

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016



**12700 SW 72nd Ave.
Tigard, OR 97223**

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

2015-2016

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

MAYOR AND CITY COUNCIL MEMBERS AS OF JUNE 30, 2016

<u>NAME</u>	<u>TERM EXPIRES</u>
Randy Peterson – Mayor	December 31, 2016
Douglas Morten	December 31, 2018
Keith Locke	December 31, 2016
Susan Conn	December 31, 2018
Ginny Carlson	December 31, 2016

CITY STAFF

John Walsh, Administrator
Terry Moss, Police Chief
Sue Nelson, Public Works Engineering Director
Neal Sheppard – Public Works Operations Director
Margaret Jeffries, Library Director
Matt Brown, Finance Director

MAILING ADDRESS

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

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

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COLUMBIA COUNTY, OREGON

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**FINANCIAL
SECTION**



PAULY, ROGERS, AND CO., P.C.
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February 27, 2017

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, 2016, 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, 2016, 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.

Emphasis of Matter

The City adopted the provisions of GASB Statement No. 72, *Fair Value Measurement and Application*, for the year ended June 30, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information to 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 February 27, 2017, 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
PAULY, ROGERS AND CO., P.C.

CITY OF ST. HELENS

MANAGEMENT'S DISCUSSION AND ANALYSIS For the Year Ended June 30, 2016

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, 2016. 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 and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$52.22 million. Of this amount, \$5.10 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 Assets increased from previous year by \$3.45 million however liabilities increased by \$7.1 Million, which is due mainly to an increase in Long-Term liabilities. Total net position decreased during the year by \$1.36 million. Net position associated with governmental activities decreased \$1.34 million while Business-Type activities decreased \$28 thousand.
- On a fund basis, the City's governmental funds reported a combined ending fund balance of \$10.56 million. A \$2.58 Million decrease from the prior year which primarily reflects the use of reserve funds to cover costs as well as a reduction in Assets in Community Enhancement. Liabilities amongst the funds stayed relatively flat from last year, but decreasing \$97 thousand.
- The General Fund's financial position decreased over last fiscal year. On June 30, 2016, the ending fund balance is \$1.76 million, a decrease \$35 thousand from the previous year, of which \$72 thousand is restricted to Capital Projects and \$1.69 million is unrestricted. The decrease is due to a low level local economy and struggling state economy as well as knowingly use of General Fund reserves for operating expenses as a short-term solution for the General Fund reduction of resources and Council priorities. City Council has designated a minimum unassigned fund balance to reflect no less than 20% of operating expenditures. The \$1.69 Million reflects roughly 29% of the operating expenditures in the General Fund for the 2015/16 Actuals.

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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
ASSETS						
Current and other assets	\$ 11.39	\$ 14.04	\$ 7.10	\$ 5.89	\$ 25.43	\$ 19.93
Net pension asset	-	0.81	-	0.69	-	1.50
Interfund loan	(0.35)	(0.35)	0.35	0.35	-	-
Capital assets, net	<u>22.47</u>	<u>16.68</u>	<u>33.30</u>	<u>32.70</u>	<u>55.77</u>	<u>49.38</u>
Total assets	<u>33.51</u>	<u>31.18</u>	<u>40.75</u>	<u>39.63</u>	<u>74.26</u>	<u>70.81</u>
DEFERRED OUTFLOWS						
Pension Items	<u>0.58</u>	<u>-</u>	<u>0.41</u>	<u>-</u>	<u>0.99</u>	<u>-</u>
LIABILITIES						
Current liabilities	1.02	0.93	1.50	1.43	2.52	2.35
Long-term obligations	<u>5.73</u>	<u>0.92</u>	<u>13.92</u>	<u>11.80</u>	<u>19.65</u>	<u>12.71</u>
Total liabilities	<u>6.75</u>	<u>1.84</u>	<u>15.42</u>	<u>13.22</u>	<u>22.17</u>	<u>15.07</u>
DEFERRED INFLOWS						
Pension Items	0.51	1.17	0.35	0.99	0.86	2.16
NET POSITION						
Invested in capital assets, net of related debt	18.68	16.68	20.16	20.17	38.84	36.86
Restricted	7.48	8.11	0.80	0.79	8.28	8.90
Unrestricted	<u>0.67</u>	<u>3.38</u>	<u>4.43</u>	<u>4.45</u>	<u>5.10</u>	<u>7.83</u>
TOTAL NET POSITION	<u>\$ 26.83</u>	<u>\$ 28.17</u>	<u>\$ 25.39</u>	<u>\$ 25.41</u>	<u>\$ 52.22</u>	<u>\$ 53.58</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's net position totaled \$52.22 million at June 30, 2016.

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	
	2016	2015	2016	2015	2016	2015
Program revenues						
Charges for services	\$ 0.60	\$ 0.62	\$ 8.24	\$ 7.69	\$ 8.84	\$ 8.31
Operating grants and contributions	1.18	0.32	-	-	1.18	0.32
Capital grants and contributions	0.37	0.50	-	-	0.37	0.50
General revenues						
Property taxes	1.62	1.57	-	-	1.62	1.57
Franchise taxes	1.46	1.46	-	-	1.46	1.46
Transient room taxes	0.13	0.11	-	-	0.13	0.11
Other grants and contributions	0.37	1.17	-	-	0.37	1.17
Investment earnings	0.03	0.02	0.06	0.08	0.09	0.10
Miscellaneous	0.33	0.13	0.05	0.90	0.38	1.04
Capital contributions	(0.72)	(1.10)	0.72	1.10	-	-
Transfers	0.75	3.74	(0.75)	(3.74)	-	-
Total revenues	<u>6.12</u>	<u>8.56</u>	<u>8.32</u>	<u>6.03</u>	<u>14.44</u>	<u>14.59</u>
Program expenses						
General government	0.63	0.40	-	-	0.63	0.40
Public safety	3.88	1.98	-	-	3.88	1.98
Highways and streets	1.00	1.47	-	-	1.00	1.47
Culture and recreation	1.90	0.82	-	-	1.90	0.82
Interest on long-term obligations	0.05	0.00	-	-	0.05	0.00
Water	-	-	3.51	2.59	3.51	2.59
Sewer	-	-	4.83	3.29	4.83	3.29
Total program expenses	<u>7.46</u>	<u>4.67</u>	<u>8.34</u>	<u>5.88</u>	<u>15.80</u>	<u>10.55</u>
Change in net assets	(1.34)	3.89	(0.02)	0.15	(1.36)	4.03
Net position - beginning of year	<u>28.17</u>	<u>24.28</u>	<u>25.41</u>	<u>25.26</u>	<u>53.58</u>	<u>49.55</u>
Net position - end of year	<u>\$ 26.83</u>	<u>\$ 28.17</u>	<u>\$ 25.39</u>	<u>\$ 25.41</u>	<u>\$ 52.22</u>	<u>\$ 53.58</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 \$10.56 million. Approximately \$1.69 million or 15.96% 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.

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 \$4.43 million. The unrestricted net position decreased by \$26 thousand compared to the previous year, mainly due to a decreased unrestricted fund balance in the Water Fund. A cost of service analysis will begin next fiscal year to evaluate each enterprise fund and hopefully strengthen the financial outlook of each fund through strategic planning and analysis.

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 2015-16, 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, 2016 was \$55.77 million net of accumulated depreciation, which is an increase of \$6.39 Million from previous year. The investment in capital assets includes land, buildings, and system improvements, machinery and equipment and roads.

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

- Governmental activities:
 - Boise Veneer Property Purchase - \$2,500,036
 - Boise White Paper Property Purchase - \$1,725,000
 - Police Radio Upgrades - \$25,822
 - Revised Valuation of Collection of Materials - \$1,426,084
 - Park Improvements - \$59,888

- Business-type activities
 - Street Improvements - \$197,920
 - Sewer Improvements - \$158,259
 - Water Improvements - \$443,281
 - Waste Water Treatment Plant Improvements - \$199,213
 - Storm Drain Improvements - \$96,942

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 saw an increase in Current Liabilities of \$170 Thousand and an increase in Long-Term Liabilities of \$6.94 Million.

This increase was made up of multiple funds additional long-term liabilities including the Business-Type Activities (\$2.12 Million) and Governmental Activities (\$4.81 Million).

Additional information on the City's long-term debt may be found in Notes 5 and 6 to the basic financial statements.

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: Matt Brown - Finance Director/Budget Officer, PO Box 278, St. Helens, OR 97051, or e-mail at mattb@ci.st-helens.or.us.

