

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2017



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

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

2016-2017

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

MAYOR AND CITY COUNCIL MEMBERS AS OF JUNE 30, 2017

<u>NAME</u>	<u>TERM EXPIRES</u>
Rick Scholl – Mayor	December 31, 2018
Douglas Morten	December 31, 2018
Keith Locke	December 31, 2020
Susan Conn	December 31, 2018
Ginny Carlson	December 31, 2020

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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CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

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**FINANCIAL
SECTION**



PAULY, ROGERS, AND CO., P.C.
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www.paulyrogersandcocpas.com

January 24, 2018

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, 2017, 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, 2017, 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. 77, *Tax Abatements*, for the year ended June 30, 2017. 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 January 24, 2018, on our consideration of compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.



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, 2017

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, 2017. We encourage readers to consider the information presented here in conjunction with the basic financial statements (which immediately follow this discussion).

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$48.51 million.
- The City's Total Assets increased from previous year however liabilities increased by \$3.6 Million, which is due mainly to an increase in Long-Term liabilities in the Enterprise Funds.
- Total net position increased during the year by \$488 thousand.
- The General Fund's financial position increased over last fiscal year. On June 30, 2017, the ending fund balance is \$1.84 million, an increase of \$86 thousand from the previous year. The increase is due to a result of more controlled spending and an improved economy for revenues to start to rebound from the recession times.

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	
	2017	2016	2017	2016	2017	2016
ASSETS						
Current and other assets	\$ 10.76	\$ 11.39	\$ 6.09	\$ 7.10	\$ 16.85	\$ 18.49
Net pension asset	-	-	-	-	-	-
Interfund loan	(0.35)	(0.35)	0.35	0.35	-	-
Capital assets, net	23.62	22.47	33.81	33.30	57.43	55.77
Total Assets	34.03	33.51	40.25	40.75	74.28	74.26
DEFERRED OUTFLOWS						
Pension Items	2.79	0.58	1.89	0.41	4.68	0.99
LIABILITIES						
Current Liabilities	0.67	1.02	1.15	1.50	1.82	2.52
Long-term obligations	9.06	5.73	14.88	13.92	23.94	19.65
Total Liabilities	9.73	6.75	16.03	15.42	25.76	22.17
DEFERRED INFLOWS						
Pension Items	0.29	0.51	0.20	0.35	0.49	0.86
NET POSITION						
Invested in capital assets, net of related debt	19.31	18.68	21.41	20.16	40.72	38.84
Restricted	7.13	7.48	0.80	0.80	7.93	8.28
Unrestricted	0.35	0.67	3.70	4.43	4.05	5.10
TOTAL NET POSITION	\$ 26.79	\$ 26.83	\$ 25.91	\$ 25.39	\$ 52.70	\$ 52.22

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 \$52.71 million at June 30, 2017.

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.

	Statement of Activities					
	(In \$ millions)					
	Governmental Activities		Business-Type Activities		Totals	
	2017	2016	2017	2016	2017	2016
Program revenues						
Charges for services	\$ 1.09	\$ 0.60	\$ 8.28	\$ 8.24	\$ 9.37	\$ 8.84
Operating grants and contributions	0.91	1.18	-	-	0.91	1.18
Capital grants and contributions	0.28	0.37	-	-	0.28	0.37
General Revenues						
Property taxes	1.68	1.62	-	-	1.68	1.62
Franchise taxes	1.63	1.46	-	-	1.63	1.46
Transient room taxes	0.14	0.13	-	-	0.14	0.13
Other grants and contributions	0.83	0.37	-	-	0.83	0.37
Investment earnings	0.08	0.03	0.07	0.06	0.15	0.09
Miscellaneous	0.11	0.33	0.05	0.05	0.16	0.38
Capital contributions	(2.05)	(0.72)	2.05	0.72	-	-
Transfers	2.08	0.75	(2.08)	(0.75)	-	-
Total Revenues	\$ 6.78	\$ 6.12	\$ 8.37	\$ 8.32	\$ 15.15	\$ 14.44
Program expenses						
General government	0.70	0.63	-	-	0.70	0.63
Public safety	3.44	3.88	-	-	3.44	3.88
Highways and streets	1.80	1.00	-	-	1.80	1.00
Culture and recreation	0.86	1.90	-	-	0.86	1.90
Interest on long-term obligations	0.04	0.05	-	-	0.04	0.05
Water	-	-	3.29	3.51	3.29	3.51
Sewer	-	-	4.56	4.83	4.56	4.83
Total program expenses	\$ 6.84	\$ 7.46	\$ 7.85	\$ 8.34	\$ 14.69	\$ 15.80
Change in net assets	(0.03)	(1.34)	0.53	(0.02)	0.50	(1.36)
Net position - beginning of year	26.83	28.17	25.38	25.41	52.21	53.58
Net position - end of year	\$ 26.80	\$ 26.83	\$ 25.91	\$ 25.39	\$ 52.71	\$ 52.22

For FY 2016-17, the City an increase in program and general revenues, consisting mainly from Charges for Services, Property Tax, and Franchise Tax. Program expenses came under last fiscal year to accumulate a Net Position for the end of the year increase of \$0.49 (in \$ Millions).

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 \$10.3 million. Approximately \$1.8 million or 17% 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 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 \$3.37 million.

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 1617, staffing levels raise from 72.93 to 74.45 (an increase of 1.52 FTE).

- Administration increased from 15.3 up to 16.30 FTE (+1.00 FTE)
- Library increased from 5.30 up to 5.50 FTE (+0.20 FTE)
- Police decreased from 17.08 down to 17.00 FTE (-0.08 FTE)
- Public Works increased from 30.25 up to 30.65 FTE (+0.40 FTE)

Capital Asset and Debt Administration

Capital Assets: Investment in capital assets by the governmental and business-type activities as of June 30, 2017 was \$57.43 million net of accumulated depreciation, which is an increase of \$1.67 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:
 - Land Block 104, Lot 1 & 22; 391 South 12th - \$161,702
 - Phone System - \$74,532
 - City Hall Vehicle - \$21,950
 - Police Vehicles - \$126,858
 - Police Vehicles Surplus/Trade – (\$137,006)
 - Park Upgrades - \$118,304
- Business-type activities
 - Street Improvements - \$442,624
 - Sewer Improvements - \$331,871
 - Water Improvements - \$762,682
 - Waste Water Treatment Plant Improvements - \$18,728
 - Storm Drain Improvements - \$2,896,642

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

Long-term Liabilities: The City's long-term liabilities consist of long-term debt and the proportionate share of the state-wide net pension liability.

At the end of the current fiscal year, the City saw a decrease in current liabilities of \$698 thousand but an increase in long-term liabilities of \$4.3 million. The increase in long-term liabilities resulted from the combination of a \$462 thousand decrease in long-term debt and a \$4.8 Million increase in the City's portion of the state-wide pension liability.

Additional information on the City's pension liability and 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, 2017**

ASSETS	GOVERNMENTAL	BUSINESS TYPE	TOTAL
Current Assets:			
Cash and Investments	\$ 10,235,015	\$ 4,135,639	\$ 14,370,654
Receivables	529,781	1,778,887	2,308,668
Prepaid Items	12,347	-	12,347
Internal Balances	(63,271)	63,271	-
Supply Inventory	47,545	118,669	166,214
Total Current Assets	<u>10,761,417</u>	<u>6,096,466</u>	<u>16,857,883</u>
Interfund Loan	(350,000)	350,000	-
Capital Assets, net	<u>23,619,405</u>	<u>33,810,901</u>	<u>57,430,306</u>
Total Assets	<u>34,030,822</u>	<u>40,257,367</u>	<u>74,288,189</u>
DEFERRED OUTFLOWS			
Pension Items	<u>2,794,343</u>	<u>1,895,137</u>	<u>4,689,480</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	112,598	1,624	114,222
Accrued Interest Payable	13,430	55,904	69,334
Deposits Payable	30,964	2,012	32,976
Current Portion of Long-Term Debt	510,093	1,094,005	1,604,098
Total Current Liabilities	<u>667,085</u>	<u>1,153,545</u>	<u>1,820,630</u>
Long-Term Liabilities			
Proportionate Share of the Net Pension Liability	5,040,899	3,418,762	8,459,661
Long-Term Debt, Net of Current Portion	<u>4,023,744</u>	<u>11,466,635</u>	<u>15,490,379</u>
Total Long-Term Liabilities	<u>9,064,643</u>	<u>14,885,397</u>	<u>23,950,040</u>
Total Liabilities	<u>9,731,728</u>	<u>16,038,942</u>	<u>25,770,670</u>
DEFERRED INFLOWS			
Pension Items	<u>297,097</u>	<u>201,492</u>	<u>498,589</u>
NET POSITION			
Net Investment in Capital Assets	19,314,577	21,416,096	40,730,673
Restricted For:			
Capital Projects	6,377,765	-	6,377,765
Tourism	94,141	-	94,141
Highways and Streets	659,659	-	659,659
Rate Stabilization	-	450,000	450,000
Debt Service	-	345,523	345,523
Unrestricted	<u>350,198</u>	<u>3,700,451</u>	<u>4,050,649</u>
Total Net Position	<u>\$ 26,796,340</u>	<u>\$ 25,912,070</u>	<u>\$ 52,708,410</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, 2017**

