



City of St. Helens Columbia County, Oregon

Financial Report For the Year Ended June 30, 2014



CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

MAYOR AND CITY COUNCIL MEMBERS AS OF JUNE 30, 2014

<u>NAME</u>	<u>TERM EXPIRES</u>
Randy Peterson – Mayor	December 31, 2014
Douglas Morten	December 31, 2014
Keith Locke	December 31, 2016
Susan Conn	December 31, 2014
Ginny Carlson	December 31, 2016

CITY STAFF

John Walsh, Administrator
Terry Moss, Police Chief
Sue Nelson and Neal Sheppard, Co-Interim Public Works Director
Margaret Jeffries, Library Director
Jon Ellis, Finance Director

MAILING ADDRESS

City of St. Helens
P.O. Box 278
St. Helens, OR 97051

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CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

T A B L E O F C O N T E N T S

	<u>PAGE NUMBER</u>
INDEPENDENT AUDITORS' REPORT	1
REQUIRED SUPPLEMENTARY INFORMATION:	
Management's Discussion and Analysis	i-vi
BASIC FINANCIAL STATEMENTS:	
Statement of Net Position	4
Statement of Activities	5
Balance Sheet - Governmental Funds	6
Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	8
Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds – To Statement of Activities	9
Statement of Proprietary Net Position	10
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Funds	11
Statement of Cash Flows – Proprietary Funds	12
Notes to Basic Financial Statements	13
REQUIRED SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget	
General Fund	30
Street Fund	31
SUPPLEMENTARY INFORMATION:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Actual and Budget	
Major Governmental Fund:	
Capital Improvement Fund	32
Combining Balance Sheet – Non-Major Governmental Funds	33
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Non-Major Governmental Funds	34
Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget	
Non-Major Governmental Funds:	
St. Helens Visitor and Tourism Fund	35
State Revenue Sharing Fund	36
Community Development Fund	37

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

TABLE OF CONTENTS

	<u>PAGE</u> <u>NUMBER</u>
Community Enhancement Fund	38
Water System Improvement Reserve Fund	39
Enterprise Funds:	
Water Fund	40
Sewer Fund	41
Combining Statement of Net Position – Internal Service Funds	42
Combining Statement of Revenues, Expenditures, and Changes in Net Position – Internal Service Funds	43
Combining Statement of Cash Flows – Internal Service Funds	44
Schedule of Revenues, Expenditures and Changes in Fund Balance – Actual and Budget	
Internal Service Funds:	
Fleet Maintenance Fund	45
Administrative Services Fund	46
Public Works Fund	47
Schedule of Property Tax Transactions and Balances of Taxes Uncollected - General Fund	48
INDEPENDENT AUDITORS' REPORT REQUIRED BY OREGON STATE REGULATIONS	49

**FINANCIAL
SECTION**

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PAULY, ROGERS, AND CO., P.C.
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December 22, 2014

To the Honorable Mayor and Members of the City Council
City of St. Helens, Oregon

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

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 the City of St. Helens as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

The budgetary comparison schedules presented as Required Supplementary Information, as listed in the table of contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and in our opinion are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Helens' basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting 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 supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

The listing of council members containing their term expiration dates, located before the table of contents, has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 22, 2014, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



Kenneth Allen, CPA
Municipal Auditor

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CITY OF ST. HELENS

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2014

Introduction

City of St. Helens' discussion and analysis offers readers of the City's financial statements an overview and analysis of the City's financial activities for the fiscal year ended June 30, 2014. 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 \$52.24 million. Of this amount, \$8.17 million (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- On a government-wide basis, the City's total net position increased \$2.59 million. Net position associated with governmental activities increased \$.82 million primarily reflecting increase in development activities (Building permits & System Development Charges). Net position associated with business-type activities increased \$1.8 million primarily reflecting timber revenue sales.
- On a fund basis, the City's governmental funds reported a combined ending fund balance of \$9.5 million. A \$.88 million increase from the prior year is primarily a reflection of increase in development fees and a decrease capital projects.
- The General Fund's financial position increased over last fiscal year. On June 30, 2014, the ending fund balance is \$1.83 million, an increase of \$.58 million from the previous year. The increase reflects improved local economy compounded by decreases in one time capital expenditures. The unassigned fund balance is \$1.77 million and represents 48% of operating expenditures and can be used to meet the City's ongoing obligations to citizens and creditors. City Council has designated a minimum unassigned 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 Position presents information on all of the City's asset, deferred outflows, deferred inflows and liabilities. Assets and deferred outflows less liabilities and deferred inflows are reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some 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 Position
(In \$ millions)*

	Governmental Activities		Business-type Activities		Totals	
	2014	2013	2014	2013	2014	2013
ASSETS						
Current and other assets	\$ 10.41	\$ 9.46	\$ 7.05	\$ 5.40	\$ 17.46	\$ 14.86
Capital assets, net	16.16	16.16	32.89	32.59	49.04	48.76
Total assets	26.57	25.63	39.93	37.99	66.50	63.62
LIABILITIES						
Current liabilities	0.83	0.70	1.35	1.10	2.18	1.80
Long-term obligations	-	-	12.09	12.17	12.09	12.17
Total liabilities	0.83	0.70	13.44	13.27	14.27	13.97
NET POSITION						
Net Investment in Capital Assets	16.51	16.16	19.66	19.75	36.17	35.91
Restricted	7.22	6.54	0.68	0.13	7.90	6.67
Unrestricted	2.02	2.22	6.16	4.85	8.17	7.07
TOTAL NET POSITION	\$ 25.74	\$ 24.92	\$ 26.50	\$ 24.72	\$ 52.24	\$ 49.65

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. The City's net position totaled \$52.24 million at June 30, 2014.

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

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

Changes in Net Position
(In \$ millions)

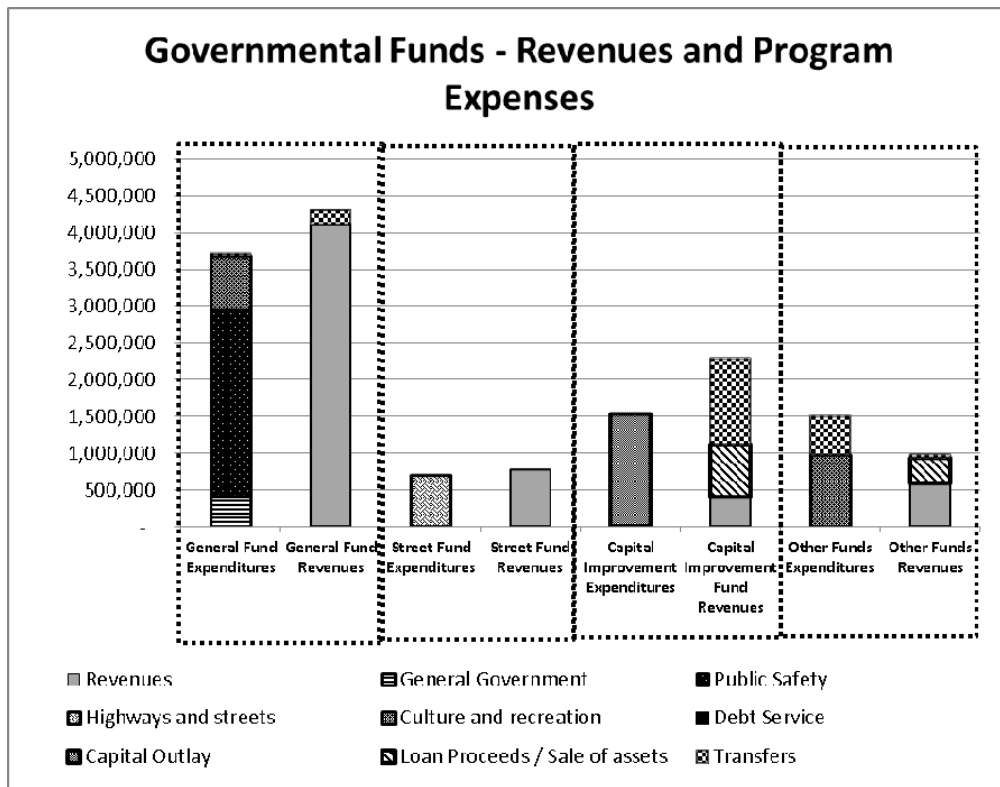
	Governmental Activities		Business-type Activities		Totals	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program revenues						
Charges for services	\$ 0.92	\$ 0.49	\$ 7.47	\$ 7.10	\$ 8.40	\$ 7.59
Operating grants and contributions	0.46	0.41	-	-	0.48	0.41
Capital grants and contributions	0.02	0.34	-	-	-	0.34
General revenues	-	-	-	-	-	-
Property taxes	1.53	1.51	-	-	1.53	1.51
Franchise taxes	1.42	1.38	-	-	1.42	1.38
Transient room taxes	0.08	0.08	-	-	0.08	0.08
Other grants and contributions	1.17	1.17	-	-	1.17	1.17
Investment earnings	0.02	0.03	0.04	0.04	0.06	0.07
Miscellaneous	0.15	0.16	1.44	0.75	1.59	0.91
Watershed logging	-	-	-	-	-	-
Transfers	0.40	0.90	(0.40)	(0.90)	-	-
Total revenues	<u>6.18</u>	<u>6.46</u>	<u>8.56</u>	<u>6.99</u>	<u>14.73</u>	<u>13.45</u>
Program expenses						
General government	0.38	0.45	-	-	0.38	0.45
Public safety	2.73	2.87	-	-	2.73	2.87
Highways and streets	0.75	0.68	-	-	0.75	0.68
Culture and recreation	1.50	1.25	-	-	1.50	1.25
Interest on long-term obligations	0.00	0.00	-	-	0.00	0.00
Water	-	-	3.07	3.20	3.07	3.20
Sewer	-	-	3.72	3.76	3.72	3.76
Total program expenses	<u>5.36</u>	<u>5.25</u>	<u>6.78</u>	<u>6.96</u>	<u>12.14</u>	<u>12.21</u>
Change in net position	0.82	1.21	1.77	0.03	2.59	1.24
Net position - beginning of year	<u>24.92</u>	<u>23.71</u>	<u>24.72</u>	<u>24.69</u>	<u>49.65</u>	<u>48.41</u>
Net position - end of year	<u>\$ 25.74</u>	<u>\$ 24.92</u>	<u>\$ 26.50</u>	<u>\$ 24.72</u>	<u>\$ 52.24</u>	<u>\$ 49.65</u>

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 \$9.5 million. Approximately \$1.76 million or 19% 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 \$8.60 million to \$9.48 million or an increase of \$.88 million primarily reflects increase in development activities (Building & System Development Charges) and transfers of reserves from enterprise operating funds to fund pending capital improvement projects. 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 position of \$6.16 million. The unrestricted net position increased by \$1.31 million primarily from timber sales. 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 maintain existing service levels with minimum staffing. While the local economy has seen signs of improvement and growth since the great recession, the cash flow of operating revenues still limit improvement to services. The challenge is balancing the services desired by the public with available revenues. In FY 2013-14, staffing levels were maintained at the FY 2006-07 levels. The City strives to maintain or improve operating reserves in excess of financial policies.