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF NET POSITION
June 30, 2016**

ASSETS	GOVERNMENTAL	BUSINESS TYPE	TOTAL
Current Assets:			
Cash and Investments	\$ 9,502,626	\$ 5,047,198	\$ 14,549,824
Receivables	1,892,916	1,886,799	3,779,715
Prepaid Items	4,500	-	4,500
Internal Balances	(63,271)	63,271	-
Supply Inventory	48,391	107,385	155,776
Total Current Assets	<u>11,385,162</u>	<u>7,104,653</u>	<u>18,489,815</u>
Interfund Loan	(350,000)	350,000	-
Capital Assets, net	<u>22,470,782</u>	<u>33,295,195</u>	<u>55,765,977</u>
Total Assets	<u>33,505,944</u>	<u>40,749,848</u>	<u>74,255,792</u>
DEFERRED OUTFLOWS			
Pension Items	<u>583,930</u>	<u>408,584</u>	<u>992,514</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	469,406	108,868	578,274
Accrued Interest Payable	6,281	276,184	282,465
Deposits Payable	51,732	196,923	248,655
Current Portion of Long-Term Debt	489,813	920,264	1,410,077
Total Current Liabilities	<u>1,017,232</u>	<u>1,502,239</u>	<u>2,519,471</u>
Long-Term Liabilities			
Proportionate Share of the Net Pension Liability	2,175,000	1,521,876	3,696,876
Long-Term Debt, Net of Current Portion	<u>3,557,197</u>	<u>12,394,804</u>	<u>15,952,001</u>
Total Long-Term Liabilities	<u>5,732,197</u>	<u>13,916,680</u>	<u>19,648,877</u>
Total Liabilities	<u>6,749,429</u>	<u>15,418,919</u>	<u>22,168,348</u>
DEFERRED INFLOWS			
Pension Items	<u>506,094</u>	<u>354,120</u>	<u>860,214</u>
NET POSITION			
Net Investment in Capital Assets	18,678,636	20,164,682	38,843,318
Restricted For:			
Capital Projects	6,663,894	-	6,663,894
Tourism	205,303	-	205,303
Highways and Streets	604,238	-	604,238
Rate Stabilization	-	450,000	450,000
Debt Service	-	345,523	345,523
Other	5,296	-	5,296
Unrestricted	<u>676,984</u>	<u>4,425,188</u>	<u>5,102,172</u>
Total Net Position	<u>\$ 26,834,351</u>	<u>\$ 25,385,393</u>	<u>\$ 52,219,744</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, 2016**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 632,247	\$ 265,764	\$ -	\$ -
Public Safety	3,884,536	232,237	13,619	-
Culture and Recreation	1,896,027	54,767	391,480	122,681
Highways and Streets	1,004,871	43,862	773,651	251,920
Interest on Long Term Debt	45,380	-	-	-
Total Governmental Activities	7,463,061	596,630	1,178,750	374,601
Business-Type Activities				
Water	3,510,882	3,185,287	-	-
Sewer	4,832,525	5,054,039	-	-
Total Business Activities	8,343,407	8,239,326	-	-
Total Primary Government	\$ 15,806,468	\$ 8,835,956	\$ 1,178,750	\$ 374,601

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
\$ (366,483)	\$ -	\$ (366,483)
(3,638,680)	-	(3,638,680)
(1,327,099)	-	(1,327,099)
64,562	-	64,562
(45,380)	-	(45,380)
(5,313,080)	-	(5,313,080)
-	(325,595)	(325,595)
-	221,514	221,514
-	(104,081)	(104,081)
(5,313,080)	(104,081)	(5,417,161)
1,622,812	-	1,622,812
1,463,727	-	1,463,727
129,899	-	129,899
369,157	-	369,157
32,281	57,531	89,812
334,983	45,421	380,404
(722,608)	722,608	-
749,500	(749,500)	-
3,979,751	76,060	4,055,811
(1,333,329)	(28,021)	(1,361,350)
28,167,680	25,413,414	53,581,094
\$ 26,834,351	\$ 25,385,393	\$ 52,219,744

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

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

	GENERAL	STREET FUND	COMMUNITY ENHANCEMENT FUND	CAPITAL IMPROVEMENT FUND
ASSETS				
Cash and Investments	\$ 1,973,228	\$ 667,869	\$ 1,459,362	\$ 5,209,001
Accounts Receivable	341,087	(348)	-	1,348,944
Property Taxes Receivable	109,275	-	-	-
Inventories	-	48,391	-	-
Prepays	-	-	-	-
Total Assets	<u>\$ 2,423,590</u>	<u>\$ 715,912</u>	<u>\$ 1,459,362</u>	<u>\$ 6,557,945</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 338,805	\$ 57,987	\$ 43,824	\$ 28,032
Deposits Payable	51,732	-	-	-
Total Liabilities	<u>390,537</u>	<u>57,987</u>	<u>43,824</u>	<u>28,032</u>
Deferred Inflows:				
Unavailable Revenue	275,162	-	-	15,139
Fund Balances:				
Nonspendable:				
Inventory	-	48,391	-	-
Prepays	-	-	-	-
Capital Projects	72,010	-	77,110	6,514,774
Tourism	-	-	-	-
Highways and Streets	-	604,238	-	-
Bicycle and Pedestrian	-	5,296	-	-
Committed For:				
Arts Commission	-	-	19,755	-
Parks Capital	-	-	49,686	-
Library	-	-	5,087	-
Library Equipment	-	-	7,170	-
Library Facilities	-	-	179,075	-
Library Grant	-	-	5,329	-
Economic Development	-	-	1,037,554	-
PEG Access	-	-	11,292	-
Police	-	-	24,306	-
Unassigned	1,685,881	-	(826)	-
Total Fund Balances	<u>1,757,891</u>	<u>657,925</u>	<u>1,415,538</u>	<u>6,514,774</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,423,590</u>	<u>\$ 715,912</u>	<u>\$ 1,459,362</u>	<u>\$ 6,557,945</u>

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

OTHER GOVERNMENTAL FUNDS		TOTAL
\$ 193,166	\$ 9,502,626	
93,958	1,783,641	
-	109,275	
-	48,391	
4,500	4,500	
<u>\$ 291,624</u>	<u>\$ 11,448,433</u>	

\$ 758	\$ 469,406
-	51,732
<u>758</u>	<u>521,138</u>

<u>80,932</u>	<u>371,233</u>
---------------	----------------

-	48,391
4,500	4,500
-	6,663,894
205,303	205,303
-	604,238
-	5,296
-	19,755
-	49,686
-	5,087
-	7,170
-	179,075
-	5,329
131	1,037,685
-	11,292
-	24,306
-	1,685,055
<u>209,934</u>	<u>10,556,062</u>
<u>\$ 291,624</u>	<u>\$ 11,448,433</u>

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

**RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION**

June 30, 2016

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

Fund Balances		\$	10,556,062
<p>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.</p>			
Net Capital Assets			22,470,782
<p>Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.</p>			
Accrued Vacation and Comp Time			(254,864)
<p>Long term debt proceeds are reported as revenue in the governmental funds, but are increases to liabilities on the Statement of Net Position</p>			
			(3,792,146)
<p>Accrued interest on long term debt is reported on the Statement of Net Position but is not recorded in the funds until actually paid.</p>			
			(6,281)
<p>Internal balances result from transactions between the governmental activities, business-type activities, and internal service funds.</p>			
			(63,271)
<p>Interfund loans that are not due within one year are not reported in the funds</p>			
			(350,000)
<p>Estimated pension obligations are reported on the Statement of Net Position. These items are not reported in the governmental funds</p>			
Proportionate Share of the Net Pension Liability	\$	(2,175,000)	
Deferred Outflows - Pensions		583,930	
Deferred Inflows - Pensions		(506,094)	(2,097,164)
<p>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.</p>			
			371,233
Total Net Position		\$	26,834,351

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, 2016**

	GENERAL	STREET FUND	COMMUNITY ENHANCEMENT FUND	CAPITAL IMPROVEMENT FUND
REVENUES				
Property Taxes	\$ 1,627,168	\$ -	\$ -	\$ -
Transient Room Taxes	-	-	-	-
Franchise Fees	1,463,727	-	-	-
Licenses and Permits	351,157	-	-	-
Intergovernmental Revenues	359,407	773,214	156,176	251,920
Fines and Forfeitures	239,346	-	-	-
Systems Development Charges	-	-	-	219,388
Interest	25,114	6,965	202	-
Miscellaneous	143,526	2,506	13,350	44,112
Total Revenues	4,209,445	782,685	169,728	515,420
EXPENDITURES				
Current:				
General Government	508,529	-	-	-
Public Safety	2,783,865	-	-	-
Culture and Recreation	867,325	-	619,108	-
Highways and Streets	-	720,144	-	-
Capital Outlay	-	-	2,803,007	2,439,619
Total Expenditures	4,159,719	720,144	3,422,115	2,439,619
Excess, (Deficit) of Revenues Over, (Under) Expenditures	49,726	62,541	(3,252,387)	(1,924,199)
Other Financing Sources, -Uses				
Loan Proceeds	-	-	-	1,333,805
Lease Payments	-	-	361,149	-
Transfers In	56,350	-	1,075,980	846,500
Transfers Out	(140,980)	(5,500)	(82,850)	(1,000,000)
Total Other Financing Sources, (Uses)	(84,630)	(5,500)	1,354,279	1,180,305
Net Change in Fund Balance	(34,904)	57,041	(1,898,108)	(743,894)
Beginning Fund Balance	1,792,795	600,884	3,313,646	7,258,668
Ending Fund Balance	\$ 1,757,891	\$ 657,925	\$ 1,415,538	\$ 6,514,774

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

OTHER GOVERNMENTAL	
FUNDS	TOTAL
\$ -	\$ 1,627,168
129,899	129,899
-	1,463,727
-	351,157
20,642	1,561,359
-	239,346
-	219,388
-	32,281
16,672	220,166
<u>167,213</u>	<u>5,844,491</u>
-	508,529
-	2,783,865
122,110	1,608,543
-	720,144
-	5,242,626
<u>122,110</u>	<u>10,863,707</u>
45,103	(5,019,216)
-	1,333,805
-	361,149
-	1,978,830
-	(1,229,330)
<u>-</u>	<u>2,444,454</u>
45,103	(2,574,762)
<u>164,831</u>	<u>13,130,824</u>
<u>\$ 209,934</u>	<u>\$ 10,556,062</u>

**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, 2016**

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 \$ (2,574,762)

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. Some expenditures however, are made on behalf of business-type activities and recorded as capital contributions on the Statement of Activities. Furthermore, the disposal of old capital assets creates a gain or loss that is allocated to the Statement of Activities. This is the total change in capital asset balances during the year:

Capital Outlay	\$	5,242,626	
Other Capital Adjustments		112,059	
Capital Contributions		(2,101,125)	
Depreciation Expense		(465,160)	
		2,788,400	2,788,400

Debt Proceeds are recorded as revenue in the governmental funds, but are liabilities in the government-wide statements. Sometimes debt proceeds are received on behalf of the business-type activities and are recorded as capital contributions on the Statement of Activities

Debt Proceeds	\$	(1,333,805)	
Capital Contributions		1,333,805	-
		-	-

Governmental funds record expenses for payments on long term loans. On the government wide statements, however, the principal portion of these payments are reported as a reduction in the carrying balance of the loans on the statement of net position.