Functions/Programs	Expenses	Program Revenues		
		Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 703,758	\$ 263,547	\$ 13,000	\$ -
Public Safety	3,435,459	260,656	7,967	10,500
Culture and Recreation	1,795,962	469,819	106,920	207,457
Highways and Streets	865,930	99,794	785,419	70,918
Interest on Long Term Debt	46,949	-	-	-
Total Governmental Activities	6,848,058	1,093,816	913,306	288,875
Business-Type Activities				
Water	3,291,769	3,385,872	-	-
Sewer	4,558,986	4,896,096	-	-
Total Business Activities	7,850,755	8,281,968	-	-
Total Primary Government	\$ 14,698,813	\$ 9,375,784	\$ 913,306	\$ 288,875

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
\$ (427,211)	\$ -	\$ (427,211)
(3,156,336)	-	(3,156,336)
(1,011,766)	-	(1,011,766)
90,201	-	90,201
(46,949)	-	(46,949)
(4,552,061)	-	(4,552,061)
-	94,103	94,103
-	337,110	337,110
-	431,213	431,213
(4,552,061)	431,213	(4,120,848)
1,680,115	-	1,680,115
1,630,539	-	1,630,539
139,181	-	139,181
835,136	-	835,136
87,700	74,834	162,534
110,566	51,443	162,009
(2,055,507)	2,055,507	-
2,086,320	(2,086,320)	-
4,514,050	95,464	4,609,514
(38,011)	526,677	488,666
26,834,351	25,385,393	52,219,744
\$ 26,796,340	\$ 25,912,070	\$ 52,708,410

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2017**

	GENERAL	STREET FUND	COMMUNITY ENHANCEMENT FUND	CAPITAL IMPROVEMENT FUND
ASSETS				
Cash and Investments	\$ 1,766,685	\$ 661,065	\$ 1,259,547	\$ 6,293,271
Accounts Receivable	310,282	(1,406)	-	14,287
Property Taxes Receivable	112,292	-	-	-
Inventories	-	47,545	-	-
Prepays	7,847	-	-	-
Total Assets	<u>\$ 2,197,106</u>	<u>\$ 707,204</u>	<u>\$ 1,259,547</u>	<u>\$ 6,307,558</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 47,586	\$ -	\$ -	\$ -
Deposits Payable	30,964	-	-	-
Total Liabilities	<u>78,550</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred Inflows:				
Unavailable Revenue	274,413	-	-	15,139
Fund Balances:				
Nonspendable:				
Inventory	-	47,545	-	-
Prepays	7,847	-	-	-
Restricted For:				
Capital Projects	-	-	85,346	6,292,419
Tourism	-	-	-	-
Highways and Streets	-	654,363	-	-
Bicycle and Pedestrian	-	5,296	-	-
Committed For:				
Arts Commission	-	-	32,647	-
Parks Capital	-	-	52,686	-
Library	-	-	2,300	-
Library Equipment	-	-	1,595	-
Library Facilities	-	-	143,375	-
Library Grant	-	-	4,328	-
Economic Development	-	-	904,671	-
Police	-	-	32,599	-
Unassigned	1,836,296	-	-	-
Total Fund Balances	<u>1,844,143</u>	<u>707,204</u>	<u>1,259,547</u>	<u>6,292,419</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,197,106</u>	<u>\$ 707,204</u>	<u>\$ 1,259,547</u>	<u>\$ 6,307,558</u>

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

OTHER GOVERNMENTAL FUNDS		TOTAL
\$ 254,447	\$ 10,235,015	
94,326	417,489	
-	112,292	
-	47,545	
4,500	12,347	
<u>\$ 353,273</u>	<u>\$ 10,824,688</u>	

\$ 65,012	\$ 112,598
-	30,964
<u>65,012</u>	<u>143,562</u>

<u>80,932</u>	<u>370,484</u>
---------------	----------------

-	47,545
4,500	12,347
-	6,377,765
94,141	94,141
-	654,363
-	5,296
-	32,647
-	52,686
-	2,300
-	1,595
-	143,375
-	4,328
108,688	1,013,359
-	32,599
-	1,836,296
<u>207,329</u>	<u>10,310,642</u>
<u>\$ 353,273</u>	<u>\$ 10,824,688</u>

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

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

June 30, 2017

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

Fund Balances		\$ 10,310,642
<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		23,619,405
<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		229,009
<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>		
		(4,762,846)
<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>		
		(13,430)
<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	\$ (5,040,899)	
Deferred Outflows - Pensions	2,794,343	
Deferred Inflows - Pensions	<u>(297,097)</u>	(2,543,653)
<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>		
		<u>370,484</u>
Total Net Position		<u>\$ 26,796,340</u>

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

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2017**

	GENERAL	STREET FUND	COMMUNITY ENHANCEMENT FUND	CAPITAL IMPROVEMENT FUND
REVENUES				
Property Taxes	\$ 1,677,098	\$ -	\$ -	\$ -
Transient Room Taxes	-	-	-	-
Franchise Fees	1,630,539	-	-	-
Licenses and Permits	366,784	-	-	-
Intergovernmental Revenues	444,971	856,337	52,895	94,351
Fines and Forfeitures	308,534	-	-	-
Systems Development Charges	-	-	-	432,980
Interest	66,500	20,000	1,200	-
Miscellaneous	203,181	9,666	4,546	-
Total Revenues	4,697,607	886,003	58,641	527,331
EXPENDITURES				
Current:				
General Government	642,481	-	-	-
Public Safety	2,935,808	-	-	-
Culture and Recreation	951,336	-	72,433	-
Highways and Streets	-	767,752	-	-
Debt Service	-	-	-	-
Capital Outlay	-	14,002	23,044	3,314,517
Total Expenditures	4,529,625	781,754	95,477	3,314,517
Excess, (Deficit) of Revenues Over, (Under) Expenditures	167,982	104,249	(36,836)	(2,787,186)
Other Financing Sources, -Uses				
Loan Proceeds	-	-	-	747,631
Transfers In	22,070	-	38,405	2,017,200
Transfers Out	(103,800)	(54,970)	(157,560)	(200,000)
Total Other Financing Sources, (Uses)	(81,730)	(54,970)	(119,155)	2,564,831
Net Change in Fund Balance	86,252	49,279	(155,991)	(222,355)
Beginning Fund Balance	1,757,891	657,925	1,415,538	6,514,774
Ending Fund Balance	<u>\$ 1,844,143</u>	<u>\$ 707,204</u>	<u>\$ 1,259,547</u>	<u>\$ 6,292,419</u>

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

OTHER GOVERNMENTAL FUNDS		TOTAL
\$ -	\$ 1,677,098	
139,181	139,181	
-	1,630,539	
-	366,784	
115,744	1,564,298	
-	308,534	
-	432,980	
-	87,700	
458,537	675,930	
<u>713,462</u>	<u>6,883,044</u>	
-	642,481	
-	2,935,808	
572,981	1,596,750	
-	767,752	
274,749	274,749	
393,312	3,744,875	
<u>1,241,042</u>	<u>9,962,415</u>	
(527,580)	(3,079,371)	
-	747,631	
549,850	2,627,525	
(24,875)	(541,205)	
<u>524,975</u>	<u>2,833,951</u>	
(2,605)	(245,420)	
<u>209,934</u>	<u>10,556,062</u>	
<u>\$ 207,329</u>	<u>\$ 10,310,642</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, 2017**

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 \$ (245,420)

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:

Capitalized Expenditures	\$	3,735,370	
Loss on Disposal of Capital Assets		(32,036)	
Capital Contributions		(2,074,178)	
Depreciation Expense		(480,533)	
		(480,533)	1,148,623

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	\$	(747,631)	
Capital Contributions		-	(747,631)
		-	(747,631)

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.

234,949

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

(7,149)

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

25,855

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.

(749)

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

(446,489)

Change in Net Position

\$ (38,011)

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, 2017**

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
ASSETS				
Current Assets				
Cash and Investments	\$ 1,377,132	\$ 2,507,406	\$ 3,884,538	\$ 251,101
Accounts Receivable	675,237	1,103,650	1,778,887	-
Inventory	99,143	9,952	109,095	9,574
Total Current Assets	<u>2,151,512</u>	<u>3,621,008</u>	<u>5,772,520</u>	<u>260,675</u>
Noncurrent Assets				
Interfund Loan	350,000	-	350,000	-
Capital Assets, net	14,828,201	18,932,604	33,760,805	50,096
Total Noncurrent Assets	<u>15,178,201</u>	<u>18,932,604</u>	<u>34,110,805</u>	<u>50,096</u>
Total Assets	<u>17,329,713</u>	<u>22,553,612</u>	<u>39,883,325</u>	<u>310,771</u>
DEFERRED OUTFLOWS				
Pension Items	762,139	1,132,998	1,895,137	-
LIABILITIES				
Current Liabilities				
Accounts Payable and Accrued Liabilities	1,563	61	1,624	-
Accrued Interest Payable	9,363	46,541	55,904	-
Deposits Payable	2,012	-	2,012	-
Compensated Absences Payable	59,227	106,608	165,835	-
Current Portion of Long-Term Liabilities	392,000	536,170	928,170	-
Total Current Liabilities	<u>464,165</u>	<u>689,380</u>	<u>1,153,545</u>	<u>-</u>
Long-term Liabilities				
Proportionate Share of the Net Pension Liability	1,374,872	2,043,890	3,418,762	-
Loans Payable, Net of Current Portion	4,389,000	7,077,635	11,466,635	-
Total Long-term Liabilities	<u>5,763,872</u>	<u>9,121,525</u>	<u>14,885,397</u>	<u>-</u>
Total Liabilities	<u>6,228,037</u>	<u>9,810,905</u>	<u>16,038,942</u>	<u>-</u>
DEFERRED INFLOWS				
Pension Items	81,031	120,461	201,492	-
NET POSITION				
Net Investment in Capital Assets	10,047,201	11,318,799	21,366,000	50,096
Restricted for Rate Stabilization	150,000	300,000	450,000	-
Restricted for Debt Service	-	345,523	345,523	-
Unrestricted	1,585,583	1,790,922	3,376,505	260,675
Total Net Position	<u>\$ 11,782,784</u>	<u>\$ 13,755,244</u>	25,538,028	<u>\$ 310,771</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