Capital Asset and Debt Administration

Capital Assets: Investment in capital assets by the governmental and business-type activities as of June 30, 2014 was \$49.04 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:
 - Capital Projects In Progress
 - Gateway sculpture - \$27,900
 - Property acquisition - \$384,000
 - Library roof replacement - \$20,400
 - Sidewalks and Streets - \$283,700
- Business-type activities
 - Water Mains/Meters replacements - \$112,900
 - Water Telemetry System upgrade - \$137,500
 - Rolling Equipment - \$32,700
 - Sanitary Sewer I/I Project - \$694,400
 - Sewer Mains and Storm Drains replacements- \$258,800

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

Long-term Debt: At the end of the current fiscal year, the City had total debt outstanding of \$13.23 million. Of this amount, \$.2 million is reported governmental activities and \$13.03 million is reported in business-type activities. The City issued \$.7 million in debt in this fiscal year which represented an increase in the DEQ loan for Sanitary/Storm Drain Systems.

Additional information on the City's long-term debt 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%
- Anticipated cost of living increase of 2.5%
- Investment interest rates will be .5%
- Assessed values, the basis of property tax revenues, will grow by 2.4%
- Inflation will occur at 2.5%

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.

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**STATEMENT OF NET POSITION
June 30, 2014**

ASSETS	GOVERNMENTAL	BUSINESS TYPE	TOTAL
Current Assets:			
Cash and Investments	\$ 9,542,561	\$ 5,002,950	\$ 14,545,511
Receivables	875,265	1,904,463	2,779,728
Prepaid Items	7,865	-	7,865
Internal Balances	(60,508)	60,508	-
Supply Inventory	49,029	80,492	129,521
Total Current Assets	<u>10,414,212</u>	<u>7,048,413</u>	<u>17,462,625</u>
Interfund Loan	(350,962)	350,962	-
Capital Assets, net	<u>16,507,670</u>	<u>32,534,344</u>	<u>49,042,014</u>
Total Assets	<u>26,570,920</u>	<u>39,933,719</u>	<u>66,504,639</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	623,544	70,377	693,921
Accrued Interest Payable	-	131,827	131,827
Deposits Payable	7,968	203,927	211,895
Current Portion of Long-Term Debt	<u>200,169</u>	<u>940,631</u>	<u>1,140,800</u>
Total Current Liabilities	<u>831,681</u>	<u>1,346,762</u>	<u>2,178,443</u>
Long-Term Liabilities			
Loans Payable	<u>-</u>	<u>12,088,362</u>	<u>12,088,362</u>
Total Long-Term Liabilities	<u>-</u>	<u>12,088,362</u>	<u>12,088,362</u>
Total Liabilities	<u>831,681</u>	<u>13,435,124</u>	<u>14,266,805</u>
NET POSITION			
Net Investment in Capital Assets	16,507,670	19,659,921	36,167,591
Restricted For:			
Capital Projects	6,392,053	-	6,392,053
Community Enhancement	36,341	-	36,341
Tourism	222,633	-	222,633
Highways and Streets	557,566	-	557,566
Rate Stabilization	-	350,000	350,000
Debt Service	-	330,883	330,883
Other	6,841	-	6,841
Unrestricted	<u>2,016,135</u>	<u>6,157,791</u>	<u>8,173,926</u>
Total Net Position	<u>\$ 25,739,239</u>	<u>\$ 26,498,595</u>	<u>\$ 52,237,834</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2014**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 375,865	\$ 282,782	\$ 3,250	\$ -
Public Safety	2,733,921	226,550	105,247	-
Culture and Recreation	1,497,574	38,271	345,795	16,500
Highways and Streets	747,615	373,275	5,650	-
Interest on Long Term Debt	962	-	-	-
Total Governmental Activities	5,355,937	920,878	459,942	16,500
Business-Type Activities				
Water	3,065,586	2,852,751	-	-
Sewer	3,715,725	4,621,374	-	-
Total Business Activities	6,781,311	7,474,125	-	-
Total Primary Government	\$ 12,137,248	\$ 8,395,003	\$ 459,942	\$ 16,500

General Revenues

Property Taxes
Franchise Taxes
Transient Room Taxes
Unrestricted Grants and Contributions
Unrestricted Investment Earnings
Miscellaneous
Capital Contributions
Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

The accompanying notes are an integral part of the basic financial statements.

Net Revenues (Expenses) and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (89,833)	\$ -	\$ (89,833)
(2,402,124)	-	(2,402,124)
(1,097,008)	-	(1,097,008)
(368,690)	-	(368,690)
(962)	-	(962)
(3,958,617)	-	(3,958,617)
-	(212,835)	(212,835)
-	905,649	905,649
-	692,814	692,814
(3,958,617)	692,814	(3,265,803)
1,529,374	-	1,529,374
1,422,800	-	1,422,800
79,223	-	79,223
1,172,350	-	1,172,350
20,349	41,569	61,918
148,804	1,442,119	1,590,923
(422,207)	422,207	-
825,000	(825,000)	-
4,775,693	1,080,895	5,856,588
817,076	1,773,709	2,590,785
24,922,163	24,724,886	49,647,049
\$ 25,739,239	\$ 26,498,595	\$ 52,237,834

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2014**

	GENERAL	STREET FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
ASSETS					
Cash and Investments	\$ 2,026,052	\$ 587,967	\$ 6,303,813	\$ 624,729	\$ 9,542,561
Accounts Receivable	297,797	-	257,011	187,891	742,699
Property Taxes Receivable	132,566	-	-	-	132,566
Inventories	-	49,029	-	-	49,029
Due From Other Funds	16,298	-	-	-	16,298
Prepays	-	-	-	7,865	7,865
Total Assets	<u>\$ 2,472,713</u>	<u>\$ 636,996</u>	<u>\$ 6,560,824</u>	<u>\$ 820,485</u>	<u>\$ 10,491,018</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 371,490	\$ 6,814	\$ 215,824	\$ 29,416	\$ 623,544
Deposits Payable	7,968	-	-	-	7,968
Due to Other Funds	-	-	-	16,298	16,298
Total Liabilities	<u>379,458</u>	<u>6,814</u>	<u>215,824</u>	<u>45,714</u>	<u>647,810</u>
Deferred Inflows:					
Unavailable Revenue	<u>264,958</u>	<u>-</u>	<u>14,398</u>	<u>80,930</u>	<u>360,286</u>
Fund Balances:					
Nonspendable:					
Inventory	-	49,029	-	-	49,029
Prepays	-	-	-	7,865	7,865
Restricted For:					
Capital Projects	61,451	-	6,330,602	-	6,392,053
Community Enhancement	-	-	-	36,341	36,341
Tourism	-	-	-	222,633	222,633
Highways and Streets	-	557,566	-	-	557,566
Other Purposes	-	6,841	-	-	6,841
Committed For:					
Arts Commission	-	-	-	43,435	43,435
Parks Capital	-	-	-	78,605	78,605
Library Equipment	-	-	-	16,850	16,850
Library Facilities	-	-	-	240,595	240,595
Library Grant Reserve	-	-	-	1,800	1,800
Economic Development	-	-	-	43,858	43,858
Police Reserve	-	-	-	1,859	1,859
Assigned For:					
Capital Projects	-	16,746	-	-	16,746
Unassigned	<u>1,766,846</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,766,846</u>
Total Fund Balances	<u>1,828,297</u>	<u>630,182</u>	<u>6,330,602</u>	<u>693,841</u>	<u>9,482,922</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,472,713</u>	<u>\$ 636,996</u>	<u>\$ 6,560,824</u>	<u>\$ 820,485</u>	<u>\$ 10,491,018</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
June 30, 2014

Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

Fund Balances	\$ 9,482,922
The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.	
Net Capital Assets	16,507,670
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.	
Accrued Vacation and Comp Time	(200,169)
Internal balances result from transactions between the governmental activities, business-type activities, and internal service funds.	
	(60,508)
Interfund loans that are not due within one year are not reported in the funds	
	(350,962)
The governmental funds report receivables for various items where the related revenue is not available in the current period, and therefore the funds report that revenue as unearned. The statement of net position considers the revenue to be earned immediately, and does not report a deferred inflow for unearned revenue.	
	<u>360,286</u>
Total Net Position	<u>\$ 25,739,239</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	GENERAL	STREET FUND	CAPITAL IMPROVEMENT FUND	OTHER GOVERNMENTAL FUNDS	TOTAL
REVENUES					
Property Taxes	\$ 1,542,416	\$ -	\$ -	\$ -	\$ 1,542,416
Transient Room Taxes	-	-	-	79,223	79,223
Franchise Fees	1,422,800	-	-	-	1,422,800
Licenses and Permits	387,244	-	-	-	387,244
Intergovernmental Revenues	387,365	741,534	25,559	449,659	1,604,117
Fines and Forfeitures	224,247	-	-	-	224,247
Systems Development Charges	-	-	364,125	-	364,125
Interest	13,058	11,539	-	1,520	26,117
Miscellaneous	138,410	7,847	7,000	48,698	201,955
Total Revenues	4,115,540	760,920	396,684	579,100	5,852,244
EXPENDITURES					
Current:					
General Government	401,298	-	-	-	401,298
Public Safety	2,540,791	-	-	-	2,540,791
Culture and Recreation	738,498	-	-	961,130	1,699,628
Highways and Streets	-	692,912	-	-	692,912
Capital Outlay	-	-	1,520,237	-	1,520,237
Total Expenditures	3,680,587	692,912	1,520,237	961,130	6,854,866
Excess, (Deficit) of Revenues Over, (Under) Expenditures	434,953	68,008	(1,123,553)	(382,030)	(1,002,622)
Other Financing Sources, -Uses					
Loan Proceeds	-	-	707,947	350,000	1,057,947
Transfers In	179,570	-	1,175,000	31,800	1,386,370
Transfers Out	(31,800)	-	-	(529,570)	(561,370)
Total Other Financing Sources, (Uses)	147,770	-	1,882,947	(147,770)	1,882,947
Net Change in Fund Balance	582,723	68,008	759,394	(529,800)	880,325
Beginning Fund Balance	1,245,574	562,174	5,571,208	1,223,641	8,602,597
Ending Fund Balance	<u>\$ 1,828,297</u>	<u>\$ 630,182</u>	<u>\$ 6,330,602</u>	<u>\$ 693,841</u>	<u>\$ 9,482,922</u>

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

**RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS - TO STATEMENT OF ACTIVITIES**
For the Year Ended June 30, 2014

Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities

Excess of Revenues over Expenditures	\$	880,325
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital Outlay	\$	747,538
Depreciation Expense		<u>(403,628)</u>
		<u>343,910</u>
Proceeds from long term interfund loans are reported as revenue in the governmental funds, but are considered to be debt in the government-wide statements.		(350,000)
Governmental funds record interest expense when paid. The statement of activities, however, records interest expense as it comes due.		(962)
On the statement of activities, compensated absences are recorded as expenses as soon as they are earned by employees. The governmental funds, however, only record an expense for compensated absences when they are paid out		(23,672)
The government-wide statements accrue revenue as it is earned. The fund statements, however, only record revenue when it is available to pay for current expenditures. This is the change in the governmental funds' deferred inflow for unavailable revenue.		(29,607)
Internal service funds are used by management to allocate costs among the City's various funds. The net revenue (expense) of the internal service funds that are attributable to the governmental activities are recorded in the statement of activities		<u>(2,918)</u>
Change in Net Position	\$	<u><u>817,076</u></u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**STATEMENT OF PROPRIETARY NET POSITION
June 30, 2014**

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
ASSETS				
Current Assets				
Cash and Investments	\$ 2,789,206	\$ 2,050,462	\$ 4,839,668	\$ 163,282
Accounts Receivable	568,798	1,335,220	1,904,018	445
Inventory	52,118	19,185	71,303	9,189
Total Current Assets	<u>3,410,122</u>	<u>3,404,867</u>	<u>6,814,989</u>	<u>172,916</u>
Noncurrent Assets				
Interfund Loan	350,962	-	350,962	-
Capital Assets, net	15,400,762	17,059,105	32,459,867	74,477
Total Noncurrent Assets	<u>15,751,724</u>	<u>17,059,105</u>	<u>32,810,829</u>	<u>74,477</u>
Total Assets	<u>\$ 19,161,846</u>	<u>\$ 20,463,972</u>	<u>\$ 39,625,818</u>	<u>\$ 247,393</u>
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	\$ 26,789	\$ 23,672	\$ 50,461	\$ 19,916
Accrued Interest Payable	11,029	120,798	131,827	-
Deposits Payable	203,927	-	203,927	-
Compensated Absences Payable	59,882	94,688	154,570	-
Current Portion of Long-Term Liabilities	367,000	419,061	786,061	-
Total Current Liabilities	<u>668,627</u>	<u>658,219</u>	<u>1,326,846</u>	<u>19,916</u>
Long-term Liabilities				
Bonds & Loans Payable, Net of Current Portion	5,540,000	6,548,362	12,088,362	-
Total Liabilities	<u>6,208,627</u>	<u>7,206,581</u>	<u>13,415,208</u>	<u>19,916</u>
NET POSITION				
Invested in Capital Assets, Net of Related Debt	9,493,762	10,091,682	19,585,444	74,477
Restricted for Rate Stabilization	150,000	200,000	350,000	-
Restricted for Debt Service	-	330,883	330,883	-
Unrestricted	3,309,457	2,634,826	5,944,283	153,000
Total Net Position	<u>\$ 12,953,219</u>	<u>\$ 13,257,391</u>	26,210,610	<u>\$ 227,477</u>
Reconciliation to the Statement of Net Position:				
The assets and liabilities of the internal service funds have been included in business-type activities on the statement of net position as they provide services predominantly to the enterprise funds			227,477	
Internal balances result from transactions between the governmental activities, business-type activities, and internal service funds			<u>60,508</u>	
NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 26,498,595</u>	

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2014**

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
OPERATING REVENUES				
Utility Service Charges	\$ 2,851,532	\$ 4,617,923	\$ 7,469,455	\$ -
Other Service Charges	-	-	-	5,404
Internal Charges	-	-	-	1,627,374
Total Operating Revenues	<u>2,851,532</u>	<u>4,617,923</u>	<u>7,469,455</u>	<u>1,632,778</u>
OPERATING EXPENSES				
Personal Service	885,496	1,351,019	2,236,515	1,063,405
Materials and Services	1,255,610	1,699,878	2,955,488	580,351
Depreciation	774,084	519,396	1,293,480	8,127
Total Operating Expenses	<u>2,915,190</u>	<u>3,570,293</u>	<u>6,485,483</u>	<u>1,651,883</u>
Operating Income -Loss	<u>(63,658)</u>	<u>1,047,630</u>	<u>983,972</u>	<u>(19,105)</u>
NONOPERATING REVENUES, (EXPENSES)				
Transfers In	350,000	-	350,000	-
Transfers Out	(300,000)	(875,000)	(1,175,000)	-
Interest	21,300	20,269	41,569	-
Miscellaneous	37,249	10,543	47,792	-
Watershed Logging	1,394,327	-	1,394,327	-
Capital Contributions	276,317	145,890	422,207	-
Bond & Loan Interest Expense	(145,243)	(129,728)	(274,971)	-
Total Nonoperating Revenues -Expenses	<u>1,633,950</u>	<u>(828,026)</u>	<u>805,924</u>	<u>-</u>
Change in Net Position	<u>1,570,292</u>	<u>219,604</u>	<u>1,789,896</u>	<u>(19,105)</u>
NET POSITION, Beginning of Year	<u>11,382,927</u>	<u>13,037,787</u>	<u>24,420,714</u>	<u>246,582</u>
NET POSITION, End of Year	<u>\$ 12,953,219</u>	<u>\$ 13,257,391</u>	<u>\$ 26,210,610</u>	<u>\$ 227,477</u>

Reconciliation to the Statement of Activities:

Change in Net Position (from above) 1,789,896

A portion of the net revenue (expense) of the internal service funds
are allocated to the business-type activities (9,937)

CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES \$ 1,779,959

The accompanying notes are an integral part of the basic financial statements.

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended June 30, 2014

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 2,857,775	\$ 4,577,287	\$ 7,435,062	\$ 1,632,563
Cash Paid to Suppliers	(1,250,129)	(1,704,753)	(2,954,882)	(599,768)
Cash Paid to Employees	(883,310)	(1,344,976)	(2,228,286)	(1,063,405)
Net Cash Provided -Used by Operating Activities	<u>724,336</u>	<u>1,527,558</u>	<u>2,251,894</u>	<u>(30,610)</u>
Cash Flows from Noncapital Financing Activities:				
Miscellaneous Receipts	37,249	10,543	47,792	-
Transfers	(300,000)	(875,000)	(1,175,000)	-
Net Cash Provided -Used by Noncapital Financing Activities	<u>(262,751)</u>	<u>(864,457)</u>	<u>(1,127,208)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Payment of Principal of Long Term Debt	(367,445)	(315,277)	(682,722)	-
Payment of Interest on Long Term Debt	(135,787)	(47,767)	(183,554)	-
Purchase of Capital Assets	-	(111,205)	(111,205)	-
Net Cash Provided -Used by Capital and Related Financing Activities	<u>(503,232)</u>	<u>(474,249)</u>	<u>(977,481)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Waterhed Logging - net	1,394,327	-	1,394,327	-
Interest on Investments	20,338	20,269	40,607	-
Net Cash Provided -Used by Investing Activities	<u>1,414,665</u>	<u>20,269</u>	<u>1,434,934</u>	<u>-</u>
Net Increase -Decrease in Cash and Cash Equivalents	1,373,018	209,121	1,582,139	(30,610)
Cash and Investments at Beginning of Year	<u>1,416,188</u>	<u>1,841,341</u>	<u>3,257,529</u>	<u>193,892</u>
Cash and Investments at End of Year	<u>\$ 2,789,206</u>	<u>\$ 2,050,462</u>	<u>\$ 4,839,668</u>	<u>\$ 163,282</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income, -Loss	\$ (63,658)	\$ 1,047,630	\$ 983,972	\$ (19,105)
Noncash Items Included in Income:				
Depreciation	774,084	519,396	1,293,480	8,127
Decrease -Increase in Accounts Receivable	(60,593)	(40,636)	(101,229)	(215)
Decrease -Increase in Inventory	5,107	(1,560)	3,547	477
Increase -Decrease in Accounts Payable and Accrued Liabilities	374	(3,315)	(2,941)	(19,894)
Increase -Decrease in Accrued Vacation Payable	2,186	6,043	8,229	-
Increase -Decrease in Customer Deposits	66,836	-	66,836	-
Net Cash Provided -Used by Operating Activities	<u>\$ 724,336</u>	<u>\$ 1,527,558</u>	<u>\$ 2,251,894</u>	<u>\$ (30,610)</u>
NON-CASH TRANSACTIONS				
Capital Contribution - Assets Purchased by other funds	276,317	951,214	1,227,531	-
Capital Contribution - Debt proceeds received by other funds	-	(707,948)	(707,948)	-
Interfund Loan (Transfer made by Water Reserve Fund)	350,000	-	350,000	-
Interest accrued on interfund loan	962	-	962	-

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. THE FINANCIAL REPORTING ENTITY

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

The City is a municipal corporation governed by an elected mayor and city council. 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.

Accounting principles generally accepted in the United States of America require that these financial statements present the City (the primary government) and all component units, if any. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. The City does not have any component units.

B. BASIS OF PRESENTATION – FUND ACCOUNTING

Financial operations are accounted for in the following major governmental and proprietary funds:

GENERAL FUND

This fund accounts for all financial resources and expenditures, except those required to be accounted for in another fund. The principal revenue sources are property taxes, fees, licenses and state apportionments.

STATE TAX STREET FUND

This fund accounts for revenues received from state gas taxes that are expended on street construction and maintenance.

CAPITAL IMPROVEMENT FUND

This fund accounts for all capital improvement projects done by the City.

WATER FUND

This proprietary fund accounts for water system operations. The fund is predominantly self-supported through user charges to customers.

SEWER FUND

This proprietary fund accounts for sewer system operations. The fund is predominantly self-supported through user charges to customers.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

B. BASIS OF PRESENTATION – FUND ACCOUNTING (continued)

COMBINED INTERNAL SERVICE FUNDS

These proprietary funds, which include the Fleet Maintenance, Administrative Services, and Public Works funds, are combined and presented as one individual fund in the proprietary fund financial statements. These funds account for services provided to other departments within the City that benefit from the funds' services.

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

Special Revenue Funds – These funds account for revenue derived from specific taxes or other revenue sources, which are designated 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.

Water Improvement Reserve Fund – This fund accounts for monies put in to reserve for future capital improvements to water infrastructure.

C. GOVERNMENT WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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.

Separate financial statements are provided for governmental funds and the proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

D. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses result from providing, producing, and delivering goods in connection with a proprietary fund's principal ongoing operations.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be measurable to accrue as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received.

E. GRANTS

Unreimbursed grant expenditures due from grantor agencies are recorded in the basic financial statements as receivables and revenues. Cash received from grantor agencies in excess of related grant expenditures is recorded as Deferred Revenue in the combined balance sheet.

F. PROPERTY TAXES RECEIVABLE

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

Uncollected property taxes are shown in the combined balance sheet. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. Property taxes collected within approximately sixty days of fiscal year-end are recognized as revenue. The remaining balance of taxes receivable is recorded as deferred revenue because it is not deemed available to finance operations of the current period.