207,854

Governmental funds record interest expense when paid. The statement of activities, however, records interest expense as it comes due.

(3,485)

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

(30,262)

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.

19,256

The change in estimated pension obligations is reflected in the Statement of Activities. The governmental funds, however, only record pension expenses as they are paid

(1,740,330)

Change in Net Position

\$ (1,333,329)

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, 2016**

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
ASSETS				
Current Assets				
Cash and Investments	\$ 1,927,140	\$ 2,855,890	\$ 4,783,030	\$ 264,168
Accounts Receivable	558,037	1,328,762	1,886,799	-
Inventory	87,170	10,553	97,723	9,662
Total Current Assets	<u>2,572,347</u>	<u>4,195,205</u>	<u>6,767,552</u>	<u>273,830</u>
Noncurrent Assets				
Interfund Loan	350,000	-	350,000	-
Capital Assets, net	14,889,076	18,347,896	33,236,972	58,223
Total Noncurrent Assets	<u>15,239,076</u>	<u>18,347,896</u>	<u>33,586,972</u>	<u>58,223</u>
Total Assets	<u>17,811,423</u>	<u>22,543,101</u>	<u>40,354,524</u>	<u>332,053</u>
DEFERRED OUTFLOWS				
Pension Items	<u>162,123</u>	<u>246,461</u>	<u>408,584</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	36,587	26,383	62,970	45,898
Accrued Interest Payable	9,972	266,212	276,184	-
Deposits Payable	196,923	-	196,923	-
Compensated Absences Payable	65,913	118,642	184,555	-
Current Portion of Long-Term Liabilities	<u>382,000</u>	<u>353,709</u>	<u>735,709</u>	<u>-</u>
Total Current Liabilities	<u>691,395</u>	<u>764,946</u>	<u>1,456,341</u>	<u>45,898</u>
Long-term Liabilities				
Proportionate Share of the Net Pension Liability	603,869	918,007	1,521,876	-
Loans Payable, Net of Current Portion	<u>4,781,000</u>	<u>7,613,804</u>	<u>12,394,804</u>	<u>-</u>
Total Long-term Liabilities	<u>5,384,869</u>	<u>8,531,811</u>	<u>13,916,680</u>	<u>-</u>
Total Liabilities	<u>6,076,264</u>	<u>9,296,757</u>	<u>15,373,021</u>	<u>45,898</u>
DEFERRED INFLOWS				
Pension Items	<u>140,512</u>	<u>213,608</u>	<u>354,120</u>	<u>-</u>
NET POSITION				
Net Investment in Capital Assets	9,726,076	10,380,383	20,106,459	58,223
Restricted for Rate Stabilization	150,000	300,000	450,000	-
Restricted for Debt Service	-	345,523	345,523	-
Unrestricted	<u>1,880,694</u>	<u>2,253,291</u>	<u>4,133,985</u>	<u>227,932</u>
Total Net Position	<u>\$ 11,756,770</u>	<u>\$ 13,279,197</u>	25,035,967	<u>\$ 286,155</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			286,155	
Internal balances result from transactions between the governmental activities, business-type activities, and internal service funds			<u>63,271</u>	
NET POSITION OF BUSINESS-TYPE ACTIVITIES			<u>\$ 25,385,393</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, 2016

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
OPERATING REVENUES				
Utility Service Charges	\$ 3,185,287	\$ 5,054,039	\$ 8,239,326	\$ -
Other Service Charges	-	-	-	659
Internal Charges	-	-	-	1,834,037
Total Operating Revenues	3,185,287	5,054,039	8,239,326	1,834,696
OPERATING EXPENSES				
Personal Service	1,418,413	2,143,631	3,562,044	1,183,621
Materials and Services	1,131,940	1,859,677	2,991,617	667,145
Depreciation	781,202	715,153	1,496,355	8,127
Total Operating Expenses	3,331,555	4,718,461	8,050,016	1,858,893
Operating Income -Loss	(146,268)	335,578	189,310	(24,197)
NONOPERATING REVENUES, (EXPENSES)				
Transfers In	-	-	-	40,000
Transfers Out	(394,000)	(395,500)	(789,500)	-
Interest	24,637	32,894	57,531	-
Miscellaneous	10,676	1,040	11,716	31,093
Watershed Logging	1,953	-	1,953	-
Land Management	(41,511)	-	(41,511)	-
Capital Contributions	453,852	268,756	722,608	-
Bond & Loan Interest Expense	(125,388)	(101,636)	(227,024)	-
Total Nonoperating Revenues -Expenses	(69,781)	(194,446)	(264,227)	71,093
Change in Net Position	(216,049)	141,132	(74,917)	46,896
NET POSITION, Beginning of Year	11,972,819	13,138,065	25,110,884	239,259
NET POSITION, End of Year	\$ 11,756,770	\$ 13,279,197	\$ 25,035,967	\$ 286,155
Reconciliation to the Statement of Activities:				
Change in Net Position (from above)			(74,917)	
A portion of the net revenue (expense) of the internal service funds are allocated to the business-type activities			46,896	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES			\$ (28,021)	

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, 2016

	<u>ENTERPRISE FUNDS</u>			INTERNAL SERVICE
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 3,246,093	\$ 4,937,979	\$ 8,184,072	\$ 1,834,696
Cash Paid to Suppliers	(1,155,459)	(1,875,332)	(3,030,791)	(654,917)
Cash Paid to Employees	(945,180)	(1,436,870)	(2,382,050)	(1,183,621)
Net Cash Provided -Used by Operating Activities	<u>1,145,454</u>	<u>1,625,777</u>	<u>2,771,231</u>	<u>(3,842)</u>
Cash Flows from Noncapital Financing Activities:				
Miscellaneous Receipts	10,676	1,040	11,716	31,093
Transfers	(394,000)	(395,500)	(789,500)	40,000
Net Cash Provided -Used by Noncapital Financing Activities	<u>(383,324)</u>	<u>(394,460)</u>	<u>(777,784)</u>	<u>71,093</u>
Cash Flows from Capital and Related Financing Activities:				
Payment of Principal on Long Term Debt	(377,000)	(350,276)	(727,276)	-
Payment of Interest on Long Term Debt	(125,760)	(42,502)	(168,262)	-
Net Cash Provided -Used by Capital and Related Financing Activities	<u>(502,760)</u>	<u>(392,778)</u>	<u>(895,538)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Waterhed Logging - net	(39,558)	-	(39,558)	-
Interest on Investments	22,803	32,894	55,697	-
Net Cash Provided -Used by Investing Activities	<u>(16,755)</u>	<u>32,894</u>	<u>16,139</u>	<u>-</u>
Net Increase -Decrease in Cash and Cash Equivalents	242,615	871,433	1,114,048	67,251
Cash and Investments at Beginning of Year	<u>1,684,525</u>	<u>1,984,457</u>	<u>3,668,982</u>	<u>196,917</u>
Cash and Investments at End of Year	<u>\$ 1,927,140</u>	<u>\$ 2,855,890</u>	<u>\$ 4,783,030</u>	<u>\$ 264,168</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income, -Loss	\$ (146,268)	\$ 335,578	\$ 189,310	\$ (24,197)
Noncash Items Included in Income:				
Depreciation	781,202	715,153	1,496,355	8,127
Pension Estimate	468,857	696,232	1,165,089	-
Decrease -Increase in Accounts Receivable	42,555	(116,060)	(73,505)	-
Decrease -Increase in Inventory	(3,939)	3,228	(711)	(218)
Increase -Decrease in Accounts Payable and Accrued Liabilities	(19,580)	(18,883)	(38,463)	12,446
Increase -Decrease in Accrued Vacation Payable	4,376	10,529	14,905	-
Increase -Decrease in Customer Deposits	18,251	-	18,251	-
Net Cash Provided -Used by Operating Activities	<u>\$ 1,145,454</u>	<u>\$ 1,625,777</u>	<u>\$ 2,771,231</u>	<u>\$ (3,842)</u>
<u>OTHER NON-CASH TRANSACTIONS</u>				
Capital contribution - assets purchased by other funds	\$ 453,852	\$ 1,647,273	\$ 2,101,125	\$ -
Capital contribution - debt proceeds received by other funds	-	(1,333,805)	(1,333,805)	-
Capital contribution - note payments received by other funds	-	(44,712)	(44,712)	-

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.

COMMUNITY ENHANCEMENT FUND

The purpose of this fund is to encourage opportunities for art and culture. Principal revenue sources are donations and transfers which are used to fund a number of community projects.

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.

C. GOVERNMENT WIDE FINANCIAL STATEMENTS

The government-wide financial statements (i.e. the statement of net position and the statement of changes in net position) 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.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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, 2016, except for the following cases:

1. Library expenses in the General Fund were overspent by \$8,302.
2. Grants expenses in the Community Enhancement Fund were overspent by \$2,724.
3. Debt Service expenses in the Community Enhancement Fund were overspent by \$12,449.
4. Sewer Secondary expenses in the Sewer Fund were overspent by \$12,757.
5. City Recorder expenses were overspent in the Administrative Services fund by \$1,769.

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 the funds as they are consumed.

