u>	<u>(2,621,978)</u>
4000 Revenue From Federal Sources:				
4300 Restricted Revenue Direct from the Federal Government	4,800	4,800	3,206	(1,594)
4500 Restricted Revenue from the Federal Government Through the State	753,000	753,000	797,820	44,820
4900 Revenue for/on Behalf of the District	42,000	42,000	32,855	(9,145)
Total Federal Sources	<u>799,800</u>	<u>799,800</u>	<u>833,881</u>	<u>34,081</u>
Total Revenues	<u>5,084,300</u>	<u>5,084,300</u>	<u>2,524,856</u>	<u>(2,559,444)</u>
<b>EXPENDITURES:</b>				
1000 Instruction	939,300	939,300 (1)	891,014	48,286
2000 Support Services	3,652,500	3,652,500 (1)	983,556	2,668,944
3000 Enterprise and Community Services	750,500	750,500 (1)	721,630	28,870
Total Expenditures	<u>5,342,300</u>	<u>5,342,300</u>	<u>2,596,200</u>	<u>2,746,100</u>
Excess of Revenues Over, (Under) Expenditures	(258,000)	(258,000)	(71,344)	186,656
<b>Other Financing Sources, (Uses):</b>				
5200 Transfers of Funds	107,000	107,000	107,000	-
Total Other Financing Sources, (Uses):	<u>107,000</u>	<u>107,000</u>	<u>107,000</u>	<u>-</u>
Net Change in Fund Balance	(151,000)	(151,000)	35,656	186,656
Beginning Fund Balance	<u>236,000</u>	<u>236,000</u>	<u>456,713</u>	<u>220,713</u>
Ending Fund Balance	<u>\$ 85,000</u>	<u>\$ 85,000</u>	<u>\$ 492,369</u>	<u>\$ 407,369</u>

(1) Appropriation Level

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**SUPPLEMENTARY INFORMATION**

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018**

<u>DEBT SERVICE FUND</u>				VARIANCE TO FINAL BUDGET POSITIVE/ (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
<b>REVENUES:</b>				
1000 Revenue From Local Sources:				
1500 Earnings on Investment	\$ 500	\$ 500	\$ 6,481	\$ 5,981
1970 Services provided to other funds	<u>592,000</u>	<u>592,000</u>	<u>594,485</u>	<u>2,485</u>
Total Local Sources	<u>592,500</u>	<u>592,500</u>	<u>600,966</u>	<u>8,466</u>
4000 Revenue From Federal Sources				
4900 Revenue for/on Behalf of the District	<u>55,500</u>	<u>55,500</u>	<u>51,837</u>	<u>3,663</u>
Total Federal Sources	<u>55,500</u>	<u>55,500</u>	<u>51,837</u>	<u>3,663</u>
Total Revenues	<u>648,000</u>	<u>648,000</u>	<u>652,803</u>	<u>12,129</u>
<b>EXPENDITURES:</b>				
5110 Debt Service	<u>647,500</u>	<u>647,500</u> (1)	<u>647,208</u>	<u>292</u>
Excess of Revenues Over, (Under) Expenditures	500	500	5,595	5,095
Other Financing Sources, (Uses):				
5200 Transfers of Funds	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Total Other Financing Sources, (Uses):	<u>57,000</u>	<u>57,000</u>	<u>57,000</u>	<u>-</u>
Net Change in Fund Balance	57,500	57,500	62,595	5,095
Beginning Fund Balance	<u>365,000</u>	<u>365,000</u>	<u>366,716</u>	<u>1,716</u>
Ending Fund Balance	<u>\$ 422,500</u>	<u>\$ 422,500</u>	<u>\$ 429,311</u>	<u>\$ 6,811</u>

(1) Appropriation Level

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**COMBINING BALANCE SHEET - ALL NON-MAJOR GOVERNMENTAL FUNDS  
June 30, 2018**

	NORTH COLUMBIA ACADEMY	CAPITAL PROJECTS FUND	TOTAL
<b>ASSETS:</b>			
Receivables:			
Accounts	\$ 123,914	\$ 41,595	\$ 165,509
Total Assets	\$ 123,914	\$ 41,595	\$ 165,509
 <b>LIABILITIES AND FUND BALANCES:</b>			
Liabilities:			
Accounts Payable	\$ 3,045	\$ -	\$ 3,045
Total Liabilities	3,045	-	3,045
Fund Balances:			
Committed	120,869	41,595	162,464
Total Fund Balances	120,869	41,595	162,464
Total Liabilities and Fund Balances	\$ 123,914	\$ 41,595	\$ 165,509

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL NON-MAJOR GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2018**

REVENUES:	NORTH COLUMBIA ACADEMY	CAPITAL PROJECTS FUND	TOTAL
State Sources	\$ 297,533	\$ -	\$ 297,533
Total Revenues	297,533	-	297,533
<b>EXPENDITURES:</b>			
Current:			
Instruction	319,756	-	319,756
Total Expenditures	319,756	-	319,756
Net Change in Fund Balance	(22,223)	-	(22,223)
Beginning Fund Balances	143,092	41,595	184,687
Ending Fund Balances	\$ 120,869	\$ 41,595	\$ 162,464