G. BUDGETS

A budget is prepared for all funds in accordance with the modified accrual basis of accounting and legal requirements set forth in the Oregon Local Budget Law. For governmental fund types, the budgetary basis of accounting is the same as generally accepted accounting principles. The budget process begins early in each fiscal year with the establishment of the Budget Committee. Recommendations are developed through late winter with the Budget Committee approving the budget in early spring. Public notices of the budget hearing are published generally in early spring with a public hearing being held approximately three weeks later. The Council may amend the budget prior to adoption, however, budgeted expenditures for each fund may not be increased by more than ten percent. The budget is then adopted, appropriations are made and the tax levy declared no later than June 30th.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

G. BUDGETS (continued)

The levels of control are combined in various ways throughout the funds to make up the master appropriated amounts. Expenditures cannot legally exceed the master appropriation levels except in the case of restricted revenues which could not be estimated at the time of budget adoption. Appropriation authority may be transferred from one level of control to another by Council resolution. Appropriations lapse at the fiscal year end. Supplemental appropriations may occur if the Council approves them due to a need which exists which was not determined at the time the budget was adopted.

Budget amounts shown in the basic financial statements reflect the original budget amounts and three appropriation transfers and one supplemental budget. Expenditures of the various funds were within authorized appropriations for the year ended June 30, 2014.

H. SUPPLY INVENTORY

Inventories are stated at the lower of cost or market, using the first-in, first-out method and are recognized as expenses in Proprietary Fund types as consumed except that on the budgetary basis they are considered expenditures as purchased.

I. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets in the proprietary fund types are stated at cost, or the estimated fair market value at the date of receipt for gifts or projects constructed by others and accepted for ownership and maintenance by the City. Maintenance and repairs are expensed as incurred. Replacements which improve or extend the lives of property are capitalized. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets. Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in operations. Estimated useful lives used in computing depreciation are:

Buildings and improvements	25 to 40 years
Improvements other than buildings	20 to 30 years
Equipment and machinery	5 to 20 years
Vehicles	5 to 15 years
Infrastructure	25 to 50 years

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

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, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

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. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. COMPENSATED ABSENCES

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 the funds when the leave is taken.

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.

L. RETIREMENT PLANS

All eligible employees may participate in the Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged to expenditures as funded.

M. FUND BALANCE

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds. Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications.

- Nonspendable fund balance represents amounts that are not in a spendable form. The nonspendable fund balance represents inventories and prepaid items.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation).

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

M. FUND BALANCE (continued)

- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body. The fund balance of the Water System Improvement Reserve fund has been assigned by management to pay for the cost of future capital projects.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

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

The governing body has adopted a minimum fund balance policy for the General Fund. Per the policy, the General Fund's ending fund balance is not to be reduced below 20% of operating expenditures.

N. NET POSITION

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

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

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

Unrestricted net position – consists of all other assets not included in the other categories previously mentioned.

O. INTERFUND TRANSACTIONS

Transactions that constitute reimbursements to a fund for expenditures initially made from it that are properly applicable to another fund, are recorded as expenditures in the reimbursing fund and as reductions of expenditures in the fund that is reimbursed. Operating interfund transactions are reported as transfers.

P. CASH AND CASH EQUIVALENTS

For purposes of the statement of cash flows, the Proprietary Funds consider cash to include their proportional share of the cash and investment common pool since it has the general characteristics of demand deposit accounts in that the Proprietary Funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

Q. ESTIMATES

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

R. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets and liabilities, the statement of financial position will sometimes report a separate section for deferred outflows and inflows of resources. As a separate financial statement element, deferred outflows of resources, represents a consumption of net positions that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City does not have any items classified in this category.

Deferred inflows of resources represent an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. In the governmental funds, a deferred inflow titled "unavailable revenue" is recognized to offset any items that have been accrued as receivables where the related revenue will not be collected within 60 days.

2. CASH AND INVESTMENTS

Cash management policies are governed by state statutes. Statutes authorized investing in bankers acceptances, time certificates of deposit, repurchase agreements, obligations of the United States and its agencies and instrumentalities, and the Oregon State Treasurer's Local Government Investment Pool.

A cash pool is maintained that is available for use by all funds. Each fund type's portion of this pool is reported on the combined balance sheet as Cash and Investments. In addition, cash is separately held by some of the funds.

Cash and Investments (recorded at cost) consisted of:

Deposits With Financial Institutions:

Petty Cash	\$ 1,809
Demand Deposits	(25,895)
Investments	<u>14,569,597</u>
	<u>\$ 14,545,511</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

Investments

The State Treasurer’s Local Government Investment Pool is not registered with the U.S. Securities and Exchange Commission as an investment company. The Oregon Revised Statutes and the Oregon Investment Council govern the State’s investment policies. The State Treasurer is the investment officer for the Council and is responsible for all funds in the State Treasury. These funds must be invested, and the investments managed, as a prudent investor would, exercising reasonable care, skill and caution. Investments in the Fund are further governed by portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements.

Amounts in the State Treasurer’s Local Government Investment Pool are not required to be collateralized. As of June 30, 2014 the fair value of the position in the LGIP is 100.8% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. There were no known violations of legal or contractual provisions for deposits and investments during the fiscal year.

Interest Rate Risk

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

Credit Risk

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

There were the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Investment Maturities (in months)</u>	
		<u>Less than 3</u>	<u>More than 3</u>
State Treasurer's Investment Pool	\$ 13,838,494	\$ 13,838,494	\$ -
US Bank Treasury Note	731,103	-	731,103
Total	\$ 14,569,597	\$ 13,838,494	\$ 731,103

Concentration of Credit/Deposit Risk

At year-end, the City’s net carrying amount of deposits was -\$25,895 and the bank balance was \$144,004. Of these deposits, the entire amount was covered by federal depository insurance. If any deposits not covered by federal depository insurance would be collateralized by the State of Oregon.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

3. RECEIVABLES

The details for the City's receivables at June 30, 2014 were as follows:

	Governmental Activities/Funds				Business-Type Activities/ Proprietary Funds			Totals
	General	Street	Capital Improvement	Other	Water	Sewer	Internal Service	
				Governmental Funds				
Accounts	\$ 101,516	\$ -	\$ -	\$ -	\$ 588,509	\$ 919,354	\$ 445	\$ 1,609,824
System Development Charges	-	-	-	-	-	87,515	-	87,515
Construction Loan Draws	-	-	242,612	-	-	-	-	242,612
Business Licenses	18,070	-	-	-	-	-	-	18,070
Dog Licenses	22,669	-	-	-	-	-	-	22,669
State Revenue Sharing	27,982	-	-	-	-	-	-	27,982
Grants	1,245	-	-	178,731	-	-	-	179,976
Property Assessments	4,474	-	14,399	-	-	367,304	-	386,177
Property Taxes	132,565	-	-	-	-	-	-	132,565
Cash Held - County Treasurer	27,093	-	-	-	-	-	-	27,093
Interest	3,411	-	-	-	-	-	-	3,411
Other	-	-	-	9,160	-	-	-	9,160
Fines	2,558,370	-	-	-	-	-	-	2,558,370
Allowance for Doubtful Accounts	(2,467,032)	-	-	-	(19,711)	(38,953)	-	(2,525,696)
Total	\$ 430,363	\$ -	\$ 257,011	\$ 187,891	\$ 568,798	\$ 1,335,220	\$ 445	\$ 2,779,728

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS

Changes in capital assets of the governmental activities for the year ended June 30, 2014 are as follows:

	June 30, 2013	Additions	Retirements	June 30, 2014
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	476,847	-	501,974
Total	<u>8,603,750</u>	<u>476,847</u>	<u>-</u>	<u>9,080,597</u>
Depreciable Assets:				
Buildings and Improvements	4,724,445	-	-	4,724,445
Equipment	2,000,327	6,724	(95,130)	1,911,921
Infrastructure	5,832,467	263,967	-	6,096,434
Total	<u>12,557,239</u>	<u>1,224,385</u>	<u>(95,130)</u>	<u>12,732,800</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,304,586)	(116,392)	-	(2,420,978)
Equipment	(1,266,676)	(111,560)	95,130	(1,283,106)
Infrastructure	(1,425,967)	(175,676)	-	(1,601,643)
Total	<u>(4,997,229)</u>	<u>(403,628)</u>	<u>95,130</u>	<u>(5,305,727)</u>
Total Capital Assets Being Depreciated (Net)	<u>7,560,010</u>	<u>820,757</u>	<u>-</u>	<u>7,427,073</u>
Total Capital Assets, Governmental Activities (Net)	<u>\$ 16,163,760</u>			<u>\$ 16,507,670</u>

Governmental depreciation was allocated to the functions as follows:

General Government	\$ 30,363
Public Safety	192,241
Culture and Recreation	128,597
Highways and Streets	<u>52,427</u>
Total Governmental Activities	<u>\$ 403,628</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

4. CAPITAL ASSETS (continued)

Changes in Business-Type capital assets for the year ended June 30, 2014 are as follows:

	June 30, 2013	Additions	Retirements	June 30, 2014
Capital Assets Not Being Depreciated:				
Land	\$ 1,006,535	\$ -	\$ -	\$ 1,006,535
Construction In Progress	2,731,868	553,443	-	3,285,311
Total	<u>3,738,403</u>	<u>553,443</u>	<u>-</u>	<u>4,291,846</u>
Depreciable Assets:				
Buildings and Improvements	25,281,775	493,716	-	25,775,491
Equipment	7,858,683	67,796	-	7,926,479
Infrastructure	15,571,348	126,405	-	15,697,753
Total	<u>48,711,806</u>	<u>687,917</u>	<u>-</u>	<u>49,399,723</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(8,410,278)	(767,251)	-	(9,177,529)
Equipment	(3,741,433)	(268,179)	-	(4,009,612)
Infrastructure	(7,703,907)	(266,177)	-	(7,970,084)
Total	<u>(19,855,618)</u>	<u>(1,301,607)</u>	<u>-</u>	<u>(21,157,225)</u>
Total Capital Assets Being Depreciated (Net)	<u>28,856,188</u>	<u>(613,690)</u>	<u>-</u>	<u>28,242,498</u>
Total Net Capital Assets				
Business-Type Activities	<u>\$ 32,594,591</u>			<u>\$ 32,534,344</u>

Depreciation expense for business-type activities is charged to the functions and programs as follows:

Water	\$ 774,084
Sewer	519,396
Internal Service Fund	<u>8,127</u>
Total Business-Type Activities	<u>\$ 1,301,607</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFERRED INFLOWS – UNAVAILABLE REVENUE

The governmental funds only recognize revenue that is available within 60 days. Revenues that have been accrued as receivables but that are not available in that timeframe are considered to be unearned, and are classified as deferred inflows on the governmental fund's balance sheet.