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

310,771

63,271

NET POSITION OF BUSINESS-TYPE ACTIVITIES \$ 25,912,070

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, 2017

	ENTERPRISE FUNDS			INTERNAL SERVICE
	WATER	SEWER	TOTAL	
OPERATING REVENUES				
Utility Service Charges	\$ 3,385,872	\$ 4,896,096	\$ 8,281,968	\$ -
Other Service Charges	-	-	-	2,035
Internal Charges	-	-	-	1,990,580
Total Operating Revenues	3,385,872	4,896,096	8,281,968	1,992,615
OPERATING EXPENSES				
Personal Service	1,095,231	1,601,541	2,696,772	1,208,119
Materials and Services	1,248,558	2,048,002	3,296,560	772,753
Depreciation	833,555	716,791	1,550,346	8,127
Total Operating Expenses	3,177,344	4,366,334	7,543,678	1,988,999
Operating Income -Loss	208,528	529,762	738,290	3,616
NONOPERATING REVENUES, (EXPENSES)				
Transfers In	-	-	-	21,000
Transfers Out	(909,580)	(1,197,740)	(2,107,320)	-
Interest	34,834	40,000	74,834	-
Miscellaneous	35,786	15,657	51,443	-
Watershed Logging	-	-	-	-
Land Management	-	-	-	-
Capital Contributions	772,679	1,282,828	2,055,507	-
Bond & Loan Interest Expense	(116,233)	(194,460)	(310,693)	-
Total Nonoperating Revenues -Expenses	(182,514)	(53,715)	(236,229)	21,000
Change in Net Position	26,014	476,047	502,061	24,616
NET POSITION, Beginning of Year	11,756,770	13,279,197	25,035,967	286,155
NET POSITION, End of Year	\$ 11,782,784	\$ 13,755,244	\$ 25,538,028	\$ 310,771
Reconciliation to the Statement of Activities:				
Change in Net Position (from above)			502,061	
A portion of the net revenue (expense) of the internal service funds are allocated to the business-type activities			24,616	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES			\$ 526,677	

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, 2017

	<u>ENTERPRISE FUNDS</u>			<u>INTERNAL SERVICE</u>
	<u>WATER</u>	<u>SEWER</u>	<u>TOTAL</u>	
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 3,075,595	\$ 5,102,537	\$ 8,178,132	\$ 1,992,615
Cash Paid to Suppliers	(1,295,555)	(2,073,723)	(3,369,278)	(818,563)
Cash Paid to Employees	(990,411)	(1,467,376)	(2,457,787)	(1,208,119)
Net Cash Provided -Used by Operating Activities	<u>789,629</u>	<u>1,561,438</u>	<u>2,351,067</u>	<u>(34,067)</u>
Cash Flows from Noncapital Financing Activities:				
Miscellaneous Receipts	35,786	15,657	51,443	-
Transfers	(909,580)	(1,197,740)	(2,107,320)	21,000
Net Cash Provided -Used by Noncapital Financing Activities	<u>(873,794)</u>	<u>(1,182,083)</u>	<u>(2,055,877)</u>	<u>21,000</u>
Cash Flows from Capital and Related Financing Activities:				
Payment of Principal on Long Term Debt	(382,000)	(353,708)	(735,708)	-
Payment of Interest on Long Term Debt	(116,843)	(414,131)	(530,974)	-
Net Cash Provided -Used by Capital and Related Financing Activities	<u>(498,843)</u>	<u>(767,839)</u>	<u>(1,266,682)</u>	<u>-</u>
Cash Flows from Investing Activities:				
Waterhed Logging - net	-	-	-	-
Interest on Investments	33,000	40,000	73,000	-
Net Cash Provided -Used by Investing Activities	<u>33,000</u>	<u>40,000</u>	<u>73,000</u>	<u>-</u>
Net Increase -Decrease in Cash and Cash Equivalents	(550,008)	(348,484)	(898,492)	(13,067)
Cash and Investments at Beginning of Year	<u>1,927,140</u>	<u>2,855,890</u>	<u>4,783,030</u>	<u>264,168</u>
Cash and Investments at End of Year	<u>\$ 1,377,132</u>	<u>\$ 2,507,406</u>	<u>\$ 3,884,538</u>	<u>\$ 251,101</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income, -Loss	\$ 208,528	\$ 529,762	\$ 738,290	\$ 3,616
Noncash Items Included in Income:				
Depreciation	833,555	716,791	1,550,346	8,127
Pension Estimate	111,506	146,199	257,705	-
Decrease -Increase in Accounts Receivable	(115,366)	206,441	91,075	-
Decrease -Increase in Inventory	(11,973)	601	(11,372)	88
Increase -Decrease in Accounts Payable and Accrued Liabilities	(35,024)	(26,322)	(61,346)	(45,898)
Increase -Decrease in Accrued Vacation Payable	(6,686)	(12,034)	(18,720)	-
Increase -Decrease in Customer Deposits	(194,911)	-	(194,911)	-
Net Cash Provided -Used by Operating Activities	<u>\$ 789,629</u>	<u>\$ 1,561,438</u>	<u>\$ 2,351,067</u>	<u>\$ (34,067)</u>
<u>OTHER NON-CASH TRANSACTIONS</u>				
Capital contribution - assets purchased by other funds	\$ 772,679	\$ 1,301,499	\$ 2,074,178	\$ -
Capital contribution - note payments received by other funds	-	(18,671)	(18,671)	-

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, 2017, except for the following cases:

1. Library Improvement expenses in the Community Enhancement Fund were overspent by \$100.
2. Forestry Materials in the Economic Development Fund were overspent by \$1,907.
3. Visitor and Tourism Fund expenditures were overspent by \$30,380.

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.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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)

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)

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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	(654,366)
Investments	<u>15,023,061</u>
	<u><u>\$ 14,370,654</u></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, 2017. 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. As of June 30, 2017, the fair value of the position in the LGIP is 100.57% 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

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	\$ 12,035,596	N/A	Quoted Market Price, Level 1
Federal Bonds	A+, A3, A	1,988,768	12/14/2020	Quoted Market Price, Level 1
Wells Fargo Bonds	A+, A2, AA-	998,697	5/24/2019	Quoted Market Price, Level 1
Total		<u>\$ 15,023,061</u>		

Concentration of Credit/Deposit Risk

At year-end, the City's net carrying amount of deposits was (\$654,366) and the bank balance was \$572,084. Of these deposits, \$466,579 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, 2017 were as follows:

	Governmental Activities/Funds				Business-Type Activities/ Proprietary Funds		Totals
	General	Street	Capital Improvement	Other Governmental Funds	Water	Sewer	
Accounts	\$ -	\$ -	\$ -	\$ -	\$ 683,159	\$ 746,803	\$ 1,429,962
System Development Charges	-	-	14,287	-	-	65,373	79,660
Liens/LIDs	-	-	-	-	-	306,410	306,410
State Revenue Sharing	31,912	-	-	-	-	-	31,912
Grants	-	-	-	80,932	-	-	80,932
Property Taxes	112,292	-	-	-	-	-	112,292
Franchise Taxes	81,606	-	-	-	-	-	81,606
Cigarette Taxes	1,605	-	-	-	-	-	1,605
Alcohol Taxes	15,530	-	-	-	-	-	15,530
Motel/Hotel Taxes	-	-	-	13,394	-	-	13,394
Cash Held - County Treasurer	19,276	-	-	-	-	-	19,276
Interest	-	-	-	-	6,464	-	6,464
Other	(1,769)	(1,406)	-	-	(723)	-	(3,898)
Fines	3,242,436	-	-	-	-	-	3,242,436
Allowance for Doubtful Accounts	(3,080,314)	-	-	-	(13,663)	(14,936)	(3,108,913)
Total	\$ 422,574	\$ (1,406)	\$ 14,287	\$ 94,326	\$ 675,237	\$ 1,103,650	\$ 2,308,668

**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, 2017 are as follows:

	June 30, <u>2016</u>	Additions	Retirements	June 30, <u>2017</u>
Capital Assets Not Being Depreciated:				
Land	\$ 6,247,055	\$ 161,703	\$ -	\$ 6,408,758
Right-Of-Way	5,259,111	-	-	5,259,111
Library Collection	1,475,350	-	(32,036)	1,443,314
Construction in Progress	<u>991,332</u>	<u>416,366</u>	<u>(28,646)</u>	<u>1,379,052</u>
Total	<u>13,972,848</u>	<u>578,069</u>	<u>(60,682)</u>	<u>14,490,235</u>
Depreciable Assets:				
Buildings and Improvements	6,133,629	100,906	-	6,234,535
Equipment	2,047,176	995,223	(177,006)	2,865,393
Infrastructure	<u>6,397,233</u>	<u>15,640</u>	<u>-</u>	<u>6,412,873</u>
Total	<u>14,578,038</u>	<u>1,111,769</u>	<u>(177,006)</u>	<u>15,512,801</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,653,443)	(122,870)	-	(2,776,313)
Equipment	(1,453,552)	(165,250)	177,006	(1,441,796)
Infrastructure	<u>(1,973,109)</u>	<u>(192,413)</u>	<u>-</u>	<u>(2,165,522)</u>
Total	<u>(6,080,104)</u>	<u>(480,533)</u>	<u>177,006</u>	<u>(6,383,631)</u>
Total Capital Assets Being Depreciated (Net)	<u>8,497,934</u>	<u>631,236</u>	<u>-</u>	<u>9,129,170</u>
Total Capital Assets, Governmental Activities (Net)	<u>\$ 22,470,782</u>			<u>\$ 23,619,405</u>

