

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

FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2018



12700 SW 72nd Ave.
Tigard, OR 97223

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

FINANCIAL REPORT

2017-2018

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

MAYOR AND CITY COUNCIL MEMBERS AS OF JUNE 30, 2018

NAME

TERM EXPIRES

Rick Scholl – Mayor
555 N. 10th Street
St. Helens, OR 97051

December 31, 2018

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

December 31, 2018

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

December 31, 2020

Susan Conn
334 S. 3rd Street
St. Helens, OR 97051

December 31, 2018

Ginny Carlson
390 N. 5th Street Apt. A
St. Helens, OR 97051

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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February 19, 2019

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, 2018, 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, 2018, 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. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, for the year ended June 30, 2018. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Helens' basic financial statements. The supplementary information, as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, as listed in the table of contents, is fairly stated in all material respects in relation to the financial statements as a whole.

Other Information

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

Report on Other Legal and Regulatory Requirements

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated February 19, 2019, 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, 2018

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, 2018. We encourage readers to consider the information presented here in conjunction with the basic financial statements (which immediately follow this discussion).

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$53.23 million.
- The City's Total Assets had a small increase from the previous year, however liabilities decreased by \$2.08 million, which is due mainly to the City paying down its Long-Term loans and changes in pension estimates.
- Due to the adoption of GASB 75, beginning net position was restated, and reduced by \$520 thousand. Additionally, the City restructured its funds which resulted in \$5.95 million being reclassified from governmental to business-type as of July 1, 2017.
- Total net position increased during the year by \$1.04 million.
- The General Fund's financial position increased over last fiscal year. On June 30, 2018, the ending fund balance is \$2.18 million, an increase of \$179 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, culture and recreation, highways and streets. The business-type activities include water system operations, sewer system operations and storm drain operations.

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.

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 Information Technology, Equipment, Public Works Administration and Facility Major Maintenance. 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	
	2018	2017	2018	2017	2018	2017
ASSETS						
Current and other assets	\$ 5.35	\$ 10.76	\$ 12.40	\$ 6.09	\$ 17.75	\$ 16.85
Interfund loan	(0.95)	(0.35)	0.95	0.35	-	-
Capital assets, net	24.14	23.62	32.80	33.81	56.94	57.43
Total Assets	28.54	34.03	46.15	40.25	74.69	74.28
DEFERRED OUTFLOWS						
Pensions - GASB 68	2.03	2.79	0.90	1.89	2.93	4.68
OPEB - GASB 75	0.05	-	0.02	-	0.07	-
Total Deferred Outflows	2.08	2.79	0.92	1.89	3.00	4.68
LIABILITIES						
Current Liabilities	0.76	0.67	1.34	1.15	2.10	1.82
Long-term obligations	8.83	9.06	12.76	14.88	21.59	23.94
Total Liabilities	9.59	9.73	14.10	16.03	23.69	25.76
DEFERRED INFLOWS						
Pensions - GASB 68	0.52	0.29	0.23	0.20	0.75	0.49
OPEB - GASB 75	0.02	-	0.01	-	0.03	-
Total Deferred Inflows	0.54	0.29	0.24	0.20	0.78	0.49
NET POSITION						
Net Investment in						
Capital Assets	20.12	19.31	21.30	21.41	41.42	40.72
Restricted	2.34	7.13	0.71	0.80	3.05	7.93
Unrestricted	(1.96)	0.35	10.72	3.70	8.76	4.05
TOTAL NET POSITION	\$ 20.50	\$ 26.79	\$ 32.73	\$ 25.91	\$ 53.23	\$ 52.70

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 \$53.23 million at June 30, 2018.

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)							
	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Totals</u>		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
Program revenues							
Charges for services	\$ 1.51	\$ 1.09	\$ 9.06	\$ 8.28	\$ 10.57	\$ 9.37	
Operating grants and contributions	1.08	0.91	-	-	1.08	0.91	
Capital grants and contributions	0.31	0.29	-	-	0.31	0.28	
General Revenues							
Property taxes	1.77	1.68	-	-	1.77	1.68	
Franchise taxes	0.89	1.63	-	-	0.89	1.63	
Transient room taxes	0.12	0.14	-	-	0.12	0.14	
Cannabis Taxes	0.19	0.03	-	-	0.19	0.03	
Other grants and contributions	1.27	0.81	-	-	1.27	0.80	
Investment earnings	0.15	0.09	0.04	0.07	0.19	0.15	
Miscellaneous	0.39	0.11	0.07	0.05	0.46	0.16	
Total Revenues	\$ 7.68	\$ 6.78	\$ 9.17	\$ 8.40	\$ 16.85	\$ 15.15	
Program expenses							
General government	1.10	0.70	-	-	1.10	0.70	
Public safety	3.56	3.44	-	-	3.56	3.44	
Highways and streets	0.82	1.80	-	-	0.82	1.80	
Culture and recreation	2.29	0.86	-	-	2.29	0.86	
Interest on long-term obligations	0.06	0.05	-	-	0.06	0.04	
Water	-	-	3.18	3.29	3.18	3.29	
Sewer	-	-	3.75	4.56	3.75	4.56	
Storm	-	-	1.07	-	1.07	-	
Total program expenses	\$ 7.83	\$ 6.84	\$ 8.00	\$ 7.85	\$ 15.83	\$ 14.69	
Other financing sources, (uses)							
Capital contributions	0.16	(2.05)	(0.16)	2.05	-	-	
Transfers	(0.01)	2.08	0.01	(2.08)	-	-	
Total other financing sources, (uses)	\$ 0.15	\$ 0.03	\$ (0.15)	\$ (0.03)	\$ -	\$ -	
Change in net position	0.01	(0.03)	1.03	0.53	1.04	0.50	
Net position - beginning of year, ('18 restated)	20.49	26.83	31.70	25.38	52.19	52.21	
Net position - end of year	\$ 20.50	\$ 26.80	\$ 32.73	\$ 25.91	\$ 53.23	\$ 52.71	

For FY 2017-18, the City had an increase in program and general revenues, mainly from Charges for Services, Property Tax, and Other Grants and Contributions. Program expenses also increased over last fiscal year resulting in a Net Position increase of \$0.50 million.

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, unassigned 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 \$4.82 million. Approximately \$2.18 million or 45% 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 \$10.70 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 1718, staffing levels increased from 74.45 to 74.90 (an increase of 1.45 FTE).

- Court Department increased by 0.15 FTE
- Finance Department increased by 0.05 FTE
- Police Department increased by 1.00 FTE
- Public Works Department increased 0.25 FTE

Capital Asset and Debt Administration

Capital Assets: Investment in capital assets by the governmental and business-type activities as of June 30, 2018 was \$56.95 million net of accumulated depreciation, which is a decrease of \$0.48 million from the prior 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, 287 N 10th - \$500,796
 - Street Projects - \$486,414
 - Police Vehicles - \$108,587
- Business-type activities
 - Sewer Improvements - \$513,447
 - Water Improvements - \$88,824
 - Waste Water Treatment Plant Improvements - \$44,233

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 an increase in current liabilities of \$280 thousand but a decrease in long-term liabilities of \$2.4 million. The decrease in long-term liabilities was due to principal payments on long-term loans and a reduction in the City's proportionate share of the state-wide pension liability.