\*Note - The District accounts for and budgets the North Columbia Academy as a 700 fund but GAAP requires it to be presented as a special revenue

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018**

<u>NORTH COLUMBIA ACADEMY</u>				VARIANCE TO FINAL BUDGET POSITIVE/ (NEGATIVE)
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	
REVENUES:				
3000 Revenue From State Sources:				
3101 State School Fund	296,000	296,000	297,533	1,533
Total Revenue	296,000	296,000	297,533	1,533
EXPENDITURES:				
1000 Instruction	346,000	346,000 (1)	319,756	26,244
6000 Contingencies	100,000	100,000 (1)	-	100,000
Total Expenditures	446,000	446,000	319,756	126,244
Net Change in Fund Balance	(150,000)	(150,000)	(22,223)	127,777
Beginning Fund Balance	150,000	150,000	143,092	(6,908)
Ending Fund Balance	\$ -	\$ -	\$ 120,869	\$ 120,869

(1) Appropriation Level



**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
ACTUAL AND BUDGET  
For the Year Ended June 30, 2018**

CAPITAL PROJECTS FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE TO FINAL BUDGET POSITIVE/ (NEGATIVE)</u>
EXPENDITURES:				
2000 Supporting Services	\$ 27,000	\$ 27,000 (1)	\$ -	\$ 27,000
Total Expenditures	<u>27,000</u>	<u>27,000</u>	<u>-</u>	<u>27,000</u>
Net Change in Fund Balance	(27,000)	(27,000)	-	27,000
Beginning Fund Balance	<u>27,000</u>	<u>27,000</u>	<u>41,595</u>	<u>14,595</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41,595</u>	<u>\$ 41,595</u>

(1) Appropriation Level

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**OTHER INFORMATION**

**RAINIER SCHOOL DISTRICT**

Columbia County, Oregon

**REVENUE SUMMARY - ALL FUNDS  
YEAR ENDED JUNE 30, 2018**

	<b>Fund 100</b>	<b>Fund 200</b>	<b>Fund 300</b>	<b>Fund 400</b>	<b>Fund 700</b>	<b>TOTAL</b>
<b>Revenue from Local Sources</b>						
1111 Taxes - current year's levy	\$ 3,454,322	\$ -	\$ -	\$ -	\$ -	\$ 3,454,322
1112 Taxes - prior year's levies	99,092	-	-	-	-	99,092
1114 Taxes - payments in lieu of property taxes	7,989	-	-	-	-	7,989
1190 Penalties and interest on taxes	999	-	-	-	-	999
1200 Revenue from local government	58,500	-	-	-	-	58,500
1311 Tuition from individuals	-	1,600	-	-	-	1,600
1312 Tuition from other districts within the state	-	-	-	-	297,533	297,533
1330 Summer school tuition	10,971	-	-	-	-	10,971
1411 Transportation fees from individuals	-	7,000	-	-	-	7,000
1510 Earnings on investments	34,430	2,845	6,482	-	-	43,757
1600 Food Service	-	90,355	-	-	-	90,355
1700 Extracurricular activities	53,328	260,943	-	-	-	314,271
1800 Community service activities	-	68,139	-	-	-	68,139
1920 Contributions and donations from private sources	156	19,150	-	-	-	19,306
1930 Rental or lease payments from private contractors	36,000	-	-	-	-	36,000
1940 Services provided other local education agencies	25,000	23,000	-	-	-	48,000
1960 Recovery of prior year expenditures	16,432	-	-	-	-	16,432
1970 Services provided other funds	-	-	594,485	-	-	594,485
1990 Miscellaneous	21,563	112,675	-	-	-	134,238
1995 Erate	1,239	-	-	-	-	1,239
<b>Total Revenue from Local Sources</b>	<b>3,820,021</b>	<b>585,707</b>	<b>600,967</b>	<b>-</b>	<b>297,533</b>	<b>5,304,228</b>
<b>Revenue from Intermediate Sources</b>						
2101 County school funds	32,147	-	-	-	-	32,147
2105 Natural gas, oil and mineral receipts	6,129	-	-	-	-	6,129
2199 Other intermediate sources	4,519	-	-	-	-	4,519
2200 Restricted revenue	-	109,747	-	-	-	109,747
<b>Total Revenue from Intermediate Sources</b>	<b>42,795</b>	<b>109,747</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>152,542</b>
<b>Revenue from State Sources</b>						
3101 State School Support	5,520,259	-	-	-	-	5,520,259
3102 SSF School Lunch Match	-	3,822	-	-	-	3,822
3103 Common school fund	89,979	-	-	-	-	89,979
3104 State managed county timber	49,539	-	-	-	-	49,539
3199 Other unrestricted sources	56,463	-	-	-	-	56,463
3299 Other restricted grants-in-aid	11,275	991,700	-	-	-	1,002,975
<b>Total Revenue from State Sources</b>	<b>5,727,515</b>	<b>995,522</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,723,037</b>
<b>Revenue from Federal Sources</b>						
4300 Restricted Rev Fed Gov through State	-	3,206	-	-	-	3,206
4500 Restricted Rev Fed Gov through State	-	797,819	-	-	-	797,819
4900 USDA Donated Commodities	-	32,855	51,837	-	-	84,692
<b>Total Revenue from Federal Sources</b>	<b>-</b>	<b>833,880</b>	<b>51,837</b>	<b>-</b>	<b>-</b>	<b>885,717</b>
<b>Revenue from Other Sources</b>						
5300 Sale of fixed asset	2,170	-	-	-	-	2,170
5200 Interfund Transfers	110,000	107,000	57,000	-	-	274,000
5400 Resources - Beginning Fund Balance	410,901	456,713	366,715	41,595	143,092	1,275,924
<b>Total Revenue from Other Sources</b>	<b>523,071</b>	<b>563,713</b>	<b>423,715</b>	<b>41,595</b>	<b>143,092</b>	<b>1,552,094</b>
<b>Total</b>	<b>\$ 10,113,402</b>	<b>\$ 3,088,569</b>	<b>\$ 1,076,519</b>	<b>\$ 41,595</b>	<b>\$ 440,625</b>	<b>\$ 14,617,618</b>

