

**Boldt Carlisle + Smith**

CERTIFIED PUBLIC ACCOUNTANTS

The right people. The right answers.



**ANNUAL FINANCIAL REPORT  
For the Year Ended June 30, 2012**

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**CITY OF ST. HELENS**

**For the Year Ended June 30, 2012**

**CITY COUNCIL**

**Term Expires  
December 31,**

*Mayor*

Randall Peterson  
715 Maplewood Drive  
St. Helens, OR 97051

2012

*Councilors*

Keith Locke, President  
90 Columbia Blvd  
St. Helens, OR 97051

2012

Douglas Morten  
484 Grey Cliff Drive  
St. Helens, OR 97051

2014

Susan Conn  
(Term began January 2012)  
334 S 3<sup>rd</sup> Street  
St. Helens, OR 97051

2014

Patrick Martyn  
265 South 13<sup>th</sup> Street  
St. Helens, OR 97051

2012

**CITY STAFF**

Vacant , *Administrator*

Steve Salle, *Police Chief*

Sue Nelson and Neal Sheppard, *Co-Interim Public Works Director*

Margaret Jeffries, *Library Director*

Jon Ellis, *Finance Director*

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CITY OF ST. HELENS

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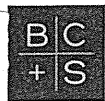
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## INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of the City Council  
CITY OF ST. HELENS  
St. Helens, Oregon

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of CITY OF ST. HELENS, as of and for the year ended June 30, 2012, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the CITY OF ST. HELENS, as of June 30, 2012, the respective changes in financial position, cash flows, where applicable, thereof, and the respective budgetary comparisons for the General and State Tax Street Funds, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

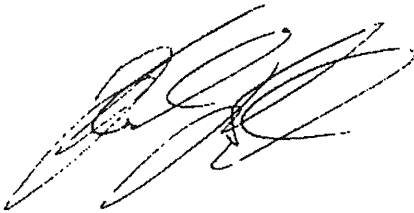
Honorable Mayor and Members of the City Council  
CITY OF ST. HELENS  
St. Helens, Oregon

**INDEPENDENT AUDITOR'S REPORT (Continued)**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages *i* through *vi* 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual fund financial statements are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other 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. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

**Boldt, Carlisle & Smith, LLC**  
Certified Public Accountants  
Salem, Oregon  
December 28, 2012



Bradley G. Bingenheimer, Member



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

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# CITY OF ST. HELENS

## MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2012

### Introduction

City of St. Helens' discussion and analysis offers readers of the City's financial statements an overview and analysis of its financial activities for the fiscal year ended June 30, 2012. We encourage readers to consider the information presented here in conjunction with the basic financial statements (which immediately follow this discussion).

### Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$48.41 million. Of this amount, \$6.49 million (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- On a government-wide basis, the City's total net assets increased \$2.08 million. Net assets associated with governmental activities increased \$2.75 million primarily reflecting change in accounting for capital and other dedicated reserves. These reserves shifted from operating funds (i.e. General, Streets, Water, Sewer) to Special Revenue Capital Improvement and Community Enhance Funds. Net assets associated from business-type activities decreased \$.67 million primarily reflecting change in accounting for capital and other dedicated reserves, partially offset by deferment of capital projects, overall cost reductions, and donated capital from local industry.
- On a fund basis, the City's governmental funds reported a combined ending fund balance of \$7.52 million. The \$3.02 million increase from the prior year is primarily a reflection of change in accounting for capital reserves.
- The General Fund's financial position declined over last fiscal year. On June 30, 2012, the ending fund balance is \$1.26 million, a decrease of \$.8 million (38.87%) from the previous year. Although revenues increased from the prior year, expenditures still exceeded revenue levels by \$.23 million with the remaining draw reflecting change in accounting for other dedicated reserves. The unassigned fund balance is \$1.20 million and represents 31.3% of operating expenditures and can be used to meet the City's ongoing obligations to citizens and creditors. City Council has designated a minimum undesignated fund balance to reflect no less than 20% of operating expenditures.

### Overview of the Financial Statements

The following discussion and analysis is intended to serve as an introduction to the City's basic financial statements and other required supplemental information. The City's basic financial statements are comprised of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to basic financial statements

## *Government-wide Financial Statements*

The government-wide financial statements reports information about the City as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (government activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety and justice, land use and planning, street transportation, library and educational services, parks and recreation, tourism activities, and community housing services. The business-type activities include water system operations, sewer system operations, storm drain operations, fleet maintenance, administrative services and public works administrative activities.

## *Fund Financial Statements*

Fund financial statements are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate finance-related legal compliance. All of the funds of the City can be divided into two categories: *governmental* or *proprietary*.

*Governmental funds* are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Governmental fund's financial statement focuses on the near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating the City's near-term financing requirements. Because the focus of governmental funds is narrower than that of governmental activities financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's long-term financing decisions. The governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between governmental funds and government-wide activities.

Information is presented separately in the governmental funds' Balance Sheet and Statement of Revenues, Expenditures and Changes in Fund Balances for the General and State Tax Street Funds. Other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

*Proprietary funds* are maintained in two ways. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for Water Operation Services, Sewer Operation Services, and Storm Drain Services. Internal Services Funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for Fleet Operations, Administrative Services and Public Works Administration. Because these services predominantly benefit business-type rather than governmental activities, they have been included within the business-type activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

### *Notes to Basic Financial Statements*

The notes to basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are an integral part of the basic financial statements.

### Government-wide Financial Analysis

#### *Statement of Net Assets (In \$ millions)*

	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2012	2011
<b>ASSETS</b>						
Current and other assets	\$ 8.29	\$ 5.25	\$ 5.10	\$ 8.59	\$ 13.39	\$ 13.84
Capital assets, net	16.09	16.42	31.63	30.86	47.72	47.27
Total assets	24.38	21.67	36.73	39.45	61.11	61.11
<b>LIABILITIES</b>						
Current liabilities	0.45	0.43	0.43	0.62	0.89	1.05
Long-term obligations	0.22	0.27	11.61	13.46	11.82	13.73
Total liabilities	0.67	0.70	12.04	14.08	12.71	14.78
<b>NET ASSETS</b>						
Invested in capital assets, net of related debt	16.06	16.34	20.15	17.87	36.21	34.20
Restricted	1.69	0.40	0.83	2.47	2.52	2.87
Unrestricted	5.96	4.22	3.71	5.03	9.67	9.26
<b>TOTAL NET ASSETS</b>	\$ 23.71	\$ 20.96	\$ 24.69	\$ 25.36	\$ 48.41	\$ 46.33

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's net assets totaled \$48.41 million at June 30, 2012.

The largest portion of the City's net assets represents its investment in capital assets, net of related debt. These assets include current year additions to water, sewer, and storm drain infrastructure which are partially offset by issuance of debt (DEQ Loan Proceeds). These assets are used to provide services to the citizens of our City.

The restricted net assets represent amounts which can be used only for specific purposes as imposed by external authorities or through applicable laws and regulations. The unrestricted net assets are available to the City to meet its ongoing obligations to citizens and creditors.

*Changes in Net Assets  
(In \$ millions)*

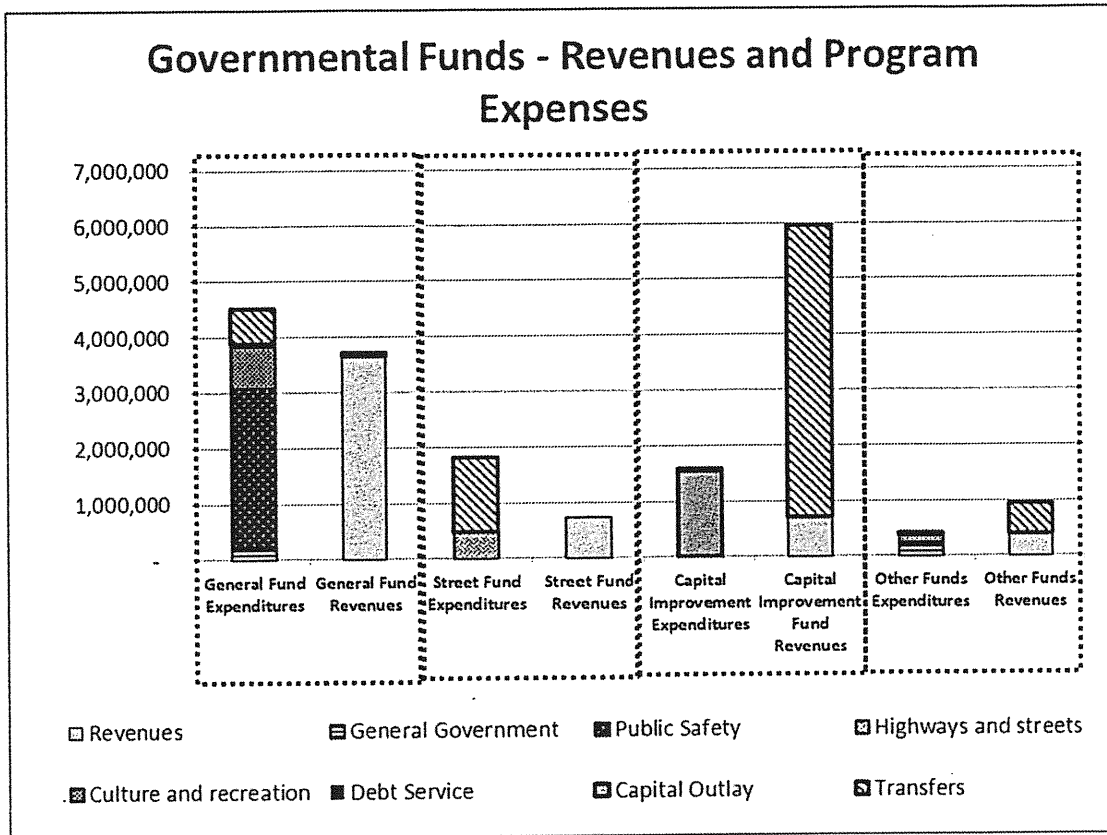
	Governmental Activities		Business-type Activities		Totals	
	2012	2011	2012	2011	2011	2010
<b>Revenues</b>						
Program revenues						
Charges for services	\$ 562,665	\$ 525,004	\$ 8,114,801	\$ 6,323,436	\$ 8,677,466	\$ 6,848,440
Operating grants and contributions	756,160	712,690	-	-	756,160	712,690
Capital grants and contributions	522,088	117,555	2,094,057	-	2,616,145	117,555
General revenues						
Property taxes	1,504,530	1,476,127	-	-	1,504,530	1,476,127
Franchise taxes	709,373	718,621	-	-	709,373	718,621
Transient room taxes	74,123	71,055	-	-	74,123	71,055
Other grants and contributions	394,707	485,340	-	-	394,707	485,340
Investment earnings	25,484	41,917	33,280	51,119	58,764	93,036
Miscellaneous	791,689	408,113	665,362	194,583	1,457,051	602,696
Watershed logging	-	-	-	481,588	-	481,588
Transfers	3,033,459	-	(3,033,459)	-	-	-
<b>Total revenues</b>	<b>8,374,278</b>	<b>4,556,422</b>	<b>7,874,041</b>	<b>7,050,726</b>	<b>16,248,319</b>	<b>11,607,148</b>
<b>Program expenses</b>						
General government	432,214	685,440	-	-	432,214	685,440
Public safety	2,946,164	2,486,600	-	-	2,946,164	2,486,600
Highways and streets	1,206,238	696,261	-	-	1,206,238	696,261
Culture and recreation	1,036,080	1,025,964	-	-	1,036,080	1,025,964
Interest on long-term obligations	1,892	4,382	-	-	1,892	4,382
Water	-	-	3,708,008	3,637,928	3,708,008	3,637,928
Sewer	-	-	4,837,584	3,795,318	4,837,584	3,795,318
<b>Total program expenses</b>	<b>5,622,588</b>	<b>4,898,647</b>	<b>8,545,592</b>	<b>7,433,246</b>	<b>14,168,180</b>	<b>12,331,893</b>
<b>Change in net assets</b>	<b>2,751,690</b>	<b>(342,225)</b>	<b>(671,551)</b>	<b>(382,520)</b>	<b>2,080,139</b>	<b>(724,745)</b>
<b>Net assets - beginning of year</b>	<b>20,962,919</b>	<b>21,305,144</b>	<b>25,364,981</b>	<b>25,747,501</b>	<b>46,327,900</b>	<b>47,052,645</b>
<b>Net assets - end of year</b>	<b>\$ 23,714,609</b>	<b>\$ 20,962,919</b>	<b>\$ 24,693,430</b>	<b>\$ 25,364,981</b>	<b>\$ 48,408,039</b>	<b>\$ 46,327,900</b>

### Financial Analysis of the Government's Funds

The focus of the City's governmental funds is to provide information on expendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.52 million. Approximately \$1.20 million or 16% of this amount constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is assigned, restricted, or unavailable and is not available for new spending because of contractual or regulatory requirements that limit usage.