The General Fund had unavailable revenue totaling \$264,958, which consisted of \$132,565, \$127,919, and \$4,474 of property taxes, court fines, and unbounded assessments respectively. The Capital Improvement Fund had unavailable revenue of \$14,398, which represented unavailable system development charges. Finally, the Other Governmental Funds had \$80,930 of unavailable revenue related to community development block grants.

6. RETIREMENT PLANS

Plan Description:

The City is a participating employer in the State of Oregon Public Employees Retirement System Plan. PERS is a defined benefit pension plan that provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and their beneficiaries. Benefits are established by state statute. In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for PERS. The Oregon Public Service Retirement Plan ("OPSRP") is effective for all new employees hired on or after August 29, 2003, and applies to any inactive PERS members who returned to employment following a six month or greater break in service. The new plan consists of a defined benefit program (the Individual Account Program or "IAP"). The Pension Program portion of OPSRP provides a life pension funded by employer contributions. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service and a factor that varies based on type of service (general verses police or fire).

Both PERS and OPSRP are administered by the Oregon Public Employees Retirement Board ("OPERB"). The comprehensive annual financial report of the funds administered by the OPERB may be obtained by writing to Oregon Public Employees Retirement System, P.O. Box 23700, Tigard, Oregon 97281-3700, by calling (503) 598-7377, or by accessing the PERS website at www.oregon.gov/PERS.

Description of Funding Policy:

Plan members are required to contribute six percent of their annual covered salary. ORS 238.225 requires the City to contribute at an actuarially determined rate(s). In 2003, the Oregon Legislature revised OPERF operations and how benefits for existing and new employees are calculated and funded. Accordingly, employers may now have two rates to use in calculating the amount owed to fund the liabilities of employees benefits in OPERF. The new plan, established in 2003, is called the Oregon Public Service Retirement Plan (OPSRP) and the current rates are: PERS-General Service 19.31%, OPSRP-General Service 14.66%, and OPSRP-Police and Fire 17.39%, respectively, of annual covered payroll. The contribution requirement of plan members are established under ORS Chapter 238, and may be amended by an act of the Oregon legislature.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

6. RETIREMENT PLANS (continued)

The City's contribution to the plan for the years ending June 30, 2014, 2013, and 2012, were equal to the City's required contributions for each year as follows:

Year Ended June 30	City Contribution	City Paid Member Contribution	Totals
2014	\$ 681,758	\$ 232,472	\$ 914,230
2013	\$ 666,853	\$ 230,204	\$ 897,057
2012	\$ 722,471	\$ 248,999	\$ 971,470

7. LONG-TERM DEBT

Long term debt for governmental activities changed as follows for the year ended June 30, 2014:

Debt Item	Balance July 1, 2013	Additions	Reductions	Balance June 30, 2014	Balance Due Within One Year
Compensated Absences	\$ 176,497	\$ 200,169	\$ (176,497)	\$ 200,169	\$ 200,169
Total Long-Term Debt	<u>\$ 176,497</u>	<u>\$ 200,169</u>	<u>\$ (176,497)</u>	<u>\$ 200,169</u>	<u>\$ 200,169</u>

Long term debt for business-type activities changed as follows for the year ended June 30, 2014:

Debt Item	Balance July 1, 2013	Issued	Matured and Redeemed	Balance June 30, 2014	Balance Due Within One Year
DEQ Loan (R06801)	\$ 1,850,000	\$ -	\$ (100,000)	\$ 1,750,000	\$ 100,000
DEQ Loan (R80160)	121,320	-	(80,277)	41,043	41,043
DEQ Loan (R80162)	419,761	102,616	-	522,377	56,606
DEQ Loan (R80163)	2,271,671	605,332	-	2,877,003	88,412
OECD Loan (GO4004)	132,445	-	(132,445)	-	-
Capital One - Water Refunding Note	6,142,000	-	(235,000)	5,907,000	367,000
Capital One - Sewer Refunding Note	1,912,000	-	(135,000)	1,777,000	133,000
Total Loans Payable	<u>\$ 12,849,197</u>	<u>\$ 707,948</u>	<u>\$ (682,722)</u>	<u>\$ 12,874,423</u>	<u>\$ 786,061</u>
Compensated Absences	<u>146,341</u>	<u>154,570</u>	<u>(146,341)</u>	<u>154,570</u>	<u>154,570</u>
Total Long-Term Debt	<u>\$ 12,995,538</u>	<u>\$ 862,518</u>	<u>\$ (829,063)</u>	<u>\$ 13,028,993</u>	<u>\$ 940,631</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

Details for business-type loans payable as of June 30, 2014 were as follows:

State of Oregon Department of Environmental Quality (Loan R06801)

This is an interest free loan. The City makes principal payments of \$50,000 on a semi-annual basis. Net operating revenues of the sewer system have been pledged.

State of Oregon Department of Environmental Quality (Loan R80160)

The City pays semi-annual installments, including principal and 3% interest. Net operating revenues of the sewer system have been pledged.

State of Oregon Department of Environmental Quality (Loan R80162)

The City continues to draw down on this construction loan, which has been authorized for a maximum amount of \$550,000. Payments are set to begin in 2014 and will be due in semi-annual installments, including principal and 1.25% interest. Net operating revenues of the sewer system have been pledged.

State of Oregon Department of Environmental Quality (Loan R80163)

The City continues to draw down on this construction loan, which has been authorized for an amount up to a maximum of \$4,559,700. Payments are set to begin in 2014 and will be due in semi-annual installments, including principal and 2.83% interest. Net operating revenues of the sewer system have been pledged.

Oregon Economic and Community Development Department (Loan G04004)

During 2012-2013, the City paid down and refinanced all but \$132,445 of principal on this Construction loan. Proceeds from Capital One Water Refunding Note were used to pay off the principal balance. The final principal and interest payments have been made as of June 30, 2014.

Capital One – Water Refunding Note

In June of 2013, the City signed an agreement with Capital One for \$6,142,000 to refund OECD Loans G04004 and S04004. Principal payments are due annually on December 1. Interest is due semi-annually on June 1 and accrues at a rate of 2.35%. Payments are scheduled through December 1, 2029. Net operating revenues of the water system have been pledged.

Capital One – Sewer Refunding Note

In June of 2013, the City signed an agreement with Capital One for \$1,912,000 to refund DEQ Loan R80161. Principal payments are due annually on December 1. Interest is due semi-annually on June 1 and accrues at a rate of 2.35%. Payments are scheduled through December 1, 2025. Net operating revenues of the sewer system have been pledged.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

Future maturities of business-type debt are as follows:

Fiscal Year	DEQ R06801		DEQ R80160		DEQ R80162		DEQ R80163	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	100,000	-	41,043	616	56,606	20,168	88,412	111,020
2015-2016	100,000	-	-	-	114,276	5,466	180,595	63,889
2016-2017	100,000	-	-	-	115,709	4,033	185,743	120,121
2017-2018	100,000	-	-	-	117,159	2,583	191,036	114,828
2018-2019	100,000	-	-	-	118,627	1,113	196,480	109,384
2019-2024	500,000	-	-	-	-	-	1,069,659	459,661
2024-2029	500,000	-	-	-	-	-	965,078	298,293
2029-2034	250,000	-	-	-	-	-	-	-
Total	\$ 1,750,000	\$ -	\$ 41,043	\$ 616	\$ 522,377	\$ 33,363	\$ 2,877,003	\$ 1,277,196

Fiscal Year	Capital One - Water		Capital One - Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014-2015	367,000	134,502	133,000	40,196	786,061	306,502
2015-2016	377,000	125,761	136,000	37,036	907,871	232,152
2016-2017	382,000	116,843	138,000	33,817	921,452	274,814
2017-2018	392,000	107,748	141,000	30,539	941,195	255,698
2018-2019	401,000	98,430	144,000	27,190	960,107	236,117
2019-2024	2,157,000	344,405	760,000	83,544	4,486,659	887,610
2024-2029	1,597,000	104,378	325,000	7,671	3,387,078	410,342
2029-2034	234,000	2,744	-	-	484,000	2,744
Total	\$ 5,907,000	\$ 1,034,811	\$ 1,777,000	\$ 259,993	\$ 12,874,423	\$ 2,605,979

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 (of which R80162 and R80163 are not currently in re-payment).

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 \$1,390,039, while 105% of the debt service requirement was \$381,196. Additionally, ODEQ requires the City to document and maintain a reserve for debt service. At June 30, 2014, the reserve requirement for the Sewer Fund was \$330,883. The City presents this amount as restricted net position.

The Capital One loans are backed by the full faith and credit of the City and require a debt ratio of 1.1 for the Water and Sewer Funds. At June 30, 2014, the Water Fund had a debt ratio of 1.54 and the Sewer Fund had a debt ratio of 3.83.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND BALANCES AND TRANSFERS

Interfund Loan (Long Term):

In June of 2014, the City Council approved a capital loan for \$350,000 from the Water Fund to the Community Enhancement Fund (Other Governmental Fund). The purpose of the loan was to finance the assessment, design and potential development of the Boise property. The loan is scheduled to be paid back over a period of five years and bears interest at a rate of 0.5%, equal to the rate of return on moneys invested in the Local Government Investment Pool at the time of approval. Actual payments begin in year four, with \$150,000 of principal and \$11,725 of interest paid to the Water Fund. The loan is scheduled to be paid off in year 5 with principal and interest payments of \$200,000 and \$4,200 respectively. The loan may be prepaid in whole or in part before the maturity date, without penalty, and with interest accrued to the date of the prepayment. In addition, the City Administrator is authorized to revise the repayment schedule, so long as the repayment term does not exceed ten years from the date that the loan was made. Interest of \$962 has accrued as of June 30, 2014.

Due To/From Other Funds (Short Term):

\$16,298 is reported as due to the General Fund from the Community Development Fund (Other Governmental Fund). This short term balance is in place for the purpose of covering the Community Development Fund's overdrawn balance of pooled cash.

Interfund transfers during the year ended June 30, 2014 were as follows:

<u>Governmental Funds</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	\$ 179,570	\$ 31,800
Capital Improvement	1,175,000	-
Other	31,800	529,570
 <u>Proprietary Funds</u>		
Water	350,000	300,000
Sewer	-	875,000
Total Transfers	<u>\$ 1,736,370</u>	<u>\$ 1,736,370</u>

Transfers were used to fund operations between funds.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

NOTES TO BASIC FINANCIAL STATEMENTS

9. CAPITAL CONTRIBUTIONS

In certain cases, the governmental and proprietary funds will receive resources or pay costs for each other. When this happens, the transaction must be recorded as a capital contribution in the government-wide statements so that the resources are allocated correctly between the governmental and business-type activities. During 2013-2014, the Capital Improvement Fund spent \$276,317 and \$951,214 respectively for capital assets in the Water and Sewer Fund. In addition, the Sewer Fund paid for \$97,376 of general government capital assets. The Capital Improvement Fund also received \$707,948 of long term debt proceeds for the Sewer Fund. On the Statement of Activities, these transactions resulted in a net capital contribution to the Business-Type Activities of \$422,207.