**RAINIER SCHOOL DISTRICT**

Columbia County, Oregon

**GENERAL FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

**Fund: 100 General Fund**

	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>	<b>TOTAL</b>
<b>Instruction Expenditures</b>								
1111 Primary, K-3	\$ 1,213,546	\$ 722,188	\$ 13,541	\$ 57,699	\$ -	\$ -	\$ -	\$ 2,006,974
1121 Middle/Junior high school programs	342,182	206,782	1,789	10,627	-	-	-	561,380
1131 High school programs	634,713	355,230	44,282	50,902	-	2,888	-	1,088,015
1132 High school extracurricular	61,872	15,487	34,862	4,607	-	9,648	-	126,476
1140 Pre-kindergarten programs	10,434	5,668	457	8,956	-	40	-	25,555
1210 Programs for the talented and gifted	-	-	-	154	-	-	-	154
1220 Restrictive programs for student with disabilities	308,847	188,426	19,907	6,436	-	-	-	523,616
1250 Less restrictive programs for student with disabilities	336,589	212,860	153	5,993	-	-	-	555,595
1272 Title IA/D	5,119	4,770	138	2,225	-	-	-	12,252
1280 Alternative education	2,095	484	297,533	-	-	-	-	300,112
1291 English second language program	-	-	-	52	-	-	-	52
1400 Summer School Programs	10,738	3,724	304	58	-	-	-	14,824
<b>Total Instruction Expenditures</b>	<b>2,926,135</b>	<b>1,715,619</b>	<b>412,966</b>	<b>147,709</b>	<b>-</b>	<b>12,576</b>	<b>-</b>	<b>5,215,005</b>
<b>Support Services Expenditures</b>								
2120 Guidance services	75,499	46,176	373	2,239	-	2,644	-	126,931
2130 Health services	-	-	828	717	-	262	-	1,807
2140 Psychological services	-	-	21,183	-	-	-	-	21,183
2150 Speech pathology and audiology services	36,043	21,945	21,511	447	-	-	-	79,946
2190 Service direction, student support services	116,001	48,317	12,096	6,324	-	57	-	182,795
2210 Improvement of instruction services	-	-	10,215	-	-	-	-	10,215
2220 Educational media services	39,492	25,822	1,290	13,852	-	-	-	80,456
2240 Instructional staff development	5,174	1,194	32,461	54	-	-	-	38,883
2310 Board of education services	-	-	43,623	1,952	-	1,495	-	47,070
2320 Executive administration services	201,488	120,995	25,616	16,131	-	31,583	-	395,813
2410 Office of the principal services	467,304	266,797	7,957	7,806	-	267	-	750,131
2520 Fiscal services	39,043	32,464	10,685	4,270	-	2,746	-	89,208
2540 Operation and maintenance of plant services	342,631	154,375	275,236	102,777	33,750	59,649	-	968,418
2550 Student transportation services	-	-	991,695	75,841	-	-	-	1,067,536
2640 Staff services	-	-	594	-	-	-	-	594
2660 Technology services	81,170	47,491	29,227	43,637	-	-	-	201,525
<b>Total Support Services Expenditures</b>	<b>1,403,845</b>	<b>765,576</b>	<b>1,484,590</b>	<b>276,047</b>	<b>33,750</b>	<b>98,703</b>	<b>-</b>	<b>4,062,511</b>
<b>Enterprise and Community Services</b>								
3300 Community services	25,773	12,932	259	-	-	-	-	38,964
<b>Total Enterprise and Community Services</b>	<b>25,773</b>	<b>12,932</b>	<b>259</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>38,964</b>
<b>Other Uses Expenditures</b>								
5200 Transfers of Funds	-	-	-	-	-	-	274,000	274,000
<b>Total Other Uses Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>274,000</b>	<b>274,000</b>
<b>Total 100 General Fund</b>	<b>\$ 4,355,753</b>	<b>\$ 2,494,127</b>	<b>\$ 1,897,815</b>	<b>\$ 423,756</b>	<b>\$ 33,750</b>	<b>\$ 111,279</b>	<b>\$ 274,000</b>	<b>\$ 9,590,480</b>