Additional information on the City's pension liability and long-term debt may be found in Notes 5,6 and 7 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, 2018**

ASSETS	GOVERNMENTAL	BUSINESS TYPE	TOTAL
Current Assets:			
Cash and Investments	\$ 4,818,532	\$ 11,029,990	\$ 15,848,522
Receivables	466,244	1,275,603	1,741,847
Prepaid Items	4,500	-	4,500
Internal Balances	15,728	(15,728)	-
Supply Inventory	42,922	105,152	148,074
Total Current Assets	<u>5,347,926</u>	<u>12,395,017</u>	<u>17,742,943</u>
Interfund Loan	(950,000)	950,000	-
Capital Assets, net	<u>24,143,405</u>	<u>32,803,911</u>	<u>56,947,316</u>
Total Assets	<u>28,541,331</u>	<u>46,148,928</u>	<u>74,690,259</u>
DEFERRED OUTFLOWS			
Pensions - GASB 68	2,038,545	896,761	2,935,306
OPEB - GASB 75	45,086	19,323	64,409
Total Deferred Outflows	<u>2,083,631</u>	<u>916,084</u>	<u>2,999,715</u>
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	200,621	163,633	364,254
Accrued Interest Payable	19,698	52,350	72,048
Deposits Payable	16,168	1,368	17,536
Current Portion of Long-Term Debt	526,557	1,120,879	1,647,436
Total Current Liabilities	<u>763,044</u>	<u>1,338,230</u>	<u>2,101,274</u>
Long-Term Liabilities			
Proportionate Share of the Net Pension Liability	4,768,730	2,097,777	6,866,507
Other Postemployment Benefits	324,435	139,043	463,478
Long-Term Debt, Net of Current Portion	<u>3,737,704</u>	<u>10,519,924</u>	<u>14,257,628</u>
Total Long-Term Liabilities	<u>8,830,869</u>	<u>12,756,744</u>	<u>21,587,613</u>
Total Liabilities	<u>9,593,913</u>	<u>14,094,974</u>	<u>23,688,887</u>
DEFERRED INFLOWS			
Pensions - GASB 68	517,543	227,668	745,211
OPEB - GASB 75	17,845	7,648	25,493
Total Deferred Inflows	<u>535,388</u>	<u>235,316</u>	<u>770,704</u>
NET POSITION			
Net Investment in Capital Assets	20,119,661	21,295,306	41,414,967
Restricted For:			
Community Enhancement	54,603	-	54,603
Tourism	250,634	-	250,634
Highways and Streets	1,830,707	-	1,830,707
Parks Capital Projects	203,241	-	203,241
Rate Stabilization	-	450,000	450,000
Debt Service	-	264,035	264,035
Unrestricted	<u>(1,963,185)</u>	<u>10,725,381</u>	<u>8,762,196</u>
Total Net Position	<u>\$ 20,495,661</u>	<u>\$ 32,734,722</u>	<u>\$ 53,230,383</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, 2018**

Functions/Programs	Program Revenues			
	Expenses	Charges For Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
General Government	\$ 1,092,705	\$ 536,788	\$ -	\$ -
Public Safety	3,560,496	367,586	113,406	-
Culture and Recreation	2,285,495	535,034	131,543	-
Highways and Streets	829,115	68,200	839,703	307,536
Interest on Long Term Debt	59,407	-	-	-
Total Governmental Activities	7,827,218	1,507,608	1,084,652	307,536
Business-Type Activities				
Water	3,175,641	3,420,382	-	-
Sewer	3,748,288	4,579,034	-	-
Storm	1,070,585	1,063,000	-	-
Total Business Activities	7,994,514	9,062,416	-	-
Total Primary Government	\$ 15,821,732	\$ 10,570,024	\$ 1,084,652	\$ 307,536

General Revenues

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

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position, Restated

Ending Net Position

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

Net Revenues (Expenses) and Changes in Net Position

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (555,917)	\$ -	\$ (555,917)
(3,079,504)	-	(3,079,504)
(1,618,918)	-	(1,618,918)
386,324	-	386,324
(59,407)	-	(59,407)
<u>(4,927,422)</u>	<u>-</u>	<u>(4,927,422)</u>
-	244,741	244,741
-	830,746	830,746
-	(7,585)	(7,585)
<u>-</u>	<u>1,067,902</u>	<u>1,067,902</u>
<u>(4,927,422)</u>	<u>1,067,902</u>	<u>(3,859,520)</u>
1,768,846	-	1,768,846
892,832	-	892,832
123,148	-	123,148
190,175	-	190,175
1,270,958	-	1,270,958
149,692	43,436	193,128
392,869	70,031	462,900
161,403	(161,403)	-
(8,226)	8,226	-
<u>4,941,697</u>	<u>(39,710)</u>	<u>4,901,987</u>
14,275	1,028,192	1,042,467
<u>20,481,386</u>	<u>31,706,530</u>	<u>52,187,916</u>
<u>\$ 20,495,661</u>	<u>\$ 32,734,722</u>	<u>\$ 53,230,383</u>

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

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

	GENERAL	STREET FUND	COMMUNITY ENHANCEMENT FUND	COMMUNITY DEVELOPMENT FUND
ASSETS				
Cash and Investments	\$ 2,201,650	\$ 793,289	\$ 73,107	\$ 267,298
Accounts Receivable	318,662	-	-	-
Property Taxes Receivable	136,854	-	-	-
Inventories	-	42,922	-	-
Prepays	-	-	-	-
Total Assets	<u>\$ 2,657,166</u>	<u>\$ 836,211</u>	<u>\$ 73,107</u>	<u>\$ 267,298</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	\$ 166,162	\$ 2,623	\$ 18,504	\$ 13,332
Deposits Payable	16,168	-	-	-
Total Liabilities	<u>182,330</u>	<u>2,623</u>	<u>18,504</u>	<u>13,332</u>
Deferred Inflows:				
Unavailable Revenue	294,925	-	-	-
Fund Balances:				
Nonspendable:				
Inventory	-	42,922	-	-
Prepays	-	-	-	-
Restricted For:				
Community Enhancement	-	-	54,603	-
Tourism	-	-	-	-
Highways and Streets	-	790,666	-	-
Parks Capital	-	-	-	-
Committed For:				
Economic Development	-	-	-	253,966
Unassigned	2,179,911	-	-	-
Total Fund Balances	<u>2,179,911</u>	<u>833,588</u>	<u>54,603</u>	<u>253,966</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>\$ 2,657,166</u>	<u>\$ 836,211</u>	<u>\$ 73,107</u>	<u>\$ 267,298</u>

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

VISITOR AND TOURISM FUND	STREET SDC FUND	PARKS SDC FUND	TOTAL
\$ 239,906	\$ 1,040,041	\$ 203,241	\$ 4,818,532
10,728	-	-	329,390
-	-	-	136,854
-	-	-	42,922
4,500	-	-	4,500
<u>\$ 255,134</u>	<u>\$ 1,040,041</u>	<u>\$ 203,241</u>	<u>\$ 5,332,198</u>

\$ -	\$ -	\$ -	\$ 200,621
-	-	-	16,168
-	-	-	216,789
-	-	-	294,925

-	-	-	42,922
4,500	-	-	4,500
-	-	-	-
-	-	-	54,603
250,634	-	-	250,634
-	1,040,041	-	1,830,707
-	-	203,241	203,241
-	-	-	253,966
-	-	-	2,179,911
<u>255,134</u>	<u>1,040,041</u>	<u>203,241</u>	<u>4,820,484</u>
<u>\$ 255,134</u>	<u>\$ 1,040,041</u>	<u>\$ 203,241</u>	<u>\$ 5,332,198</u>