10. PROPERTY TAX LIMITATIONS

The State of Oregon has a constitutional limit on property taxes for schools and nonschool government operations. The limitation provides that property taxes for nonschool operations are limited to \$10.00 for each \$1,000 of property market value. This limitation does not apply to taxes levied for principal and interest on general obligation bonded debt.

An additional limit reduces the amount of operating property tax revenues available to the City for its 1997-98 fiscal year, and thereafter. This reduction was accomplished by rolling property values back to their 1995-96 values less 10% and limiting future tax value growth of each property to no more than 3% per year, subject to certain exceptions. Taxes levied to support bonded debt are exempted from the reductions. The Constitution also sets restrictive voter approval requirements for most tax and many fee increases and new bond issues.

11. 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, 2014, City employees had accumulated 2,201 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, 2014 \$91,086 of sick leave has been earned by eligible retirees and could be converted to their VEBA account upon retirement.

12. RISK MANAGEMENT

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

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CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>GENERAL FUND</u>				VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 1,491,400	\$ 1,491,400	\$ 1,542,416	\$ 51,016
Franchise Fees	1,442,000	1,442,000	1,422,800	(19,200)
Licenses and Permits	255,720	255,720	387,244	131,524
Fines and Forfeitures	214,000	214,000	224,247	10,247
Intergovernmental	398,500	398,500	387,365	(11,135)
Interest	10,000	10,000	13,058	3,058
Miscellaneous	99,910	99,910	138,410	38,500
Total Revenues	<u>3,911,530</u>	<u>3,911,530</u>	<u>4,115,540</u>	<u>204,010</u>
EXPENDITURES				
Mayor and City Council				
Personal Services	32,350	32,350	32,331	19
Materials and Services	22,060	22,060	20,814	1,246
Total Mayor and City Council	<u>54,410</u>	<u>54,410</u> (1)	<u>53,145</u>	<u>1,265</u>
Municipal Court				
Personal Services	156,940	156,940	158,711	(1,771)
Materials and Services	178,580	178,580	164,460	14,120
Total Municipal Court	<u>335,520</u>	<u>335,520</u> (1)	<u>323,171</u>	<u>12,349</u>
Planning				
Personal Services	98,030	98,030	97,738	292
Materials and Services	63,960	63,960	61,716	2,244
Total Planning	<u>161,990</u>	<u>161,990</u> (1)	<u>159,454</u>	<u>2,536</u>
Building				
Personal Services	147,150	62,150	45,931	16,219
Materials and Services	36,780	128,380	94,778	33,602
Total Police	<u>183,930</u>	<u>190,530</u> (1)	<u>140,709</u>	<u>49,821</u>
Police				
Personal Services	1,945,150	1,923,150	1,789,736	133,414
Materials and Services	421,500	473,500	427,884	45,616
Total Police	<u>2,366,650</u>	<u>2,396,650</u> (1)	<u>2,217,620</u>	<u>179,030</u>
Library				
Personal Services	374,780	369,780	369,254	526
Materials and Services	157,940	162,940	158,306	4,634
Total Library	<u>532,720</u>	<u>532,720</u> (1)	<u>527,560</u>	<u>5,160</u>
Parks				
Personal Services	101,440	101,440	94,574	6,866
Materials and Services	128,890	128,890	116,364	12,526
Total Parks	<u>230,330</u>	<u>230,330</u> (1)	<u>210,938</u>	<u>19,392</u>
Non-Departmental				
Personal Services	29,570	29,570	25,892	3,678
Materials and Services	22,800	33,800	22,098	11,702
Total Non-Departmental	<u>52,370</u>	<u>63,370</u> (1)	<u>47,990</u>	<u>15,380</u>
Contingency				
	<u>778,000</u>	<u>698,600</u> (1)	<u>-</u>	<u>698,600</u>
Total Expenditures	<u>4,695,920</u>	<u>4,664,120</u>	<u>3,680,587</u>	<u>284,933</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(784,390)	(752,590)	434,953	1,187,543
OTHER FINANCING SOURCES, (USES)				
Transfers In	182,781	182,781	179,570	(3,211)
Transfers Out	-	(31,800) (1)	(31,800)	-
Total Other Financing Sources, (Uses)	<u>182,781</u>	<u>150,981</u>	<u>147,770</u>	<u>(3,211)</u>
Net Change in Fund Balance	(601,609)	(601,609)	582,723	1,184,332
Beginning Fund Balance	<u>1,030,357</u>	<u>1,030,357</u>	<u>1,245,574</u>	<u>215,217</u>
Ending Fund Balance	<u>\$ 428,748</u>	<u>\$ 428,748</u>	<u>\$ 1,828,297</u>	<u>\$ 1,399,549</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>STREET FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 760,000	\$ 760,000	\$ 741,534	\$ (18,466)
Interest	15,000	15,000	11,539	(3,461)
Miscellaneous	<u>3,000</u>	<u>3,000</u>	<u>7,847</u>	<u>4,847</u>
Total Revenues	<u>778,000</u>	<u>778,000</u>	<u>760,920</u>	<u>(17,080)</u>
EXPENDITURES				
Personal Services	386,980	386,980	368,453	18,527
Materials and Services	458,850	458,850	324,202	134,648
Capital Outlay	<u>20,000</u>	<u>20,000</u>	<u>257</u>	<u>19,743</u>
Total Streets	<u>865,830</u>	<u>865,830</u> (1)	<u>692,912</u>	<u>172,918</u>
Contingency	<u>100,000</u>	<u>100,000</u> (1)	<u>-</u>	<u>100,000</u>
Total Expenditures	<u>965,830</u>	<u>965,830</u>	<u>692,912</u>	<u>272,918</u>
Net Change in Fund Balance	(187,830)	(187,830)	68,008	255,838
Beginning Fund Balance	<u>498,588</u>	<u>498,588</u>	<u>562,174</u>	<u>63,586</u>
Ending Fund Balance	<u>\$ 310,758</u>	<u>\$ 310,758</u>	<u>\$ 630,182</u>	<u>\$ 319,424</u>

(1) Appropriation Level

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

SUPPLEMENTARY INFORMATION

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**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>CAPITAL IMPROVEMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 300,000	\$ 300,000	\$ 25,559	\$ (274,441)
System Development Charges	119,000	119,000	364,125	245,125
Miscellaneous	-	-	7,000	7,000
Total Revenues	<u>419,000</u>	<u>419,000</u>	<u>396,684</u>	<u>(22,316)</u>
EXPENDITURES				
Capital O' Resolution 1628 (6)	3,690,000	3,690,000 (1)	1,520,237	2,169,763
Contingency	408,000	408,000 (1)	-	408,000
Total Expenditures	<u>4,098,000</u>	<u>4,098,000</u>	<u>1,520,237</u>	<u>2,577,763</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(3,679,000)	(3,679,000)	(1,123,553)	2,555,447
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds	1,250,000	1,250,000	707,947	(542,053)
Transfers In	1,175,000	1,175,000	1,175,000	-
Total Other Financing Sources, (Uses)	<u>2,425,000</u>	<u>2,425,000</u>	<u>1,882,947</u>	<u>(542,053)</u>
Net Change in Fund Balance	(1,254,000)	(1,254,000)	759,394	2,013,394
Beginning Fund Balance	<u>5,416,464</u>	<u>5,416,464</u>	<u>5,571,208</u>	<u>154,744</u>
Ending Fund Balance	<u>\$ 4,162,464</u>	<u>\$ 4,162,464</u>	<u>\$ 6,330,602</u>	<u>\$ 2,168,138</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2014

	<u>ST. HELENS VISITORS AND TOURISM</u>	<u>STATE REVENUE SHARING</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>COMMUNITY ENHANCEMENT</u>
ASSETS				
Cash and Investments	\$ 214,438	\$ -	\$ -	\$ 410,291
Accounts Receivable	9,160	-	105,160	73,571
Prepays	7,865	-	-	-
Total Assets	<u>\$ 231,463</u>	<u>\$ -</u>	<u>\$ 105,160</u>	<u>\$ 483,862</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 965	\$ -	\$ 7,932	\$ 20,519
Due to Other Funds	-	-	16,298	-
Total Liabilities	<u>965</u>	<u>-</u>	<u>24,230</u>	<u>20,519</u>
Deferred Inflows:				
Unavailable Revenue	-	-	80,930	-
Fund Balances:				
Nonspendable:				
Prepays	7,865	-	-	-
Restricted For:				
Community Enhancement	-	-	-	36,341
Tourism	222,633	-	-	-
Committed For:				
Arts Commission	-	-	-	43,435
Parks Capital	-	-	-	78,605
Library Equipment	-	-	-	16,850
Library Facilities	-	-	-	240,595
Library Grant Reserve	-	-	-	1,800
Economic Development	-	-	-	43,858
Police Reserve	-	-	-	1,859
Total Fund Balances	<u>230,498</u>	<u>-</u>	<u>-</u>	<u>463,343</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 231,463</u>	<u>\$ -</u>	<u>\$ 105,160</u>	<u>\$ 483,862</u>

The accompanying notes are an integral part of the basic financial statements.

WATER SYSTEM IMPROVEMENT RESERVE	TOTAL
\$ -	\$ 624,729
-	187,891
-	7,865
<u>\$ -</u>	<u>\$ 820,485</u>
\$ -	\$ 29,416
-	16,298
-	45,714
<u>-</u>	<u>80,930</u>
-	7,865
-	36,341
-	222,633
-	43,435
-	78,605
-	16,850
-	240,595
-	1,800
-	43,858
-	1,859
<u>-</u>	<u>693,841</u>
<u>\$ -</u>	<u>\$ 820,485</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2014**

	ST. HELENS VISITORS AND TOURISM	STATE REVENUE SHARING	COMMUNITY DEVELOPMENT
REVENUES			
Transient Room Tax	\$ 79,223	\$ -	\$ -
Intergovernmental	2,193	-	318,671
Interest	-	-	-
Miscellaneous	6,860	-	10,869
Total Revenues	88,276	-	329,540
EXPENDITURES			
Current:			
Visitor and Tourism	158,431	-	-
Community Enhancement	-	-	-
Community Block Grants	-	-	329,540
Total Expenditures	158,431	-	329,540
Excess of Revenues Over, -Under Expenditures	(70,155)	-	-
Other Financing Sources, (Uses)			
Interfund Loan Proceeds	-	-	-
Transfers In	19,000	-	-
Transfers Out	-	(131,652)	-
Total Other Financing Sources, (Uses)	19,000	(131,652)	-
Net Change in Fund Balance	(51,155)	(131,652)	-
Beginning Fund Balance	281,653	131,652	-
Ending Fund Balance	\$ 230,498	\$ -	\$ -

The accompanying notes are an integral part of the basic financial statements.