**RAINIER SCHOOL DISTRICT**

Columbia County, Oregon

**SPECIAL REVENUE FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

<b>Fund: 200 Special Revenue Fund</b>		<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>	<b>TOTAL</b>
<b>Instruction Expenditures</b>									
1111	Primary, K-3	\$ 892	\$ 354	\$ 14,396	\$ 26,557	\$ -	\$ -	\$ -	\$ 42,199
1113	Elementary extracurricular	-	-	-	-	-	-	-	-
1122	Middle/Junior high school extracurricular	-	-	-	-	-	-	-	-
1131	High school programs	85,498	41,841	5,365	3,230	-	-	-	135,934
1132	High school extracurricular	-	-	-	205,444	-	-	-	205,444
1140	Pre-kindergarten programs	52,577	27,405	-	7,000	-	-	-	86,982
1220	Restrictive programs for students with disabilities	31,641	18,426	4,461	414	-	-	-	54,942
1250	Less restrictive programs for student with disabilities	79,181	59,222	-	-	-	-	-	138,403
1272	Title I	97,841	72,041	-	18,242	-	-	-	188,124
1280	Alternative education	7,915	4,595	4,955	1,684	-	64	-	19,213
1299	Other programs	775	261	-	2,170	-	-	-	3,206
1400	Summer school programs	10,787	3,756	1,711	314	-	-	-	16,568
	<b>Total Instruction Expenditures</b>	<b>367,107</b>	<b>227,901</b>	<b>30,888</b>	<b>265,055</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>891,015</b>
<b>Support Services Expenditures</b>									
2110	Attendance and social work services	-	-	-	369	-	-	-	369
2120	Guidance services	11,465	10,695	-	-	-	-	-	22,160
2130	Health services	27,933	11,740	7,725	3,324	-	-	-	50,722
2140	Psychological services	-	-	1,213	-	-	-	-	1,213
2150	Speech pathology and audiology services	-	-	53,489	-	-	-	-	53,489
2190	Service direction, student support services	1,338	403	-	-	-	-	-	1,741
2210	Improve instruction services	691	103	17,725	(5)	-	-	-	18,514
2240	Instructional staff development	2,906	390	9,557	112	-	-	-	12,965
2490	Other support services-school administration	-	-	1,350	-	-	-	-	1,350
2540	Operation and maintenance of plant services	-	-	236,865	-	564,281	-	-	801,146
2570	Internal services	-	-	-	(729)	-	-	-	(729)
2640	Staff services	2,429	787	5,879	10,379	-	1,142	-	20,616
	<b>Total Support Services Expenditures</b>	<b>46,762</b>	<b>24,118</b>	<b>333,803</b>	<b>13,450</b>	<b>564,281</b>	<b>1,142</b>	<b>-</b>	<b>983,556</b>
<b>Enterprise and Community Services</b>									
3100	Food services	206,637	137,700	9,587	188,391	-	-	-	542,315
3300	Community services	101,844	39,643	23,330	13,943	-	554	-	179,314
	<b>Total Enterprise and Community Services</b>	<b>308,481</b>	<b>177,343</b>	<b>32,917</b>	<b>202,334</b>	<b>-</b>	<b>554</b>	<b>-</b>	<b>721,629</b>
<b>Total 200 Special Revenue Fund</b>		<b>\$ 722,350</b>	<b>\$ 429,362</b>	<b>\$ 397,608</b>	<b>\$ 480,839</b>	<b>\$ 564,281</b>	<b>\$ 1,760</b>	<b>\$ -</b>	<b>\$ 2,596,200</b>

**RAINIER SCHOOL DISTRICT**

Columbia County, Oregon

**DEBT SERVICE FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

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	<u>Object 100</u>	<u>Object 200</u>	<u>Object 300</u>	<u>Object 400</u>	<u>Object 500</u>	<u>Object 600</u>	<u>Object 700</u>	<u>TOTAL</u>
<b>Fund: 300 Debt Service</b>								
<b>Other Uses Expenditures</b>								
5100 Debt Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 647,208	\$ -	\$ 647,208
<b>Total Other Uses Expenditures</b>	-	-	-	-	-	<b>647,208</b>	-	<b>647,208</b>
<b>Total 300 Debt Service Fund</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 647,208</b>	<b>\$ -</b>	<b>\$ 647,208</b>