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

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

June 30, 2018

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

Fund Balances	\$	4,820,484
The cost of capital assets (land, buildings, improvements, machinery and equipment, infrastructure, and construction in progress) is reported as an expenditure in governmental funds. The statement of net position includes those capital assets among the assets of the City as a whole.		
Net Capital Assets		24,143,405
Accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Accrued Vacation and Comp Time		(240,517)
Long term debt proceeds are reported as revenue in the governmental funds, but are increases to liabilities on the Statement of Net Position		
		(4,023,744)
Accrued interest on long term debt is reported on the Statement of Net Position but is not recorded in the funds until actually paid.		
		(19,698)
Internal balances result from transactions between the governmental activities, business-type activities, and internal service funds.		
		15,728
Interfund loans that are not due within one year are not reported in the funds		
		(950,000)
Estimated pension obligations and other postemployment benefits are reported on the Statement of Net Position. These items are not reported in the governmental funds		
Proportionate Share of the Net Pension Liability	\$	(4,768,730)
Other Postemployment Benefits		(324,435)
Deferred Outflows - GASB 68		2,038,545
Deferred Outflows - GASB 75		45,086
Deferred Inflows - GASB 68		(517,543)
Deferred Inflows - GASB 75		(17,845)
		<u>(3,544,922)</u>
The governmental funds report receivables for various items where the related revenue is not available in the current period, and therefore the funds report that revenue as unearned. The statement of net position considers the revenue to be earned immediately, and does not report a deferred inflow for unearned revenue.		
		<u>294,925</u>
Total Net Position	\$	<u><u>20,495,661</u></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, 2018**

	GENERAL	STREET FUND	COMMUNITY ENHANCEMENT FUND	COMMUNITY DEVELOPMENT FUND
REVENUES				
Property Taxes	\$ 1,744,284	\$ -	\$ -	\$ -
Grants	26,707	-	111,568	-
Charges for Services	3,381,531	-	3,313	-
Transient Room Taxes	-	-	-	-
Licenses and Permits	535,499	-	-	-
Intergovernmental Revenues	628,302	1,147,238	-	-
Fines and Forfeitures	358,605	-	-	-
Miscellaneous	219,315	121,962	35,456	567,928
Total Revenues	6,894,243	1,269,200	150,337	567,928
EXPENDITURES				
General Government	2,335,597	-	-	-
Public Safety	3,110,316	-	-	-
Culture and Recreation	969,721	-	143,133	209,591
Highways and Streets	-	758,694	-	-
Debt Service	-	59,474	-	274,749
Capital Outlay	-	494,778	34,307	598,310
Total Expenditures	6,415,634	1,312,946	177,440	1,082,650
Excess, (Deficit) of Revenues Over, (Under) Expenditures	478,609	(43,746)	(27,103)	(514,722)
Other Financing Sources, -Uses				
Loan Proceeds	-	-	-	600,000
Transfers In	-	-	-	60,000
Transfers Out	(300,000)	-	-	-
Total Other Financing Sources, (Uses)	(300,000)	-	-	660,000
Net Change in Fund Balance	178,609	(43,746)	(27,103)	145,278
Beginning Fund Balance, Restated	2,001,302	877,334	81,706	108,688
Ending Fund Balance	<u>\$ 2,179,911</u>	<u>\$ 833,588</u>	<u>\$ 54,603</u>	<u>\$ 253,966</u>

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

VISITOR AND TOURISM FUND	STREET SDC FUND	PARKS SDC FUND	TOTAL
-	-	-	\$ 1,744,284
20,000	-	-	158,275
-	35,017	24,128	3,443,989
123,148	-	-	123,148
-	-	-	535,499
-	-	-	1,775,540
-	-	-	358,605
221,160	-	-	1,165,821
<u>364,308</u>	<u>35,017</u>	<u>24,128</u>	<u>9,305,161</u>
-	-	-	2,335,597
-	-	-	3,110,316
447,815	-	-	1,770,260
-	-	-	758,694
-	-	-	334,223
-	-	-	1,127,395
<u>447,815</u>	<u>-</u>	<u>-</u>	<u>9,436,485</u>
(83,507)	35,017	24,128	(131,324)
-	-	-	600,000
240,000	-	-	300,000
-	(5,833)	(2,393)	(308,226)
<u>240,000</u>	<u>(5,833)</u>	<u>(2,393)</u>	<u>591,774</u>
156,493	29,184	21,735	460,450
98,641	1,010,857	181,506	4,360,034
<u>255,134</u>	<u>1,040,041</u>	<u>203,241</u>	<u>\$ 4,820,484</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, 2018**

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 \$ 460,450

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	\$	1,145,470	
Loss on Disposal of Capital Assets		(30,139)	
Revaluation of Library Collection		(212,302)	
Capital Contributions		161,403	
Depreciation Expense		(540,432)	
		524,000	524,000

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

Interfund Loan Proceeds (600,000)

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. 281,084

Governmental funds record interest expense when paid. The statement of activities, however, records interest expense as it comes due. 7,218

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 (11,508)

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. (75,559)

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

Pensions - GASB 68	\$	(704,075)	
OPEB - GASB 75		67,152	
		(636,923)	(636,923)

Internal service funds are used by management to allocate costs among the City's various funds. The net revenue (expense) of the internal service funds that are attributable to the governmental activities are recorded in the statement of activities 78,999

Change in Net Position \$ 27,761

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, 2018**

	ENTERPRISE FUNDS				INTERNAL SERVICE
	WATER	SEWER	STORM	TOTAL	
ASSETS					
Current Assets					
Cash and Investments	\$ 3,432,250	\$ 5,416,135	\$ 1,132,733	\$ 9,981,118	\$ 1,048,872
Accounts Receivable	409,723	758,180	107,700	1,275,603	-
Inventory	85,988	10,046	-	96,034	9,118
Total Current Assets	<u>3,927,961</u>	<u>6,184,361</u>	<u>1,240,433</u>	<u>11,352,755</u>	<u>1,057,990</u>
Noncurrent Assets					
Interfund Loan	650,000	300,000	-	950,000	-
Capital Assets, net	14,084,960	12,698,387	5,978,594	32,761,941	41,970
Total Noncurrent Assets	<u>14,734,960</u>	<u>12,998,387</u>	<u>5,978,594</u>	<u>33,711,941</u>	<u>41,970</u>
Total Assets	<u>18,662,921</u>	<u>19,182,748</u>	<u>7,219,027</u>	<u>45,064,696</u>	<u>1,099,960</u>
DEFERRED OUTFLOWS					
Pensions - GASB 68	353,414	398,119	145,228	896,761	-
OPEB - GASB 75	7,729	8,309	3,285	19,323	-
Total Deferred Outflows	<u>361,143</u>	<u>406,428</u>	<u>148,513</u>	<u>916,084</u>	<u>-</u>
LIABILITIES					
Current Liabilities					
Accounts Payable and Accrued Liabilities	33,969	67,667	-	101,636	61,997
Accrued Interest Payable	8,625	43,725	-	52,350	-
Deposits Payable	1,368	-	-	1,368	-
Compensated Absences Payable	62,203	83,974	27,991	174,168	-
Current Portion of Long-Term Liabilities	401,000	545,711	-	946,711	-
Total Current Liabilities	<u>507,165</u>	<u>741,077</u>	<u>27,991</u>	<u>1,276,233</u>	<u>61,997</u>
Long-term Liabilities					
Proportionate Share of the Net Pension Liability	826,734	931,313	339,730	2,097,777	-
Other Post-Employment Benefits Obligation	55,617	59,789	23,637	139,043	-
Loans Payable, Net of Current Portion	3,988,000	6,531,924	-	10,519,924	-
Total Long-term Liabilities	<u>4,870,351</u>	<u>7,523,026</u>	<u>363,367</u>	<u>12,756,744</u>	<u>-</u>
Total Liabilities	<u>5,377,516</u>	<u>8,264,103</u>	<u>391,358</u>	<u>14,032,977</u>	<u>61,997</u>
DEFERRED INFLOWS					
Pensions - GASB 68	89,724	101,074	36,870	227,668	-
OPEB - GASB 75	3,059	3,289	1,300	7,648	-
Total Deferred Inflows	<u>92,783</u>	<u>104,363</u>	<u>38,170</u>	<u>235,316</u>	<u>-</u>
NET POSITION					
Net Investment in Capital Assets	9,695,960	5,620,752	5,978,594	21,295,306	41,970
Restricted for Rate Stabilization	150,000	300,000	-	450,000	-
Restricted for Debt Service	-	264,035	-	264,035	-
Unrestricted	3,707,805	5,035,923	959,418	9,703,146	995,993
Total Net Position	<u>\$ 13,553,765</u>	<u>\$ 11,220,710</u>	<u>\$ 6,938,012</u>	<u>31,712,487</u>	<u>\$ 1,037,963</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				1,037,963	
Internal balances result from transactions between the governmental activities, business-type activities, and internal service funds				(15,728)	
NET POSITION OF BUSINESS-TYPE ACTIVITIES				<u>\$ 32,734,722</u>	