COMMUNITY ENHANCEMENT	WATER SYSTEM IMPROVEMENT RESERVE	TOTAL
\$ -	\$ -	\$ 79,223
128,795	-	449,659
1,520	-	1,520
<u>30,969</u>	<u>-</u>	<u>48,698</u>
161,284	-	579,100
-	-	158,431
473,159	-	473,159
<u>-</u>	<u>-</u>	<u>329,540</u>
473,159	-	961,130
(311,875)	-	(382,030)
350,000	-	350,000
12,800	-	31,800
<u>(47,918)</u>	<u>(350,000)</u>	<u>(529,570)</u>
314,882	(350,000)	(147,770)
3,007	(350,000)	(529,800)
<u>460,336</u>	<u>350,000</u>	<u>1,223,641</u>
<u>\$ 463,343</u>	<u>\$ -</u>	<u>\$ 693,841</u>

The accompanying notes are an integral part of the basic financial statements.

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

ST. HELENS VISITORS AND TOURISM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Transient Room Tax	\$ 73,130	\$ 73,130	\$ 79,223	\$ 6,093
Intergovernmental	10,000	10,000	2,193	(7,807)
Miscellaneous	40,000	40,000	6,860	(33,140)
Total Revenues	<u>123,130</u>	<u>123,130</u>	<u>88,276</u>	<u>(34,854)</u>
EXPENDITURES				
Materials and Services	114,450	158,450	158,431	19
Total Visitors and Tourism	<u>114,450</u>	<u>158,450</u>	(1) <u>158,431</u>	<u>19</u>
Contingency	25,000	-	(1) -	-
Total Expenditures	139,450	158,450	158,431	19
OTHER FINANCING SOURCES, -USES				
Transfers In	-	19,000	19,000	-
Total Other Financing Sources, -Uses	<u>-</u>	<u>19,000</u>	<u>19,000</u>	<u>-</u>
Net Change in Fund Balance	(16,320)	(16,320)	(51,155)	(34,873)
Beginning Fund Balance	<u>283,726</u>	<u>283,726</u>	<u>281,653</u>	<u>(2,073)</u>
Ending Fund Balance	<u>\$ 267,406</u>	<u>\$ 267,406</u>	<u>\$ 230,498</u>	<u>\$ (36,908)</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

STATE REVENUE SHARING FUND

OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>\$ (132,781)</u>	<u>\$ (132,781)</u>	(1) <u>\$ (131,652)</u>	<u>\$ 1,129</u>
Total Other Financing Sources, (Uses)	<u>(132,781)</u>	<u>(132,781)</u>	<u>(131,652)</u>	<u>1,129</u>
Net Change in Fund Balance	(132,781)	(132,781)	(131,652)	1,129
Beginning Fund Balance	<u>132,781</u>	<u>132,781</u>	<u>131,652</u>	<u>(1,129)</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

COMMUNITY DEVELOPMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	\$ 400,000	\$ 400,000	\$ 318,671	\$ (81,329)
Miscellaneous	56,830	56,830	10,869	(45,961)
Total Revenues	<u>456,830</u>	<u>456,830</u>	<u>329,540</u>	<u>(127,290)</u>
EXPENDITURES				
Materials and Services	56,830	56,830	10,869	45,961
Capital Outlay	400,000	400,000	318,671	81,329
Total Community Development	<u>456,830</u>	<u>456,830</u>	<u>329,540</u> (1)	<u>127,290</u>
Total Expenditures	<u>456,830</u>	<u>456,830</u>	<u>329,540</u>	<u>127,290</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

COMMUNITY ENHANCEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	\$ 403,460	\$ 436,460	\$ 128,795	\$ (307,665)
Interest	2,000	2,000	1,520	(480)
Miscellaneous	24,960	30,260	30,969	709
Total Revenues	<u>430,420</u>	<u>468,720</u>	<u>161,284</u>	<u>(307,436)</u>
EXPENDITURES				
Public Arts	47,250	49,250 (1)	34,095	15,155
Library	46,224	151,134 (1)	90,418	60,716
Parks	314,860	335,860 (1)	24,213	311,647
Police	17,230	23,730 (1)	3,642	20,088
Administration	10,000	10,000 (1)	7,655	2,345
Economic development	2,800,000	2,738,690 (1)	313,136	2,425,554
Contingency	183,545	161,545 (1)	-	161,545
Total Expenditures	<u>3,419,109</u>	<u>3,470,209</u>	<u>473,159</u>	<u>2,997,050</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(2,988,689)	(3,001,489)	(311,875)	2,689,614
OTHER FINANCING SOURCES, (USES)				
Interfund Loan	350,000	350,000	350,000	-
Bond Proceeds	2,500,000	2,500,000	-	(2,500,000)
Transfers In	-	12,800	12,800	-
Transfers Out	(50,000)	(50,000) (2)	(47,918)	2,082
Total Other Financing Sources, -Uses	<u>2,800,000</u>	<u>2,812,800</u>	<u>314,882</u>	<u>(2,497,918)</u>
Net Change in Fund Balance	(188,689)	(188,689)	3,007	191,696
Beginning Fund Balance	<u>454,380</u>	<u>454,380</u>	<u>460,336</u>	<u>5,956</u>
Ending Fund Balance	<u>\$ 265,691</u>	<u>\$ 265,691</u>	<u>\$ 463,343</u>	<u>\$ 197,652</u>

(1) Appropriation Level

(2) Transfers combined with Economic Development for appropriation purposes

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

WATER SYSTEM IMPROVEMENT RESERVE FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
OTHER FINANCING SOURCES, (USES)				
Transfers Out	\$ (350,000)	\$ (350,000) (1)	\$ (350,000)	\$ -
Total Other Financing Sources, (Uses)	<u>(350,000)</u>	<u>(350,000)</u>	<u>(350,000)</u>	<u>-</u>
Net Change in Fund Balance	(350,000)	(350,000)	(350,000)	-
Beginning Fund Balance	<u>350,000</u>	<u>350,000</u>	<u>350,000</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2014**

	<u>WATER FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for Services	\$ 2,920,000	\$ 2,920,000	\$ 2,851,532	\$ (68,468)
Interest	20,000	20,000	20,338	338
Miscellaneous	34,000	34,000	37,249	3,249
Total Revenues	<u>2,974,000</u>	<u>2,974,000</u>	<u>2,909,119</u>	<u>(64,881)</u>
EXPENDITURES				
Water Filtration Plant				
Personal Services	220,830	225,830	220,460	5,370
Materials and Services	139,850	139,850	113,897	25,953
Capital Outlay	-	24,000	24,900	(900)
Debt Service	544,680	539,680	503,232	36,448
Total Water Filtration Plant	<u>905,360</u>	<u>929,360</u>	<u>(1) 862,489</u>	<u>66,871</u>
Water Production/Delivery				
Personal Services	689,660	689,660	662,850	26,810
Materials and Services	1,100,230	1,163,930	1,116,813	47,117
Total Water Production/Delivery	<u>1,789,890</u>	<u>1,853,590</u>	<u>(1) 1,779,663</u>	<u>73,927</u>
Contingency	840,000	752,300	<u>(1) -</u>	<u>752,300</u>
Total Expenditures	<u>3,535,250</u>	<u>3,535,250</u>	<u>2,642,152</u>	<u>893,098</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(561,250)	(561,250)	266,967	828,217
OTHER FINANCING SOURCES, (USES)				
Timber Revenue	-	-	1,394,327	1,394,327
Transfers Out	(300,000)	(300,000)	<u>(2) (300,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>1,094,327</u>	<u>1,394,327</u>
Net Change in Fund Balance	(861,250)	(861,250)	1,361,294	2,222,544
Beginning Fund Balance	<u>1,784,079</u>	<u>1,784,079</u>	<u>1,818,112</u>	<u>34,033</u>
Ending Fund Balance	<u>\$ 922,829</u>	<u>\$ 922,829</u>	3,179,406	<u>\$ 2,256,577</u>
Reconciling Items:				
Net Capital Assets			15,400,762	
Deferred Revenue			350,962	
Accrued Interest			(11,029)	
Long-Term Debt			(5,907,000)	
Compensated Absences			<u>(59,882)</u>	
Net Position			<u>\$ 12,953,219</u>	

(1) Appropriation Level

(2) Combined with Production/Delivery for appropriation purposes

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2014**

<u>SEWER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 4,511,000	\$ 4,511,000	\$ 4,617,923	\$ 106,923
Interest	25,000	25,000	27,478	2,478
Miscellaneous	5,000	5,000	10,543	5,543
Total Revenues	<u>4,541,000</u>	<u>4,541,000</u>	<u>4,655,944</u>	<u>114,944</u>
EXPENDITURES				
Sewer Collections				
Personal Services	743,170	743,170	719,223	23,947
Materials and Services	959,800	981,250	881,321	99,929
Debt Service	449,270	449,270	363,044	86,226
Capital Outlay	20,000	20,000	19,533	467
Total Sewer Collections	<u>2,172,240</u>	<u>2,193,690</u>	(1) <u>1,983,121</u>	<u>210,569</u>
Sewer Secondary				
Personal Services	176,520	176,520	171,680	4,840
Materials and Services	328,210	428,210	405,516	22,694
Total Sewer Secondary	<u>504,730</u>	<u>604,730</u>	(1) <u>577,196</u>	<u>27,534</u>
Sewer Primary				
Personal Services	141,490	141,490	139,481	2,009
Materials and Services	239,240	239,240	203,669	35,571
Total Sewer Primary	<u>380,730</u>	<u>380,730</u>	(1) <u>343,150</u>	<u>37,580</u>
Pumps				
Personal Services	115,380	120,380	118,618	1,762
Materials and Services	58,820	77,320	64,433	12,887
Total Pumps	<u>174,200</u>	<u>197,700</u>	(1) <u>183,051</u>	<u>14,649</u>
Storm Water				
Personal Services	209,340	209,340	195,974	13,366
Materials and Services	251,510	251,510	236,611	14,899
Total Storm Water	<u>460,850</u>	<u>460,850</u>	(1) <u>432,585</u>	<u>28,265</u>
Contingency				
	554,000	409,050	(1) -	409,050
Total Expenditures	<u>4,246,750</u>	<u>4,246,750</u>	<u>3,519,103</u>	<u>727,647</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	<u>294,250</u>	<u>294,250</u>	<u>1,136,841</u>	<u>842,591</u>
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(915,000)	(915,000)	(2) (875,000)	40,000
Total Other Financing Sources, (Uses)	<u>(915,000)</u>	<u>(915,000)</u>	<u>(875,000)</u>	<u>40,000</u>
Net Change in Fund Balance	(620,750)	(620,750)	261,841	882,591
Beginning Fund Balance	<u>2,528,229</u>	<u>2,528,229</u>	<u>2,664,535</u>	<u>136,306</u>
Ending Fund Balance	<u>\$ 1,907,479</u>	<u>\$ 1,907,479</u>	<u>\$ 2,926,376</u>	<u>\$ 1,018,897</u>
Reconciling Items:				
Net Capital Assets			17,059,105	
Deferred Revenue			454,819	
Accrued Interest			(120,798)	
Long-Term Debt			(6,967,423)	
Compensated Absences			(94,688)	
Net Position			<u>\$ 13,257,391</u>	