The increase in reserves from \$4.49 million to \$7.52 million or an increase of 3.03 million primarily reflects transfers of reserves from enterprise operating funds (reflects change of accounting for capital improvements). The chart below reflects governmental fund's revenue and program expenditures.



### Financial Analysis of the Proprietary's Funds

The City's proprietary funds provide the same type of information as the business-type activities in the Government-wide financial statements. As of the end of the current fiscal year, the City's proprietary funds reported a combined unrestricted net asset balance of \$3.47 million. The unrestricted net assets decreased by \$1.53 million primarily from increases to reserves for capital projects. The identified capital infrastructure replacement and system growth needs has resulted in projected multiyear rate increases.

### General Fund Budgetary Highlights

City Council and staff continue to work hard to moderate the effects of the 2008-09 recession while maintaining existing service levels. The challenge is balancing the services desired by the public with available revenues. Responding to the declining reserves, operating expenditures were reduced approximately 9% in 2009-10, and 4% in 2010-11. Unfortunately, corresponding reductions in revenues occurred that offset much of the anticipated savings. In 2011-12 revenues increased approximately 5.0%, but were more than outpaced by increases in operating expenditures. In FY 2012-13, staffing levels further declined in the Police Department and Municipal Courts and revenue sharing funds dedicated to support general fund services. The City continues to maintain minimum operating reserves in excess of the 20% of the operating expenditures policy.

## Capital Asset and Debt Administration

**Capital Assets:** Investment in capital assets by the governmental and business-type activities as of June 30, 2012 was \$47.72 million net of accumulated depreciation. The investment in capital assets includes land, buildings, and system improvements, machinery and equipment and roads.

The major capital asset events during the current fiscal year were as follows:

- Governmental activities:
  - Police Facilities Phones - \$7,000
  - Information Technology, Servers - \$9,580
  - Parks Irrigation Systems - \$11,440
  - Sidewalks and Streets - \$68,040
  
- Business-type activities
  - Rolling Equipment - \$20,850
  - Sanitary Sewer I/I Project - \$931,530
  - Waste Water Treatment Plant - \$571,090
  - Water Mains - \$389,810
  - Storm Drains - \$22,950

Additional information on the City's capital assets may be found in Note 4 to the basic financial statements.

**Long-term Obligations:** At the end of the current fiscal year, the City had long-term obligations outstanding of \$11.82 million. Of this amount, \$.22 million is reported in the governmental activities and \$11.60 million is reported in the business-type activities. New debt of \$.96 million was incurred in this fiscal year for Sanitary/Storm Drain System and reduction to debt of \$2.0 million is a reflection of the completion of an ARRA grant. Additional information on the City's long-term obligations may be found in Note 6 to the basic financial statements.

## Economic Factors and Next Year's Budgets and Rates

During the preparation of the budget for the ensuing fiscal year, several major assumptions were used:

- Health premium costs would increase 6.4%
- Wages will only increase by a 5% merit increase for eligible employees
- Investment interest rates will be .6%
- Assessed values, the basis of property tax revenues, will grow by .44%
- Inflation will occur at 2%

## Requests for Information

This financial report is designed to provide a general overview of the City's finances for those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: City of St. Helens, Attn: Jon Ellis - Finance Director/Budget Officer, P. O. Box 278, St. Helens, Or 97051, or e-mailed to: [jellis@ci.st-helens.or.us](mailto:jellis@ci.st-helens.or.us).



## **BASIC FINANCIAL STATEMENTS**

**CITY OF ST. HELENS**  
**STATEMENT OF NET ASSETS**  
**June 30, 2012**

	Governmental Activities	Business-type Activities	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 7,674,169	\$ 3,426,782	\$ 11,100,951
Receivables, net	584,308	1,543,370	2,127,678
Inventories	52,792	84,149	136,941
Prepaid items	25,810	-	25,810
Internal balances	(48,422)	48,422	-
Capital assets:			
Land, improvements and construction in progress	8,603,750	2,789,133	11,392,883
Other capital assets, net	7,488,319	28,841,692	36,330,011
<b>TOTAL ASSETS</b>	<b>24,380,726</b>	<b>36,733,548</b>	<b>61,114,274</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	402,174	113,383	515,557
Accrued interest payable	1,773	180,334	182,107
Deposits payable	46,670	141,177	187,847
Long-term obligations:			
Due within one year	215,500	726,319	941,819
Due in more than one year	-	10,878,905	10,878,905
<b>TOTAL LIABILITIES</b>	<b>666,117</b>	<b>12,040,118</b>	<b>12,706,235</b>
<b><u>NET ASSETS</u></b>			
Invested in capital assets, net of related debt	16,057,349	20,154,604	36,211,953
Restricted for:			
Highways and streets	562,248		
Community development	43,559	-	43,559
Grant programs	34,950	-	34,950
Tourism	303,736	-	303,736
Capital projects	4,374,853	-	4,374,853
Debt service	-	829,580	829,580
Other	123,781	-	123,781
Unrestricted	2,776,381	3,709,246	6,485,627
<b>TOTAL NET ASSETS</b>	<b>\$ 23,714,609</b>	<b>\$ 24,693,430</b>	<b>\$ 48,408,039</b>

*See notes to basic financial statements*

CITY OF ST. HELENS

STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Assets		Totals
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	
<b>Governmental activities</b>							
General government	\$ 432,214	\$ 275,236	\$ 13,800	\$ -	\$ (143,178)		\$ (143,178)
Public safety	2,946,164	265,567	28,335	-	(2,652,262)		(2,652,262)
Highways and streets	1,206,238	-	702,847	479,521	(23,870)		(23,870)
Culture and recreation	1,036,080	21,862	11,178	42,567	(960,473)		(960,473)
Interest on long-term obligations	1,892	-	-	-	(1,892)		(1,892)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>5,622,588</b>	<b>562,665</b>	<b>756,160</b>	<b>522,088</b>	<b>(3,781,675)</b>		<b>(3,781,675)</b>
<b>Business-type activities</b>							
Water	3,708,008	2,797,383	-	94,057		\$ (816,568)	(816,568)
Sewer	4,837,584	5,317,418	-	2,000,000		2,479,834	2,479,834
<b>TOTAL BUSINESS-TYPE ACTIVITIES</b>	<b>8,545,592</b>	<b>8,114,801</b>	<b>-</b>	<b>2,094,057</b>		<b>1,663,266</b>	<b>1,663,266</b>
<b>Totals</b>	<b>\$ 14,168,180</b>	<b>\$ 8,677,466</b>	<b>\$ 756,160</b>	<b>\$ 2,616,145</b>	<b>(3,781,675)</b>	<b>1,663,266</b>	<b>(2,118,409)</b>
<b>General revenues</b>							
Property taxes levied for general purposes					1,504,530	-	1,504,530
Franchise taxes					709,373	-	709,373
Transient room taxes					74,123	-	74,123
Grants and contributions not restricted to specific purposes					394,707	-	394,707
Unrestricted investment earnings					25,484	33,280	58,764
Miscellaneous					791,689	665,362	1,457,051
<b>Transfers</b>					<b>3,033,459</b>	<b>(3,033,459)</b>	<b>-</b>
<b>TOTAL GENERAL REVENUES AND TRANSFERS</b>					<b>6,533,365</b>	<b>(2,334,817)</b>	<b>4,198,548</b>
<b>CHANGE IN NET ASSETS</b>					<b>2,751,690</b>	<b>(671,551)</b>	<b>2,080,139</b>
<b>NET ASSETS - BEGINNING</b>					<b>20,962,919</b>	<b>25,364,981</b>	<b>46,327,900</b>
<b>NET ASSETS - ENDING</b>					<b>\$ 23,714,609</b>	<b>\$ 24,693,430</b>	<b>\$ 48,408,039</b>

**CITY OF ST. HELENS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2012**

	<u>General</u>	<u>State Tax Street</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b><u>ASSETS</u></b>					
Cash and investments	\$ 1,426,468	\$ 569,487	\$ 4,429,855	\$ 1,248,359	\$ 7,674,169
Receivables, net	402,046	24,861	35,757	121,644	584,308
Inventories	-	52,792	-	-	52,792
Prepays	<u>25,670</u>	<u>-</u>	<u>-</u>	<u>140</u>	<u>25,810</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,854,184</u></b>	<b><u>\$ 647,140</u></b>	<b><u>\$ 4,465,612</u></b>	<b><u>\$ 1,370,143</u></b>	<b><u>\$ 8,337,079</u></b>
<b><u>LIABILITIES</u></b>					
Accounts payable and accrued expenses	\$ 290,570	\$ 32,100	\$ 55,002	\$ 24,502	\$ 402,174
Deposits	46,670	-	-	-	46,670
Deferred revenue	<u>255,475</u>	<u>-</u>	<u>35,757</u>	<u>80,932</u>	<u>372,164</u>
<b>TOTAL LIABILITIES</b>	<b><u>592,715</u></b>	<b><u>32,100</u></b>	<b><u>90,759</u></b>	<b><u>105,434</u></b>	<b><u>821,008</u></b>
<b><u>FUND BALANCE</u></b>					
Non-spendable	25,670	52,792	-	140	78,602
Restricted	34,950	562,248	4,374,853	471,076	5,443,127
Committed	-	-	-	439,111	439,111
Assigned	-	-	-	354,522	354,522
Unassigned	<u>1,200,849</u>	<u>-</u>	<u>-</u>	<u>(140)</u>	<u>1,200,709</u>
<b>TOTAL FUND BALANCE</b>	<b><u>1,261,469</u></b>	<b><u>615,040</u></b>	<b><u>4,374,853</u></b>	<b><u>1,264,709</u></b>	<b><u>7,516,071</u></b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,854,184</u></b>	<b><u>\$ 647,140</u></b>	<b><u>\$ 4,465,612</u></b>	<b><u>\$ 1,370,143</u></b>	
<i>Amounts reported for governmental activities in the Statement of Net Assets are different because:</i>					
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.					16,092,069
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:					
Property taxes earned but not available				\$ 255,475	
Fines and other receivables earned but not available				<u>116,689</u>	372,164
Internal balances result from transactions between the governmental activities, business-type activities and internal service funds.					(48,422)
Accrued interest is not due and payable in the current period and therefore are not reported in the funds.					(1,773)
Long-term obligations, including notes payable, are not due and payable in the current period and therefore are not reported in the funds.					<u>(215,500)</u>
<b>NET ASSETS OF GOVERNMENTAL ACTIVITIES</b>					<b><u>\$ 23,714,609</u></b>