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 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. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items, which qualifies for reporting in this category. The first unavailable revenue is in the governmental funds balance sheet to offset any receivables not collectible within 60 days. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

L. 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 150 days or 1200 hours. 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.

M. RETIREMENT PLANS

Substantially all of the City's employees are participants in the State of Oregon Public Employees Retirement System (PERS). For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about fiduciary net position of PERS and additions to/deductions from PERS's fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

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

NOTES TO BASIC FINANCIAL STATEMENTS

M. RETIREMENT PLANS (continued)

Investments are reported at fair value. GASB Statements 68 and 71 have been implemented as of July 1, 2014.

N. 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).
- 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.

O. 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

O. NET POSITION (continued)

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.

P. 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.

Q. CASH AND CASH EQUIVALENTS

For financial reporting purposes, the City considers all highly liquid investments with a maturity of three months or less when purchased to be 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.

R. 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.

S. FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY

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

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

S. FAIR VALUE INPUTS, METHODOLOGIES AND HIERARCHY (continued)

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

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

2. CASH AND INVESTMENTS

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	\$ 1,959
Demand Deposits	236,487
Investments	<u>14,311,378</u>
	<u>\$ 14,549,824</u>

Investments

Investments in the Local Government Investment Pool (LGIP) are included in the Oregon Short-Term Fund, which is an external investment pool that is not a 2a-7-like external investment pool, and is not registered with the U.S. Securities and Exchange Commission as an investment company. Fair value of the LGIP is calculated at the same value as the number of pool shares owned. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. Investments in the Short-Term Fund are governed by ORS 294.135, Oregon Investment Council, and portfolio guidelines issued by the Oregon Short-Term Fund Board, which establish diversification percentages and specify the types and maturities of investments. The portfolio guidelines permit securities lending transactions as well as investments in repurchase agreements and reverse repurchase agreements. The fund appears to be in compliance with all portfolio guidelines at June 30, 2016. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book value since it approximates fair value. The pool is comprised of a variety of investments. These investments are characterized as a level 2 fair value measurement in the Oregon Short Term Fund’s audited financial report.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

As of June 30, 2016, the fair value of the position in the LGIP is 100.6% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

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</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Fair Value Activity Level</u>
State Treasurer's Investment Pool	N/A	\$ 11,151,975	N/A	Quoted Market Price, Level 1
JP Morgan Bonds	A+, A3, A	1,001,508	7/20/2016	Quoted Market Price, Level 1
US Bank Bonds	A+, A1, AA-	1,003,572	11/15/2016	Quoted Market Price, Level 1
Wells Fargo Bonds	A+, A2, AA-	1,154,323	2/15/2017	Quoted Market Price, Level 1
 Total		 <u>\$ 12,306,298</u>		

Concentration of Credit/Deposit Risk

At year-end, the City's net carrying amount of deposits was \$236,487 and the bank balance was \$467,425. Of these deposits, \$263,626 was covered by federal depository insurance. Any deposits not covered by federal depository insurance are 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, 2016 were as follows:

	Governmental Activities/Funds				Business-Type Activities/ Proprietary Funds		Totals
	General	Street	Capital Improvement	Other Governmental Funds	Water	Sewer	
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 564,293	\$ 958,104	\$ 1,522,397
System Development Charges	-	-	14,286	-	-	66,827	81,113
Liens/LIDs	-	-	-	-	-	323,627	323,627
State Revenue Sharing	25,307	-	-	-	-	-	25,307
Grants	-	-	-	80,932	-	-	80,932
Loan Draws	-	-	1,333,805	-	-	-	1,333,805
Property Assessments	4,474	-	-	-	-	-	4,474
Property Taxes	109,275	-	-	-	-	-	109,275
Franchise Taxes	89,203	-	-	-	-	-	89,203
Cigarette Taxes	4,149	-	-	-	-	-	4,149
Alcohol Taxes	15,850	-	-	-	-	-	15,850
Motel/Hotel Taxes	-	-	-	13,026	-	-	13,026
Cash Held - County Treasurer	19,276	-	-	-	-	-	19,276
Interest	-	-	-	-	4,630	-	4,630
Other	6,477	(348)	853	-	345	2,398	9,725
Fines	3,228,279	-	-	-	-	-	3,228,279
Allowance for Doubtful Accounts	(3,066,865)	-	-	-	(11,231)	(22,194)	(3,100,290)
Total	\$ 435,425	\$ (348)	\$ 1,348,944	\$ 93,958	\$ 558,037	\$ 1,328,762	\$ 3,764,778

**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, 2016 are as follows:

	June 30, 2015	Additions	Retirements	June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 2,022,019	\$ 4,225,036	\$ -	\$ 6,247,055
Right-Of-Way	5,259,111	-	-	5,259,111
Library Collection	1,346,043	129,307	-	1,475,350
Construction in Progress	657,889	338,703	(5,260)	991,332
Total	<u>9,285,062</u>	<u>4,693,046</u>	<u>(5,260)</u>	<u>13,972,848</u>
Depreciable Assets:				
Buildings and Improvements	4,794,245	1,339,384	-	6,133,629
Equipment	2,096,288	25,821	(74,933)	2,047,176
Infrastructure	6,147,400	249,833	-	6,397,233
Total	<u>13,037,933</u>	<u>1,615,038</u>	<u>(74,933)</u>	<u>14,578,038</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,536,767)	(116,676)	-	(2,653,443)
Equipment	(1,317,579)	(161,642)	25,669	(1,453,552)
Infrastructure	(1,786,267)	(186,842)	-	(1,973,109)
Total	<u>(5,640,613)</u>	<u>(465,160)</u>	<u>25,669</u>	<u>(6,080,104)</u>
Total Capital Assets Being Depreciated (Net)	<u>7,397,320</u>	<u>1,149,878</u>	<u>(49,264)</u>	<u>8,497,934</u>
Total Capital Assets, Governmental Activities (Net)	<u>\$ 16,682,382</u>			<u>\$ 22,470,782</u>

Governmental depreciation was allocated to the functions as follows:

General Government	\$ 44,039
Public Safety	241,084
Culture and Recreation	117,672
Highways and Streets	<u>62,365</u>
Total Governmental Activities	<u>\$ 465,160</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, 2016 are as follows:

	June 30, 2015	Additions	Retirements	June 30, 2016
Capital Assets Not Being Depreciated:				
Land	\$ 1,006,535	\$ -	\$ -	\$ 1,006,535
Construction In Progress	1,204,229	1,246,543	(505,029)	1,945,743
Total	<u>2,210,764</u>	<u>1,246,543</u>	<u>(505,029)</u>	<u>2,952,278</u>
Depreciable Assets:				
Buildings and Improvements	28,985,323	314,359	-	29,299,682
Equipment	7,852,994	512,231	(60,352)	8,304,873
Infrastructure	16,160,123	533,021	-	16,693,144
Total	<u>52,998,440</u>	<u>1,359,611</u>	<u>(60,352)</u>	<u>54,297,699</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(10,007,808)	(913,468)	-	(10,921,276)
Equipment	(4,224,055)	(265,148)	60,352	(4,428,851)
Infrastructure	(8,278,789)	(325,866)	-	(8,604,655)
Total	<u>(22,510,652)</u>	<u>(1,504,482)</u>	<u>60,352</u>	<u>(23,954,782)</u>
Total Capital Assets Being Depreciated (Net)	<u>30,487,788</u>	<u>(144,871)</u>	<u>-</u>	<u>30,342,917</u>
Total Net Capital Assets				
Business-Type Activities	<u>\$ 32,698,552</u>			<u>\$ 33,295,195</u>

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

Water	\$ 781,202
Sewer	715,153
Internal Service Fund	<u>8,127</u>
Total Business-Type Activities	<u>\$ 1,504,482</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

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

http://www.oregon.gov/pers/Pages/section/financial_reports/financials.aspx.

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

b. **OPSRP Pension Program (OPSRP DB).** The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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

Police and fire: 1.8 percent is multiplied by the number of years of service and the final average salary. Normal retirement age for police and fire members is age 60 or age 53 with 25 years of retirement credit. To be classified as a police and fire member, the individual must have been employed continuously as a police and fire member for at least five years immediately preceding retirement.

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

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

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

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

iv. **Benefit Changes After Retirement.** Under ORS 238A.210 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were \$762,343, excluding amounts to fund employer specific liabilities.

Pension Asset or Liability - At June 30, 2016, the City reported a net pension liability of \$3,696,876 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on a projection of the City's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2013, the City's proportion was .06 percent.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 199,354	\$ -
Changes in assumptions	-	-
Net difference between projected and actual earnings on plan investments	-	774,949
Changes in proportion and differences between City contributions and proportionate share of contributions	30,817	85,265
City contributions subsequent to measuring date	762,343	-
Deferred outflow (inflow) of resources	\$ 992,514	\$ 860,214

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

Year Ending June 30,	Amount
2017	\$ (335,264)
2018	(335,264)
2019	(335,264)
2020	365,379
2021	10,370
Total	\$ (630,043)

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/pers/Pages/section/financial_reports/financial.aspx.

Actuarial Valuations – The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

Actuarial Methods and Assumptions:

Valuation date	December 31, 2013 rolled forward to June 30, 2015
Experience Study Report	2014, Published September 2015
Actuarial cost method	Entry Age Normal
Amortization method	Amortized as a level percentage of payroll as layered amortization bases over a closed period; Tier One/Tier Two UAL is amortized over 20 years and OPSRP pension UAL is amortized over 16 years
Asset valuation method	Market value of assets
Inflation rate	2.75 percent
Investment rate of return	7.75 percent
Projected salary increase	3.75 percent overall payroll growth; salaries for individuals are assumed to grow at 3.75 percent plus assumed rates of merit/longevity increases based on service. For COLA, a blend of 2% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision, blend based on service.
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (65% for males and 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2014 Experience Study which is reviewed for the four-year period ending December 31, 2013.