Governmental depreciation was allocated to the functions as follows:

General Government	\$ 51,951
Public Safety	237,389
Culture and Recreation	129,113
Highways and Streets	<u>62,080</u>
Total Governmental Activities	<u>\$ 480,533</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, 2017 are as follows:

	June 30, 2016	Additions	Retirements	June 30, 2017
Capital Assets Not Being Depreciated:				
Land	\$ 1,006,535	\$ -	\$ -	\$ 1,006,535
Construction In Progress	1,945,744	-	(1,945,744)	-
Total	<u>2,952,278</u>	-	<u>(1,945,744)</u>	<u>1,006,535</u>
Depreciable Assets:				
Buildings and Improvements	29,299,682	188,999	-	29,488,681
Equipment	8,304,873	205,696	-	8,510,569
Infrastructure	16,693,144	3,625,227	-	20,318,371
Total	<u>54,297,699</u>	<u>4,019,922</u>	-	<u>58,317,621</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(10,921,276)	(924,508)	-	(11,845,784)
Equipment	(4,428,851)	(278,843)	-	(4,707,694)
Infrastructure	(8,604,655)	(355,122)	-	(8,959,777)
Total	<u>(23,954,782)</u>	<u>(1,558,473)</u>	-	<u>(25,513,255)</u>
Total Capital Assets Being Depreciated (Net)	<u>30,342,917</u>	<u>2,461,449</u>	-	<u>32,804,366</u>
Total Net Capital Assets				
Business-Type Activities	<u>\$ 33,295,195</u>			<u>\$ 33,810,901</u>

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

Water	\$ 833,555
Sewer	716,791
Internal Service Fund	<u>8,127</u>
Total Business-Type Activities	<u>\$ 1,558,473</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM - PERS

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

<http://www.oregon.gov/pers/Pages/Financials/Actuarial-Financial-Information.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.
- 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – PERS (continued)

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, 2014 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, 2017 were \$776,489, excluding amounts to fund employer specific liabilities. In addition approximately \$253,946 in employee contributions were paid or picked up by the City in fiscal 2017. At June 30, 2017, the City reported a net pension liability of \$8,459,661 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2014, 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, 2014, the City’s proportion was .06 percent.

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 279,883	\$ -
Changes in assumptions	1,804,242	-
Net difference between projected and actual earnings on pension plan investments	1,671,274	-
Net changes in proportionate share and differences between City contributions and proportionate share of contributions	157,592	455,157
	-	43,432
Subtotal - Amortized Deferrals (below)	3,912,991	498,589
City contributions subsequent to measuring date	776,489	-
Deferred outflow (inflow) of resources	<u>\$ 4,689,480</u>	<u>\$ 498,589</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – PERS (continued)

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
2016	\$ 595,881
2017	595,881
2018	1,208,635
2019	898,752
2020	115,252
Thereafter	-
Total	\$ 3,414,401

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated December 1, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

<http://www.oregon.gov/pers/EMP/Documents/GASB/2016/Oregon-PERS-GASB-68-Report.pdf>

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.

Actuarial Methods and Assumptions:

Valuation date	December 31, 2014 rolled forward to June 30, 2016 measurement date
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	2.5 percent (reduced from 2.75 percent)
Investment rate of return	7.5 percent (reduced from 7.75 percent)
Projected salary increase	3.5 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 (reduced from 3.5 percent)

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – PERS (continued)

Cost of Living Adjustment	Blend of 2.0 percent COLA and graded COLA (1.25/0.15 percent) in accordance with <i>Moro</i> decision, blend based on service
Mortality	Healthy retirees and beneficiaries: RP-2000 Sex-distinct, generational per Scale BB, with collar adjustments and set-backs as described in the valuation. Active members: Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. Disabled retirees: Mortality rates are a percentage (70% for males and 95% for females) of the RP-2000 sex-distinct, generational per scale BB, disabled mortality table.

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

Assumed Asset Allocation:

Asset Class/Strategy	Low Range	High Range	OIC Target
Cash	0.0%	3.0%	0.0%
Debt Securities	15.0%	25.0%	20.0%
Public Equity	32.5%	42.5%	37.5%
Private Equity	16.0%	24.0%	20.0%
Real Estate	9.5%	15.5%	12.5%
Alternative Equity	0.0%	10.0%	10.0%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2013 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – PERS (continued)

Asset Class	Target	Compound Annual Return (Geometric)
Core Fixed Income	7.20%	4.50%
Short-term Bonds	8.00%	3.70%
Intermediate-Term Bonds	3.00%	4.10%
High Yield Bonds	1.80%	6.66%
Large Cap US Equities	11.65%	7.20%
Mid Cap US Equities	3.88%	7.30%
Small Cap US Equities	2.27%	7.45%
Developed Foreign Equities	14.21%	6.90%
Emerging Foreign Equities	5.49%	7.40%
Private Equity	20.00%	8.26%
Opportunity Funds/Absolute Return	5.00%	6.01%
Real Estate (Property)	13.75%	6.51%
Real Estate (REITS)	2.50%	6.76%
Commodities	7.71%	6.07%
<i>Assumed Inflation</i>		2.75%

Source: June 30, 2014 PERS CAFR; p. 54 – 55)

Discount Rate – The discount rate used to measure the total pension liability was 7.5 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 7.5 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 (6.5 percent) or 1-percentage-point higher (8.5 percent) than the current rate.

	Decrease (6.5%)	Rate (7.5%)	Increase (8.5%)
City's proportionate share of the net pension liability	\$ 13,659,532	\$ 8,459,661	\$ 4,113,479

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. OREGON PUBLIC EMPLOYEES RETIREMENT SYSTEM – PERS (continued)

Changes Subsequent to the Measurement Date

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

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

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 City

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 that is invested in the IAP. The District makes this contribution on behalf of its employees.

**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, 2017:

<u>Debt Item</u>	<u>Balance June 30, 2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
Compensated Absences	\$ 254,864	\$ 229,009	\$ (254,864)	\$ 229,009	\$ 229,009
Boise White Paper Note	2,875,000	-	(150,000)	2,725,000	150,000
Columbia Bank Note	917,146	-	(84,949)	832,197	88,764
US Bank Note	-	747,631	-	747,631	42,320
Total Long-Term Debt	<u>\$ 4,047,010</u>	<u>\$ 976,640</u>	<u>\$ (489,813)</u>	<u>\$ 4,533,837</u>	<u>\$ 510,093</u>

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>
2017-2018	88,764	35,986
2018-2019	92,749	32,000
2019-2020	96,840	27,908
2020-2021	101,262	23,487
2021-2022	105,809	18,941
2022-2025	346,773	27,475
	<u>\$ 832,197</u>	<u>\$ 165,797</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.

US Bank Note

The City financed \$747,631 of costs to replace street lighting. The stated interest rate is 2.29%. Principal and interest are paid in annual installments with a maturity date of August, 2031.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (continued)

Future principal and interest payments for the US Bank Note are as follows:

	<u>Principal</u>	<u>Interest</u>
2017-2018	42,320	17,154
2018-2019	43,291	16,183
2019-2020	44,284	15,190
2020-2021	45,300	14,174
2021-2022	46,340	13,135
2022-2027	248,145	49,228
2027-2032	277,951	19,422
	<u>\$ 747,631</u>	<u>\$ 144,486</u>

Long term debt for business-type activities changed as follows for the year ended June 30, 2017:

<u>Debt Item</u>	<u>Balance June 30, 2016</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Balance June 30, 2017</u>	<u>Balance Due Within One Year</u>
DEQ Loan (R80161)	\$ 1,550,000	\$ -	\$ (100,000)	\$ 1,450,000	\$ 100,000
DEQ Loan (R80162)	351,494	-	(115,708)	235,786	117,159
DEQ Loan (R80163)	4,558,019	-	-	4,558,019	178,011
Capital One - Water Refunding Note	5,163,000	-	(382,000)	4,781,000	392,000
Capital One - Sewer Refunding Note	1,508,000	-	(138,000)	1,370,000	141,000
Total Loans Payable	<u>\$ 13,130,513</u>	<u>\$ -</u>	<u>\$ (735,708)</u>	<u>\$ 12,394,805</u>	<u>\$ 928,170</u>
Compensated Absences	184,555	165,835	(184,555)	165,835	165,835
Total Long-Term Debt	<u>\$ 13,315,068</u>	<u>\$ 165,835</u>	<u>\$ (920,263)</u>	<u>\$ 12,560,640</u>	<u>\$ 1,094,005</u>

Details for business-type loans payable as of June 30, 2017 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (continued)

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.