*See notes to basic financial statements*

CITY OF ST. HELENS

STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012

	General	State Tax Street	Capital Improvement	Other Governmental Funds	Totals
<b>REVENUES</b>					
Property taxes	\$ 1,469,211	\$ -	\$ -	\$ -	\$ 1,469,211
System development charges	-	-	78,406	-	78,406
Franchise fees	1,298,421	-	-	-	1,298,421
Licenses, permits and fees	126,630	-	-	118,735	245,365
Fines and forfeitures	247,477	-	-	-	247,477
Transient room tax	-	-	-	74,123	74,123
Intergovernmental	279,552	702,847	-	173,354	1,155,753
Interest	12,221	9,629	-	3,405	25,255
Miscellaneous	226,657	8,429	30,270	24,898	290,254
<b>TOTAL REVENUES</b>	<b>3,660,169</b>	<b>720,905</b>	<b>108,676</b>	<b>394,515</b>	<b>4,884,265</b>
<b>EXPENDITURES</b>					
Current:					
General government	223,213	-	-	174,020	397,233
Public safety	2,849,674	-	-	63,066	2,912,740
Highways and streets	-	473,597	-	-	473,597
Culture and recreation	762,971	-	-	154,983	917,954
Debt service	51,840	-	-	-	51,840
Capital outlay	7,000	6,487	1,541,520	-	1,555,007
<b>TOTAL EXPENDITURES</b>	<b>3,894,698</b>	<b>480,084</b>	<b>1,541,520</b>	<b>392,069</b>	<b>6,308,371</b>
Excess (deficiency) of revenues over expenditures	(234,529)	240,821	(1,432,844)	2,446	(1,424,106)
<b>OTHER FINANCING SOURCES (USES)</b>					
Issuance of long-term obligations	-	-	604,035	-	604,035
Transfers in	49,837	-	5,251,658	544,242	5,845,737
Transfers out	(617,228)	(1,334,811)	(47,996)	(1,841)	(2,001,876)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(567,391)</b>	<b>(1,334,811)</b>	<b>5,807,697</b>	<b>542,401</b>	<b>4,447,896</b>
Net change in fund balances	(801,920)	(1,093,990)	4,374,853	544,847	3,023,790
Fund balances at beginning of year	2,063,389	1,709,030	-	719,862	4,492,281
Fund balances at end of year	\$ 1,261,469	\$ 615,040	\$ 4,374,853	\$ 1,264,709	\$ 7,516,071

CITY OF ST. HELENS

RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCES OF  
GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2012

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 3,023,790

*Amounts reported for governmental activities in the Statement of Activities are different because of the following:*

Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of the assets. The difference between these two amounts is:

Capital outlay	\$ 96,064	
Depreciation	<u>(421,456)</u>	(325,392)

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

Taxes	35,548	
System development charges	<u>(7,235)</u>	28,313

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the statement of net assets

Principal payments		47,522
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Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Accrued interest	2,426	
Compensated absences	<u>7,409</u>	9,835

Internal service funds are used by management to charge the costs of fleet maintenance to individual funds. The net revenue (expense) of the internal service fund is allocated between governmental and business-type activities.

		<u>(32,378)</u>
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CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 2,751,690

**CITY OF ST. HELENS**

**GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 1,505,200	\$ 1,505,200	\$ 1,469,211	\$ (35,989)
Franchise fees	1,345,350	1,345,350	1,298,421	(46,929)
Licenses and permits	130,000	130,000	128,575	(1,425)
Fines and forfeitures	239,000	239,000	247,477	8,477
Intergovernmental	302,400	302,400	286,532	(15,868)
Interest	20,000	20,000	12,221	(7,779)
Miscellaneous	163,800	163,800	217,732	53,932
<b>TOTAL REVENUES</b>	<u>3,705,750</u>	<u>3,705,750</u>	<u>3,660,169</u>	<u>(45,581)</u>
<b>EXPENDITURES</b>				
Mayor and city council				
Personal services	32,350	33,350	32,648	702
Materials and services	23,850	24,850	23,603	1,247
<b>Total mayor and city council</b>	<u>56,200</u>	<u>58,200</u>	<u>56,251</u>	<u>1,949</u>
Municipal court				
Personal services	344,870	309,870	298,155	11,715
Materials and services	93,660	128,660	123,734	4,926
<b>Total municipal court</b>	<u>438,530</u>	<u>438,530</u>	<u>421,889</u>	<u>16,641</u>
Planning				
Personal services	93,730	93,730	92,687	1,043
Materials and services	54,440	69,440	33,270	36,170
<b>Total planning</b>	<u>148,170</u>	<u>163,170</u>	<u>125,957</u>	<u>37,213</u>
Police				
Personal services	2,081,630	2,061,630	1,982,380	79,250
Materials and services	469,510	489,510	445,405	44,105
<b>Total police</b>	<u>2,551,140</u>	<u>2,551,140</u>	<u>2,427,785</u>	<u>123,355</u>

*See notes to basic financial statements*

*Continued on page 7*

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

EXPENDITURES (continued)	Budget		Actual	Variance
	Original	Final		
Library				
Personal services	\$ 360,190	\$ 360,190	\$ 351,209	\$ 8,981
Materials and services	165,460	165,460	161,743	3,717
Total library	525,650	525,650	512,952	12,698
Parks				
Personal services	110,490	110,490	109,029	-
Materials and services	132,180	142,180	140,990	1,190
Debt service	51,840	51,840	51,840	-
Total parks	294,510	304,510	301,859	1,190
Non-departmental				
Personal services	19,400	19,400	19,646	2,380
Materials and services	24,380	24,380	21,359	3,021
Capital outlay	-	10,000	7,000	3,000
Total non-departmental	43,780	53,780	48,005	8,401
Contingency	1,024,260	1,024,260	-	1,024,260
<b>TOTAL EXPENDITURES</b>	<b>5,082,240</b>	<b>5,119,240</b>	<b>3,894,698</b>	<b>1,225,707</b>
Excess (deficiency) of revenues over expenditures	(1,376,490)	(1,413,490)	(234,529)	1,180,126
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of capital assets	500	500	-	(500)
Transfers in	68,420	68,420	49,837	(18,583)
Transfers out	(692,470)	(655,470)	(617,228)	38,242
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(623,550)</b>	<b>(586,550)</b>	<b>(567,391)</b>	<b>19,159</b>
Net change in fund balance	(2,000,040)	(2,000,040)	(801,920)	1,198,120
Fund balance at beginning of year	2,000,040	2,000,040	2,063,389	63,349
Fund balance at end of year	\$ -	\$ -	\$ 1,261,469	\$ 1,261,469

*See notes to basic financial statements*



CITY OF ST. HELENS

STATE TAX STREET FUND  
 STATEMENT OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012

	Budget		Actual	Variance
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ 610,000	\$ 610,000	\$ 702,847	\$ 92,847
Interest	2,000	2,000	9,629	7,629
Miscellaneous	1,000	1,000	8,429	7,429
<b>TOTAL REVENUES</b>	<u>613,000</u>	<u>613,000</u>	<u>720,905</u>	<u>107,905</u>
<b>EXPENDITURES</b>				
Personal services	174,100	174,100	173,370	730
Materials and services	433,230	433,230	306,714	126,516
Capital outlay	10,000	10,000	-	10,000
Operating contingencies	75,000	75,000	-	75,000
<b>TOTAL EXPENDITURES</b>	<u>692,330</u>	<u>692,330</u>	<u>480,084</u>	<u>212,246</u>
Excess (deficiency) of revenues over expenditures	(79,330)	(79,330)	240,821	320,151
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(1,377,600)	(1,377,600)	(1,334,811)	42,789
Net change in fund balance	(1,456,930)	(1,456,930)	(1,093,990)	362,940
Fund balance at beginning of year	<u>1,456,930</u>	<u>1,456,930</u>	<u>1,709,030</u>	<u>252,100</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 615,040</u>	<u>\$ 615,040</u>

See notes to basic financial statements

CITY OF ST. HELENS

STATEMENT OF NET ASSETS  
 PROPRIETARY FUNDS  
 June 30, 2012

	Enterprise			Business- type Activities
	Water	Sewer	Totals	Internal Service
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 1,287,313	\$ 1,936,403	\$ 3,223,716	\$ 203,066
Receivables	405,447	1,137,923	1,543,370	-
Inventories	62,614	12,209	74,823	9,326
Total current assets	1,755,374	3,086,535	4,841,909	212,392
Capital assets:				
Land, improvements and construction in progress	956,371	1,832,762	2,789,133	-
Other capital assets, net	15,525,802	13,225,158	28,750,960	90,732
<b>TOTAL ASSETS</b>	<b>18,237,547</b>	<b>18,144,455</b>	<b>36,382,002</b>	<b>303,124</b>
<b>LIABILITIES</b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	45,471	43,856	89,327	24,056
Accrued interest payable	141,248	39,086	180,334	-
Deposits payable	141,177	-	141,177	-
Compensated absences payable	53,776	75,227	129,003	-
Current portion of long-term obligations	300,324	296,992	597,316	-
Total current liabilities	681,996	455,161	1,137,157	24,056
Long-term obligations	6,010,901	4,868,004	10,878,905	-
<b>TOTAL LIABILITIES</b>	<b>6,692,897</b>	<b>5,323,165</b>	<b>12,016,062</b>	<b>24,056</b>
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	10,170,948	9,892,924	20,063,872	90,732
Restricted for debt service	610,000	219,580	829,580	-
Unrestricted	763,702	2,708,786	3,472,488	188,336
<b>TOTAL NET ASSETS</b>	<b>\$ 11,544,650</b>	<b>\$ 12,821,290</b>	<b>24,365,940</b>	<b>\$ 279,068</b>

Amounts reported for business-type activities in the Statement of Net Assets are different because:

Internal service funds are used by management to charge the cost of fleet maintenance to individual funds. The assets and liabilities of the internal service fund have been included in business-type activities in the statement of net assets as it provides services predominately to the enterprise funds.

279,068

Internal balances result from transactions between the governmental activities, business-type activities and internal service funds

48,422

NET ASSETS OF BUSINESS-TYPE ACTIVITIES

\$ 24,693,430

CITY OF ST. HELENS

COMBINING STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
For the Year Ended June 30, 2012

	Enterprise			Business-type Activities
	Water	Sewer	Totals	Internal Service
<b>OPERATING REVENUES</b>				
Charges for services	\$ 2,296,666	\$ 4,316,641	\$ 6,613,307	\$ 1,803,296
<b>OPERATING EXPENSES</b>				
Personal services	1,017,462	1,459,019	2,476,481	1,150,764
Materials and services	1,211,595	2,041,392	3,252,987	643,061
Depreciation	784,658	368,185	1,152,843	8,127
<b>TOTAL OPERATING EXPENSES</b>	<b>3,013,715</b>	<b>3,868,596</b>	<b>6,882,311</b>	<b>1,801,952</b>
<b>OPERATING INCOME (LOSS)</b>	<b>(717,049)</b>	<b>448,045</b>	<b>(269,004)</b>	<b>1,344</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest earned on investments	15,839	17,441	33,280	-
Miscellaneous	169,335	2,590,084	2,759,419	126,440
Watershed logging	(21,642)	-	(21,642)	-
Interest	(248,066)	(84,040)	(332,106)	-
<b>Total nonoperating revenues (expenses)</b>	<b>(84,534)</b>	<b>2,523,485</b>	<b>2,438,951</b>	<b>126,440</b>
<b>Income (loss) before transfers</b>	<b>(801,583)</b>	<b>2,971,530</b>	<b>2,169,947</b>	<b>127,784</b>
<b>TRANSFERS</b>				
Transfers in	300,962	1,145,275	1,446,237	31,800
Transfers out	(1,627,454)	(2,852,242)	(4,479,696)	-
<b>TOTAL TRANSFERS</b>	<b>(1,326,492)</b>	<b>(1,706,967)</b>	<b>(3,033,459)</b>	<b>31,800</b>
<b>Change in net assets</b>	<b>(2,128,075)</b>	<b>1,264,563</b>	<b>(863,512)</b>	<b>159,584</b>
<b>Net assets at beginning of year</b>	<b>13,672,725</b>	<b>11,556,727</b>		<b>119,484</b>
<b>Net assets at end of year</b>	<b>\$11,544,650</b>	<b>\$ 12,821,290</b>		<b>\$ 279,068</b>

Amounts reported for business-type activities in the Statement of Net Assets are different because of the following:

A portion of the net revenue (expense) of the internal service fund is allocable to business-type activities

191,961

CHANGE IN NET ASSETS OF BUSINESS-TYPE ACTIVITIES

\$ (671,551)