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

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

	(6.75%)	(7.75%)	(8.75%)
City's proportionate share of the net pension liability	\$ 8,922,274	\$ 3,696,876	\$ (706,761)

Since the December 31, 2013 actuarial valuation, the system-wide actuarial accrued liability has increased primarily due to the Moro decision and assumption changes, along with interest on the liability as current active members get closer to retirement. The Oregon Supreme Court decision in *Moro v. State of Oregon*, issued on April 30, 2015, reversed a significant portion of the reductions the 2013 Oregon Legislature made to future system Cost of Living Adjustments (COLA) through Senate Bills 822 and 861. This reversal increased the benefits projected to be paid by Employers compared to those developed in the prior actuarial valuation, and consequently increased plan liabilities. The employers' projected long-term contribution effort has been adjusted for the estimated impact of the Moro Decision. In accordance with statute, a biennial review of actuarial methods and assumptions was completed in 2015 to be used for the December 31, 2014 actuarial valuation. After completion of this review and subsequent to the measurement date, the PERS Board adopted several assumption changes, including lowering the investment return assumption to 7.50%, which will be effective January 1, 2016 and will be included in the next update.

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

Individual Account Program - In the 2003 legislative session, the Oregon Legislative Assembly created a successor plan for OPERS. 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 OPERS members who return to employment following a six month or greater break in service. The new plan consists of the defined benefit pension plans and a defined contribution pension plan (the Individual Account Program or IAP). Beginning January 1, 2004, all OPERS member contributions go into the IAP portion of OPSRP. OPERS' members retain their existing OPERS accounts, but any future member contributions are deposited into the member's IAP, not the member's OPERS account. Those employees who had established an OPERS membership prior to the creation of OPSRP will be members of both the OPERS and OPSRP system as long as they remain in covered employment. Members of OPERS and OPSRP are required to contribute six percent of their salary covered under the plan which is invested in the IAP. The District makes this contribution on behalf of its employees.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT

Long term debt for governmental activities changed as follows for the year ended June 30, 2016:

<u>Debt Item</u>	<u>Balance June 30, 2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2016</u>	<u>Balance Due Within One Year</u>
Compensated Absences	\$ 224,602	\$ 30,262	\$ -	\$ 254,864	\$ 254,864
Boise White Paper Note	-	3,000,000	(125,000)	2,875,000	150,000
Columbia Bank Note	1,000,000	-	(82,854)	917,146	84,949
Total Long-Term Debt	\$ 1,224,602	\$ 3,030,262	\$ (207,854)	\$ 4,047,010	\$ 489,813

Details of governmental loans payable are as follows:

Columbia Bank Note

The City signed a Financing Agreement in the amount of \$1,000,000 with Columbia Bank for the purpose of purchasing real property. The loan bears interest at 4.38% annually and is scheduled to be paid off in 2025. Future maturities are as follows:

	<u>Principal</u>	<u>Interest</u>
2016-2017	84,949	39,800
2017-2018	88,764	35,986
2018-2019	92,749	32,000
2019-2020	96,840	27,908
2020-2021	101,262	23,487
2020-2025	452,582	46,416
	<u>\$ 917,146</u>	<u>\$ 205,597</u>

Boise White Paper Note

The City financed \$3,000,000 of a purchase of real property from Boise White Paper, LLC through a promissory note. The note has no stated interest rate and principal payments are to be made in monthly installments equal to one half of all rent collected from current or future leases on the real estate secured by the deed of trust. The remaining principal balance if not paid in full by the end of the year 2035 shall be forgiven. Based on current rents, future principal payments are projected at \$150,000 per year through fiscal year 2035 and \$25,000 in fiscal year 2036.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (continued)

Long term debt for business-type activities changed as follows for the year ended June 30, 2016:

Debt Item	Balance June 30, 2015	Issued	Matured and Redeemed	Balance June 30, 2016	Balance Due Within One Year
DEQ Loan (R80161)	\$ 1,650,000	\$ -	\$ (100,000)	\$ 1,550,000	\$ 100,000
DEQ Loan (R80162)	465,770	-	(114,276)	351,494	115,709
DEQ Loan (R80163)	3,224,214	1,333,805	-	4,558,019	-
Capital One - Water Refunding Note	5,540,000	-	(377,000)	5,163,000	382,000
Capital One - Sewer Refunding Note	1,644,000	-	(136,000)	1,508,000	138,000
Total Loans Payable	\$ 12,523,984	\$ 1,333,805	\$ (727,276)	\$ 13,130,513	\$ 735,709
Compensated Absences	169,650	184,555	(169,650)	184,555	184,555
Total Long-Term Debt	\$ 12,693,634	\$ 1,518,360	\$ (896,926)	\$ 13,315,068	\$ 920,264

Details for business-type loans payable as of June 30, 2016 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 R80162)

The City continues to draw down on this construction loan, which has been authorized for a maximum amount of \$550,000. Payments began 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 has finished drawing down on this construction loan with a final principal amount of \$4,558,019. Payments begin in March of 2017 and will be due in semi-annual installments, including principal and 2.83% interest. Net operating revenues of the sewer system have been pledged.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (continued)

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.

Future maturities of business-type debt are as follows:

Fiscal Year	DEQ R06801		DEQ R80162		DEQ R80163	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-2017	\$ 100,000	\$ -	\$ 115,709	\$ 4,033	\$ -	\$ 376,280
2017-2018	100,000	-	117,159	2,583	178,011	127,741
2018-2019	100,000	-	118,626	1,113	183,084	122,668
2019-2020	100,000	-	-	-	188,302	117,450
2020-2021	100,000	-	-	-	193,669	112,083
2021-2026	500,000	-	-	-	1,054,351	474,409
2026-2031	500,000	-	-	-	1,213,410	315,350
2031-2036	50,000	-	-	-	1,396,463	132,297
2036-2037	-	-	-	-	150,729	2,133
Total	\$ 1,550,000	\$ -	\$ 351,494	\$ 7,729	\$ 4,558,019	\$ 1,780,411

Fiscal Year	Capital One - Water		Capital One - Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016-2017	\$ 382,000	\$ 116,843	\$ 138,000	\$ 33,817	\$ 735,709	\$ 530,973
2017-2018	392,000	107,748	141,000	30,539	928,170	268,611
2018-2019	401,000	98,430	144,000	27,190	946,710	249,401
2019-2020	410,000	88,901	146,000	23,782	844,302	230,133
2020-2021	419,000	79,160	149,000	20,316	861,669	211,559
2021-2026	2,263,000	240,582	790,000	47,117	4,607,351	762,108
2026-2031	896,000	42,884	-	-	2,609,410	358,234
2031-2036	-	-	-	-	1,446,463	132,297
2036-2037	-	-	-	-	150,729	2,133
Total	\$ 5,163,000	\$ 774,548	\$ 1,508,000	\$ 182,761	\$ 13,130,513	\$ 2,745,449

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) loans .

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (continued)

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 \$1,791,426, while 105% of the debt service requirement was \$412,417. Additionally, ODEQ requires the City to document and maintain a reserve for debt service. At June 30, 2016, the reserve requirement for the Sewer Fund was \$345,523. 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, 2016, the Water Fund had a debt ratio of 2.27 and the Sewer Fund had a debt ratio of 4.56.

7. 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. The loan is scheduled to be paid off with a lump sum payment of principal plus accrued interest in fiscal year 2017-2018. 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 \$354,630 has accrued as of June 30, 2016.

Interfund transfers during the year ended June 30, 2016 were as follows:

Transfers were used to fund operations between funds.

<u>Governmental Funds</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	\$ 56,350	\$ 140,980
Street	-	5,500
Community Enhancement	1,075,980	82,850
Capital Improvement	846,500	1,000,000
 <u>Proprietary Funds</u>		
Water	-	394,000
Sewer	-	395,500
Internal Service	40,000	-
 Total Transfers	 <u>\$ 2,018,830</u>	 <u>\$ 2,018,830</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. 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 2015-2016, Governmental Funds spent \$453,852 and \$1,647,273 respectively for capital assets in the Water and Sewer Fund. The Capital Improvement Fund also received \$44,712 of lien payments and \$1,333,805 of long term debt proceeds on behalf of the Sewer Fund. On the Statement of Activities, these transactions resulted in a net capital contribution to the Business-Type Activities of \$722,608.

9. 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.

10. CONTINGENCIES – EARNED SICK LEAVE

Portions of accumulated sick leave at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. As of June 30, 2016, City employees had accumulated 1,316 hours 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, 2016 \$40,869 of sick leave has been earned by eligible retirees and could be converted to their VEBA account upon retirement.

11. RISK MANAGEMENT

The City is exposed to various risks of loss related to 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.