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
2017-2018	100,000	-	117,159	2,583	178,011	127,741
2018-2019	100,000	-	118,627	1,113	183,084	122,668
2019-2020	100,000	-	-	-	188,302	117,450
2020-2021	100,000	-	-	-	193,669	112,083
2021-2022	100,000	-	-	-	199,188	106,564
2022-2027	500,000	-	-	-	1,084,400	444,360
2027-2032	450,000	-	-	-	1,247,993	280,767
2032-2037	-	-	-	-	1,283,372	92,498
Total	\$ 1,450,000	\$ -	\$ 235,786	\$ 3,696	\$ 4,558,019	\$ 1,404,131

Fiscal Year	Capital One - Water		Capital One - Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017-2018	392,000	107,748	141,000	30,539	928,170	268,611
2018-2019	401,000	98,430	144,000	27,190	946,711	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
2021-2022	433,000	69,149	152,000	16,780	884,188	192,493
2022-2027	2,044,000	189,975	638,000	30,337	4,266,400	664,672
2027-2032	682,000	24,342	-	-	2,379,993	305,109
2032-2037	-	-	-	-	1,283,372	92,498
Total	\$ 4,781,000	\$ 657,705	\$ 1,370,000	\$ 148,944	\$ 12,394,805	\$ 2,214,476

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. LONG-TERM DEBT (continued)

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.

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 \$1,436,375, while 105% of the debt service requirement was \$806,231. Additionally, ODEQ requires the City to document and maintain a reserve for debt service. At June 30, 2017, 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, 2017, the Water Fund had a debt ratio of 2.44 and the Sewer Fund had a debt ratio of 1.87.

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 \$6,464 has accrued as of June 30, 2017.

Interfund transfers during the year ended June 30, 2017 were as follows:

<u>Governmental Funds</u>	<u>Transfers</u>	
	<u>In</u>	<u>Out</u>
General	\$ 22,070	\$ 103,800
Street	-	54,970
Community Enhancement	38,405	157,560
Capital Improvement	2,017,200	200,000
Other	549,850	24,875
 <u>Proprietary Funds</u>		
Water	-	909,580
Sewer	-	1,197,740
Internal Service	21,000	-
Total Transfers	<u>\$ 2,648,525</u>	<u>\$ 2,648,525</u>

Transfers were used to fund operations between funds.

**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 2016-2017, Governmental Funds spent \$772,679 and \$1,301,499 respectively for capital assets in the Water and Sewer Fund. The Capital Improvement Fund also received \$18,671 of lien payments 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 \$2,055,507.

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. 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, 2017, \$202,646 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.

12. PROPERTY TAX ABATEMENTS

As of June 30, 2017, the City provides tax abatements through an Enterprise Zone (ORS 285C.175). The Oregon Enterprise Zone program is a State of Oregon economic development program established, that allows for property tax exemptions for up to five years. In exchange for receiving property tax exemption, participating firms are required to meet the program requirements set by state statute and the local sponsor. The Enterprise Zone program allows industrial firms that will be making a substantial new capital investment a waiver of 100% of the amount of real property taxes attributable to the new investment for a 5-year period after completion. Land or existing machinery or equipment is not tax exempt; therefore, there is no loss of

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

NOTES TO BASIC FINANCIAL STATEMENTS

12. PROPERTY TAX ABATEMENTS (continued)

current property tax levies to local taxing jurisdiction. For the fiscal year ended June 30, 2017, the City abated property taxes totaling \$92,844 under this program.

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, 2017

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
2017	0.06 %	\$ 8,459,661	\$ 4,069,867	207.9 %	80.5 %
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

Year	Statutorily required contribution	Contributions in relation to the statutorily required contribution	Contribution deficiency (excess)	Employer's covered payroll	Contributions as a percent of covered payroll
2017	\$ 776,489	\$ 776,489	\$ -	\$ 4,232,437	18.3 %
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, 2017**

<u>GENERAL FUND</u>				VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Property Taxes	\$ 1,695,890	\$ 1,695,890	\$ 1,677,098	\$ (18,792)
Franchise Fees	1,525,710	1,525,710	1,630,539	104,829
Licenses and Permits	405,400	405,400	366,784	(38,616)
Fines and Forfeitures	218,300	218,300	308,534	90,234
Intergovernmental	449,700	449,700	444,971	(4,729)
Interest	12,000	12,000	66,500	54,500
Miscellaneous	166,390	166,390	203,181	36,791
Total Revenues	<u>4,473,390</u>	<u>4,473,390</u>	<u>4,697,607</u>	<u>224,217</u>
EXPENDITURES				
Mayor and City Council				
Personal Services	51,250	51,300	50,639	661
Materials and Services	33,140	33,090	27,446	5,644
Total Mayor and City Council	<u>84,390</u>	<u>84,390</u>	<u>(1) 78,085</u>	<u>6,305</u>
Municipal Court				
Personal Services	209,470	218,470	217,015	1,455
Materials and Services	193,860	184,860	182,721	2,139
Total Municipal Court	<u>403,330</u>	<u>403,330</u>	<u>(1) 399,736</u>	<u>3,594</u>
Planning				
Personal Services	111,690	112,090	112,273	(183)
Materials and Services	55,890	54,390	78,066	(23,676)
Special Payments	38,015	38,015	13,000	25,015
Total Planning	<u>205,595</u>	<u>204,495</u>	<u>(1) 203,339</u>	<u>1,156</u>
Building				
Personal Services	234,360	234,360	196,727	37,633
Materials and Services	63,710	62,610	47,947	14,663
Total Building	<u>298,070</u>	<u>296,970</u>	<u>(1) 244,674</u>	<u>52,296</u>
Police				
Personal Services	2,085,950	2,079,270	2,050,168	29,102
Materials and Services	441,530	463,710	485,904	(22,194)
Total Police	<u>2,527,480</u>	<u>2,542,980</u>	<u>(1) 2,536,072</u>	<u>6,908</u>
Library				
Personal Services	447,520	447,520	437,723	9,797
Materials and Services	195,960	195,960	189,669	6,291
Total Library	<u>643,480</u>	<u>643,480</u>	<u>(1) 627,392</u>	<u>16,088</u>
Parks				
Personal Services	178,520	178,520	178,520	-
Materials and Services	143,750	146,350	145,424	926
Total Parks	<u>322,270</u>	<u>324,870</u>	<u>(1) 323,944</u>	<u>926</u>
Non-Departmental				
Personal Services	93,490	93,490	93,490	-
Materials and Services	18,730	38,730	22,893	15,837
Total Non-Departmental	<u>112,220</u>	<u>132,220</u>	<u>(1) 116,383</u>	<u>15,837</u>
Contingency				
	913,000	845,900	-	845,900
Total Expenditures	<u>5,509,835</u>	<u>5,478,635</u>	<u>4,529,625</u>	<u>949,010</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(1,036,445)	(1,005,245)	167,982	1,173,227
OTHER FINANCING SOURCES, (USES)				
Transfers In	22,070	22,070	22,070	-
Transfers Out	(72,600)	(103,800)	(103,800)	-
Total Other Financing Sources, (Uses)	<u>(50,530)</u>	<u>(81,730)</u>	<u>(81,730)</u>	<u>-</u>
Net Change in Fund Balance	(1,086,975)	(1,086,975)	86,252	1,173,227
Beginning Fund Balance	1,645,886	1,645,886	1,757,891	112,005
Ending Fund Balance	<u>\$ 558,911</u>	<u>\$ 558,911</u>	<u>\$ 1,844,143</u>	<u>\$ 1,285,232</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, 2017**

<u>STREET FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 867,200	\$ 867,200	\$ 856,337	\$ (10,863)
Interest	-	-	20,000	20,000
Miscellaneous	14,250	14,250	9,666	(4,584)
Total Revenues	<u>881,450</u>	<u>881,450</u>	<u>886,003</u>	<u>4,553</u>
EXPENDITURES				
Personal Services	325,100	325,100 (2)	325,100	-
Materials and Services	437,020	459,020 (2)	456,654	2,366
Debt Service	25,900	25,900 (1)	-	25,900
Total Streets	<u>788,020</u>	<u>810,020</u>	<u>781,754</u>	<u>28,266</u>
Contingency	100,000	78,000 (1)	-	78,000
Total Expenditures	<u>888,020</u>	<u>888,020</u>	<u>781,754</u>	<u>106,266</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(6,570)	(6,570)	104,249	110,819
OTHER FINANCING SOURCES, (USES)				
Transfers Out	(54,970)	(54,970) (2)	(54,970)	-
Total Other Financing Sources, (Uses)	(54,970)	(54,970)	(54,970)	-
Net Change in Fund Balance	(61,540)	(61,540)	49,279	110,819
Beginning Fund Balance	<u>656,813</u>	<u>656,813</u>	<u>657,925</u>	<u>1,112</u>
Ending Fund Balance	<u>\$ 595,273</u>	<u>\$ 595,273</u>	<u>\$ 707,204</u>	<u>\$ 111,931</u>