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

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended June 30, 2018**

	ENTERPRISE FUNDS				INTERNAL SERVICE
	WATER	SEWER	STORM	TOTAL	
OPERATING REVENUES					
Utility Service Charges	\$ 3,364,485	\$ 4,513,972	1,043,618	\$ 8,922,075	\$ -
Other Service Charges	55,897	65,062	19,382	140,341	49,678
Internal Charges	-	-	-	-	3,706,637
Total Operating Revenues	3,420,382	4,579,034	1,063,000	9,062,416	3,756,315
OPERATING EXPENSES					
Cost of Sales and Services	2,318,126	3,039,038	946,166	6,303,330	3,413,803
Depreciation	832,065	643,768	175,642	1,651,475	8,126
Total Operating Expenses	3,150,191	3,682,806	1,121,808	7,954,805	3,421,929
Operating Income -Loss	270,191	896,228	(58,808)	1,107,611	334,386
NONOPERATING REVENUES, (EXPENSES)					
Interest	13,496	19,960	9,980	43,436	-
Miscellaneous	27,027	21,147	3,563	51,737	18,294
Bond & Loan Interest Expense	(107,010)	(188,086)	-	(295,096)	-
Total Nonoperating Revenues -Expenses	(66,487)	(146,979)	13,543	(199,923)	18,294
OTHER FINANCING SOURCES -USES					
Transfers In	-	1,700,000	400,000	2,100,000	24,129
Transfers Out	(4,646)	(409,939)	(1,701,318)	(2,115,903)	-
Capital Contributions	44,221	22,170	-	66,391	(227,794)
Total Other Financing Sources -Uses	39,575	1,312,231	(1,301,318)	50,488	(203,665)
Change in Net Position	243,279	2,061,480	(1,346,583)	958,176	149,015
NET POSITION, Beginning of Year, Restated	13,310,486	9,159,230	8,284,595	30,754,311	888,948
NET POSITION, End of Year	\$ 13,553,765	\$ 11,220,710	6,938,012	\$ 31,712,487	\$ 1,037,963
Reconciliation to the Statement of Activities:					
Change in Net Position (from above)				958,176	
A portion of the net revenue (expense) of the internal service funds are allocated to the business-type activities				70,016	
CHANGE IN NET POSITION OF BUSINESS TYPE ACTIVITIES				\$ 1,028,192	

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, 2018**

	ENTERPRISE FUNDS				INTERNAL SERVICE
	WATER	SEWER	STORM	TOTAL	
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 3,678,788	\$ 4,924,504	955,300	\$ 9,558,592	\$ 3,756,315
Cash Paid to Suppliers	(1,360,001)	(1,943,526)	(543,175)	(3,846,702)	(658,812)
Cash Paid to Employees	(1,051,820)	(1,175,604)	(433,011)	(2,660,435)	(2,692,538)
Net Cash Provided -Used by Operating Activities	<u>1,266,967</u>	<u>1,805,374</u>	<u>(20,886)</u>	<u>3,051,455</u>	<u>404,965</u>
Cash Flows from Noncapital Financing Activities:					
Miscellaneous Receipts	27,027	21,147	3,563	51,737	18,294
Transfers	(4,646)	1,290,061	(1,301,318)	(15,903)	24,129
Net Cash Provided -Used by Noncapital Financing Activities	<u>22,381</u>	<u>1,311,208</u>	<u>(1,297,755)</u>	<u>35,834</u>	<u>42,423</u>
Cash Flows from Capital and Related Financing Activities:					
Payment of Principal on Long Term Debt	(392,000)	(536,170)	-	(928,170)	-
Payment of Interest on Long Term Debt	(107,748)	(190,902)	-	(298,650)	-
Net Cash Provided -Used by Capital and Related Financing Activities	<u>(499,748)</u>	<u>(727,072)</u>	<u>-</u>	<u>(1,226,820)</u>	<u>-</u>
Cash Flows from Investing Activities:					
Interfund Loan	(300,000)	(300,000)	-	(600,000)	-
Capital Purchases	(44,603)	(535,510)	(6,107)	(586,220)	(227,794)
Interest on Investments	19,960	19,960	9,980	49,900	-
Net Cash Provided -Used by Investing Activities	<u>(324,643)</u>	<u>(815,550)</u>	<u>3,873</u>	<u>(1,136,320)</u>	<u>(227,794)</u>
Net Increase -Decrease in Cash and Cash Equivalents	464,957	1,573,960	(1,314,768)	724,149	219,594
Cash and Investments at Beginning of Year, Restated	<u>2,967,293</u>	<u>3,842,175</u>	<u>2,447,501</u>	<u>9,256,969</u>	<u>829,278</u>
Cash and Investments at End of Year	<u>\$ 3,432,250</u>	<u>\$ 5,416,135</u>	<u>1,132,733</u>	<u>\$ 9,981,118</u>	<u>\$ 1,048,872</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income, -Loss	\$ 270,191	\$ 896,228	(58,808)	\$ 1,107,611	\$ 334,386
Noncash Items Included in Income:					
Depreciation	832,065	643,768	175,642	1,651,475	8,126
Pension Estimate	(142,232)	(151,622)	(31,359)	(325,213)	-
Decrease -Increase in Accounts Receivable	259,050	345,470	(107,700)	496,820	-
Decrease -Increase in Inventory	13,155	(94)		13,061	456
Increase -Decrease in Accounts Payable and Accrued Liabilities	32,406	67,606	27,991	128,003	61,997
Increase -Decrease in Accrued Vacation Payable	2,976	4,018	(26,652)	(19,658)	-
Increase -Decrease in Customer Deposits	(644)	-		(644)	-
Net Cash Provided -Used by Operating Activities	<u>\$ 1,266,967</u>	<u>\$ 1,805,374</u>	<u>(20,886)</u>	<u>\$ 3,051,455</u>	<u>\$ 404,965</u>
OTHER NON-CASH TRANSACTIONS					
Capital contribution - assets purchased by other funds	\$ 44,221	\$ 22,170	-	\$ 66,391	\$ -

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.

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.

COMMUNITY DEVELOPMENT FUND

This fund encompasses four major areas of development including economic planning, the Boise White Paper property, the Boise Veneer Property and Forestry. Principal revenue sources are lease payments and property tax reimbursements.