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

REQUIRED SUPPLEMENTARY INFORMATION

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

**REQUIRED SUPPLEMENTARY INFORMATION
For the fiscal year ended June 30, 2016**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) City's covered payroll	(b/c) NPL as a percentage of covered payroll	Plan fiduciary net position as a percentage of the total pension liability
2016	0.06 %	\$ 3,696,876	\$ 3,973,045	93.0 %	91.9 %
2015	0.07	(1,497,881)	3,874,533	(38.7)	103.6
2014	0.07	3,372,241	3,775,459	89.3	92.0

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

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

SCHEDULE OF CONTRIBUTIONS

	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2016	\$ 762,343	\$ 762,343	\$ -	\$ 4,069,867	18.7 %
2015	693,888	693,888	-	3,973,045	17.5
2014	681,758	681,758	-	3,874,533	17.6

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

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

**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, 2016**

<u>GENERAL FUND</u>				VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 1,632,300	\$ 1,632,300	\$ 1,627,168	\$ (5,132)
Franchise Fees	1,513,620	1,513,620	1,463,727	(49,893)
Licenses and Permits	303,810	303,810	351,157	47,347
Fines and Forfeitures	221,000	221,000	239,346	18,346
Intergovernmental	437,020	437,020	359,407	(77,613)
Interest	10,100	10,100	25,114	15,014
Miscellaneous	144,650	169,540	143,526	(26,014)
Total Revenues	<u>4,262,500</u>	<u>4,287,390</u>	<u>4,209,445</u>	<u>(77,945)</u>
EXPENDITURES				
Mayor and City Council				
Personal Services	48,640	48,640	50,629	(1,989)
Materials and Services	33,070	33,070	26,713	6,357
Total Mayor and City Council	<u>81,710</u>	<u>81,710</u>	(1) <u>77,342</u>	<u>4,368</u>
Municipal Court				
Personal Services	165,200	206,200	193,383	12,817
Materials and Services	186,490	186,490	180,374	6,116
Total Municipal Court	<u>351,690</u>	<u>392,690</u>	(1) <u>373,757</u>	<u>18,933</u>
Planning				
Personal Services	116,920	116,920	113,552	3,368
Materials and Services	49,260	49,260	34,795	14,465
Special Payments	38,000	38,000	37,971	29
Total Planning	<u>204,180</u>	<u>204,180</u>	(1) <u>186,318</u>	<u>17,862</u>
Building				
Personal Services	205,610	187,610	145,013	42,597
Materials and Services	46,880	64,880	61,407	3,473
Total Building	<u>252,490</u>	<u>252,490</u>	(1) <u>206,420</u>	<u>46,070</u>
Police				
Personal Services	2,151,180	2,167,170	2,008,289	158,881
Materials and Services	430,750	426,650	401,819	24,831
Total Police	<u>2,581,930</u>	<u>2,593,820</u>	(1) <u>2,410,108</u>	<u>183,712</u>
Library				
Personal Services	418,960	418,960	419,835	(875)
Materials and Services	174,980	174,980	182,407	(7,427)
Total Library	<u>593,940</u>	<u>593,940</u>	(1) <u>602,242</u>	<u>(8,302)</u>
Parks				
Personal Services	136,300	136,300	135,207	1,093
Materials and Services	133,950	133,950	129,876	4,074
Total Parks	<u>270,250</u>	<u>270,250</u>	(1) <u>265,083</u>	<u>5,167</u>
Non-Departmental				
Personal Services	19,950	20,150	20,316	(166)
Materials and Services	13,300	22,000	18,133	3,867
Total Non-Departmental	<u>33,250</u>	<u>42,150</u>	(1) <u>38,449</u>	<u>3,701</u>
Contingency				
Contingency	851,800	720,140	-	720,140
Total Expenditures	<u>5,221,240</u>	<u>5,151,370</u>	<u>4,159,719</u>	<u>991,651</u>
Excess, (Deficit) of Revenues Over, (Under)				
Expenditures	(958,740)	(863,980)	49,726	913,706
OTHER FINANCING SOURCES, (USES)				
Transfers In	56,350	56,350	56,350	-
Transfers Out	(68,890)	(163,650)	(140,980)	22,670
Total Other Financing Sources, (Uses)	<u>(12,540)</u>	<u>(107,300)</u>	<u>(84,630)</u>	<u>22,670</u>
Net Change in Fund Balance	(971,280)	(971,280)	(34,904)	936,376
Beginning Fund Balance	1,641,827	1,641,827	1,792,795	150,968
Ending Fund Balance	<u>\$ 670,547</u>	<u>\$ 670,547</u>	<u>\$ 1,757,891</u>	<u>\$ 1,087,344</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, 2016**

<u>STREET FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 804,400	\$ 804,400	\$ 773,214	\$ (31,186)
Interest	-	-	6,965	6,965
Miscellaneous	14,250	14,250	2,506	(11,744)
Total Revenues	<u>818,650</u>	<u>818,650</u>	<u>782,685</u>	<u>(35,965)</u>
EXPENDITURES				
Personal Services	316,550	316,550	318,098	(1,548)
Materials and Services	449,530	449,530	402,046	47,484
Total Streets	<u>766,080</u>	<u>766,080</u> (2)	<u>720,144</u>	<u>45,936</u>
Contingency	100,000	100,000 (1)	-	100,000
Total Expenditures	<u>866,080</u>	<u>866,080</u>	<u>720,144</u>	<u>145,936</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(47,430)	(47,430)	62,541	109,971
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(5,500)	(5,500) (2)	(5,500)	-
Total Other Financing Sources, (Uses)	(5,500)	(5,500)	(5,500)	-
Net Change in Fund Balance	(52,930)	(52,930)	57,041	109,971
Beginning Fund Balance	<u>542,919</u>	<u>542,919</u>	<u>600,884</u>	<u>57,965</u>
Ending Fund Balance	<u>\$ 489,989</u>	<u>\$ 489,989</u>	<u>\$ 657,925</u>	<u>\$ 167,936</u>

(1) Appropriation Level

(2) Combined appropriation of \$771,580

**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, 2016**

COMMUNITY ENHANCEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Grants	\$ 352,130	\$ 357,130	\$ 156,176	\$ (200,954)
Interest	1,500	1,500	202	(1,298)
Miscellaneous	94,800	94,800	13,350	(81,450)
Total Revenues	<u>448,430</u>	<u>453,430</u>	<u>169,728</u>	<u>(283,702)</u>
EXPENDITURES				
Public Arts	19,000	22,000 (1)	5,590	16,410
Library Improvements - Building	11,060	11,060 (1)	10,940	120
Library Improvements - Equipment	10,000	10,000 (1)	8,530	1,470
Parks Improvements	76,600	76,600 (1)	-	76,600
PEG Access	9,350	9,350 (1)	3,300	6,050
Grants	19,432	20,992 (1)	23,716	(2,724)
Police	11,000	11,000 (1)	6,809	4,191
Library	-	9,500 (1)	1,376	8,124
Economic development	3,167,680	3,114,380 (2)	3,108,568	5,812
Economic development - Debt Service	134,000	237,300 (1)	249,749	(12,449)
Youth Council	-	5,000 (1)	3,537	1,463
Contingency	1,046,180	985,120 (1)	-	985,120
Total Expenditures	<u>4,504,302</u>	<u>4,512,302</u>	<u>3,422,115</u>	<u>1,090,187</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(4,055,872)	(4,058,872)	(3,252,387)	806,485
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds	1,000,000	1,000,000	-	(1,000,000)
Lease Payments	-	-	361,149	361,149
Transfers In	1,003,890	1,085,650	1,075,980	(9,670)
Transfers Out	-	(81,760) (2)	(82,850)	(1,090)
Total Other Financing Sources, -Uses	<u>2,003,890</u>	<u>2,003,890</u>	<u>1,354,279</u>	<u>(649,611)</u>
Net Change in Fund Balance	(2,051,982)	(2,054,982)	(1,898,108)	156,874
Beginning Fund Balance	<u>2,390,100</u>	<u>2,390,100</u>	<u>3,313,646</u>	<u>923,546</u>
Ending Fund Balance	<u>\$ 338,118</u>	<u>\$ 335,118</u>	<u>\$ 1,415,538</u>	<u>\$ 1,080,420</u>

(1) Appropriation Level

(2) Transfers combined with Economic Development for appropriation purposes

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

SUPPLEMENTARY INFORMATION

**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, 2016**

<u>CAPITAL IMPROVEMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 218,300	\$ 218,300	\$ 251,920	\$ 33,620
System Development Charges	254,000	254,000	219,388	(34,612)
Miscellaneous	<u>20,000</u>	<u>20,000</u>	<u>44,112</u>	<u>24,112</u>
Total Revenues	<u>492,300</u>	<u>492,300</u>	<u>515,420</u>	<u>23,120</u>
EXPENDITURES				
Capital Outlay	4,649,800	4,649,800 (1)	2,439,619	2,210,181
Contingency	<u>770,000</u>	<u>770,000</u> (1)	<u>-</u>	<u>770,000</u>
Total Expenditures	<u>5,419,800</u>	<u>5,419,800</u>	<u>2,439,619</u>	<u>2,980,181</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(4,927,500)	(4,927,500)	(1,924,199)	3,003,301
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds	1,500,000	1,500,000	1,333,805	(166,195)
Transfers In	846,500	846,500	846,500	-
Transfers Out	<u>(1,000,000)</u>	<u>(1,000,000)</u> (1)	<u>(1,000,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>1,346,500</u>	<u>1,346,500</u>	<u>1,180,305</u>	<u>(166,195)</u>
Net Change in Fund Balance	(3,581,000)	(3,581,000)	(743,894)	2,837,106
Beginning Fund Balance	<u>7,030,579</u>	<u>7,030,579</u>	<u>7,258,668</u>	<u>228,089</u>
Ending Fund Balance	<u>\$ 3,449,579</u>	<u>\$ 3,449,579</u>	<u>\$ 6,514,774</u>	<u>\$ 3,065,195</u>

(1) Appropriation Level

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

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

June 30, 2016

	ST. HELENS VISITORS AND TOURISM	COMMUNITY DEVELOPMENT	TOTAL
ASSETS			
Cash and Investments	\$ 193,035	\$ 131	\$ 193,166
Accounts Receivable	13,026	80,932	93,958
Prepays	4,500	-	4,500
Total Assets	\$ 210,561	\$ 81,063	\$ 291,624
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	\$ 758	\$ -	\$ 758
Total Liabilities	758	-	758
Deferred Inflows:			
Unavailable Revenue	-	80,932	80,932
Fund Balances:			
Restricted For:			
Tourism	205,303	-	205,303
Committed For:			
Economic Development	-	131	131
Total Fund Balances	209,803	131	209,934
Total Liabilities, Deferred Inflows and Fund Balances	\$ 210,561	\$ 81,063	\$ 291,624