(1) Appropriation Level

(2) Combined appropriation of \$839,090

**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, 2017**

COMMUNITY ENHANCEMENT FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Grants	\$ 135,655	\$ 135,655	\$ 52,895	\$ (82,760)
Interest	1,200	1,200	1,200	-
Miscellaneous	95,509	95,509	4,546	(90,963)
Total Revenues	<u>232,364</u>	<u>232,364</u>	<u>58,641</u>	<u>(173,723)</u>
EXPENDITURES				
Public Arts	55,500	58,500 (1)	26,767	31,733
Library Improvements - Building	4,830	4,830 (1)	4,930	(100)
Library Improvements - Equipment	6,700	2,000 (1)	875	1,125
Parks Improvements	2,000	10,000 (1)	-	10,000
PEG Access	31,992	31,992 (1)	30,790	1,202
Grants	22,850	6,620 (1)	5,948	672
Library	10,500	10,500 (1)	10,267	233
Police Reserve Officers	6,500	6,500 (1)	1,352	5,148
Police Contributions	28,230	28,230 (1)	14,423	13,807
Building Reserve	22,070	50,000 (1)	-	50,000
Justice and Mental Health Program	153,934	153,934 (1)	125	153,809
Youth Council Reserve	5,000	5,000 (1)	-	5,000
Contingency	80,510	17,510 (1)	-	17,510
Total Expenditures	<u>430,616</u>	<u>385,616</u>	<u>95,477</u>	<u>290,139</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(198,252)	(153,252)	(36,836)	116,416
OTHER FINANCING SOURCES, (USES)				
Transfers In	43,530	43,530	38,405	(5,125)
Transfers Out	(112,560)	(157,560) (1)	(157,560)	-
Total Other Financing Sources, -Uses	<u>(69,030)</u>	<u>(114,030)</u>	<u>(119,155)</u>	<u>(5,125)</u>
Net Change in Fund Balance	(267,282)	(267,282)	(155,991)	111,291
Beginning Fund Balance	<u>556,041</u>	<u>556,041</u>	<u>1,415,538</u>	<u>859,497</u>
Ending Fund Balance	<u>\$ 288,759</u>	<u>\$ 288,759</u>	<u>\$ 1,259,547</u>	<u>\$ 970,788</u>

(1) Appropriation Level

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, 2017**

<u>CAPITAL IMPROVEMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 312,700	\$ 312,700	\$ 94,351	\$ (218,349)
System Development Charges	215,000	215,000	432,980	217,980
Miscellaneous	<u>77,600</u>	<u>77,600</u>	<u>-</u>	<u>(77,600)</u>
Total Revenues	<u>605,300</u>	<u>605,300</u>	<u>527,331</u>	<u>(77,969)</u>
EXPENDITURES				
Parks Projects	120,000	120,000 (1)	101,784	18,216
Streets Projects	1,356,300	1,356,300 (1)	912,103	444,197
Water Projects	1,000,000	1,000,000 (1)	722,515	277,485
Sewer Projects	404,000	404,000 (1)	191,402	212,598
Storm Projects	1,450,000	1,450,000 (1)	962,070	487,930
Equipment	774,000	774,000 (1)	424,643	349,357
Contingency	<u>670,000</u>	<u>670,000 (1)</u>	<u>-</u>	<u>670,000</u>
Total Expenditures	<u>5,774,300</u>	<u>5,774,300</u>	<u>3,314,517</u>	<u>2,459,783</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(5,169,000)	(5,169,000)	(2,787,186)	2,381,814
OTHER FINANCING SOURCES, (USES)				
Loan Proceeds	1,147,400	1,147,400	747,631	(399,769)
Transfers In	1,967,000	1,967,000	2,017,200	50,200
Transfers Out	<u>(200,000)</u>	<u>(200,000) (1)</u>	<u>(200,000)</u>	<u>-</u>
Total Other Financing Sources, (Uses)	<u>2,914,400</u>	<u>2,914,400</u>	<u>2,564,831</u>	<u>(349,569)</u>
Net Change in Fund Balance	(2,254,600)	(2,254,600)	(222,355)	2,032,245
Beginning Fund Balance	<u>6,161,440</u>	<u>6,161,440</u>	<u>6,514,774</u>	<u>353,334</u>
Ending Fund Balance	<u>\$ 3,906,840</u>	<u>\$ 3,906,840</u>	<u>\$ 6,292,419</u>	<u>\$ 2,385,579</u>

(1) Appropriation Level

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

**COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
June 30, 2017**

	<u>ST. HELENS VISITORS AND TOURISM</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>TOTAL</u>
ASSETS				
Cash and Investments	\$ 133,259	\$ 131	\$ 121,057	\$ 254,447
Accounts Receivable	13,394	80,932	-	94,326
Prepays	4,500	-	-	4,500
Total Assets	<u>\$ 151,153</u>	<u>\$ 81,063</u>	<u>\$ 121,057</u>	<u>\$ 353,273</u>
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 52,512	\$ -	\$ 12,500	\$ 65,012
Total Liabilities	<u>52,512</u>	<u>-</u>	<u>12,500</u>	<u>65,012</u>
Deferred Inflows:				
Unavailable Revenue	<u>-</u>	<u>80,932</u>	<u>-</u>	<u>80,932</u>
Fund Balances:				
Nonspendable:				
Prepays	4,500	-	-	4,500
Restricted For:				
Tourism	94,141	-	-	94,141
Committed For:				
Economic Development	<u>-</u>	<u>131</u>	<u>108,557</u>	<u>108,688</u>
Total Fund Balances	<u>98,641</u>	<u>131</u>	<u>108,557</u>	<u>207,329</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 151,153</u>	<u>\$ 81,063</u>	<u>\$ 121,057</u>	<u>\$ 353,273</u>

**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, 2017**

	<u>ST. HELENS VISITORS AND TOURISM</u>	<u>COMMUNITY DEVELOPMENT</u>	<u>ECONOMIC DEVELOPMENT</u>	<u>TOTAL</u>
REVENUES				
Transient Room Tax	\$ 139,181	\$ -	\$ -	\$ 139,181
Intergovernmental	-	8,335	107,409	115,744
Miscellaneous	158,537	-	300,000	458,537
	<u>297,718</u>	<u>8,335</u>	<u>407,409</u>	<u>713,462</u>
EXPENDITURES				
Current:				
Visitor and Tourism	384,005	-	-	384,005
Economic Development	-	-	573,953	573,953
Community Block Grants	-	8,335	-	8,335
Debt Service	-	-	274,749	274,749
	<u>384,005</u>	<u>8,335</u>	<u>848,702</u>	<u>1,241,042</u>
Excess of Revenues Over, -Under Expenditures	(86,287)	-	(441,293)	(527,580)
Other Financing Sources, (Uses)				
Loan Proceeds	-	-	-	-
Transfers In	-	-	549,850	549,850
Transfers Out	(24,875)	-	-	(24,875)
	<u>(24,875)</u>	<u>-</u>	<u>549,850</u>	<u>524,975</u>
Net Change in Fund Balance	(111,162)	-	108,557	(2,605)
Beginning Fund Balance	209,803	131	-	209,934
Ending Fund Balance	<u>\$ 98,641</u>	<u>\$ 131</u>	<u>\$ 108,557</u>	<u>\$ 207,329</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, 2017**

<u>ECONOMIC DEVELOPMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Leases	\$ 450,000	\$ 450,000	\$ 300,000	\$ (150,000)
Grants	400,000	400,000	107,409	(292,591)
Total Revenues	<u>850,000</u>	<u>850,000</u>	<u>407,409</u>	<u>(442,591)</u>
EXPENDITURES				
Economic Planning				
Materials and Services	600,000	600,000	(1) 327,044	272,956
Contingency	<u>50,000</u>	<u>50,000</u>	(2) -	<u>50,000</u>
Total Economic Planning	<u>650,000</u>	<u>650,000</u>	<u>327,044</u>	<u>322,956</u>
Boise White Paper Properties				
Personnel Services	15,100	15,100	(4) 15,100	-
Materials and Services	184,800	178,300	(4) 172,842	5,458
Debt Service	<u>150,000</u>	<u>150,000</u>	(3) 150,000	-
Total Boise White Paper Properties	<u>349,900</u>	<u>343,400</u>	(1) <u>337,942</u>	<u>5,458</u>
Boise Veneer Property				
Personnel Services	3,770	3,770	(5) 3,770	-
Materials and Services	30,200	36,700	(5) 3,290	33,410
Debt Service	<u>124,800</u>	<u>124,800</u>	(3) 124,749	51
Total Boise Veneer Property	<u>158,770</u>	<u>165,270</u>	(1) <u>131,809</u>	<u>33,461</u>
Forestry Reserve				
Materials and Services	50,000	50,000	(1) 51,907	(1,907)
Contingency	<u>187,290</u>	<u>187,290</u>	(2) -	<u>187,290</u>
Total Forestry Reserve	<u>237,290</u>	<u>237,290</u>	<u>51,907</u>	<u>185,383</u>
Total Expenditures	<u>1,395,960</u>	<u>1,395,960</u>	<u>848,702</u>	<u>547,258</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(545,960)	(545,960)	(441,293)	104,667
OTHER FINANCING SOURCES, -USES				
Transfers In	<u>549,850</u>	<u>549,850</u>	<u>549,850</u>	-
Total Other Financing Sources, -Uses	<u>549,850</u>	<u>549,850</u>	<u>549,850</u>	-
Net Change in Fund Balance	3,890	3,890	108,557	104,667
Beginning Fund Balance	-	-	-	-
Ending Fund Balance	<u>\$ 3,890</u>	<u>\$ 3,890</u>	<u>\$ 108,557</u>	<u>\$ 104,667</u>

- (1) Appropriation Level
- (2) Combined appropriation of \$237,290
- (3) Combined appropriation of \$274,800
- (4) Combined appropriation of \$193,900
- (5) Combined appropriation of \$40,470