**CITY OF ST. HELENS**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended June 30, 2012**

	Enterprise			Business- type Activities
	Water	Sewer	Totals	Internal Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from customers	\$ 2,349,196	\$ 4,553,143	\$ 6,902,339	\$ -
Receipts from interfund services provided	-	-	-	1,505,783
Payments for interfund services used	(88,750)	(133,130)	(221,880)	-
Payments to suppliers	(1,115,592)	(2,364,569)	(3,480,161)	(623,702)
Payments to employees	(1,008,666)	(1,454,323)	(2,462,989)	(853,251)
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>136,188</b>	<b>601,121</b>	<b>737,309</b>	<b>28,830</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	-	-	-	31,800
Transfers out	(1,627,454)	(2,248,207)	(3,875,661)	-
<b>NET CASH PROVIDED BY (USED IN) NONCAPITAL FINANCING ACTIVITIES</b>	<b>(1,627,454)</b>	<b>(2,248,207)</b>	<b>(3,875,661)</b>	<b>31,800</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Issuance of long-term obligations	-	354,885	354,885	-
Acquisition of capital assets	-	(23,102)	(23,102)	-
Other	-	-	-	126,440
Principal paid on long-term obligations	(288,670)	(183,986)	(472,656)	-
Interest paid on long-term obligations	(253,173)	(185,114)	(438,287)	-
<b>NET CASH PROVIDED BY (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<b>(541,843)</b>	<b>(37,317)</b>	<b>(579,160)</b>	<b>126,440</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Watershed logging - net	(21,644)	-	(21,644)	-
Interest on investments	15,839	17,441	33,280	-
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(5,805)</b>	<b>17,441</b>	<b>11,636</b>	<b>-</b>
Net increase (decrease) in cash and cash equivalents	(2,038,914)	(1,666,962)	(3,705,876)	187,070
Cash and cash equivalents - beginning of year	3,326,227	3,603,365	6,929,592	15,996
<b>Cash and cash equivalents- end of year</b>	<b>\$ 1,287,313</b>	<b>\$ 1,936,403</b>	<b>\$ 3,223,716</b>	<b>\$ 203,066</b>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ (717,049)	\$ 448,045	\$ (269,004)	\$ 1,344
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	784,658	368,185	1,152,843	8,127
Miscellaneous	75,278	206,982	282,260	-
Decrease (increase) in assets				
Receivables	(26,215)	29,520	3,305	-
Inventories	(171)	(2,664)	(2,835)	(126)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	7,424	(453,643)	(446,219)	19,485
Deposits payable	3,467	-	3,467	-
Compensated absences payable	8,796	4,696	13,492	-
<b>NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	<b>\$ 136,188</b>	<b>\$ 601,121</b>	<b>\$ 737,309</b>	<b>\$ 28,830</b>
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS</b>				
Capital contribution	\$ 94,057	\$ 2,000,000	\$ 2,094,057	\$ -
Transfers in	300,962	1,145,275	1,446,237	-
Transfers out	-	(604,035)	(604,035)	-
<b>Total noncash transactions</b>	<b>\$ 101,272</b>	<b>\$ (48,384)</b>	<b>\$ 842,202</b>	<b>\$ -</b>

During the year, the City received capital contributions in the amount of \$94,057 for infrastructure assets contributed and \$2,000,000 of long-term obligations which were forgiven by the Oregon Department of Environmental Quality.

*See notes to basic financial statements*

## CITY OF ST. HELENS

### NOTES TO BASIC FINANCIAL STATEMENTS June 30, 2012

#### 1. Summary of significant accounting policies

##### A. Organization

The City was chartered in 1889 through an act of the state legislature. In 1903, the City became the Columbia County seat.

Control of the City is vested in its mayor and council members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the mayor and council. The chief administrative officer is the City Administrator.

The accompanying financial statements present all activities and funds for which the City is considered to be financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government and fiscal dependency on the primary government. Based upon the evaluation of these criteria, the City is a primary government with no includable component units.

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

The financial statements of the have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting standards.

The basic financial statements include both government-wide and fund based financial statements. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally financed through taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the City. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### B. Government-wide and fund financial statements (continued)

The statement of activities presents a comparison between direct expenses and program revenues for the City's programs. Direct expenses are those that are clearly allocable with a specific function or segment. The City does not allocate indirect expenses. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

#### C. Measurement Focus and Basis of Accounting

The government-wide financial statements and the proprietary funds financial statements are reported using the economic resources measurement focus and 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. Nonexchange transactions, in which the City 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.

The government-wide statements and proprietary funds have applied all Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict Governmental Accounting Standards Board (GASB) pronouncements. The City has elected not to follow FASB pronouncements issued after November 30, 1989.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the functions of the City, the elimination of which would distort the direct costs and program revenues reported for the various functions concerned.

In the government-wide and proprietary fund financial statements, when both restricted and unrestricted resources are available for use it is the City's policy to use restricted resources first, then unrestricted resources, as they are needed.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### C. Measurement Focus and Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if they are collected within thirty 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 claims and judgments, which are recognized as expenditures to the extent they have been incurred. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from long-term debt are reported as other financing sources.

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

The bases of accounting described above are in accordance with accounting principles generally accepted in the United States of America.

#### *Fund Financial Statements*

The fund financial statements display information at the individual fund level. Each fund is considered to be a separate accounting entity. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are consolidated into a single column within each fund type in the financial section of the basic financial statements and are detailed in the supplemental information.

The City reports the following major governmental funds:

- *General* - accounts for the financial operations of the City except those required to be accounted for in another fund. Principal sources of revenue are property taxes, fees, licenses and state apportionments.
- *State Tax Street* - accounts for the City's street and highway maintenance. Principal sources of revenue are motor vehicle fuel taxes.
- *Capital Improvement* - accounts for all capital improvement projects done by the City.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### C. Measurement Focus and Basis of Accounting (continued)

##### *Fund Financial Statements (continued)*

The City reports the following major proprietary funds:

- *Water* - accounts for the water system operations. This fund is predominantly self-supported through user charges to customers.
- *Sewer* - accounts for the sewer system operations. This fund is predominantly self-supported through user charges to customers.

The City also includes the following fund types as other governmental funds

*Special revenue* - accounts for revenue derived from specific taxes or other revenue sources, which are legally restricted to finance particular functions or activities. When a special revenue fund is not an operating fund, transfers are made from the special revenue fund to the operating funds authorized to make expenditures.

*Capital projects* - accounts for expenditures on major construction projects or equipment acquisition. The principal sources are proceeds from long-term obligations issued to finance capital acquisitions and improvements.

*Internal service* - accounts for services provided to other departments within the city that benefit from the fund's services.

#### D. Budget policies and budgetary control

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

The City begins its budgeting process by appointing Budget Committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the Budget Committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The City adopts the budget, makes appropriations, and declares the tax levy no later than June 30.

Expenditure appropriations may not be legally over-expended, except in the case of grant receipts and bond sale proceeds which could not be reasonably estimated at the time the budget was adopted.



## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### D. Budget policies and budgetary control (continued)

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The City establishes levels of budgetary control at personal services, materials and services, capital outlay, operating contingencies, and debt service for all funds, except the General Fund, where budgetary control is established at the department level.

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

#### E. Use of estimates

The process of preparing financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

#### F. Cash and cash equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash on hand, checking, savings and money market accounts and any highly-liquid debt instruments.

#### G. Receivables

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

Property taxes receivable collected within 60 days subsequent to year-end are considered measurable and available, and are recognized as revenues. All other property taxes receivable are offset by deferred revenue because they are not deemed available to finance operations of the current period.

Assessment liens receivable in the General fund are recorded as receivables at the time property owners are assessed for property improvements. The unpaid liens and related interest receivable are offset by deferred revenue and, accordingly, have not been recorded as revenue.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### G. Receivables (continued)

Receivables for federal and state grants, state, county, and local shared revenue are recorded as revenue in all fund types as earned. No allowance for doubtful accounts is necessary.

Receivables of the Proprietary Funds are recorded as revenue as earned. The allowance for doubtful accounts is established on a specific identification basis.

#### H. Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or market. Inventories consist of expendable supplies held for consumption.

#### I. Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are charged to expenditures as purchased in the governmental fund statements, and capitalized in the proprietary fund statements. Capital assets are recorded at historical cost or estimated historical cost. Donated assets are recorded at estimated fair value as of the date of the donation.

Capital assets are defined by the City as assets with an initial, individual cost of \$5,000 or more, and an estimated useful life of greater than five years. Additions or improvements and other capital outlays that significantly extend the useful life of an asset, or that significantly increase the capacity of an asset are capitalized. Other costs for repairs and maintenance are expensed as incurred.

Depreciation on exhaustible assets is recorded as an allocated expense in the statement of activities with accumulated depreciation reflected in the statement of net assets and is provided on the straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and improvements	25 - 40
Improvements other than buildings	20 - 30
Machinery and equipment	5 - 20
Vehicles	5 - 15
Infrastructure	25 - 50

Depreciation is taken in the year the assets are acquired or retired based upon the number of months held. Gains or losses from sales or retirements of capital assets are included in operations of the current period.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### J. Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are treated as period costs in the year of issue and are shown as other financing uses.

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

#### K. Compensated absences

##### 1. *Sick leave*

The City has a policy which permits full-time employees to earn sick leave at the rate of one day per month and accumulate a maximum of 120 days.

Sick leave, which does not vest, is recognized in funds when leave is taken.

##### 2. *Vacation leave*

Each employee earns vacation at rates determined by their length of employment. An employee can accumulate a maximum of 600 hours.

Vacation leave is accrued as it is earned. For governmental funds, the non-current portion (the amount estimated to be used in subsequent fiscal years) is maintained separately and represents a reconciling item between the fund-level and government-wide presentations. Only the current portion is reported in the governmental funds, and is calculated based on historical trends. In business-type/enterprise funds, both the current and long-term liabilities are recorded.

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

#### L. Equity

Equity on the government-wide and proprietary fund financial statements is classified as net assets and displayed in three components in the government-wide financial statements:

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

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

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

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different fund balance categories that a governmental entity must use for financial reporting purposes in its governmental fund types.

GASB 54 requires governmental type fund balance amounts to be properly reported within one of the fund balance categories list below:

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

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

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

*Assigned* — Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The City Council has granted authority to assign fund balance amounts.

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

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

**2. Deposits and investments**

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

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

The Oregon State Treasury administers the LGIP. The LGIP is an unrated, open-ended, no-load, diversified portfolio offered to any City, 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. To provide regulatory oversight, the Oregon Legislature established the Oregon Short-Term Fund Board and LGIP investments are approved by the Oregon Investment Council. The fair value of the City's position in the LGIP is the same as the value of the pool shares.

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

As of June 30, 2012, the City had the following investments:

	<u>Moody's Rating</u>	<u>Maturities</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	N/A	N/A	\$ 9,736,166 *
Credit Suisse First Boston USA	Aa1	8/15/2013	524,930
Wachovia Corp	A2	5/1/2013	<u>519,960</u>
			<u>\$ 10,781,056</u>

\* Represents 5 percent or more of total investments

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

**2. Deposits and investments (continued)**

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

*Concentration of Credit Risk:* The City does not have a formal policy that places a limit on the amount that may be invested in any one insurer.

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

*Custodial Credit Risk – Deposits:* This is the risk that, in the event of a bank failure, the City’s deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the City’s deposits with financial institutions up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are collateralized with securities held by the Federal Home Loan Bank of Seattle in the name of the institution. As of June 30, 2012, none of the City’s bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution’s agent but not in the City’s name

A. The City’s deposits and investments at June 30, 2012 are as follows:

Total investments	\$ 10,781,056
Cash on hand	1,850
Deposits with financial institutions	<u>318,045</u>
Total deposits and investments	<u>\$ 11,100,951</u>

B. Cash and investments by fund:

Governmental activities/funds

General	\$ 1,426,468
State Tax Street	569,487
Capital Improvement	4,429,855
Other governmental funds	<u>1,248,359</u>
Total governmental activities/funds	<u>7,674,169</u>

Business-type activities / proprietary funds

Enterprise funds	
Water	1,287,313
Sewer	<u>1,936,403</u>
Total enterprise funds	3,223,716
Internal service funds	<u>203,066</u>
Total business-type activities/proprietary funds	<u>3,426,782</u>

Total cash and investments	<u>\$ 11,100,951</u>
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NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

3. Receivables

A. The City's receivables at June 30, 2012 are shown below:

	Governmental Activities/Funds						Totals
	State Tax			Other Governmental Funds	Business-type Activities / Proprietary Funds		
	General	Street	Capital Improvement		Water	Sewer	
Accounts	\$ 100,154	\$ 24,861	\$ -	\$ 118,304	\$ 404,607	\$ 700,135	\$ 1,348,061
System development charges	-	-	35,757	-	-	49,028	84,785
Property assessments	4,474	-	-	-	-	386,510	390,984
Property taxes	167,586	-	-	-	-	-	167,586
Interest	14,315	-	-	-	-	-	14,315
Other	32,280	-	-	3,340	840	2,250	38,710
Fines	2,231,478	-	-	-	-	-	2,231,478
Allowance for doubtful accounts	(2,148,241)	-	-	-	-	-	(2,148,241)
	<u>\$ 402,046</u>	<u>\$ 24,861</u>	<u>\$ 35,757</u>	<u>\$ 121,644</u>	<u>\$ 405,447</u>	<u>\$ 1,137,923</u>	<u>\$ 2,127,678</u>

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

**3. Receivables (continued)**

B. Property taxes

i. Collection procedures

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

ii. Transactions

	Balances July 1, 2011	2011-12 Levy	Adjustments	Net Interest (Discounts)	Collections	Balances June 30, 2012
Current	\$ -	\$ 1,532,289	\$ (8,633)	\$ (37,164)	\$ 1,409,193	\$ 77,299
Prior	<u>153,313</u>	<u>-</u>	<u>(7,536)</u>	<u>10,980</u>	<u>66,470</u>	<u>90,287</u>
	<u>\$ 153,313</u>	<u>\$ 1,532,289</u>	<u>\$ (16,169)</u>	<u>\$ (26,184)</u>	<u>\$ 1,475,663</u>	<u>\$ 167,586</u>
					Collections received with sixty days of year end in the prior year: (34,610)	
					Collections received with sixty days of year end in the current year: <u>28,158</u>	
					Total collections - General Fund	<u>\$ 1,469,211</u>

iii. Ensuing year's levy

The permanent tax rate is \$1.9078 per \$1,000 assessed value as limited by the Constitution of the State of Oregon.