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

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2016

	ST. HELENS VISITORS AND TOURISM	COMMUNITY DEVELOPMENT	TOTAL
REVENUES			
Transient Room Tax	\$ 129,899	\$ -	\$ 129,899
Intergovernmental	-	20,642	20,642
Miscellaneous	16,672	-	16,672
Total Revenues	146,571	20,642	167,213
EXPENDITURES			
Current:			
Visitor and Tourism	101,599	-	101,599
Community Block Grants	-	20,511	20,511
Total Expenditures	101,599	20,511	122,110
Net Change in Fund Balance	44,972	131	45,103
Beginning Fund Balance	164,831	-	164,831
Ending Fund Balance	\$ 209,803	\$ 131	\$ 209,934

**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, 2016**

ST. HELENS VISITORS AND TOURISM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Transient Room Tax	\$ 95,000	\$ 95,000	\$ 129,899	\$ 34,899
Miscellaneous	-	26,900	16,672	(10,228)
Total Revenues	<u>95,000</u>	<u>121,900</u>	<u>146,571</u>	<u>24,671</u>
EXPENDITURES				
Materials and Services	85,000	121,900	101,599	20,301
Total Visitors and Tourism	<u>85,000</u>	<u>121,900</u>	(1) 101,599	<u>20,301</u>
Contingency	10,000	-	(1) -	-
Total Expenditures	<u>95,000</u>	<u>121,900</u>	<u>101,599</u>	<u>20,301</u>
Net Change in Fund Balance	-	-	44,972	44,972
Beginning Fund Balance	<u>141,448</u>	<u>141,448</u>	<u>164,831</u>	<u>23,383</u>
Ending Fund Balance	<u>\$ 141,448</u>	<u>\$ 141,448</u>	<u>\$ 209,803</u>	<u>\$ 68,355</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, 2016**

COMMUNITY DEVELOPMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental	\$ 56,830	\$ 56,830	\$ 20,642	\$ (36,188)
Total Revenues	<u>56,830</u>	<u>56,830</u>	<u>20,642</u>	<u>(36,188)</u>
EXPENDITURES				
Materials and Services	56,830	56,830	20,511	36,319
Total Community Development	<u>56,830</u>	<u>56,830</u>	(1) <u>20,511</u>	<u>36,319</u>
Total Expenditures	<u>56,830</u>	<u>56,830</u>	<u>20,511</u>	<u>36,319</u>
Net Change in Fund Balance	-	-	131	131
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ 131</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, 2016**

	<u>WATER FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for Services	\$ 3,118,810	\$ 3,118,810	\$ 3,185,287	\$ 66,477
Interest	20,000	20,000	22,803	2,803
Miscellaneous	23,820	23,820	10,676	(13,144)
Total Revenues	<u>3,162,630</u>	<u>3,162,630</u>	<u>3,218,766</u>	<u>56,136</u>
EXPENDITURES				
Water Filtration Plant				
Personal Services	244,820	244,820	(2) 241,036	3,784
Materials and Services	154,200	154,200	(2) 147,763	6,437
Debt Service	502,760	502,760	(1) 502,760	-
Total Water Filtration Plant	<u>901,780</u>	<u>901,780</u>	<u>891,559</u>	<u>10,221</u>
Water Production/Delivery				
Personal Services	731,020	731,020	704,144	26,876
Materials and Services	1,101,160	1,101,160	984,177	116,983
Total Water Production/Delivery	<u>1,832,180</u>	<u>1,832,180</u>	<u>(3) 1,688,321</u>	<u>143,859</u>
Contingency	445,900	445,900	(1) -	445,900
Total Expenditures	<u>3,179,860</u>	<u>3,179,860</u>	<u>2,579,880</u>	<u>599,980</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(17,230)	(17,230)	638,886	656,116
OTHER FINANCING SOURCES, (USES)				
Timber Revenue	-	-	1,953	1,953
Land Management	(50,000)	(50,000)	(1) (41,511)	8,489
Transfers Out	(394,000)	(394,000)	(3) (394,000)	-
Total Other Financing Sources, (Uses)	<u>(444,000)</u>	<u>(444,000)</u>	<u>(433,558)</u>	<u>10,442</u>
Net Change in Fund Balance	(461,230)	(461,230)	205,328	666,558
Beginning Fund Balance	<u>1,765,393</u>	<u>1,765,393</u>	<u>2,128,879</u>	<u>363,486</u>
Ending Fund Balance	<u>\$ 1,304,163</u>	<u>\$ 1,304,163</u>	2,334,207	<u>\$ 1,030,044</u>
Reconciling Items:				
Net Capital Assets			14,889,076	
Deferred Outflows - Pension			162,123	
Deferred Inflows - Pension			(140,512)	
Proportionate Share of the Net Pension Liability			(603,869)	
Deferred Revenue			354,630	
Accrued Interest			(9,972)	
Long-Term Debt			(5,163,000)	
Compensated Absences			(65,913)	
Net Position			<u>\$ 11,756,770</u>	

(1) Appropriation Level

(2) Combined appropriation of \$399,020

(3) Combined appropriation of \$2,226,180

**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, 2016**

<u>SEWER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	\$ 4,687,000	\$ 4,687,000	\$ 5,054,039	\$ 367,039
Interest	25,000	25,000	32,894	7,894
Miscellaneous	1,000	1,000	1,040	40
Total Revenues	<u>4,713,000</u>	<u>4,713,000</u>	<u>5,087,973</u>	<u>374,973</u>
EXPENDITURES				
Sewer Collections				
Personal Services	708,880	708,880	(2) 683,488	25,392
Materials and Services	928,950	928,950	(2) 804,021	124,929
Debt Service	401,200	401,200	(1) 392,778	8,422
Total Sewer Collections	<u>2,039,030</u>	<u>2,039,030</u>	<u>1,880,287</u>	<u>158,743</u>
Sewer Secondary				
Personal Services	193,440	193,440	182,183	11,257
Materials and Services	355,330	393,330	417,344	(24,014)
Total Sewer Secondary	<u>548,770</u>	<u>586,770</u>	(1) 599,527	(12,757)
Sewer Primary				
Personal Services	149,160	149,160	141,861	7,299
Materials and Services	231,340	231,340	197,396	33,944
Total Sewer Primary	<u>380,500</u>	<u>380,500</u>	(1) 339,257	41,243
Pumps				
Personal Services	127,610	127,610	120,783	6,827
Materials and Services	69,090	69,090	57,155	11,935
Total Pumps	<u>196,700</u>	<u>196,700</u>	(1) 177,938	18,762
Storm Water				
Personal Services	312,470	312,470	308,555	3,915
Materials and Services	440,410	440,410	383,761	56,649
Total Storm Water	<u>752,880</u>	<u>752,880</u>	(1) 692,316	60,564
Contingency				
	701,200	663,200	(1) -	663,200
Total Expenditures	<u>4,619,080</u>	<u>4,619,080</u>	<u>3,689,325</u>	<u>929,755</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	<u>93,920</u>	<u>93,920</u>	<u>1,398,648</u>	<u>1,304,728</u>
OTHER FINANCING SOURCES, (USES)				
Debt Proceeds	500	500	-	(500)
Transfers Out - Collections	(395,500)	(395,500)	(2) (395,500)	-
Total Other Financing Sources, (Uses)	<u>(395,000)</u>	<u>(395,000)</u>	<u>(395,500)</u>	<u>(500)</u>
Net Change in Fund Balance	(301,080)	(301,080)	1,003,148	1,304,228
Beginning Fund Balance	<u>2,539,996</u>	<u>2,539,996</u>	<u>2,775,220</u>	<u>235,224</u>
Ending Fund Balance	<u>\$ 2,238,916</u>	<u>\$ 2,238,916</u>	<u>\$ 3,778,368</u>	<u>\$ 1,539,452</u>
Reconciling Items:				
Net Capital Assets			18,347,896	
Deferred Outflows - Pension			246,461	
Deferred Inflows - Pension			(213,608)	
Proportionate Share of the Net Pension Liability			(918,007)	
Deferred Revenue			390,454	
Accrued Interest			(266,212)	
Long-Term Debt			(7,967,513)	
Compensated Absences			(118,642)	
Net Position			<u>\$ 13,279,197</u>	

(1) Appropriation Level
(2) Combined appropriation of \$2,033,330

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

June 30, 2016

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
ASSETS				
Current:				
Cash and Investments	\$ 40,526	\$ 176,807	\$ 46,835	\$ 264,168
Inventories	<u>9,662</u>	<u>-</u>	<u>-</u>	<u>9,662</u>
Total Current Assets	<u>50,188</u>	<u>176,807</u>	<u>46,835</u>	<u>273,830</u>
Capital Assets, (Net)	<u>58,223</u>	<u>-</u>	<u>-</u>	<u>58,223</u>
Total Assets	<u><u>\$ 108,411</u></u>	<u><u>\$ 176,807</u></u>	<u><u>\$ 46,835</u></u>	<u><u>\$ 332,053</u></u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts Payable and Accrued Liabilities	<u>\$ 13,611</u>	<u>\$ 23,201</u>	<u>\$ 9,086</u>	<u>\$ 45,898</u>
Total Liabilities	<u>13,611</u>	<u>23,201</u>	<u>9,086</u>	<u>45,898</u>
Net Position:				
Net Investment in Capital Assets	58,223	-	-	58,223
Unrestricted	<u>36,577</u>	<u>153,606</u>	<u>37,749</u>	<u>227,932</u>
Total Net Position	<u>94,800</u>	<u>153,606</u>	<u>37,749</u>	<u>286,155</u>
Total Liabilities and Net Position	<u><u>\$ 108,411</u></u>	<u><u>\$ 176,807</u></u>	<u><u>\$ 46,835</u></u>	<u><u>\$ 332,053</u></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, 2016