**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, 2017**

ST. HELENS VISITORS AND TOURISM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Transient Room Tax	\$ 126,000	\$ 126,000	\$ 139,181	\$ 13,181
Miscellaneous	79,500	172,500	158,537	(13,963)
Total Revenues	<u>205,500</u>	<u>298,500</u>	<u>297,718</u>	<u>(782)</u>
EXPENDITURES				
Materials and Services	236,000	351,000	384,005	(33,005)
Total Visitors and Tourism	<u>236,000</u>	<u>351,000</u>	(2) 384,005	<u>(33,005)</u>
Contingency	19,500	-	(1) -	-
Total Expenditures	<u>255,500</u>	<u>351,000</u>	<u>384,005</u>	<u>(33,005)</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(50,000)	(52,500)	(86,287)	(33,787)
OTHER FINANCING SOURCES, -USES				
Transfers Out	<u>(30,000)</u>	<u>(27,500)</u>	(2) (24,875)	<u>2,625</u>
Total Other Financing Sources, -Uses	<u>(30,000)</u>	<u>(27,500)</u>	<u>(24,875)</u>	<u>2,625</u>
Net Change in Fund Balance	(80,000)	(80,000)	(111,162)	(31,162)
Beginning Fund Balance	<u>199,241</u>	<u>199,241</u>	<u>209,803</u>	<u>10,562</u>
Ending Fund Balance	<u>\$ 119,241</u>	<u>\$ 119,241</u>	<u>\$ 98,641</u>	<u>\$ (20,600)</u>

(1) Appropriation Level

(2) Combined appropriation of \$378,500

**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, 2017**

COMMUNITY DEVELOPMENT BLOCK GRANT FUND

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 56,680	\$ 56,680	\$ 8,335	\$ (48,345)
Total Revenues	<u>56,680</u>	<u>56,680</u>	<u>8,335</u>	<u>(48,345)</u>
EXPENDITURES				
Materials and Services	<u>56,680</u>	<u>56,680</u>	<u>8,335</u>	<u>48,345</u>
Total Community Development	<u>56,680</u>	<u>56,680</u>	<u>8,335</u> (1)	<u>48,345</u>
Total Expenditures	<u>56,680</u>	<u>56,680</u>	<u>8,335</u>	<u>48,345</u>
Net Change in Fund Balance	-	-	-	-
Beginning Fund Balance	<u>-</u>	<u>-</u>	<u>131</u>	<u>131</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, 2017**

	<u>WATER FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for Services	\$ 3,172,480	\$ 3,172,480	\$ 3,385,872	\$ 213,392
Interest	18,000	18,000	33,000	15,000
Miscellaneous	30,300	30,300	35,785	5,485
Total Revenues	<u>3,220,780</u>	<u>3,220,780</u>	<u>3,454,657</u>	<u>233,877</u>
EXPENDITURES				
Water Filtration Plant				
Personal Services	251,940	251,940	(2) 245,941	5,999
Materials and Services	169,020	169,020	(2) 162,802	6,218
Debt Service	498,900	498,900	(1) 498,842	58
Total Water Filtration Plant	<u>919,860</u>	<u>919,860</u>	<u>907,585</u>	<u>12,275</u>
Water Production/Delivery				
Personal Services	757,100	757,100	744,470	12,630
Materials and Services	1,127,930	1,127,930	1,085,756	42,174
Total Water Production/Delivery	<u>1,885,030</u>	<u>1,885,030</u>	<u>(3) 1,830,226</u>	<u>54,804</u>
Contingency	300,000	300,000	(1) -	300,000
Total Expenditures	<u>3,104,890</u>	<u>3,104,890</u>	<u>2,737,811</u>	<u>367,079</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	115,890	115,890	716,846	600,956
OTHER FINANCING SOURCES, (USES)				
Timber Revenue	237,290	237,290	-	(237,290)
Transfers Out (Production)	(672,290)	(672,290)	(3) (672,290)	-
Transfers Out (Forestry)	(237,290)	(237,290)	(1) (237,290)	-
Total Other Financing Sources, (Uses)	<u>(672,290)</u>	<u>(672,290)</u>	<u>(909,580)</u>	<u>(237,290)</u>
Net Change in Fund Balance	(556,400)	(556,400)	(192,734)	363,666
Beginning Fund Balance	<u>1,937,665</u>	<u>1,937,665</u>	<u>2,334,207</u>	<u>396,542</u>
Ending Fund Balance	<u>\$ 1,381,265</u>	<u>\$ 1,381,265</u>	2,141,473	<u>\$ 760,208</u>
Reconciling Items:				
Net Capital Assets			14,828,201	
Deferred Outflows - Pension			762,139	
Deferred Inflows - Pension			(81,031)	
Proportionate Share of the Net Pension Liability			(1,374,872)	
Deferred Revenue			356,464	
Accrued Interest			(9,363)	
Long-Term Debt			(4,781,000)	
Compensated Absences			(59,227)	
Net Position			<u>\$ 11,782,784</u>	

(1) Appropriation Level

(2) Combined appropriation of \$420,960

(3) Combined appropriation of \$2,557,320

**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, 2017**

<u>SEWER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	\$ 4,945,000	\$ 4,945,000	\$ 4,896,096	\$ (48,904)
Interest	25,000	25,000	40,000	15,000
Miscellaneous	1,000	1,000	15,657	14,657
Total Revenues	<u>4,971,000</u>	<u>4,971,000</u>	<u>4,951,753</u>	<u>(19,247)</u>
EXPENDITURES				
Sewer Collections				
Personal Services	669,890	669,890	(2) 644,955	24,935
Materials and Services	847,450	987,450	(2) 953,415	34,035
Debt Service	895,750	895,750	(1) 767,839	127,911
Total Sewer Collections	<u>2,413,090</u>	<u>2,553,090</u>	<u>2,366,209</u>	<u>186,881</u>
Sewer Secondary				
Personal Services	211,120	211,120	179,191	31,929
Materials and Services	365,670	384,570	409,408	(24,838)
Total Sewer Secondary	<u>576,790</u>	<u>595,690</u>	<u>(1) 588,599</u>	<u>7,091</u>
Sewer Primary				
Personal Services	166,880	166,880	166,880	-
Materials and Services	227,590	232,640	232,261	379
Total Sewer Primary	<u>394,470</u>	<u>399,520</u>	<u>(1) 399,141</u>	<u>379</u>
Pumps				
Personal Services	127,260	127,260	127,250	10
Materials and Services	83,830	83,830	82,624	1,206
Total Pumps	<u>211,090</u>	<u>211,090</u>	<u>(1) 209,874</u>	<u>1,216</u>
Storm Water				
Personal Services	349,100	349,100	349,100	-
Materials and Services	481,360	481,360	370,294	111,066
Total Storm Water	<u>830,460</u>	<u>830,460</u>	<u>(3) 719,394</u>	<u>111,066</u>
Contingency				
	510,000	346,050	(1) -	346,050
Total Expenditures	<u>4,935,900</u>	<u>4,935,900</u>	<u>4,283,217</u>	<u>652,683</u>
Excess, (Deficit) of Revenues Over, (Under)				
Expenditures	<u>35,100</u>	<u>35,100</u>	<u>668,536</u>	<u>633,436</u>
OTHER FINANCING SOURCES, (USES)				
Debt Proceeds	500	500	-	(500)
Transfers Out - Storm Water	(550,000)	(550,000)	(3) (550,000)	-
Transfers Out - Collections	(647,740)	(647,740)	(2) (647,740)	-
Total Other Financing Sources, (Uses)	<u>(1,197,240)</u>	<u>(1,197,240)</u>	<u>(1,197,740)</u>	<u>(500)</u>
Net Change in Fund Balance	(1,162,140)	(1,162,140)	(529,204)	632,936
Beginning Fund Balance	<u>3,535,238</u>	<u>3,535,238</u>	<u>3,778,368</u>	<u>243,130</u>
Ending Fund Balance	<u>\$ 2,373,098</u>	<u>\$ 2,373,098</u>	<u>\$ 3,249,164</u>	<u>\$ 876,066</u>
Reconciling Items:				
Net Capital Assets			18,932,604	
Deferred Outflows - Pension			1,132,998	
Deferred Inflows - Pension			(120,461)	
Proportionate Share of the Net Pension Liability			(2,043,890)	
Deferred Revenue			371,783	
Accrued Interest			(46,541)	
Long-Term Debt			(7,613,805)	
Compensated Absences			(106,608)	
Net Position			<u>\$ 13,755,244</u>	

(1) Appropriation Level

(2) Combined appropriation of \$2,305,080

(3) Combined appropriation of \$1,380,460

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

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

June 30, 2017

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
ASSETS				
Current:				
Cash and Investments	\$ 16,963	\$ 157,159	\$ 76,979	\$ 251,101
Inventories	<u>9,574</u>	<u>-</u>	<u>-</u>	<u>9,574</u>
Total Current Assets	<u>26,537</u>	<u>157,159</u>	<u>76,979</u>	<u>260,675</u>
Capital Assets, (Net)	<u>50,096</u>	<u>-</u>	<u>-</u>	<u>50,096</u>
Total Assets	<u><u>\$ 76,633</u></u>	<u><u>\$ 157,159</u></u>	<u><u>\$ 76,979</u></u>	<u><u>\$ 310,771</u></u>
LIABILITIES AND NET POSITION				
Liabilities:				
Accounts Payable and Accrued Liabilities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position:				
Net Investment in Capital Assets	50,096	-	-	50,096
Unrestricted	<u>26,537</u>	<u>157,159</u>	<u>76,979</u>	<u>260,675</u>
Total Net Position	<u>76,633</u>	<u>157,159</u>	<u>76,979</u>	<u>310,771</u>
Total Liabilities and Net Position	<u><u>\$ 76,633</u></u>	<u><u>\$ 157,159</u></u>	<u><u>\$ 76,979</u></u>	<u><u>\$ 310,771</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, 2017**