The tax rate limit of \$10.00 per thousand of assessed value imposed by the Oregon Constitution is not expected to affect this levy.



NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

4. Capital assets

A. Transactions for the year ended June 30, 2012 of the governmental activities were as follows:

	July 01, 2011	Additions	June 30, 2012
Capital assets not being depreciated			
Land	\$ 2,022,019	\$ -	\$ 2,022,019
Right-of-way	5,259,111	-	5,259,111
Library collection	1,297,493	-	1,297,493
Construction in progress	-	25,127	25,127
Total capital assets not being depreciated	<u>8,578,623</u>	<u>25,127</u>	<u>8,603,750</u>
Capital assets being depreciated			
Buildings and improvements	4,698,124	11,442	4,709,566
Equipment	1,851,771	16,579	1,868,350
Infrastructure	5,467,341	42,916	5,510,257
Total capital assets being depreciated	<u>12,017,236</u>	<u>70,937</u>	<u>12,088,173</u>
Less accumulated depreciation for			
Buildings and improvements	2,066,941	119,922	2,186,863
Equipment	1,017,632	136,049	1,153,681
Infrastructure	1,093,825	165,485	1,259,310
Total accumulated depreciation	<u>4,178,398</u>	<u>421,456</u>	<u>4,599,854</u>
Total capital assets being depreciated, net	<u>7,838,838</u>	<u>(350,519)</u>	<u>7,488,319</u>
Governmental activities capital assets, net	<u>\$ 16,417,461</u>	<u>\$ (325,392)</u>	<u>\$ 16,092,069</u>

B. Depreciation expense for governmental activities is charged to functions/programs as follows:

General government	\$ 855
Public safety	49,795
Highways and streets	252,680
Culture and recreation	<u>118,126</u>
Total governmental activities depreciation expense	<u>\$ 421,456</u>

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 4. Capital assets (continued)

C. Transactions for the year ended June 30, 2012 of the business-type activities were as follows:

	July 1, 2011	Additions	Adjustments and Reclassifi- cations	June 30, 2012
Capital assets not being depreciated				
Land	\$ 1,006,535	\$ -	\$ -	\$ 1,006,535
Construction in progress	3,196,725	964,043	(2,378,170)	1,782,598
Total capital assets not being depreciated	4,203,260	964,043	(2,378,170)	2,789,133
Capital assets being depreciated				
Buildings and improvements	22,184,562	133,602	2,342,320	24,660,484
Equipment	7,265,512	421,463	35,850	7,722,825
Infrastructure	14,740,618	417,123	-	15,157,741
Total capital assets being depreciated	44,190,692	972,188	2,378,170	47,541,050
Less accumulated depreciation				
Buildings and improvements	7,039,858	635,783	-	7,675,641
Equipment	3,299,045	281,021	-	3,580,066
Infrastructure	7,199,485	244,166	-	7,443,651
Total accumulated depreciation	17,538,388	1,160,970	-	18,699,358
Total capital assets being depreciated, net	26,652,304	(188,782)	2,378,170	28,841,692
Business-type activities capital assets, net	\$ 30,855,564	\$ 775,261	\$ -	\$ 31,630,825

D. Depreciation expense for business-type activities is charged to functions/programs as follows:

Water	\$ 784,658
Sewer	368,185
Depreciation charged to Internal Service Fund	8,127
Total business-type activities depreciation expense	<u>\$ 1,160,970</u>

### 5. Deferred revenue

Resources owned by the City, which are measurable but not available and, therefore are deferred in the fund financial statements, consist of the following:

	Governmental Funds			Totals
	General	Capital	Other	
		Improvement	Governmental Funds	
Property taxes	\$ 139,428	\$ -	\$ -	\$ 139,428
System development charges	-	35,757	-	35,757
Accounts	-	-	80,932	80,932
Fines - net of allowance for doubtful accounts	116,047	-	-	116,047
	<u>\$ 255,475</u>	<u>\$ 35,757</u>	<u>\$ 80,932</u>	<u>\$ 372,164</u>

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations

A. Transactions for the year ended June 30, 2012 of the governmental activities were as follows:

	Balances July 1, 2011	Additions	Reductions	Balances June 30, 2012	Balances Due Within One Year
<u>Note</u>					
Dahlgren land sale contract, interest at 5.25 percent, secured by a deed or trust on land					
Principal	\$ 82,242	\$ -	\$ 47,522	\$ 34,720	\$ 34,720
Interest	4,199	1,892	4,318	1,773	
	<u>86,441</u>	<u>1,892</u>	<u>51,840</u>	<u>36,493</u>	
<u>Compensated absences</u>					
The City's full-time employees earn vacation at rates determined by their length their length of employment, but must use their vacation within 18 months after it is earned					
	<u>188,189</u>	<u>180,780</u>	<u>188,189</u>	<u>180,780</u>	<u>180,780</u>
Total governmental activities long-term obligations	274,630	182,672	240,029	217,273	\$ 215,500
Accrued interest	4,199	1,892	4,318	1,773	
Principal	<u>\$ 270,431</u>	<u>\$ 193,245</u>	<u>\$ 235,711</u>	<u>\$ 215,500</u>	

B. Transactions for the year ended June 30, 2012 of the business-type activities were as follows:

	Balances July 1, 2011	Additions	Reductions	Balances June 30, 2012	Due Within One Year
<u>Loans:</u>					
State of Oregon Department of Environmental Quality, due in 39 equal semi-annual installments of \$41,659.36, including 3 percent interest. Original amount authorized \$1,200,000, net operating revenues of sewer system pledged					
Principal	\$ 274,877	\$ -	\$ 75,635	\$ 199,242	\$ 77,925
Interest	3,076	6,589	7,683	1,982	
	<u>277,953</u>	<u>6,589</u>	<u>83,318</u>	<u>201,224</u>	
Oregon Economic and Community Development Department, reference G04004, due in 25 annual installments, beginning December 1, 2005, including 3.0 to 4.50 percent interest, maximum amount of loan authorized \$4,000,000, net operating revenues of water system pledged					
Principal	3,356,504	-	120,953	3,235,551	\$ 126,686
Interest	80,169	140,663	138,681	78,187	
	<u>3,436,673</u>	<u>140,663</u>	<u>259,634</u>	<u>3,313,738</u>	

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

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

B. Transactions for the year ended June 30, 2012 of the business-type activities were as follows (continued):

<u>Loans: (continued)</u>	Balances July 1, 2011	Additions	Reductions	Balances June 30, 2012	Balances Due Within One Year
Oregon Economic and Community Development Department, reference S04004, due in 20 annual installments, beginning December 1, 2006, including 3.53 percent interest, maximum amount of loan authorized \$4,000,000, net operating revenues of water system pledged					
Principal	\$ 3,243,391	\$ -	\$ 167,717	\$ 3,075,674	\$ 173,638
Interest	66,186	117,617	114,492	63,061	
	<u>3,309,577</u>	<u>111,367</u>	<u>282,209</u>	<u>3,138,735</u>	
State of Oregon Department of Environmental Quality, due in 30 semi-annual installments from date of project completion, including 2.69 percent interest. Maximum amount authorized \$2,053,000, net operating revenues of sewer system pledged					
Principal	2,053,000	-	58,351	1,994,649	119,067
Interest	145,216	54,265	177,431	22,050	
	<u>2,198,216</u>	<u>54,265</u>	<u>235,782</u>	<u>2,016,699</u>	
State of Oregon Department of Environmental Quality, due in 30 semi-annual installments from date of project completion, including 2.69 percent interest. Maximum amount authorized \$4,000,000, net operating revenues of sewer system pledged					
Principal	3,891,520	108,480	2,050,000	1,950,000	100,000
State of Oregon Department of Environmental Quality, due in 40 semi-annual installments from date of project completion, including 2.83 percent interest. Maximum amount authorized \$4,559,700, net operating revenues of sewer system pledged					
Principal	-	709,451	-	709,451	
Interest	-	10,065	-	10,065	
	<u>-</u>	<u>719,516</u>	<u>-</u>	<u>719,516</u>	
State of Oregon Department of Environmental Quality, due in 10 semi-annual installments from date of project completion, including 1.25 percent interest. Maximum amount authorized \$550,000, net operating revenues of sewer system pledged					
Principal	170,665	140,989	-	311,654	
Interest	2,133	2,856	-	4,989	
	<u>172,798</u>	<u>143,845</u>	<u>-</u>	<u>316,643</u>	
<u>Compensated absences</u>	<u>115,511</u>	<u>129,003</u>	<u>115,511</u>	<u>129,003</u>	<u>129,003</u>
Total business-type activities long-term obligations	13,402,248	1,409,764	3,026,454	11,785,558	\$ 726,319
Accrued interest	296,780	321,841	438,287	180,334	
Principal	<u>\$ 13,105,468</u>	<u>\$ 1,087,923</u>	<u>\$ 2,588,167</u>	<u>\$ 11,605,224</u>	

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

6. Long-term obligations (continued)

C. Future maturities for governmental activities long-term obligations outstanding as of June 30, 2012 are as follows:

Fiscal Year	Dahlgren Land Sale Contract		Compensated Absences	Totals	
	Principal	Interest		Principal	Interest
2013	\$ 34,720	\$ 1,773	\$ 180,780	\$ 215,500	\$ 1,773

D. Future maturities for business-type activities long-term obligations outstanding as of June 30, 2012 are as follows.

Fiscal Year	Loans							
	ODEQ		OECD, ref. G04004		OECD, ref. S04004		ODEQ ref. R80161	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 77,925	\$ 5,397	\$ 126,686	\$ 134,448	\$ 173,638	\$ 108,571	\$ 119,067	\$ 52,859
2014	80,277	3,042	132,445	130,014	179,767	102,442	122,291	49,637
2015	41,040	616	138,231	125,378	186,113	96,096	125,603	46,325
2016	-	-	144,044	120,540	192,683	89,526	129,005	42,923
2017	-	-	144,916	115,319	199,484	82,725	132,499	39,429
2018-22	-	-	820,012	486,658	1,108,152	302,892	718,299	141,341
2023-27	-	-	1,006,709	300,361	1,035,837	92,997	647,885	39,826
2028-32	-	-	722,508	66,088	-	-	-	-
2033-37	-	-	-	-	-	-	-	-
	<u>\$ 199,242</u>	<u>\$ 9,055</u>	<u>\$ 3,235,551</u>	<u>\$ 1,478,806</u>	<u>\$ 3,075,674</u>	<u>\$ 875,249</u>	<u>\$ 1,994,649</u>	<u>\$ 412,340</u>