VISITOR AND TOURISM FUND

This fund is mainly funded from a Motel/Hotel tax that is charged on local establishments. These funds are used to help fund tourism activities for the City including programs such as Fireworks, Halloweentown, 13 Nights and other events throughout the year.

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

NOTES TO BASIC FINANCIAL STATEMENTS

B. BASIS OF PRESENTATION – FUND ACCOUNTING (continued)

STREET SDC FUND

The Street SDC Fund receives revenue from systems development charges that are paid on development projects that happen throughout the City. The funds are used for increasing capacity needs based on the specific projects outlined by the City.

PARKS SDC FUND

The Parks SDC Fund receives revenue from systems development charges in which an assessment is provided under Oregon law which is paid at the time a connection permit is issued to recognize the cost of growth. The amount of the charge is proportional to the impact of the service. All monies are budgeted to be spent as general capital outlay for any projects that come up throughout the fiscal year.

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.

STORM FUND

This proprietary fund accounts for all projects and maintenance related to the City's stormwater system. The fund is predominantly self-supported through user charges to customers.

COMBINED INTERNAL SERVICE FUNDS

These proprietary funds, which include the Information Technology, Equipment, Public Works Operations and Facility Major Maintenance 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.

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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.

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 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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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, 2018, except for the following cases:

1. The General Fund Administration, Police, Finance and Building departments overspent by \$7,687, \$8,954, \$4,373 and \$25,110 respectively.

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 extending beyond a single financial reporting period. 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:

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

NOTES TO BASIC FINANCIAL STATEMENTS

I. CAPITAL ASSETS (continued)

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

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.

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

NOTES TO BASIC FINANCIAL STATEMENTS

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.

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.
- 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:

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

NOTES TO BASIC FINANCIAL STATEMENTS

O. NET POSITION (continued)

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.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

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

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

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

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

2. CASH AND INVESTMENTS

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:	
Demand Deposits	\$ 1,347,330
Investments	<u>14,501,192</u>
	<u><u>\$ 15,848,522</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, 2018. The LGIP seeks to exchange shares at \$1.00 per share; an investment in the LGIP is neither insured nor guaranteed by the FDIC or any other government agency. Although the LGIP seeks to maintain the value of share investments at \$1.00 per share, it is possible to lose money by investing in the pool. We intend to measure these investments at book

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

NOTES TO BASIC FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (continued)

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, 2018, the fair value of the position in the LGIP is 100.13% of the value of the pool shares as reported in the Oregon Short Term Fund audited financial statements. Amounts in the State Treasurer's Local Government Investment Pool are not required to be collateralized.

Interest Rate Risk

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

Credit Risk

Oregon Revised Statutes authorize the City to invest in obligations of the U.S. Treasury and U.S. agencies, bankers' acceptances, repurchase agreements, commercial paper rated A-1 by Standard & Poor's Corporation or P-1 by Moody's Commercial Paper Record, and the state treasurer's investment pool. The statutes do not limit investments as to credit rating for securities purchased from US Government Agencies or USGSE. The State Investment Pool is not rated.

There were the following investments and maturities:

<u>Investment</u>	<u>Rating</u>	<u>Fair Value</u>	<u>Maturity Date</u>	<u>Fair Value Activity Level</u>
State Treasurer's Investment Pool	N/A	\$ 11,551,396	N/A	Quoted Market Price, Level 1
Federal Bonds	A+, A3, A	1,958,589	12/14/2020	Quoted Market Price, Level 1
Wells Fargo Bonds	A+, A2, AA-	991,207	5/24/2019	Quoted Market Price, Level 1
Total		<u>\$ 14,501,192</u>		

Concentration of Credit/Deposit Risk

At year-end, the City's net carrying amount of deposits was \$1,347,330 and the bank balance was \$1,792,124. Of these deposits, \$500,000 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, 2018 were as follows:

	Governmental Activities/Funds			Business-Type Activities/ Proprietary Funds			Totals
	General	Street	Visitor and Tourism	Water	Sewer	Storm	
Accounts	\$ -	\$ -	\$ -	\$ 409,723	\$ 415,136	\$ 107,700	\$ 932,559
System Development Charges	-	-	-	-	67,948	-	67,948
Liens/LIDs	-	-	-	-	275,096	-	275,096
State Revenue Sharing	33,149	-	-	-	-	-	33,149
Property Taxes	136,854	-	-	-	-	-	136,854
Franchise Taxes	106,103	-	-	-	-	-	106,103
Cigarette Taxes	1,355	-	-	-	-	-	1,355
Alcohol Taxes	12,206	-	-	-	-	-	12,206
Motel/Hotel Taxes	-	-	10,728	-	-	-	10,728
Cash Held - County Treasurer	7,778	-	-	-	-	-	7,778
Fines	3,161,417	-	-	-	-	-	3,161,417
Allowance for Doubtful Accounts	(3,003,346)	-	-	-	-	-	(3,003,346)
Total	\$ 455,516	\$ -	\$ 10,727	\$ 409,723	\$ 758,179	\$ 107,700	\$ 1,741,847

**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, 2018 are as follows:

	June 30, 2017	Additions	Retirements	June 30, 2018
Capital Assets Not Being Depreciated:				
Land	\$ 6,408,758	\$ 500,796	\$ -	\$ 6,909,554
Right-Of-Way	5,259,111	-	-	5,259,111
Library Collection	1,443,314	-	(212,302)	1,231,012
Construction in Progress	1,379,052	147,513	(30,139)	1,496,426
Total	<u>14,490,235</u>	<u>648,309</u>	<u>(242,441)</u>	<u>14,896,103</u>
Depreciable Assets:				
Buildings and Improvements	6,234,535	42,499	-	6,277,034
Equipment	2,865,393	139,651	(7,088)	2,997,956
Infrastructure	6,412,873	476,414	-	6,889,287
Total	<u>15,512,801</u>	<u>658,564</u>	<u>(7,088)</u>	<u>16,164,277</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(2,776,313)	(125,810)	-	(2,902,123)
Equipment	(1,441,796)	(216,616)	7,088	(1,651,324)
Infrastructure	(2,165,522)	(198,006)	-	(2,363,528)
Total	<u>(6,383,631)</u>	<u>(540,432)</u>	<u>7,088</u>	<u>(6,916,975)</u>
Total Capital Assets Being Depreciated (Net)	<u>9,129,170</u>	<u>118,132</u>	<u>-</u>	<u>9,247,302</u>
Total Capital Assets, Governmental Activities (Net)	<u>\$ 23,619,405</u>			<u>\$ 24,143,405</u>

Governmental depreciation was allocated to the functions as follows:

General Government	\$ 158,277
Public Safety	210,776
Culture and Recreation	119,965
Highways and Streets	<u>51,414</u>
Total Governmental Activities	<u>\$ 540,432</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, 2018 are as follows:

	<u>2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>2018</u>
Capital Assets Not Being Depreciated:				
Land	\$ 1,006,535	\$ -	\$ -	\$ 1,006,535
Construction In Progress	-	-	-	-
Total	<u>1,006,535</u>	<u>-</u>	<u>-</u>	<u>1,006,535</u>
Depreciable Assets:				
Buildings and Improvements	29,488,681	535,510	-	30,024,191
Equipment	8,510,569	66,391	-	8,576,960
Infrastructure	<u>20,318,371</u>	<u>50,710</u>	<u>-</u>	<u>20,369,081</u>
Total	<u>58,317,621</u>	<u>652,611</u>	<u>-</u>	<u>58,970,232</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(11,845,784)	(931,654)	-	(12,777,438)
Equipment	(4,707,694)	(291,820)	-	(4,999,514)
Infrastructure	<u>(8,959,777)</u>	<u>(436,127)</u>	<u>-</u>	<u>(9,395,904)</u>
Total	<u>(25,513,255)</u>	<u>(1,659,601)</u>	<u>-</u>	<u>(27,172,856)</u>
Total Capital Assets Being Depreciated (Net)	<u>32,804,366</u>	<u>(1,006,990)</u>	<u>-</u>	<u>31,797,376</u>
Total Net Capital Assets				
Business-Type Activities	<u>\$ 33,810,901</u>			<u>\$ 32,803,911</u>