**RAINIER SCHOOL DISTRICT**  
Columbia County, Oregon

**CAPITAL PROJECTS FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

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<b>Fund: 400 Capital Projects Fund</b>								
<b>Support Services Expenditures</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>	<b>TOTAL</b>
2540 Operation and maintenance of plant services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Total Support Services Expenditures</b>	-	-	-	-	-	-	-	-
	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**RAINIER SCHOOL DISTRICT**

Columbia County, Oregon

**AGENCY FUND  
EXPENDITURE SUMMARY  
YEAR ENDED JUNE 30, 2018**

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**Fund: 700 Agency Fund**

<b>Instruction Expenditures</b>	<b>Object 100</b>	<b>Object 200</b>	<b>Object 300</b>	<b>Object 400</b>	<b>Object 500</b>	<b>Object 600</b>	<b>Object 700</b>	<b>TOTAL</b>
1288 Charter schools	\$ 181,901	\$ 103,670	\$ 9,812	\$ 17,609	\$ -	\$ 6,764	\$ -	\$ 319,756
<b>Total Instruction Expenditures</b>	<b>181,901</b>	<b>103,670</b>	<b>9,812</b>	<b>17,609</b>	<b>-</b>	<b>6,764</b>	<b>-</b>	<b>319,756</b>
<b>Total 100 General Fund</b>	<b>\$ 181,901</b>	<b>\$ 103,670</b>	<b>\$ 9,812</b>	<b>\$ 17,609</b>	<b>\$ -</b>	<b>\$ 6,764</b>	<b>\$ -</b>	<b>\$ 319,756</b>



# RAINIER SCHOOL DISTRICT

Columbia County, Oregon

SUPPLEMENTAL INFORMATION REQUIRED BY THE STATE OF OREGON  
DEPARTMENT OF EDUCATION  
YEAR ENDED JUNE 30, 2018

School District Business Managers and Auditors:

This page is a required part of your annual audited financial statements. Please make sure it is included.

Parts A is needed for computing Oregon’s full allocation for ESEA, Title I & other Federal Funds for Education.

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

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

	Objects 325 & 326
Function 2540	\$ 189,252
Function 2550	\$ -

**B. Replacement of Equipment – General Fund:**

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

	\$ -
--	------

Exclude these functions:

Exclude these functions:

1113, 1122 & 1132	Co - curricular Activities	4150	Construction
1140	Pre - Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Services
1400	Summer School	3300	Community Services

**RAINIER SCHOOL DISTRICT NO. 13  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES OF TAXES UNCOLLECTED  
For the Year Ended June 30, 2018**

<u>GENERAL FUND</u>						
TAX YEAR	ORIGINAL LEVY OR BALANCE UNCOLLECTED July 1, 2017	DEDUCT DISCOUNTS	ADJUSTMENTS TO ROLLS	INTEREST	CASH COLLECTIONS BY COUNTY TREASURER	BALANCE UNCOLLECTED OR UNSEGREGATED June 30, 2018
Current:						
2017-18	\$ 3,656,236	\$ 96,758	\$ (8,778)	\$ 1,521	\$ 3,434,286	\$ 117,935
Prior Years:						
2016-17	111,145	(155)	(1,424)	4,374	57,415	56,835
2015-16	55,138	-	3,058	4,757	28,062	34,891
2014-15	30,622	-	6,638	5,916	23,883	19,293
2013-14	9,978	-	6,776	2,285	8,110	10,929
Prior	16,394	-	23,264	2,883	6,354	36,187
Total Prior	223,277	(155)	38,312	20,215	123,824	158,135
Total	<u>\$ 3,879,513</u>	<u>\$ 96,603</u>	<u>\$ 29,534</u>	<u>\$ 21,736</u>	<u>\$ 3,558,110</u>	<u>\$ 276,070</u>

RECONCILIATION TO REVENUE:

Cash Collections by County Treasurers Above	\$ 3,558,110
Accrual of Receivables:	
June 30, 2018	18,020
June 30, 2017	(10,947)
Other Taxes	<u>(3,781)</u>
Total GAAP Revenue	<u>\$ 3,561,402</u>

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**ANNUAL OPERATING DATA**

**General Obligation Bond Debt Capacity – Fiscal Year 2018**

**Fiscal Year 2018**

Real Market Value	\$	899,501,020
<b>Debt Capacity</b>		
General Obligation Debt Capacity (7.95% of Real Market Value)	\$	71,510,331
Less: Outstanding Debt Subject to Limit		-
Remaining General Obligation Debt Capacity	\$	71,510,331
Percent of Capacity Issued		0.0%