Loans									
ODEQ ref. R06801		ODEQ ref. R80163		ODEQ ref. R80162		Compensated Absences	Totals		
Principal	Interest	Principal	Interest	Principal	Interest		Principal	Interest	
\$ 100,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 129,003	\$ 726,319	\$ 301,275	
100,000	-	13,756	17,370	33,762	4,168	-	662,298	306,673	
100,000	-	28,099	19,491	68,158	3,260	-	687,244	291,166	
100,000	-	28,900	18,690	69,013	2,405	-	663,645	274,084	
100,000	-	29,724	17,866	69,878	1,540	-	676,501	256,879	
500,000	-	161,819	76,131	70,843	664	-	3,379,125	1,007,686	
500,000	-	186,230	51,720	-	-	-	3,376,661	484,904	
450,000	-	214,324	23,626	-	-	-	1,386,832	89,714	
-	-	46,599	991	-	-	-	46,599	991	
<u>\$ 1,950,000</u>	<u>\$ -</u>	<u>\$ 709,451</u>	<u>\$ 225,885</u>	<u>\$ 311,654</u>	<u>\$ 12,037</u>	<u>\$ 129,003</u>	<u>\$ 11,605,224</u>	<u>\$ 3,013,372</u>	

## NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

### 7. Retirement plan

The City contributes to the Oregon Public Employees' Retirement System (PERS); a cost-sharing, multiple-employer, defined benefit pension plan and the Oregon Public Service Retirement Plan (OPSRP); a cost-sharing, multiple-employer, hybrid pension plan. Both PERS and OPSRP are governed by the Public Employees' Retirement Board (PERB) under the provisions of Oregon Revised Statutes 238. PERS provides retirement benefits under a variety of benefit options, as selected by retiring employees, and provides death and disability benefits. OPSRP provides a combination of retirement benefits under a defined benefit plan and an individual account program (IAP), the balance of which will be paid out in either a lump sum or over a 5, 10, 15, or 20 year period. Employees hired on or after August 29, 2003, participate only in OPSRP. Beginning January 1, 2005, active PERS members hired before August 29, 2003, became members of the IAP of OPSRP. These members retain their existing PERS account, however any future member contributions will be placed in the IAP. A copy of the Oregon Public Employees' Retirement System annual financial report may be obtained by writing to Public Employees' Retirement System, P.O. Box 23700, Tigard, OR 97281-3700, by calling (503) 598-7377 or at [www.oregon.gov/PERS](http://www.oregon.gov/PERS).

City employees are eligible to participate after completing six months of service. Covered employees are required by state statute to contribute 6 percent of their compensation to the plan. Current law permits the City to pay this amount on behalf of the employees. The City's contribution rate is set by PERB and is periodically adjusted based upon actuarial computations of the amount needed to provide retirement benefits. For employees hired before August 29, 2003, the City's contribution rate is 18.86 percent of covered compensation. For employees hired on or after August 29, 2003, the City's contribution rate is 14.45 percent for police covered compensation and 17.16 percent of covered compensation for all other employees.

The City's contribution to the plan for the years ending June 30, 2012, 2011, and 2010, were equal to the City's required contributions for each year as follows:

<u>Year Ended</u> <u>June 30,</u>	<u>City</u> <u>Contribution</u>	<u>City Paid</u> <u>Member</u> <u>Contribution</u>	<u>Totals</u>
2012	\$ 722,471	\$ 248,999	\$ 971,470
2011	596,981	255,817	852,798
2010	589,527	251,652	841,179

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

8. Interfund transfers

Interfund transfers during the year ended June 30, 2012 were as follows:

	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
<u>Governmental</u>		
General	\$ 49,837	\$ 617,228
Street	-	1,334,811
Capital improvement	5,251,658	47,996
Other governmental funds	544,242	1,841
Governmental activities – non-cash	604,035	1,446,237
<u>Proprietary</u>		
Water	-	1,627,454
Water – non-cash	300,962	-
Sewer	-	2,248,207
Sewer – non-cash	1,145,275	604,035
Internal service	<u>31,800</u>	<u>-</u>
	<u>\$7,927,809</u>	<u>\$7,927,809</u>

As part of the budget, the City anticipates making interfund transfers to move resources between funds to provide resources for specific expenditures that are not supported by other revenues.

Non-cash transfers occur when a fund acquires capital assets which will be used in the operation of a different fund's activities, issues long-term obligations which will be repaid out of a different fund's resources or pays principal on long-term obligations reported in a different fund.

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

**9. Segment information for Enterprise Funds**

The City has issued revenue bonds to finance its water and sewer utilities.

Summary financial information for the water and sewer utilities is as follows:

<b>CONDENSED STATEMENT OF NET ASSETS</b>	Water	Sewer
Assets		
Current assets	\$ 1,755,374	\$ 3,086,535
Capital assets	16,482,173	15,057,920
Total assets	18,237,547	18,144,455
Liabilities		
Current liabilities	681,996	455,161
Long-term obligations	6,010,901	4,868,004
Total liabilities	6,692,897	5,323,165
Net assets		
Invested in capital assets, net of related debt	10,170,948	9,892,924
Restricted	610,000	219,580
Unrestricted	763,702	2,708,786
Total net assets	\$ 11,544,650	\$ 12,821,290

<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS</b>		
Operating revenues (pledged against bonds)	\$ 2,296,666	\$ 4,316,641
Operating expenses (excluding depreciation)	2,229,057	3,500,411
Depreciation	784,658	368,185
Operating (loss)	(717,049)	448,045
Nonoperating revenues (expenses)	(84,534)	2,523,485
Income (loss) before transfers	(801,583)	2,971,530
Transfers in	300,962	1,145,275
Transfers out	(1,627,454)	(2,852,242)
Change in net assets	(2,128,075)	1,264,563
Beginning net assets	13,672,725	11,556,727
Ending net assets	\$ 11,544,650	\$ 12,821,290

<b>CONDENSED STATEMENT OF CASH FLOWS</b>		
Net cash provided by (used in)		
Operating activities	\$ 136,188	\$ 601,121
Noncapital financing activities	(1,627,454)	(2,248,207)
Capital and related financing activities	(541,843)	(37,317)
Investing activities	(5,805)	17,441
Net (decrease) in cash	(2,038,914)	(1,666,962)
Beginning cash	3,326,227	3,603,365
Ending cash	\$ 1,287,313	\$ 1,936,403



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

**10. Contingencies - earned sick leave**

Portions of accumulated sick leave at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2012, City employees had accumulated 2,378 days of sick leave. Additionally eligible retirees of the City are allowed to request to have accumulated sick leave up to 960 hours deposited into their Voluntary Employee Benefit Association (VEBA) account. As of June 30, 2012 \$83,059 of sick leave has been earned by eligible retirees and could be converted to their VEBA account upon retirement.

**11. Risk management**

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

**12. Restricted net assets**

Net assets have been restricted for capital projects due to the City implementing legislation for system development charges:

Government activities:

Capital Improvement	<u>\$ 3,286,900</u>
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Net assets of business-type activities have also been restricted as required by a lender as follows:

State of Oregon Department of Environmental Quality	<u>\$ 219,580</u>
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**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)**

**13. Governmental Fund Balances**

A. Categories

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

<b>Fund balances:</b>	<u>General</u>	<u>State Street Tax</u>	<u>Capital Improvement</u>	<u>Other Governmental Funds</u>	<u>Totals</u>
<b>Nonspendable:</b>					
Inventory	\$ -	\$ 52,792	\$ -	\$ -	\$ 52,792
Prepays	25,670	-	-	140	25,810
<b>Restricted for:</b>					
Capital projects	-	-	4,374,853	-	4,374,853
Community enhancement	-	-	-	43,559	43,559
Tourism	-	-	-	303,736	303,736
Highways and streets	-	562,248	-	-	562,248
Grant programs	34,950	-	-	-	34,950
Other purposes	-	-	-	123,781	123,781
<b>Committed for:</b>					
Arts commission	-	-	-	40,250	40,250
Parks capital	-	-	-	78,605	78,605
Library equipment	-	-	-	26,547	26,547
Library facilities	-	-	-	293,709	293,709
<b>Assigned for:</b>					
Police	-	-	-	4,522	4,522
Capital projects	-	-	-	350,000	350,000
<b>Unassigned:</b>	<u>1,200,849</u>	<u>-</u>	<u>-</u>	<u>(140)</u>	<u>1,200,709</u>
<b>Total fund balances</b>	<u>\$ 1,261,469</u>	<u>\$ 615,040</u>	<u>\$ 4,374,853</u>	<u>\$ 1,264,709</u>	<u>\$ 7,516,071</u>

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

**14. Debt covenants**

Net operating revenues, defined as gross operating revenue less operating expenses of the facility, are irrevocably pledged for payment of certain loan obligations. Net operating revenues of the Sewer Fund are pledged to the Oregon Department of Environmental Quality (ODEQ) Sewer Separation Project loan, as well as the 2003/2004 I&I Correction Projects, the Wastewater I & I Infiltration Reduction loan, and the Wastewater Facilities Planning loan (all of which are not currently in re-payment). Net operating revenues of the Water Fund are pledged to the Oregon Economic and Community Development Department (OECDD) loan numbers G04004 and S04004.

In addition to pledged revenues, the OECDD loans number G04004 and S04004 require the City to charge rates and fees in connection with operation of the Water system adequate to generate net operating revenues each fiscal year of at least 120% of annual debt service due in the fiscal year. Net operating revenue for the Water system for the fiscal year was \$145,880, while 120% of the debt service for the fiscal year was \$541,843.

The ODEQ requires the City to maintain Sewer rates and fees sufficient to generate net operating revenues in each fiscal year of at least 105% of the debt service requirement for the fiscal year. Net operating revenue for the current fiscal year was \$999,476, while 105% of the debt service requirement was \$379,365. The loans for the 2003/2004 I & I Correction Projects, the Wastewater I & I Infiltration Reduction, and the Wastewater Facilities Planning also require Sewer rates and fees sufficient to generate net operating revenues in excess of debt service requirements. However, until these loans enter repayment the annual debt service requirement is not established.

**15. Expenditures in excess of appropriations**

Oregon law prohibits expenditures or expenses of a fund in excess of board-approved appropriations.

Expenditures in excess of appropriations occurred as follows:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Sewer			
WTP - Pumps	\$ 138,360	\$ 138,449	\$ (89)

**16. Prior period adjustment**

During the fiscal year, an adjustment of \$85,452 was made to deferred revenue in the Sewer fund as a prior period adjustment to reclassify long-term receivables previously recorded as revenue.