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

Water	\$ 832,065
Sewer	643,768
Storm	175,642
Internal Service Fund	<u>8,126</u>
Total Business-Type Activities	<u>\$ 1,659,601</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN

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

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

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

- a. **PERS Pension (Chapter 238).** The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.
 - i. **Pension Benefits.** The PERS retirement allowance is payable monthly for life. It may be selected from 13 retirement benefit options. These options include survivorship benefits and lump-sum refunds. The basic benefit is based on years of service and final average salary. A percentage (2.0 percent for police and fire employees, and 1.67 percent for general service employees) is multiplied by the number of years of service and the final average salary. Benefits may also be calculated under either a formula plus annuity (for members who were contributing before August 21, 1981) or a money match computation if a greater benefits results. A member is considered vested and will be eligible at minimum retirement age for a service retirement allowance if he or she has had a contribution in each of five calendar years or has reached at least 50 years of age before ceasing employment with a participating employer (age 45 for police and fire members). General service employees may retire after reaching age 55. Police and fire members are eligible after reaching age 50. Tier 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.
 - ii. **Death Benefits.** Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided on or more of the following contributions are met:
 - member was employed by PERS employer at the time of death,
 - member died within 120 days after termination of PERS covered employment,
 - member died as a result of injury sustained while employed in a PERS-covered job, or
 - member was on an official leave of absence from a PERS-covered job at the time of death.
 - iii. **Disability Benefits.** A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.
 - iv. **Benefit Changes After Retirement.** Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

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

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

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

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

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

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

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

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

Contributions – PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were \$994,047, excluding amounts to fund employer specific liabilities. In addition approximately \$271,104 in employee contributions were paid or picked up by the City in fiscal 2018. At June 30, 2018, the City reported a net pension liability of \$6,866,507 for its proportionate share of the net pension liability. The pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation dated December 31, 2015. The 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. As of the measurement date of June 30, 2017, the City's proportion was .05 percent. Pension expense for the year ended June 30, 2018 was \$407,642.

The rates in effect for the year ended June 30, 2018 were:

- (1) Tier 1/Tier 2 – 25.72%
- (2) OPSRP general services – 18.01%
- (3) OPSRP police and fire – 22.78%

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ 332,067	\$ -
Changes in assumptions	1,251,642	-
Net difference between projected and actual earnings on pension plan investments	70,741	-
Net changes in proportionate share	-	714,552
Differences between City contributions and proportionate share of contributions	286,809	30,659
Subtotal - Amortized Deferrals (below)	1,941,259	745,211
City contributions subsequent to measuring date	994,047	-
Deferred outflow (inflow) of resources	\$ 2,935,306	\$ 745,211

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

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

Year ending June 30,	Amount
2019	\$ 200,203
2020	753,766
2021	474,275
2022	(228,569)
2023	(3,627)
Thereafter	-
Total	\$ 1,196,048

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB 68 reporting summary dated February 16, 2018. Oregon PERS produces an independently audited CAFR which can be found at:

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

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

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),

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

(b) an actuarially determined amount for funding a disability benefit component, and (c) an amount for the amortization of unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial accrued liabilities being amortized over 16 years.

Actuarial Methods and Assumptions:

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

Actuarial valuations of an ongoing plan involve estimates of value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. Experience studies are performed as of December 31 of even numbered years. The method and assumptions shown are based on the 2015 Experience Study which is reviewed for the four-year period ending December 31, 2015.

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%
Real Estate	9.5%	15.5%	12.5%
Private Equity	14.0%	21.0%	17.5%
Alternative Equity	0.0%	12.5%	12.5%
Opportunity Portfolio	0.0%	3.0%	0.0%
Total			100%

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

Long-Term Expected Rate of Return:

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman’s capital market assumptions team and the Oregon Investment Council’s (OIC) investment advisors. The table below shows Milliman’s assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC’s description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption is based on a consistent set of underlying assumptions, and includes adjustment for the inflation assumption. These assumptions are not based on historical returns, but instead are based on a forward-looking capital market economic model.

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

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

Discount Rate – The discount rate used to measure the total pension liability was 7.50 percent for the Defined Benefit Pension Plan. The projection of cash flows used to determine the discount rate assumed that contributions from the plan members and those of the contributing employers are made at the contractually required rates, as actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments for the Defined Benefit Pension Plan was applied to all periods of projected benefit payments to determine the total pension liability.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

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

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
City's proportionate share of the net pension liability	\$ 11,701,782	\$ 6,866,507	\$ 2,823,322

Changes Subsequent to the Measurement Date

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

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

Deferred Compensation Plan

A deferred compensation plan is available to employees wherein they may execute an individual agreement with the 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.

OPSRP Individual Account Program (OPSRP IAP)

Plan Description:

Employees of the City are provided with pensions through OPERS. All the benefits of OPERS are established by the Oregon legislature pursuant to Oregon Revised Statute (ORS) Chapters 238 and 238A. Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003. Chapter 238A created the Oregon Public Service Retirement Plan (OPSRP), which consists of the Defined Benefit Pension Program and the Individual Account Program (IAP). Membership includes public employees hired on or after August 29, 2003. PERS members retain their existing defined benefit plan accounts, but member contributions are deposited into the member’s IAP account. OPSRP is part of OPERS, and is administered by the OPERS Board.

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

NOTES TO BASIC FINANCIAL STATEMENTS

5. DEFINED BENEFIT PENSION PLAN (continued)

Pension Benefits:

Participants in OPERS defined benefit pension plans also participate in their defined contribution plan. An IAP member becomes vested on the date the employee account is established or on the date the rollover account was established. If the employer makes optional employer contributions for a member, the member becomes vested on the earliest of the following dates: the date the member completes 600 hours of service in each of five calendar years, the date the member reaches normal retirement age, the date the IAP is terminated, the date the active member becomes disabled, or the date the active member dies. Upon retirement, a member of the OPSRP IAP may receive the amounts in his or her employee account, rollover account, and vested employer account as a lump-sum payment or in equal installments over a 5-, 10-, 15-, 20-year period or an anticipated life span option. Each distribution option has a \$200 minimum distribution limit.

Death Benefits:

Upon the death of a non-retired member, the beneficiary receives in a lump sum the member's account balance, rollover account balance, and vested employer optional contribution account balance. If a retired member dies before the installment payments are completed, the beneficiary may receive the remaining installment payments or choose a lump-sum payment.

Contributions:

Employees of the City pay six (6) percent of their covered payroll. The City did not make any optional contributions to member IAP accounts for the year ended June 30, 2018.

6. OTHER POSTEMPLOYMENT BENEFIT PLAN

Plan Description:

The City is subject to ORS 243.303, which requires that early retirees (those not covered by Medicare) be allowed to stay on the City's health plan on a self-pay basis. The statutory requirement under ORS 243.303 can result in an "implicit subsidy" (the difference between expected early retiree claim costs and the premium paid for the retiree) requiring additional cost and liability recognition under GASB 75. No explicit employer benefit is offered by the City to its employees.

Eligibility:

All employees of the Employer retiring from active service with a pension benefit payable immediately under Oregon PERS.