**Taxable Property Values**

Fiscal Year	M5 Real Market Value	Total Assessed Value	Urban Renewal Excess	Net Assessed Value	% AV Growth
2018	\$ 899,501,020	\$ 700,366,935	\$ 16,832,259	\$ 683,534,676	4.50%
2017	768,633,204	670,219,059	16,847,414	653,371,645	1.49%
2016	751,817,235	660,360,994	16,657,752	643,703,242	4.50%
2015	686,211,501	631,922,440	16,848,365	615,074,075	0.24%
2014	703,017,841	630,429,410	16,193,906	614,235,504	1.85%
2013	686,028,296	618,951,003	16,191,256	602,759,747	1.90%
2012	670,726,741	607,402,770	16,205,605	591,197,165	-1.16%
2011	746,905,922	614,504,794	16,252,458	598,252,336	0.19%
2010	778,185,625	613,340,811	16,448,958	596,891,853	1.91%
2009	871,397,529	601,866,051	17,725,903	584,140,148	4.68%
2008	794,990,063	574,968,175	18,777,979	556,190,196	4.25%
2007 <sup>(1)</sup>	710,589,172	551,528,730	18,783,741	532,744,989	39.47%
2006	500,101,066	395,448,746	19,192,355	376,256,391	---

(1) Increase due to addition of large industrial property to tax rolls.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**ANNUAL OPERATING DATA**

**Representative Levy Rate**

**Fiscal Year 2018**

<b>General Government</b>	<b>Billing Rate</b>	<b>Bond Levy Rate</b>	<b>Local Option Rate<sup>(1)</sup></b>	<b>Consolidated Rate</b>
Columbia County	\$ 1.3196	\$ 0.2306	\$ 0.0000	\$ 1.5502
Jail Operations 3 Year Levy	0.0000	0.0000	0.5797	0.5797
Columbia 4H Extension	0.0540	0.0000	0.0000	0.0540
911 Communication District	0.2415	0.0000	0.0000	0.2415
911 LO Levy	0.0000	0.0000	0.2900	0.2900
Vector Control District	0.1199	0.0000	0.0000	0.1199
Rainier Cemetery	0.0558	0.0000	0.0000	0.0558
Port of St. Helens	0.0831	0.0000	0.0000	0.0831
Soil and Water Conservation Dist.	0.0946	0.0000	0.0000	0.0946
Columbia River Fire Dist.	2.9731	0.0000	0.0000	2.9731
CCDA - Colco Dev Agency	0.1485	0.0000	0.0000	0.1485
<b>Total General Government</b>	<b>5.0901</b>	<b>0.2306</b>	<b>0.8697</b>	<b>6.1904</b>
<b>Education</b>				
Northwest Regional ESD	0.1455	0.0000	0.0000	0.1455
Rainier School District	5.4360	0.0000	0.0000	5.4360
<b>Total Education</b>	<b>5.5815</b>	<b>0.0000</b>	<b>0.0000</b>	<b>5.5815</b>
<b>Total Tax Rate</b>	<b>\$ 10.6716</b>	<b>\$ 0.2306</b>	<b>\$ 0.8697</b>	<b>\$ 11.7719</b>

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**ANNUAL OPERATING DATA**

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**Debt Ratios – As of June 30, 2018**

**Fiscal Year 2018**

Real Market Value	\$ 899,501,020		
Estimated Population	7,623		
Per Capita Real Market Value	\$ 117,998		
		<b>Net Direct</b>	
<b>Debt Information</b>	<b>Gross Direct Debt<sup>(1)</sup></b>	<b>Debt<sup>(2)</sup></b>	
District Direct Debt	\$ 6,930,000	\$ 6,930,000	
Overlapping Direct Debt	14,473,735	13,551,566	
Total Direct Debt	<u>\$ 21,403,735</u>	<u>\$ 20,481,566</u>	
<b>Bonded Debt Ratios</b>			
District Direct Debt to Real Market Value	0.77%	0.77%	
Total Direct Debt to Real Market Value	2.38%	2.28%	
Per Capita District Direct Debt	\$ 909	\$ 909	
Per Capita Total Direct Debt	\$ 2,808	\$ 2,687	

(1) Gross Direct Debt includes all unlimited (general obligation bonds) and limited (full faith and credit obligations) tax supported debt. Limited tax pension obligations are included.

(2) Net Debt is Gross Direct Debt less self-supporting limited and unlimited tax supported debt. Beginning in FY 2010, the State changed its classification for pension bonds from self supporting to non-self supporting. As a result, they are now included in the Net Direct Debt total.

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**ANNUAL OPERATING DATA**

**Major Taxpayers**

**Fiscal Year 2018**

**Rainier School District No. 13**

<b>Taxpayer</b>	<b>Business/Service</b>	<b>Tax</b>	<b>Assessed Value</b>	<b>Percent of Value</b>
United States Gypsum	Wallboard Manufacturing Plant	\$ 916,670	\$ 54,400,570	8.12%
Portland General Electric	Utility	253,199	21,420,000	3.20%
Clatskanie PUD	Utility	248,327	20,220,000	3.02%
Foss Maritime Co.	Marine Towing	138,469	7,851,600	1.17%
Columbia River PUD	Utility	91,386	7,979,000	1.19%
Teevin Bros. Land & Timber Co.	Timber Tracts	87,454	4,958,880	0.74%
Teevin Investment Co. Inc	Timber Tracts	79,221	5,788,790	0.86%
Teevin Term & Teevin Invest & Teevin	Shipping	66,853	6,482,280	0.97%
Longview Timberlands LLC	Timber Tracts	66,541	5,834,722	0.87%
Northwest Natural Gas Co.	Utility	57,793	4,258,000	0.64%
Subtotal - ten of District's largest taxpayers			139,193,842	20.77%
All other District's taxpayers			531,025,217	79.23%
Total District			\$ 670,219,059	100.00%