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

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**CITY OF ST. HELENS**

**CAPITAL IMPROVEMENT - A MAJOR CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
System development charges	\$ 151,500	\$ 78,406	\$ (73,094)
Intergovernmental	345,000	-	(345,000)
Miscellaneous	-	30,270	30,270
<b>TOTAL REVENUES</b>	<u>496,500</u>	<u>108,676</u>	<u>(387,824)</u>
<b>EXPENDITURES</b>			
Capital outlay	3,534,110	1,541,520	1,992,590
Contingency	519,160	-	519,160
<b>TOTAL EXPENDITURES</b>	<u>4,053,270</u>	<u>1,541,520</u>	<u>2,511,750</u>
Excess (deficiency) of revenues over expenditures	<u>(3,556,770)</u>	<u>(1,432,844)</u>	<u>2,123,926</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long-term obligations	1,250,000	604,035	(645,965)
Transfers in	5,331,930	5,251,658	(80,272)
Transfers out	(51,840)	(47,996)	3,844
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>6,530,090</u>	<u>5,807,697</u>	<u>(722,393)</u>
Net change in fund balance	2,973,320	4,374,853	1,401,533
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 2,973,320</u>	<u>\$ 4,374,853</u>	<u>\$ 1,401,533</u>

**CITY OF ST. HELENS**

**COMBINING BALANCE SHEET  
OTHER GOVERNMENTAL FUNDS**

**June 30, 2012**

	Special Revenue	Capital Projects Water System Improvement Reserve	Totals
<b><u>ASSETS</u></b>			
Cash and investments	\$ 898,359	\$ 350,000	\$ 1,248,359
Receivables	121,644	-	121,644
Prepays	140	-	140
<b>TOTAL ASSETS</b>	<b>\$ 1,020,143</b>	<b>\$ 350,000</b>	<b>\$ 1,370,143</b>
<b><u>LIABILITIES</u></b>			
Accounts payable and accrued expenses	\$ 24,502	\$ -	\$ 24,502
Deferred revenue	80,932	-	80,932
<b>TOTAL LIABILITIES</b>	<b>105,434</b>	<b>-</b>	<b>105,434</b>
<b><u>FUND BALANCE</u></b>			
Nonspendable	140	-	140
Restricted	471,076	-	471,076
Committed	439,111	-	439,111
Assigned	4,522	350,000	354,522
Unassigned	(140)	-	(140)
<b>TOTAL FUND BALANCE</b>	<b>914,709</b>	<b>350,000</b>	<b>1,264,709</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 1,020,143</b>	<b>\$ 350,000</b>	<b>\$ 1,370,143</b>



**CITY OF ST. HELENS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2012**

	Special Revenue	Capital Projects Water System Improvement Reserve	Totals
<b>REVENUES</b>			
Licenses and permits	\$ 118,735	\$ -	\$ 118,735
Transient room tax	74,123	-	74,123
Intergovernmental	173,354	-	173,354
Interest	1,564	1,841	3,405
Miscellaneous	24,898	-	24,898
<b>TOTAL REVENUES</b>	<b>392,674</b>	<b>1,841</b>	<b>394,515</b>
<b>EXPENDITURES</b>			
Current			
General government	174,020	-	174,020
Public safety	63,066	-	63,066
Culture and recreation	154,983	-	154,983
Capital outlay	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>392,069</b>	<b>-</b>	<b>392,069</b>
Excess of revenues over expenditures	605	1,841	2,446
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	544,242	-	544,242
Transfers out	-	(1,841)	(1,841)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>544,242</b>	<b>(1,841)</b>	<b>542,401</b>
Net change in fund balances	544,847	-	544,847
Fund balances at beginning of year	369,862	350,000	719,862
Fund balances at end of year	<b>\$ 914,709</b>	<b>\$ 350,000</b>	<b>\$ 1,264,709</b>

CITY OF ST. HELENS

COMBINING BALANCE SHEET  
SPECIAL REVENUE FUNDS  
June 30, 2012

	Building	St. Helens Visitors and Tourism	State Revenue Sharing	Community Development	Community Enhancement	Totals
<b><u>ASSETS</u></b>						
Cash and investments	\$ 20,834	\$ 294,521	\$ 97,380	\$ (3,340)	\$ 488,964	\$ 898,359
Receivables, net	-	10,971	26,401	84,272	-	121,644
Prepays	140	-	-	-	-	140
<b>TOTAL ASSETS</b>	<b>\$ 20,974</b>	<b>\$ 305,492</b>	<b>\$ 123,781</b>	<b>\$ 80,932</b>	<b>\$ 488,964</b>	<b>\$ 1,020,143</b>
<b><u>LIABILITIES</u></b>						
Accounts payable and accrued expenses	\$ 20,974	\$ 1,756	\$ -	\$ -	\$ 1,772	\$ 24,502
Deferred revenue	-	-	-	80,932	-	80,932
<b>TOTAL LIABILITIES</b>	<b>20,974</b>	<b>1,756</b>	<b>-</b>	<b>80,932</b>	<b>1,772</b>	<b>105,434</b>
<b><u>FUND BALANCE</u></b>						
Nonspendable	140	-	-	-	-	140
Restricted	-	303,736	123,781	-	43,559	471,076
Committed	-	-	-	-	439,111	439,111
Assigned	-	-	-	-	4,522	4,522
Unassigned	(140)	-	-	-	-	(140)
<b>TOTAL FUND BALANCE</b>	<b>-</b>	<b>303,736</b>	<b>123,781</b>	<b>-</b>	<b>487,192</b>	<b>914,709</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 20,974</b>	<b>\$ 305,492</b>	<b>\$ 123,781</b>	<b>\$ 80,932</b>	<b>\$ 488,964</b>	<b>\$ 1,020,143</b>

CITY OF ST. HELENS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE  
SPECIAL REVENUE FUNDS  
For the Year Ended June 30, 2012

	Building	911 Emergency	St. Helens Visitors and Tourism	State Revenue Sharing	Community Development	Community Enhancement	Totals
<b>REVENUES</b>							
Licenses and permits	\$ 118,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 118,735
Transient room tax	-	-	74,123	-	-	-	74,123
Intergovernmental	-	63,066	-	106,908	-	3,380	173,354
Interest	-	-	-	-	-	1,564	1,564
Miscellaneous	2,071	-	-	-	6,680	16,147	24,898
<b>TOTAL REVENUES</b>	<u>120,806</u>	<u>63,066</u>	<u>74,123</u>	<u>106,908</u>	<u>6,680</u>	<u>21,091</u>	<u>392,674</u>
<b>EXPENDITURES</b>							
Current							
General government	174,020	-	-	-	-	-	174,020
Public safety	-	63,066	-	-	-	-	63,066
Culture and recreation	-	-	50,199	54,819	6,680	43,285	154,983
<b>TOTAL EXPENDITURES</b>	<u>174,020</u>	<u>63,066</u>	<u>50,199</u>	<u>54,819</u>	<u>6,680</u>	<u>43,285</u>	<u>392,069</u>
Excess (deficiency) of revenues over expenditures	(53,214)	-	23,924	52,089	-	(22,194)	605
<b>OTHER FINANCING SOURCES</b>							
Transfers in	34,747	-	-	-	109	509,386	544,242
Net change in fund balance	(18,467)	-	23,924	52,089	109	487,192	544,847
Fund balance at beginning of year	18,467	-	279,812	71,692	(109)	-	369,862
Fund balance at end of year	\$ -	\$ -	\$ 303,736	\$ 123,781	\$ -	\$ 487,192	\$ 914,709

**CITY OF ST. HELENS**

**BUILDING - SPECIAL REVENUE FUND  
 SCHEDULE OF REVENUES, EXPENDITURES AND  
 CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
 For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Licenses and permits	\$ 168,500	\$ 118,735	\$ (49,765)
Miscellaneous	<u>500</u>	<u>2,071</u>	<u>1,571</u>
<b>TOTAL REVENUES</b>	<u>169,000</u>	<u>120,806</u>	<u>(48,194)</u>
<b>EXPENDITURES</b>			
Personal services	139,410	136,854	2,556
Materials and services	45,480	37,166	8,314
Contingency	<u>17,310</u>	<u>-</u>	<u>17,310</u>
<b>TOTAL EXPENDITURES</b>	<u>202,200</u>	<u>174,020</u>	<u>28,180</u>
Excess (deficiency) of revenues over expenditures	(33,200)	(53,214)	(20,014)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>-</u>	<u>34,747</u>	<u>34,747</u>
Net change in fund balance	(33,200)	(18,467)	14,733
Fund balance at beginning of year	<u>33,200</u>	<u>18,467</u>	<u>(14,733)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF ST. HELENS

911 EMERGENCY - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ 65,000	\$ 63,066	\$ (1,934)
<b>EXPENDITURES</b>			
Materials and services	<u>65,000</u>	<u>63,066</u>	<u>1,934</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**CITY OF ST. HELENS**

**ST. HELENS VISITORS AND TOURISM - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Transient room tax	<u>\$ 64,900</u>	<u>\$ 74,123</u>	<u>\$ 9,223</u>
<b>EXPENDITURES</b>			
Materials and services	65,000	50,199	14,801
Contingency	<u>282,820</u>	<u>-</u>	<u>282,820</u>
<b>TOTAL EXPENDITURES</b>	<u>347,820</u>	<u>50,199</u>	<u>297,621</u>
Net change in fund balance	(282,920)	23,924	306,844
Fund balance at beginning of year	<u>282,920</u>	<u>279,812</u>	<u>(3,108)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ 303,736</u>	<u>\$ 303,736</u>

**CITY OF ST. HELENS**

**STATE REVENUE SHARING - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 91,500	\$ 106,908	\$ 15,408
<b>EXPENDITURES</b>			
Materials and services	55,400	54,819	581
Contingency	116,250	-	116,250
<b>TOTAL EXPENDITURES</b>	171,650	54,819	116,831
Net change in fund balance	(80,150)	52,089	132,239
Fund balance at beginning of year	80,150	71,692	(8,458)
Fund balance at end of year	\$ -	\$ 123,781	\$ 123,781

**CITY OF ST. HELENS**

**COMMUNITY DEVELOPMENT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Original and Final Budget	Actual	Variance
<b>REVENUES</b>			
Intergovernmental	\$ 450,000	\$ -	\$ (450,000)
Miscellaneous	<u>6,830</u>	<u>6,680</u>	<u>(150)</u>
<b>TOTAL REVENUES</b>	<u>456,830</u>	<u>6,680</u>	<u>(450,150)</u>
<b>EXPENDITURES</b>			
Materials and services	56,830	6,680	50,150
Capital outlay	<u>400,000</u>	<u>-</u>	<u>400,000</u>
<b>TOTAL EXPENDITURES</b>	<u>456,830</u>	<u>6,680</u>	<u>450,150</u>
Excess of revenues over expenditures	-	-	-
<b>OTHER FINANCING SOURCES</b>			
Transfers in	<u>-</u>	<u>109</u>	<u>109</u>
Net change in fund balance	-	109	109
Fund balance at beginning of year	<u>-</u>	<u>(109)</u>	<u>(109)</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>



**CITY OF ST. HELENS**

**COMMUNITY ENHANCEMENT - SPECIAL REVENUE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Intergovernmental	\$ -	\$ 3,380	\$ 3,380
Interest	1,490	1,564	74
Miscellaneous	<u>9,000</u>	<u>16,147</u>	<u>7,147</u>
<b>TOTAL REVENUES</b>	<u>10,490</u>	<u>21,091</u>	<u>10,601</u>
<b>EXPENDITURES</b>			
Public art			
Materials and services	33,750	2,233	31,517
Library improvements - building			
Materials and services	7,000	6,500	500
Library improvements - equipment			
Materials and services	13,620	11,932	1,688
Park improvements			
Materials and services	27,500	11,442	16,058
Police Data Cellular			
Materials and services	6,000	5,678	322
PEG Access			
Materials and services	12,000	2,037	9,963
Grants			
Materials and services	-	3,463	(3,463)
Contingency	<u>175,380</u>	<u>-</u>	<u>175,380</u>
<b>TOTAL EXPENDITURES</b>	<u>275,250</u>	<u>43,285</u>	<u>231,965</u>
Excess (deficiency) of revenues over expenditures	(264,760)	(22,194)	242,566
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>609,670</u>	<u>509,386</u>	<u>(100,284)</u>
Net change in fund balance	344,910	487,192	142,282
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ 344,910</u>	<u>\$ 487,192</u>	<u>\$ 142,282</u>

CITY OF ST. HELENS

WATER SYSTEM IMPROVEMENT RESERVE - CAPITAL PROJECTS FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Interest	\$ 1,800	\$ 1,841	\$ 41
<b>OTHER FINANCING (USES)</b>			
Transfers out	<u>(1,800)</u>	<u>(1,841)</u>	<u>(41)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Fund balance at end of year	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ -</u>

**CITY OF ST. HELENS**

**WATER - ENTERPRISE FUND (A MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for services	\$ 2,283,500	\$ 2,296,666	\$ 13,166
Interest	20,000	15,839	(4,161)
Miscellaneous	38,000	75,278	37,278
<b>TOTAL REVENUES</b>	<b>2,341,500</b>	<b>2,387,783</b>	<b>46,283</b>
<b>EXPENDITURES</b>			
Personal services	1,043,180	1,008,666	34,514
Materials and services	1,398,900	1,233,237	165,663
Debt service	541,860	541,843	17
Operating contingencies	600,000	-	600,000
<b>TOTAL EXPENDITURES</b>	<b>3,583,940</b>	<b>2,783,746</b>	<b>800,194</b>
Excess (deficiency) of revenues over expenditures	(1,242,440)	(395,963)	846,477
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers out	(1,635,930)	(1,627,454)	8,476
Net change in fund balance	(2,878,370)	(2,023,417)	854,953
Fund balance at beginning of year	3,246,470	3,592,143	345,673
Fund balance at end of year	\$ 368,100	1,568,726	\$ 1,200,626
<b>Reconciliation to generally accepted accounting principles</b>			
Capital assets, net		16,482,173	
Accrued interest payable		(141,248)	
Compensated absences payable		(53,776)	
Long-term obligations		(6,311,225)	
Net assets - ending		<b>\$ 11,544,650</b>	