Health Care Benefits:

Retirees and their dependents under age 65 are allowed to continue the health care coverages received prior to retirement. Premiums for retirees are tiered and based upon the premium rates available to active employees. The retiree is responsible for any portion of the premiums not paid by the Employer. The implicit employer subsidy is measured as the expected health care cost per retiree and dependent, less the gross premiums charged by the insurance carrier for that coverage. The subsidy is only measured for retirees and spouses younger than age 65, at which point such retirees and spouses typically become eligible for Medicare.

Funding Policy:

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

The City did not establish an irrevocable trust (or equivalent arrangement) to account for the plan.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Actuarial Methods and Assumptions:

The City engaged an actuary to perform an evaluation as of July 1, 2016 using the entry age actuarial cost method. The OPEB Liability was determined using the following actuarial assumptions:

Discount Rate Per Year		3.75%
General Inflation Rate Per Year		2.50%
Salary Scale Per Year		3.50%
Annual Medical Premium Increase Rate	2018	6.00%
Range 5%-6.25% through 2064		

Mortality rates derived from the basic table: RP 2000, Employee/Healthy Annuitant, sex distinct, generational. Disability rates are not used.

Changes in Medical Benefit OPEB Liability:

	<u>Total Pension Liability</u>	<u>Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at June 30, 2017	\$ 520,494	\$ -	\$ 520,494
Changes for the year:			
Service Cost	35,110	-	35,110
Interest	14,727	-	14,727
Changes in Benefit Terms	-	-	-
Differences between expected and actual experience	-	-	-
Changes in assumptions or other input	(28,564)	-	(28,564)
Employer Contributions	-	78,288	(78,288)
Benefit payments	(78,288)	(78,288)	-
Net changes for the year	<u>\$ (57,015)</u>	<u>\$ -</u>	<u>\$ (57,015)</u>
Total Pension Liability at June 30, 2018	<u>\$ 463,479</u>	<u>\$ -</u>	<u>\$ 463,479</u>

Sensitivity of the Net Other Post-Employment Benefit Liability to changes in Discount and Trend Rates:

The following presents the net other post-employment benefit liability (NOL), calculated using the discount rate of 3.58%, as well as what the liability would be if it was calculated using a discount rate one percentage point lower (2.58%) or one percentage point higher (4.58%) than the current rate.

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

	1% Decrease (2.58%)	Current Discount Rate (3.58%)	1% Increase (4.58%)
Net OPEB Liability	\$498,627	\$463,479	\$431,292

The following presents the net other post-employment benefit liability (NOL), calculated using the current health care trend rates, as well as what the liability would be if it was calculated using a trend rate one percentage point lower or one percentage point higher than the current rate.

	1% Decrease	Current Health Care Trend Rates	1% Increase
Net OPEB Liability	\$420,799	\$463,479	\$514,395

Deferred Inflows/Outflows of Resources:

	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected and actual experience	\$ -	\$ -
Changes in assumptions	-	(25,493)
City contributions subsequent to measuring date	64,409	n/a
Total at June 30, 2018	\$ 64,409	\$ (25,493)

Other amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

Year ending June 30,	Amount
2019	\$ (3,071)
2020	(3,071)
2021	(3,071)
2022	(3,071)
2023	(3,071)
Thereafter	(10,138)

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

NOTES TO BASIC FINANCIAL STATEMENTS

6. OTHER POSTEMPLOYMENT BENEFIT PLAN (continued)

Other Postemployment Benefit Plan - (RHIA)

Plan Description:

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

Funding Policy:

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

Participating cities are contractually required to contribute to RHIA at a rate assessed each year by OPERS, and the City currently contributes 0.49% of annual covered OPERF payroll and 0.42% of OPSRP payroll under a contractual requirement in effect until June 30, 2019. The OPERS Board of Trustees sets the employer contribution rates based on the annual required contribution of the employers (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The City's contribution to RHIA for the year ended June 30, 2018 was \$20,771 which equaled the required contributions each year.

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT

Long term debt for governmental activities changed as follows for the year ended June 30, 2018:

Debt Item	Balance June 30, 2017	Additions	Reductions	Balance June 30, 2018	Balance Due Within One Year
Compensated Absences	\$ 229,009	\$ 11,508	\$ -	\$ 240,517	\$ 240,517
Boise White Paper Note	2,725,000	-	(150,000)	2,575,000	150,000
Columbia Bank Note	832,197	-	(88,764)	743,433	92,749
US Bank Note	747,631	-	(42,320)	705,311	43,291
Total Long-Term Debt	<u>\$ 4,533,837</u>	<u>\$ 11,508</u>	<u>\$ (281,084)</u>	<u>\$ 4,264,261</u>	<u>\$ 526,557</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:

	Principal	Interest
2018-2019	92,749	32,000
2019-2020	96,840	27,908
2020-2021	101,262	23,487
2021-2022	105,809	18,941
2022-2023	110,560	14,189
2023-2025	236,213	13,286
	<u>\$ 743,433</u>	<u>\$ 129,811</u>

Boise White Paper Note

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

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.

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

	<u>Principal</u>	<u>Interest</u>
2018-2019	43,291	16,183
2019-2020	44,284	15,190
2020-2021	45,300	14,174
2021-2022	46,340	13,135
2022-2023	47,403	12,071
2023-2028	253,839	43,535
2028-2032	224,854	13,044
	<u>\$ 705,311</u>	<u>\$ 127,332</u>

Long term debt for business-type activities changed as follows for the year ended June 30, 2018:

<u>Debt Item</u>	<u>Balance June 30, 2017</u>	<u>Issued</u>	<u>Matured and Redeemed</u>	<u>Balance June 30, 2018</u>	<u>Balance Due Within One Year</u>
DEQ Loan (R80161)	\$ 1,450,000	\$ -	\$ (100,000)	\$ 1,350,000	\$ 100,000
DEQ Loan (R80162)	235,786	-	(117,159)	118,627	118,627
DEQ Loan (R80163)	4,558,019	-	(178,011)	4,380,008	183,084
Capital One - Water Refunding Note	4,781,000	-	(392,000)	4,389,000	401,000
Capital One - Sewer Refunding Note	1,370,000	-	(141,000)	1,229,000	144,000
Total Loans Payable	<u>\$ 12,394,805</u>	<u>\$ -</u>	<u>\$ (928,170)</u>	<u>\$ 11,466,635</u>	<u>\$ 946,711</u>
Compensated Absences	<u>165,835</u>	<u>8,333</u>	<u>-</u>	<u>174,168</u>	<u>174,168</u>
Total Long-Term Debt	<u>\$ 12,560,640</u>	<u>\$ 8,333</u>	<u>\$ (928,170)</u>	<u>\$ 11,640,803</u>	<u>\$ 1,120,879</u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

Details for business-type loans payable as of June 30, 2018 were as follows:

State of Oregon Department of Environmental Quality (Loan R06801)

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

State of Oregon Department of Environmental Quality (Loan R80162)

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

State of Oregon Department of Environmental Quality (Loan R80163)

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

Capital One – Water Refunding Note

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

Capital One – Sewer Refunding Note

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

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

NOTES TO BASIC FINANCIAL STATEMENTS

7. LONG-TERM DEBT (continued)

Future maturities of business-type debt are as follows:

Fiscal Year	DEQ R06801		DEQ R80162		DEQ R80163	
	Principal	Interest	Principal	Interest	Principal	Interest
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
2022-2023	100,000	-	-	-	204,865	100,887
2023-2028	500,000	-	-	-	1,115,306	413,454
2028-2033	350,000	-	-	-	1,283,561	245,199
2033-2037	-	-	-	-	1,012,033	58,085
Total	\$ 1,350,000	\$ -	\$ 118,627	\$ 1,113	\$ 4,380,008	\$ 1,276,390

Fiscal Year	Capital One - Water		Capital One - Sewer		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
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
2022-2023	443,000	58,856	155,000	13,172	902,865	172,915
2023-2028	1,822,000	144,550	483,000	17,165	3,920,306	575,169
2028-2033	461,000	10,911	-	-	2,094,561	256,110
2033-2037	-	-	-	-	1,012,033	58,085
Total	\$ 4,389,000	\$ 549,957	\$1,229,000	\$ 118,405	\$ 11,466,635	\$ 1,945,865

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 \$861,665, while 105% of the debt service requirement was \$763,426. Additionally, ODEQ requires the City to document and maintain a reserve for debt service. At June 30, 2018, the reserve requirement for the Sewer Fund was \$264,035. 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 2.84 and the Sewer Fund had a debt ratio of 1.19.