**Columbia County**

<b>Taxpayer</b>	<b>Business/Service</b>	<b>Tax</b>	<b>Assessed Value</b>	<b>Percent of Value</b>
Portland General Electric	Utility	\$4,463,912	\$ 618,993,000	12.11%
Northwest Natural Gas Co.	Utility	2,002,655	161,135,382	3.15%
United States Gypsum	Wallboard Manufacturing Plant	930,332	55,492,940	1.09%
Dyno Nobel Inc.	Manufacturing Plant	712,003	55,413,141	1.08%
Longview Timberlands, LLC	Timber Tracts	617,938	48,596,942	0.95%
Columbia River PUD	Utility	510,639	39,291,500	0.77%
Clatskanie PUD	Utility	471,218	36,869,000	0.72%
Cascade Kelly Holdings LLC	Paper Products	470,451	46,508,800	0.91%
Armstrong World Industries Inc	Ceiling Manufacturing Plant	402,678	27,264,690	0.53%
Comcast Corporation	Utility	358,509	23,708,400	0.46%
Subtotal - ten of County's largest taxpayers			1,113,273,795	21.79%
All other County's taxpayers			3,996,626,716	78.21%
Total County			\$ 5,109,900,511	100.00%

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**INDEPENDENT AUDITORS' REPORT REQUIRED**  
**BY OREGON STATE REGULATIONS**



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October 31, 2018

### **Independent Auditors' Report Required by Oregon State Regulations**

We have audited the basic financial statements of the Rainier School District as of and for the year ended June 30, 2018, and have issued our report thereon dated October 31, 2018. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards.

#### **Compliance**

As part of obtaining reasonable assurance about whether the Rainier School District'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 162-10-000 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 Rainier School 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 except as follows:

1. There was one instances where the district overspent appropriations, as noted on page 16.

#### **OAR 162-10-0230 Internal Control**

In planning and performing our audit, we considered the Rainier School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Rainier School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Rainier School District's internal control over financial reporting.



We noted matters involving the internal control structure and its operation that we consider to be significant deficiencies under standards established by the American Institute of Certified Public Accountants, which are noted in the schedule of findings and questioned costs.

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

A handwritten signature in black ink, appearing to read "Ken Allen". The signature is fluid and cursive, with a large initial "K" and "A".

Kenneth Allen, CPA  
Municipal Auditor  
**PAULY, ROGERS AND CO., P.C.**

**RAINIER SCHOOL DISTRICT  
COLUMBIA COUNTY, OREGON**

**GRANT COMPLIANCE REVIEW**

**RAINIER SCHOOL DISTRICT NO. 6J  
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2018**

Federal Grantor/Pass Through Grantor/ Program Title	Pass Through Organization	Federal CFDA Number	Pass Through Entity Number	Grant Period	Expenditures	Pass through to Sub-Recipients
<b>U.S. Department of Education</b>						
Title I -Grants to Local Educational Agencies	ODE	84.010	45680	2017-18	\$ 188,124	\$ -
Total Title I Grants to Local Educational Agencies					188,124	-
Title IIA - Improving Teacher Quality State Grants	ODE	84.367	45896	2017-18	31,295	-
Total Title IIA Improving Teacher Quality					31,295	-
<b>Special Education Cluster</b>						
Special Education Grants to States	ODE	84.027	41605	2016-17	536	-
Special Education Grants to States	ODE	84.027	44482	2017-18	1,704	-
Special Education Grants to States	ODE	84.027	45246	2017-18	193,458	-
Special Education Grants to States	ODE	84.027	46526	2017-18	2,652	-
Total of Special Education Grant to States, CFDA 84.027					198,350	-
Special Education Grants to States	ODE	84.173	45488	2017-18	1,213	-
Total of Special Education Grant to States, CFDA 84.173					1,213	-
<b>Total Special Education Cluster</b>					<b>199,563</b>	<b>-</b>
Title VIIA Indian Education	USDOE	84.060	S060A172540	2017-18	3,205	-
Total Title VIIA Indian Education Grants to Local Education Agencies					3,205	-
<b>Total U.S. Department of Education</b>					<b>422,187</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>						
Vocational Rehabilitation Grants to States	ODHS	84.126A	154932	2017-2019	43,233	-
Total Vocational Rehabilitation Grants to States					43,233	-
Title V Abstienence Education Program Grants	ODHS	93.235	151841	2017-2018	795	-
Total Title V Abstienence Education Program Grants					795	-
<b>Total, U.S. Department of Health and Human Services</b>					<b>44,028</b>	<b>-</b>
<b>U.S. Department of Agriculture</b>						
<b>Child Nutrition Cluster</b>						
School Breakfast Program	ODE	10.553	N/A	2017-18	55,190	-
Total Breakfast Program					55,190	-
National School Lunch Program	ODE	10.555	N/A	2017-18	189,159	-
National School Lunch Program Commodities (non cash)	ODE	10.555	N/A	2017-18	32,745	-
Total National School Lunch Program CFDA 10.555					221,904	-
Child and Adult Care Food Program	ODE	10.558	N/A	2017-18	61,668	-
Total Child and Adult Care Food Program					61,668	-
Summer Food Service Program Commodities (non cash)	ODE	10.559	N/A	2017-18	110	-
Summer Food Service Program	ODE	10.559	N/A	2017-18	28,569	-
Total Summer Food Service Program CFDA 10.559					28,679	-
<b>Total Child Nutrition Cluster</b>					<b>367,441</b>	<b>-</b>
Reallocation SAE	ODE	10.560	N/A	2017-18	224	-
Total Reallocation SAE					224	-
<b>Total U.S. Department of Agriculture</b>					<b>367,665</b>	<b>-</b>
<b>Total Federal Financial Assistance</b>					<b>\$ 833,880</b>	<b>\$ -</b>