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
OPERATING REVENUES				
Internal Charges	\$ 278,000	\$ 1,318,164	\$ 237,873	\$ 1,834,037
Charges for Services	-	-	659	659
Total Revenues	<u>278,000</u>	<u>1,318,164</u>	<u>238,532</u>	<u>1,834,696</u>
OPERATING EXPENDITURES				
Personal Services	202,407	954,153	27,061	1,183,621
Materials and Services	77,974	356,360	207,153	641,487
Capital Outlay	-	19,089	6,569	25,658
Depreciation	8,127	-	-	8,127
Total Expenditures	<u>288,508</u>	<u>1,329,602</u>	<u>240,783</u>	<u>1,858,893</u>
Operating Income, (Loss)	(10,508)	(11,438)	(2,251)	(24,197)
NONOPERATING REVENUES, (EXPENDITURES)				
Miscellaneous	-	31,093	-	31,093
Income Before Transfers	<u>(10,508)</u>	<u>19,655</u>	<u>(2,251)</u>	<u>6,896</u>
TRANSFERS				
Transfers	-	-	40,000	40,000
Change in Net Position	(10,508)	19,655	37,749	46,896
Beginning Net Position	<u>105,308</u>	<u>133,951</u>	<u>-</u>	<u>239,259</u>
Ending Net Position	<u>\$ 94,800</u>	<u>\$ 153,606</u>	<u>\$ 37,749</u>	<u>\$ 286,155</u>

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2016

	FLEET MAINTENANCE	ADMINISTRATIVE SERVICES	PUBLIC WORKS	TOTAL
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 278,000	\$ 1,318,164	\$ 238,532	\$ 1,834,696
Cash Paid to Suppliers	(68,657)	(373,132)	(213,128)	(654,917)
Cash Paid to Employees	(202,407)	(954,153)	(27,061)	(1,183,621)
Net Cash Provided -Used by Operating Activities	<u>6,936</u>	<u>(9,121)</u>	<u>(1,657)</u>	<u>(3,842)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers	-	-	40,000	40,000
Miscellaneous Revenues/Expenditures	-	31,093	-	31,093
Net Cash Provided -Used by Noncapital Financing Activities	<u>-</u>	<u>31,093</u>	<u>40,000</u>	<u>71,093</u>
Net Increase -Decrease in Cash and Cash Equivalents	6,936	21,972	38,343	67,251
Cash and Investments at Beginning of Year	<u>33,590</u>	<u>154,835</u>	<u>8,492</u>	<u>196,917</u>
Cash and Investments at End of Year	<u><u>\$ 40,526</u></u>	<u><u>\$ 176,807</u></u>	<u><u>\$ 46,835</u></u>	<u><u>\$ 264,168</u></u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income, -Loss	\$ (10,508)	\$ (11,438)	\$ (2,251)	\$ (24,197)
Noncash Items Included in Income:				
Depreciation	8,127	-	-	8,127
Decrease -Increase in Inventory	(218)	-	-	(218)
Increase -Decrease in Accounts Payable and Accrued Liabilities	9,535	2,317	594	12,446
Net Cash Provided -Used by Operating Activities	<u><u>\$ 6,936</u></u>	<u><u>\$ (9,121)</u></u>	<u><u>\$ (1,657)</u></u>	<u><u>\$ (3,842)</u></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, 2016**

<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	\$ 278,000	\$ 278,000	\$ 278,000	\$ -
Total Revenue	<u>278,000</u>	<u>278,000</u>	<u>278,000</u>	<u>-</u>
EXPENDITURES				
Fleet Maintenance				
Personal Services	202,770	202,770	202,407	363
Materials and Services	82,580	82,580	78,192	4,388
Total Fleet Maintenance	<u>285,350</u>	<u>285,350</u>	(1) <u>280,599</u>	<u>4,751</u>
Contingency	9,400	9,400	(1) -	9,400
Total Expenditures	<u>294,750</u>	<u>294,750</u>	<u>280,599</u>	<u>14,151</u>
Net Change in Fund Balance	(16,750)	(16,750)	(2,599)	14,151
Beginning Fund Balance	<u>16,753</u>	<u>16,753</u>	<u>29,514</u>	<u>12,761</u>
Ending Fund Balance	<u>\$ 3</u>	<u>\$ 3</u>	26,915	<u>\$ 26,912</u>
Reconciling Items:				
Net Capital Assets			58,223	
Inventory			<u>9,662</u>	
Net Position			<u>\$ 94,800</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, 2016**

<u>ADMINISTRATIVE SERVICES FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Indirect Cost Allocation	\$ 1,351,220	\$ 1,351,220	\$ 1,318,164	\$ (33,056)
Miscellaneous	30,270	30,270	31,093	823
Total Charges for Interfund Services	<u>1,381,490</u>	<u>1,381,490</u>	<u>1,349,257</u>	<u>(32,233)</u>
EXPENDITURES				
City Administrator				
Personal Services	222,850	222,850	216,702	6,148
Materials and Services	56,390	56,390	51,025	5,365
Capital Outlay	5,000	5,000	2,656	2,344
Total City Administrator	<u>284,240</u>	<u>284,240</u>	(1) <u>270,383</u>	<u>13,857</u>
City Recorder				
Personal Services	227,910	227,910	227,716	194
Materials and Services	48,140	48,140	50,723	(2,583)
Capital Outlay	4,000	4,000	3,380	620
Total City Recorder	<u>280,050</u>	<u>280,050</u>	(1) <u>281,819</u>	<u>(1,769)</u>
Finance				
Personal Services	518,760	518,760	509,735	9,025
Materials and Services	169,700	165,700	159,481	6,219
Capital Outlay	2,500	2,500	3,239	(739)
Total Finance	<u>690,960</u>	<u>686,960</u>	(1) <u>672,455</u>	<u>14,505</u>
City Hall Facilities				
Materials and Services	95,970	99,970	95,131	4,839
Total City Hall Facilities	<u>95,970</u>	<u>99,970</u>	(1) <u>95,131</u>	<u>4,839</u>
IT/Self-Insurance				
Materials and Services	25,000	25,000	-	25,000
Capital Outlay	96,500	96,500	9,814	86,686
Total IT/Self-Insurance	<u>121,500</u>	<u>121,500</u>	(1) <u>9,814</u>	<u>111,686</u>
Contingency				
Total Expenditures	<u>1,515,180</u>	<u>1,515,180</u>	<u>1,329,602</u>	<u>185,578</u>
Net Change in Fund Balance	(133,690)	(133,690)	19,655	153,345
Beginning Fund Balance	<u>133,691</u>	<u>133,691</u>	<u>133,951</u>	<u>260</u>
Ending Fund Balance	<u>\$ 1</u>	<u>\$ 1</u>	<u>\$ 153,606</u>	<u>\$ 153,605</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, 2016**

<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	\$ 274,690	\$ 274,690	\$ 237,873	\$ (36,817)
Charges for Services	7,000	7,000	659	(6,341)
Total Revenues	<u>281,690</u>	<u>281,690</u>	<u>238,532</u>	<u>(43,158)</u>
EXPENDITURES				
Engineering				
Personal Services	27,460	29,460	26,632	2,828
Materials and Services	21,650	19,650	19,395	255
Capital Outlay	6,500	6,500	6,569	(69)
Total Engineering	<u>55,610</u>	<u>55,610</u>	(1) <u>52,596</u>	<u>3,014</u>
Operations				
Personal Services	-	-	429	(429)
Materials and Services	226,080	226,080	187,758	38,322
Total Operations	<u>226,080</u>	<u>226,080</u>	(1) <u>188,187</u>	<u>37,893</u>
Contingency	40,000	40,000	(1) -	40,000
Total Expenditures	<u>321,690</u>	<u>321,690</u>	<u>240,783</u>	<u>80,907</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(40,000)	(40,000)	(2,251)	37,749
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>40,000</u>	<u>-</u>
Net Change in Fund Balance	-	-	37,749	37,749
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,749</u>	<u>\$ 37,749</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, 2016**

TAX YEAR	IMPOSED LEVY OR UNCOL- LECTED AT 7-1-15	DEDUCT DISCOUNTS	ADJUST- MENTS TO ROLLS	INTEREST	CASH COLLEC- TIONS BY COUNTY TREAS- URER	BALANCE UNCOL- LECTED OR UNSEG- REGATED AT 6-30-16
CURRENT:						
2015-2016	\$ 1,661,251	\$ 43,441	\$ (7,165)	\$ 726	\$ 1,557,795	\$ 53,576
PRIOR YEARS:						
2014-2015	54,621	(1)	(5)	1,645	28,212	28,050
2013-2014	28,039	-	(108)	2,099	16,493	13,537
2012-2013	18,944	-	(227)	2,868	15,379	6,206
2011-2012	3,949	-	3,120	1,385	6,326	2,128
Prior	8,078	-	(288)	951	2,963	5,778
Total Prior	113,631	(1)	2,492	8,948	69,373	55,699
Total	\$ 1,774,882	\$ 43,440	\$ (4,673)	\$ 9,674	\$ 1,627,168	\$ 109,275

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS



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February 27, 2017

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, 2016, and have issued our report thereon dated February 27, 2017. 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, except for the following:

1. We noted five instances where actual expenditures exceeded appropriations as noted on page 16.

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.