**CITY OF ST. HELENS**

**SEWER - ENTERPRISE FUND (A MAJOR FUND)  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for services	\$ 4,489,800	\$ 4,316,641	\$ (173,159)
Interest	16,000	17,441	1,441
Miscellaneous	23,000	206,982	183,982
<b>TOTAL REVENUES</b>	<u>4,528,800</u>	<u>4,541,064</u>	<u>12,264</u>
<b>EXPENDITURES</b>			
Collection sewer services			
Personal services	957,210	825,913	131,297
Materials and services	1,226,030	1,140,552	85,478
Capital outlay	0	0	-
Debt service	380,110	379,365	745
Operating contingencies	731,000	-	731,000
<b>Total collection sewer services</b>	<u>2,563,350</u>	<u>2,345,830</u>	<u>217,520</u>
Secondary sewer service			
Personal services	225,080	218,398	6,682
Materials and services	438,420	342,710	95,710
Capital outlay	13,000	12,811	189
<b>Total secondary sewer service</b>	<u>676,500</u>	<u>573,919</u>	<u>102,581</u>
Primary sewer service			
Personal services	139,670	135,776	3,894
Materials and services	368,260	309,738	58,522
Capital outlay	13,000	12,811	189
<b>Total primary sewer service</b>	<u>520,930</u>	<u>458,325</u>	<u>62,605</u>
Stormwater sewer services			
Personal services	211,100	193,946	17,154
Materials and services	244,220	210,484	33,736
<b>Total stormwater sewer services</b>	<u>455,320</u>	<u>404,430</u>	<u>50,890</u>

*Continued on page 49*

**SEWER - ENTERPRISE FUND (A MAJOR FUND)**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (Continued)**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>EXPENDITURES (continued)</b>			
WTP - pumps			
Personal services	\$ 84,210	\$ 81,495	\$ 2,715
Materials and services	<u>54,150</u>	<u>56,954</u>	<u>(2,804)</u>
Total WTP - pumps	<u>138,360</u>	<u>138,449</u>	<u>(89)</u>
Contingency	<u>731,000</u>	<u>-</u>	<u>731,000</u>
TOTAL EXPENDITURES	<u>5,085,460</u>	<u>3,920,953</u>	<u>1,164,507</u>
Excess (deficiency) of revenues over expenditure	<u>(556,660)</u>	<u>620,111</u>	<u>1,176,771</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Issuance of long-term obligations	-	354,885	354,885
Transfers out	<u>(2,382,180)</u>	<u>(2,248,207)</u>	<u>133,973</u>
TOTAL OTHER FINANCING SOURCES (US)	<u>(2,382,180)</u>	<u>(1,893,322)</u>	<u>488,858</u>
Net change in fund balance	(2,938,840)	(1,273,211)	1,665,629
Fund balance at beginning of year	3,925,490	3,965,804	40,314
Prior period adjustment	<u>-</u>	<u>(85,452)</u>	<u>(85,452)</u>
Fund balance at end of year	<u>\$ 986,650</u>	2,607,141	<u>\$ 1,620,491</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Capital assets, net		15,057,920	
Deferred revenue		435,538	
Accrued interest payable		(39,086)	
Compensated absences payable		(75,227)	
Long-term obligations		<u>(5,164,996)</u>	
Net assets - ending		<u>\$ 12,821,290</u>	

**CITY OF ST. HELENS**

**COMBINING STATEMENT OF NET ASSETS  
INTERNAL SERVICE FUNDS  
June 30, 2012**

	Fleet Maintenance	Administrative Services	Public Works	Totals
<b><u>ASSETS</u></b>				
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 58,900	\$ 141,474	\$ 2,692	\$ 203,066
Inventories	9,326	-	-	9,326
Total current assets	68,226	141,474	2,692	212,392
Capital assets, net	90,732	-	-	90,732
<b>TOTAL ASSETS</b>	<b>158,958</b>	<b>141,474</b>	<b>2,692</b>	<b>303,124</b>
<b><u>LIABILITIES</u></b>				
<b>CURRENT LIABILITIES</b>				
Accounts payable and accrued expenses	12,457	8,907	2,692	24,056
<b><u>NET ASSETS</u></b>				
Invested in capital assets, net of related debt	90,732	-	-	90,732
Unrestricted	55,769	132,567	-	188,336
<b>TOTAL NET ASSETS</b>	<b>\$ 146,501</b>	<b>\$ 132,567</b>	<b>\$ -</b>	<b>\$ 279,068</b>

**CITY OF ST. HELENS**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND NET ASSETS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2012**

	Fleet Maintenance	Administrative Services	Public Works	Totals
<b>OPERATING REVENUES</b>				
Charges for services	\$ 295,840	\$ 1,209,943	\$ 297,513	\$ 1,803,296
<b>OPERATING EXPENSES</b>				
Personal services	180,807	862,656	107,301	1,150,764
Materials and services	79,889	372,960	190,212	643,061
Depreciation	8,127	-	-	8,127
<b>TOTAL OPERATING EXPENSES</b>	<u>268,823</u>	<u>1,235,616</u>	<u>297,513</u>	<u>1,801,952</u>
<b>OPERATING INCOME (LOSS)</b>	27,017	(25,673)	-	1,344
<b>NONOPERATING REVENUES</b>				
Miscellaneous	-	126,440	-	126,440
<b>Income before transfers</b>	27,017	100,767	-	127,784
<b>TRANSFERS</b>				
Transfers in	-	31,800	-	31,800
<b>Change in net assets</b>	27,017	132,567	-	159,584
<b>Net assets at beginning of year</b>	<u>119,484</u>	<u>-</u>	<u>-</u>	<u>119,484</u>
<b>Net assets at end of year</b>	<u>\$ 146,501</u>	<u>\$ 132,567</u>	<u>\$ -</u>	<u>\$ 279,068</u>

**CITY OF ST. HELENS**

**COMBINING STATEMENT OF CASH FLOWS  
INTERNAL SERVICE FUNDS  
For the Year Ended June 30, 2012**

	Fleet Maintenance	Administrative Services	Public Works	Totals
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund services provided	\$ 295,840	\$ 1,209,943	\$ 297,513	\$ 1,803,296
Payments to suppliers	(72,129)	(364,053)	(187,520)	(623,702)
Payments to employees	<u>(180,807)</u>	<u>(862,656)</u>	<u>(107,301)</u>	<u>(1,150,764)</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>42,904</u>	<u>(16,766)</u>	<u>2,692</u>	<u>28,830</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>				
Transfers in	<u>-</u>	<u>31,800</u>	<u>-</u>	<u>31,800</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Other	<u>-</u>	<u>126,440</u>	<u>-</u>	<u>126,440</u>
Net increase in cash and cash equivalents	42,904	141,474	2,692	187,070
Cash and cash equivalents - beginning of year	<u>15,996</u>	<u>-</u>	<u>-</u>	<u>15,996</u>
Cash and cash equivalents- end of year	<u>\$ 58,900</u>	<u>\$ 141,474</u>	<u>\$ 2,692</u>	<u>\$ 203,066</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>				
Operating income (loss)	\$ 27,017	\$ (25,673)	\$ -	\$ 1,344
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities				
Depreciation	8,127	-	-	8,127
Decrease (increase) in assets				
Inventories	(126)	-	-	(126)
Increase (decrease) in liabilities				
Accounts payable and accrued expenses	<u>7,886</u>	<u>8,907</u>	<u>2,692</u>	<u>19,485</u>
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<u>\$ 42,904</u>	<u>\$ (16,766)</u>	<u>\$ 2,692</u>	<u>\$ 28,830</u>



**CITY OF ST. HELENS**

**FLEET MAINTENANCE - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for interfund services			
Street	\$ -	\$ 73,960	\$ 73,960
Water	-	88,750	88,750
Storm drain	-	14,790	14,790
Sewer	-	44,380	44,380
Secondary sewer	-	44,380	44,380
Primary sewer	<u>295,840</u>	<u>29,580</u>	<u>(266,260)</u>
 Total charges for interfund services	 <u>295,840</u>	 <u>295,840</u>	 <u>-</u>
<b>EXPENDITURES</b>			
Personal services	185,130	180,807	4,323
Materials and services	97,230	79,889	17,341
Contingency	<u>20,000</u>	<u>-</u>	<u>20,000</u>
 TOTAL EXPENDITURES	 <u>302,360</u>	 <u>260,696</u>	 <u>41,664</u>
 Net change in fund balance	 (6,520)	 35,144	 41,664
Fund balance at beginning of year	<u>6,520</u>	<u>20,625</u>	<u>14,105</u>
 Fund balance at end of year	 <u>\$ -</u>	 55,769	 <u>\$ 55,769</u>
<b>Reconciliation to generally accepted accounting principles</b>			
Capital assets, net		<u>90,732</u>	
 Net assets - ending		 <u>\$ 146,501</u>	

**CITY OF ST. HELENS**

**ADMINISTRATIVE SERVICES - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	Budget	Actual	Variance
<b>REVENUES</b>			
Charges for interfund services	\$ 1,341,760	\$ 1,336,383	\$ (5,377)
<b>EXPENDITURES</b>			
City administrator	292,940	285,006	7,934
City recorder	290,640	261,608	29,032
Finance	609,260	574,315	34,945
City hall facilities	99,230	90,993	8,237
IT/Self-insurance	41,690	23,694	17,996
Contingency	39,800	-	39,800
<b>TOTAL EXPENDITURES</b>	<b>1,373,560</b>	<b>1,235,616</b>	<b>137,944</b>
Excess (deficiency) of revenues over expenditures	(31,800)	100,767	132,567
<b>OTHER FINANCING SOURCES</b>			
Transfers in	31,800	31,800	-
Net change in fund balance	-	132,567	132,567
Fund balance at beginning of year	-	-	-
Fund balance at end of year	\$ -	\$ 132,567	\$ 132,567

**CITY OF ST. HELENS**

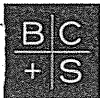
**PUBLIC WORKS - INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL  
For the Year Ended June 30, 2012**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>REVENUES</b>			
Charges for interfund services	\$ 359,010	\$ 297,513	\$ (61,497)
<b>EXPENDITURES</b>			
Administration	130,180	87,075	43,105
Engineering	70,470	59,441	11,029
Operations	158,360	150,997	7,363
Contingency	<u>100,000</u>	<u>-</u>	<u>100,000</u>
<b>TOTAL EXPENDITURES</b>	<u>459,010</u>	<u>297,513</u>	<u>161,497</u>
Excess (deficiency) of revenues over expenditures	(100,000)	-	100,000
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balance	-	-	-
Fund balance at beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY  
THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL  
CORPORATIONS**

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**INDEPENDENT AUDITOR'S REPORT REQUIRED BY THE  
MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS**

Honorable Mayor and Members of the City Council  
CITY OF ST. HELENS  
St. Helens, Oregon

We have audited the basic financial statements of the CITY OF ST. HELENS as of and for the year ended June 30, 2012, and have issued our report thereon dated December 28, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

**Compliance**

As part of obtaining reasonable assurance about whether the CITY OF ST. HELENS' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, our audit was not directed primarily toward obtaining knowledge of such noncompliance. As such, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

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

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

**INDEPENDENT AUDITOR’S REPORT REQUIRED BY THE MINIMUM STANDARDS FOR AUDITS OF OREGON MUNICIPAL CORPORATIONS (continued)**

In connection with our testing nothing came to our attention that caused us to believe the City 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 162-10-240 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- A. Expenditures in excess of appropriations (which is prohibited by ORS 294.435) occurred as follows:

<u>Fund/Category</u>	<u>Appropriation</u>	<u>Actual</u>	<u>Variance</u>
Sewer			
WTP - Pumps	\$ 138,360	\$ 138,449	\$ (89)
Community Enhancement Grants	-	3,463	(3,463)

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

In planning and performing our audit, we considered the City'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 City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

This report is intended solely for the information and use of the board of directors/council members and management of CITY OF ST. HELENS and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

*Boldt Carlisle + Smith*

Certified Public Accountants  
Salem, Oregon  
December 28, 2012