This schedule does not agree to the statement of revenues, expenditures, and changes in fund balances by \$51,837 because the interest subsidy of \$51,837 realted to the 2012 Qualified Zone Academy Bond is not considered expenditures of federal awrads but is a federal source receipt.



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October 31, 2018

To the Board of Directors  
Rainier School District  
Columbia County, Oregon

**INDEPENDENT AUDITORS' 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***

We have audited, in accordance with the 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, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Rainier School District as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements, and have issued our report thereon dated October 31, 2018.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the 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 internal control. Accordingly, we do not express an opinion on the effectiveness of 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 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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the financial statements are free from material misstatement, we performed tests of 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*.

### **Entity's Response to Findings**

The entity's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Kenneth Allen, CPA  
Municipal Auditor  
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October 31, 2018

To the Board of Directors  
Rainier School District  
Columbia County, Oregon

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

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

We have audited Rainier School 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 major federal programs for the year ended June 30, 2018. The major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of the 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 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 compliance.

**Opinion on Each Major Federal Program**

In our opinion, Rainier School District, 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, 2018.

## Report on Internal Control Over Compliance

Management 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 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 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.



Kenneth Allen, CPA  
Municipal Auditor

**PAULY, ROGERS AND CO., P.C.**

**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2018**

---

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors’ report issued Unmodified

Internal control over financial reporting:

    Material weakness(es) identified?  yes  no

    Significant deficiency(s) identified that are not considered  
    to be material weaknesses?  yes  none reported

Noncompliance material to financial statements noted?  yes  no

Any GAGAS audit findings disclosed that are required to be reported in  
accordance with the Uniform Guidance?  yes  no

**FEDERAL AWARDS**

Internal control over major programs:

    Material weakness(es) identified?  yes  no

    Significant deficiency(s) identified that are not considered  
    to be material weaknesses?  yes  none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance  
with the Uniform Guidance?  yes  no

**IDENTIFICATION OF MAJOR PROGRAMS**

<b><u>CFDA NUMBER</u></b>	<b><u>NAME OF FEDERAL PROGRAM CLUSTER</u></b>
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee?  yes  no



**RAINIER SCHOOL DISTRICT**  
**COLUMBIA COUNTY, OREGON**

**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2018**

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**SECTION II – FINANCIAL STATEMENT FINDINGS**

Condition: Between July of 2017 and February of 2018 reconciliations were only done for the main checking account and were not done for any of the other cash and investment accounts. We also noted that the main checking account did not use positive pay.

Criteria: Good internal control requires that reconciliation be done monthly for all cash and investment accounts, preferably within two weeks of month end. The use of positive pay is also a good internal control that helps ensure that the bank doesn't process unauthorized transactions.

Effect: Cash balances could be misstated due to the condition above.

Cause: The District was staffed by different finance staff prior to the discovery of the finding, and the current bank doesn't offer positive pay as an option.

Recommendations: Reconciliations should be done monthly within 15 days, and staff should see if the current bank plans to offer the positive pay option.

Management's Response: This has been corrected going forward as of March 2018.

**SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONS COSTS:**

None

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

1. **BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes federal grant activity under programs of the federal government. The information in this schedule is presented in accordance with 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). Because the schedule presents only a selected portion of the operations, it is not intended to and does not present the net position, changes in net position, or cash flows of the entity.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. Negative amounts shown on the schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The entity has elected to not use the ten percent de minimus indirect cost rate as allowed under Uniform Guidance, due to the fact that it already has a negotiated indirect cost rate with the Oregon Department of Education, and thus is not allowed to use the de minimus rate.