(1) Appropriation Level

(2) Combined with Collections and Storm Water for appropriation purposes

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2014**

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
ASSETS				
Current:				
Cash and Investments	\$ 55,462	\$ 103,565	\$ 4,255	\$ 163,282
Accounts Receivable	-	-	445	445
Inventories	9,189	-	-	9,189
Total Current Assets	<u>64,651</u>	<u>103,565</u>	<u>4,700</u>	<u>172,916</u>
Capital Assets, (Net)	<u>74,477</u>	-	-	<u>74,477</u>
Total Assets	<u>\$ 139,128</u>	<u>\$ 103,565</u>	<u>\$ 4,700</u>	<u>\$ 247,393</u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 8,380	\$ 8,361	\$ 3,175	\$ 19,916
Total Liabilities	<u>8,380</u>	<u>8,361</u>	<u>3,175</u>	<u>19,916</u>
Net Position:				
Invested in Capital Assets, Net of Related Debt	74,477	-	-	74,477
Unrestricted	<u>56,271</u>	<u>95,204</u>	<u>1,525</u>	<u>153,000</u>
Total Net Position	<u>130,748</u>	<u>95,204</u>	<u>1,525</u>	<u>227,477</u>
Total Liabilities and Net Position	<u>\$ 139,128</u>	<u>\$ 103,565</u>	<u>\$ 4,700</u>	<u>\$ 247,393</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN NET POSITION - INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2014**

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
OPERATING REVENUES				
Internal Charges	\$ 250,000	\$ 1,205,639	\$ 171,735	\$ 1,627,374
Charges for Services	-	-	5,404	5,404
Total Revenues	<u>250,000</u>	<u>1,205,639</u>	<u>177,139</u>	<u>1,632,778</u>
OPERATING EXPENDITURES				
Personal Services	189,222	846,347	27,836	1,063,405
Materials and Services	65,606	366,967	147,778	580,351
Depreciation	8,127	-	-	8,127
Total Expenditures	<u>262,955</u>	<u>1,213,314</u>	<u>175,614</u>	<u>1,651,883</u>
Operating Income, (Loss)	(12,955)	(7,675)	1,525	(19,105)
Beginning Net Position	<u>143,703</u>	<u>102,879</u>	<u>-</u>	<u>246,582</u>
Ending Net Position	<u>\$ 130,748</u>	<u>\$ 95,204</u>	<u>\$ 1,525</u>	<u>\$ 227,477</u>

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2014

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 250,000	\$ 1,205,869	\$ 176,694	\$ 1,632,563
Cash Paid to Suppliers	(63,102)	(385,142)	(151,524)	(599,768)
Cash Paid to Employees	(189,222)	(846,347)	(27,836)	(1,063,405)
Net Cash Provided -Used by Operating Activities	<u>(2,324)</u>	<u>(25,620)</u>	<u>(2,666)</u>	<u>(30,610)</u>
Cash and Investments at Beginning of Year	<u>57,786</u>	<u>129,185</u>	<u>6,921</u>	<u>193,892</u>
Cash and Investments at End of Year	<u>\$ 55,462</u>	<u>\$ 103,565</u>	<u>\$ 4,255</u>	<u>\$ 163,282</u>
Reconciliation of Operating Income to				
Net Cash Provided by Operating Activities				
Operating Income, -Loss	\$ (12,955)	\$ (7,675)	\$ 1,525	\$ (19,105)
Noncash Items Included in Income:				
Depreciation	8,127	-	-	8,127
Decrease -Increase in Accounts Receivable	-	230	(445)	(215)
Decrease -Increase in Inventory	477	-	-	477
Increase -Decrease in Accounts Payable and Accrued Liabilities	<u>2,027</u>	<u>(18,175)</u>	<u>(3,746)</u>	<u>(19,894)</u>
Net Cash Provided -Used by Operating Activities	<u>\$ (2,324)</u>	<u>\$ (25,620)</u>	<u>\$ (2,666)</u>	<u>\$ (30,610)</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>FLEET MAINTENANCE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Interfund Services	\$ 250,000	\$ 250,000	\$ 250,000	\$ -
Total Revenue	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>-</u>
EXPENDITURES				
Fleet Maintenance				
Personal Services	192,790	192,790	189,222	3,568
Materials and Services	76,460	76,460	65,130	11,330
Total Fleet Maintenance	<u>269,250</u>	<u>269,250</u>	(1) <u>254,352</u>	<u>14,898</u>
Contingency	11,987	11,987	(1) -	11,987
Total Expenditures	<u>281,237</u>	<u>281,237</u>	<u>254,352</u>	<u>26,885</u>
Net Change in Fund Balance	(31,237)	(31,237)	(4,352)	26,885
Beginning Fund Balance	<u>34,147</u>	<u>34,147</u>	<u>51,433</u>	<u>17,286</u>
Ending Fund Balance	<u>\$ 2,910</u>	<u>\$ 2,910</u>	47,081	<u>\$ 44,171</u>
Reconciling Items:				
Net Capital Assets			74,477	
Inventory			<u>9,189</u>	
Net Position			<u>\$ 130,748</u>	

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>ADMINISTRATIVE SERVICES FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Indirect Cost Allocation	\$ 1,262,390	\$ 1,262,390	\$ 1,205,639	\$ (56,751)
Total Charges for Interfund Services	<u>1,262,390</u>	<u>1,262,390</u>	<u>1,205,639</u>	<u>(56,751)</u>
EXPENDITURES				
City Administrator				
Personal Services	161,160	161,160	153,330	7,830
Materials and Services	70,860	79,860	56,089	79,860
Total City Administrator	<u>232,020</u>	<u>241,020</u>	(1) <u>209,419</u>	<u>31,601</u>
City Recorder				
Personal Services	229,480	229,480	222,925	6,555
Materials and Services	58,960	58,960	35,570	23,390
Capital Outlay	-	-	-	-
Total City Recorder	<u>288,440</u>	<u>288,440</u>	(1) <u>258,495</u>	<u>29,945</u>
Finance				
Personal Services	470,200	470,200	470,092	108
Materials and Services	155,950	167,950	159,890	8,060
Capital Outlay	2,500	2,500	2,779	(279)
Total Finance	<u>628,650</u>	<u>640,650</u>	(1) <u>632,761</u>	<u>7,889</u>
City Hall Facilities				
Materials and Services	91,210	91,210	89,955	1,255
Capital Outlay	-	-	-	-
Total City Hall Facilities	<u>91,210</u>	<u>91,210</u>	(1) <u>89,955</u>	<u>1,255</u>
IT/Self-Insurance				
Materials and Services	25,000	25,000	4,150	20,850
Capital Outlay	32,000	32,000	18,534	13,466
Total IT/Self-Insurance	<u>57,000</u>	<u>57,000</u>	(1) <u>22,684</u>	<u>34,316</u>
Contingency	<u>73,157</u>	<u>52,157</u>	(1) -	<u>52,157</u>
Total Expenditures	<u>1,370,477</u>	<u>1,370,477</u>	<u>1,213,314</u>	<u>157,163</u>
Net Change in Fund Balance	(108,087)	(108,087)	(7,675)	100,412
Beginning Fund Balance	<u>108,087</u>	<u>108,087</u>	<u>102,879</u>	<u>(5,208)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,204</u>	<u>\$ 95,204</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
ACTUAL AND BUDGET
For the Year Ended June 30, 2014**

<u>PUBLIC WORKS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Indirect Cost Allocation	\$ 199,130	\$ 199,130	\$ 171,735	\$ (27,395)
Charges for Services	-	-	5,404	5,404
Total Revenues	<u>199,130</u>	<u>199,130</u>	<u>177,139</u>	<u>(21,991)</u>
EXPENDITURES				
Engineering				
Personal Services	33,970	33,970	27,836	6,134
Materials and Services	24,500	24,500	17,445	7,055
Capital Outlay	6,500	6,500	6,106	394
Total Engineering	<u>64,970</u>	<u>64,970</u>	(1) <u>51,387</u>	<u>13,583</u>
Operations				
Materials and Services	134,160	134,160	124,227	9,933
Total Operations	<u>134,160</u>	<u>134,160</u>	(1) <u>124,227</u>	<u>9,933</u>
Contingency	40,000	40,000	(1) -	40,000
Total Expenditures	<u>239,130</u>	<u>239,130</u>	<u>175,614</u>	<u>63,516</u>
Excess, (Deficit) of Revenues Over, (Under)				
Expenditures	(40,000)	(40,000)	1,525	41,525
OTHER FINANCING SOURCES, (USES)				
Transfers In	40,000	40,000	-	(40,000)
Total Other Financing Sources, (Uses)	<u>40,000</u>	<u>40,000</u>	<u>-</u>	<u>(40,000)</u>
Net Change in Fund Balance	-	-	1,525	1,525
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,525</u>	<u>\$ 1,525</u>

(1) Appropriation Level

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON**

**SCHEDULE OF PROPERTY TAX TRANSACTIONS AND BALANCES
OF TAXES UNCOLLECTED - GENERAL FUND
For the Year Ended June 30, 2014**

TAX YEAR	IMPOSED LEVY OR UNCOL- LECTED AT 7-1-13	DEDUCT DISCOUNTS	ADJUST- MENTS TO ROLLS	INTEREST	CASH COLLEC- TIONS BY COUNTY TREAS- URER	BALANCE UNCOL- LECTED OR UNSEG- REGATED AT 6-30-14
CURRENT:						
2013-2014	\$ 1,555,738	\$ 40,396	\$ (259)	\$ 777	\$ 1,456,866	\$ 58,994
PRIOR YEARS:						
2012-2013	69,205	1	(3,427)	2,123	32,680	35,220
2011-2012	37,643	-	(153)	2,566	19,801	20,255
2010-2011	27,021	1	(154)	3,928	20,636	10,158
2009-2010	10,030	-	(164)	1,858	8,215	3,509
Prior	7,444	-	(315)	1,519	4,218	4,430
Total Prior	151,343	2	(4,213)	11,994	85,550	73,572
Total	\$ 1,707,081	\$ 40,398	\$ (4,472)	\$ 12,771	\$ 1,542,416	\$ 132,566

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CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

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

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December 22, 2014

Independent Auditors' Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of St. Helens as of and for the year ended June 30, 2014, and have issued our report thereon dated December 22, 2014. 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 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, 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.**
- **Highway revenues used for public highways, roads, and streets.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

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

OAR 162-10-0230 Internal Control

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

Independent Auditors' Report Required by Oregon State Regulations

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

A handwritten signature in black ink, appearing to read "Ken Allen".

Kenneth Allen, CPA

Municipal Auditor

PAULY, ROGERS AND CO., P.C.