	<u>FLEET MAINTENANCE</u>	<u>ADMINISTRATIVE SERVICES</u>	<u>PUBLIC WORKS</u>	<u>TOTAL</u>
OPERATING REVENUES				
Internal Charges	\$ 278,000	\$ 1,441,050	\$ 271,530	\$ 1,990,580
Charges for Services	-	-	2,035	2,035
Total Revenues	<u>278,000</u>	<u>1,441,050</u>	<u>273,565</u>	<u>1,992,615</u>
OPERATING EXPENDITURES				
Personal Services	208,072	982,566	17,481	1,208,119
Materials and Services	79,968	377,839	251,153	708,960
Capital Outlay	-	58,092	5,701	63,793
Depreciation	8,127	-	-	8,127
Total Expenditures	<u>296,167</u>	<u>1,418,497</u>	<u>274,335</u>	<u>1,988,999</u>
Operating Income, (Loss)	(18,167)	22,553	(770)	3,616
NONOPERATING REVENUES, (EXPENDITURES)				
Miscellaneous	-	-	-	-
Income Before Transfers	<u>(18,167)</u>	<u>22,553</u>	<u>(770)</u>	<u>3,616</u>
TRANSFERS				
Transfers	-	(19,000)	40,000	21,000
Change in Net Position	(18,167)	3,553	39,230	24,616
Beginning Net Position	<u>94,800</u>	<u>153,606</u>	<u>37,749</u>	<u>286,155</u>
Ending Net Position	<u>\$ 76,633</u>	<u>\$ 157,159</u>	<u>\$ 76,979</u>	<u>\$ 310,771</u>

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2017

	FLEET MAINTENANCE	ADMINISTRATIVE SERVICES	PUBLIC WORKS	TOTAL
Cash Flows from Operating Activities:				
Cash Received from Customers	\$ 278,000	\$ 1,441,050	\$ 273,565	\$ 1,992,615
Cash Paid to Suppliers	(93,491)	(459,132)	(265,940)	(818,563)
Cash Paid to Employees	(208,072)	(982,566)	(17,481)	(1,208,119)
Net Cash Provided -Used by Operating Activities	<u>(23,563)</u>	<u>(648)</u>	<u>(9,856)</u>	<u>(34,067)</u>
Cash Flows from Noncapital Financing Activities:				
Transfers	-	(19,000)	40,000	21,000
Miscellaneous Revenues/Expenditures	-	-	-	-
Net Cash Provided -Used by Noncapital Financing Activities	<u>-</u>	<u>(19,000)</u>	<u>40,000</u>	<u>21,000</u>
Net Increase -Decrease in Cash and Cash Equivalents	(23,563)	(19,648)	30,144	(13,067)
Cash and Investments at Beginning of Year	<u>40,526</u>	<u>176,807</u>	<u>46,835</u>	<u>264,168</u>
Cash and Investments at End of Year	<u>\$ 16,963</u>	<u>\$ 157,159</u>	<u>\$ 76,979</u>	<u>\$ 251,101</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating Income, -Loss	\$ (18,167)	\$ 22,553	\$ (770)	\$ 3,616
Noncash Items Included in Income:				
Depreciation	8,127	-	-	8,127
Decrease -Increase in Inventory	88	-	-	88
Increase -Decrease in Accounts Payable and Accrued Liabilities	(13,611)	(23,201)	(9,086)	(45,898)
Net Cash Provided -Used by Operating Activities	<u>\$ (23,563)</u>	<u>\$ (648)</u>	<u>\$ (9,856)</u>	<u>\$ (34,067)</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, 2017**

<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	208,410	208,410	208,072	338
Materials and Services	83,570	84,570	79,880	4,690
Total Fleet Maintenance	<u>291,980</u>	<u>292,980</u>	(1) <u>287,952</u>	<u>5,028</u>
Contingency	10,000	9,000	(1) -	9,000
Total Expenditures	<u>301,980</u>	<u>301,980</u>	<u>287,952</u>	<u>14,028</u>
Net Change in Fund Balance	(23,980)	(23,980)	(9,952)	14,028
Beginning Fund Balance	<u>33,142</u>	<u>33,142</u>	<u>26,915</u>	<u>(6,227)</u>
Ending Fund Balance	<u>\$ 9,162</u>	<u>\$ 9,162</u>	16,963	<u>\$ 7,801</u>
Reconciling Items:				
Net Capital Assets			50,096	
Inventory			<u>9,574</u>	
Net Position			<u>\$ 76,633</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, 2017**

<u>ADMINISTRATIVE SERVICES FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Indirect Cost Allocation	\$ 1,441,050	\$ 1,441,050	\$ 1,441,050	\$ -
Miscellaneous	48,280	48,280	-	(48,280)
Total Charges for Interfund Services	<u>1,489,330</u>	<u>1,489,330</u>	<u>1,441,050</u>	<u>(48,280)</u>
EXPENDITURES				
City Administrator				
Personal Services	260,870	260,870	161,008	99,862
Materials and Services	56,790	56,790	41,075	15,715
Capital Outlay	2,000	2,000	-	2,000
Total City Administrator	<u>319,660</u>	<u>319,660</u>	(1) <u>202,083</u>	<u>117,577</u>
City Recorder				
Personal Services	228,020	228,020	227,360	660
Materials and Services	56,820	56,820	41,436	15,384
Capital Outlay	4,000	4,000	-	4,000
Total City Recorder	<u>288,840</u>	<u>288,840</u>	(1) <u>268,796</u>	<u>20,044</u>
Finance				
Personal Services	557,970	601,270	594,198	7,072
Materials and Services	171,630	195,830	198,434	(2,604)
Capital Outlay	2,500	2,000	-	2,000
Total Finance	<u>732,100</u>	<u>799,100</u>	(1) <u>792,632</u>	<u>6,468</u>
City Hall Facilities				
Materials and Services	100,450	100,550	95,694	4,856
Total City Hall Facilities	<u>100,450</u>	<u>100,550</u>	(1) <u>95,694</u>	<u>4,856</u>
IT/Self-Insurance				
Materials and Services	89,459	19,859	1,200	18,659
Capital Outlay	55,000	63,500	58,092	5,408
Total IT/Self-Insurance	<u>144,459</u>	<u>83,359</u>	(1) <u>59,292</u>	<u>24,067</u>
Contingency				
	<u>58,043</u>	<u>33,043</u>	(1) <u>-</u>	<u>33,043</u>
Total Expenditures	<u>1,643,552</u>	<u>1,624,552</u>	<u>1,418,497</u>	<u>206,055</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(154,222)	(135,222)	22,553	157,775
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	-	-	-
Transfers Out	-	(19,000)	(1) (19,000)	-
Total Other Financing Sources, (Uses)	<u>-</u>	<u>(19,000)</u>	<u>(19,000)</u>	<u>-</u>
Net Change in Fund Balance	(154,222)	(154,222)	3,553	157,775
Beginning Fund Balance	<u>154,222</u>	<u>154,222</u>	<u>153,606</u>	<u>(616)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 157,159</u>	<u>\$ 157,159</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, 2017**

<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	\$ 271,530	\$ 271,530	\$ 271,530	\$ -
Charges for Services	500	500	2,035	1,535
Total Revenues	<u>272,030</u>	<u>272,030</u>	<u>273,565</u>	<u>1,535</u>
EXPENDITURES				
Engineering				
Personal Services	19,650	19,900	17,481	2,419
Materials and Services	21,850	28,100	23,133	4,967
Capital Outlay	3,500	3,500	5,701	(2,201)
Total Engineering	<u>45,000</u>	<u>51,500</u>	(1) <u>46,315</u>	<u>5,185</u>
Operations				
Materials and Services	227,030	231,680	228,020	3,660
Total Operations	<u>227,030</u>	<u>231,680</u>	(1) <u>228,020</u>	<u>3,660</u>
Contingency	40,000	28,850	(1) -	28,850
Total Expenditures	<u>312,030</u>	<u>312,030</u>	<u>274,335</u>	<u>37,695</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(40,000)	(40,000)	(770)	39,230
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	-	-	39,230	39,230
Beginning Fund Balance	-	-	37,749	37,749
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,979</u>	<u>\$ 76,979</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, 2017**

TAX YEAR	IMPOSED LEVY OR UNCOL- LECTED AT 7-1-16	DEDUCT DISCOUNTS	ADJUST- MENTS TO ROLLS	INTEREST	CASH COLLEC- TIONS BY COUNTY TREAS- URER	BALANCE UNCOL- LECTED OR UNSEG- REGATED AT 6-30-17
CURRENT:						
2016-2017	\$ 1,729,238	\$ 44,865	\$ (9,395)	\$ 822	\$ 1,619,214	\$ 56,586
PRIOR YEARS:						
2015-2016	53,576	1	(673)	1,506	27,267	27,141
2014-2015	28,050	-	(434)	1,667	13,646	15,637
2013-2014	13,537	-	(314)	1,884	10,238	4,869
2012-2013	6,206	-	(295)	1,003	4,774	2,140
Prior	7,906	-	(718)	690	1,959	5,919
Total Prior	109,275	1	(2,434)	6,750	57,884	55,706
Total	\$ 1,838,513	\$ 44,866	\$ (11,829)	\$ 7,572	\$ 1,677,098	\$ 112,292

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS



PAULY, ROGERS, AND CO., P.C.
12700 SW 72nd Ave. ♦ Tigard, OR 97223
(503) 620-2632 ♦ (503) 684-7523 FAX
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January 24, 2018

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, 2017, and have issued our report thereon dated January 24, 2018. 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 three 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 cursive script, appearing to read "Ken Allen".

Kenneth Allen, CPA

Municipal Auditor

PAULY, ROGERS AND CO., P.C.