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

NOTES TO BASIC FINANCIAL STATEMENTS

8. INTERFUND BALANCES AND TRANSFERS

Interfund Loans (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 was paid back at the beginning of the 2018-2019 year and accrued interest was waived.

In August of 2017, the City Council approved a capital loan for \$600,000 (half paid by the Water Fund and half paid by the Sewer Fund) to the Community Development Fund. The purpose of the loan was to help the fund finance its expenditures during 2017-2018. The loan bears no interest and is due to be paid back in 2022-2023.

Interfund transfers during the year ended June 30, 2018 were as follows:

Governmental Funds	Transfers	
	In	Out
General	\$ -	\$ 300,000
Street SDC	-	5,833
Community Development	60,000	-
Visitor and Tourism	240,000	-
Parks SDC	-	2,393
<u>Proprietary Funds</u>		
Water	-	4,646
Sewer	1,700,000	409,939
Storm	400,000	1,701,318
Internal Service	24,129	-
Total Transfers	\$ 2,424,129	\$ 2,424,129

Transfers were used to fund operations between funds.

9. CAPITAL CONTRIBUTIONS

In certain cases, the governmental and proprietary funds will receive resources or pay costs for each other. When this happens, the transaction must be recorded as a capital contribution in the government-wide statements so that the resources are allocated correctly between the governmental and business-type activities. During 2017-2018, Internal Service Funds spent \$227,794 on capital expenditures that benefited other funds throughout the City. The Water Fund and Sewer Fund received \$44,221 and \$22,170 in contributions from Internal Service Funds respectively. Additionally, the Statement of Activities reports \$161,403 received by the Governmental activities during the year. Since Internal Service Funds combine with the Business-Type activities for Government-Wide reporting, the net impact is that the Business-Type activities contributed \$161,403 to the Governmental activities during the year.

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

NOTES TO BASIC FINANCIAL STATEMENTS

10. PROPERTY TAX LIMITATIONS

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

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

11. CONTINGENCIES – EARNED SICK LEAVE

Portions of accumulated sick leave at any point in time can be expected to be redeemed before termination of employment; however, such redemptions cannot be reasonably estimated. 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, 2018, \$59,520 of sick leave has been earned by eligible retirees and could be converted to their VEBA account upon retirement.

12. RISK MANAGEMENT

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

13. PROPERTY TAX ABATEMENTS

As of June 30, 2018, 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 current property tax levies to local taxing jurisdiction. For the fiscal year ended June 30, 2018, the City abated property taxes totaling \$169,454 under this program.

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

NOTES TO BASIC FINANCIAL STATEMENTS

14. RESTATEMENT OF BEGINNING NET POSITION AND FUND BALANCES

To help streamline operations, the City restructured its funds during the 2017-2018 budget process. The main impact of the restructure was that the Capital Improvement Fund's resources were spread out across many of the City-wide funds. Additionally, the Administrative Services Internal Service Fund was closed and its resources combined with the General Fund.

The reallocation of prior year modified-accrual fund balances as of July 1, 2017 went as follows:

OLD FUND	NEW FUND	PY BALANCE OLD FUND	FUND BALANCE COMBINATIONS	CY BEGINNING BALANCE
Governmental				
General	General	1,844,143	157,159	2,001,302
Capital Improvement		6,292,419	(6,292,419)	-
Visitor & Tourism	Visitor & Tourism	98,641	-	98,641
Economic Development	Community Development	108,557	131	108,688
Community Development		131	(131)	-
Community Enhancement	Community Enhancement	1,259,547	(1,177,841)	81,706
Streets	Streets	707,204	170,130	877,334
	Streets SDC	-	1,010,857	1,010,857
	Parks SDC	-	181,506	181,506
	Total Governmental	\$ 10,310,642	\$ (5,950,608)	\$ 4,360,034
Proprietary				
Water	Water	2,141,473	991,670	3,133,143
	Water SDC	-	598,491	598,491
Sewer	Sewer	3,249,164	187,520	3,436,684
	Sewer SDC	-	1,147,249	1,147,249
	Storm	-	2,266,884	2,266,884
	Storm SDC	-	180,617	180,617
Fleet Maintenance	Equipment	26,537	414,852	441,389
Admin Services		157,159	(157,159)	-
	IT Services	-	65,659	65,659
PW Operations	PW Operations	76,979	-	76,979
	Facility Major Maintenance	-	254,825	254,825
	Total Proprietary	\$ 5,651,312	\$ 5,950,608	\$ 11,601,920

Changes to beginning GAAP Basis Net Position are presented in the following table:

	GOVERNMENTAL	BUSINESS-TYPE				TOTAL
		WATER	SEWER	STORM	INTERNAL	
Prior Net Position	\$ 26,796,340	\$ 11,782,784	\$13,755,244	\$ -	\$ 374,042	\$ 25,912,070
Fund Balance Restructure	(5,950,608)	1,590,161	1,334,769	2,447,501	578,177	5,950,608
Net Capital Assets Transferred	-	-	(6,148,129)	6,148,129	-	-
Compensated Absences Transferred	-	-	26,652	(26,652)	-	-
GASB 68 Items Transferred	-	-	257,838	(257,838)	-	-
GASB 75 Restatement	(364,346)	(62,459)	(67,144)	(26,545)	-	(156,148)
New Beginning Net Position	\$ 20,481,386	\$ 13,310,486	\$ 9,159,230	\$ 8,284,595	\$ 952,219	\$ 31,706,530

**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, 2018**

SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

Year Ended June 30,	(a) Employer's proportion of the net pension liability (NPL)	(b) Employer's proportionate share of the net pension liability (NPL)	(c) 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
2018	0.05 %	\$ 6,866,507	\$ 4,232,437	162.2 %	83.1 %
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
2018	\$ 994,047	\$ 994,047	\$ -	\$ 4,518,396	22.0 %
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 CHANGES IN OTHER POST-EMPLOYMENT BENEFITS LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2018**

Total Other Post Employment Benefits Liability at June 30, 2017	\$ 520,494
<u>Changes for the year:</u>	
Service Cost	35,110
Interest	14,727
Changes in Benefit Terms	-
Differences between expected and actual experience	-
Changes in assumptions or other input	(28,564)
Employer Contributions	-
Benefit Payments	<u>(78,288)</u>
Net changes for the year	<u>(57,015)</u>
 Total Other Post Employment Benefits Liability at June 30, 2018	 <u><u>\$ 463,479</u></u>
 Fiduciary Net Position - Beginning	 \$ -
Contributions - Employer	78,288
Contributions - Employee	-
Net Investment Income	(78,288)
Benefit Payments	-
Administrative Expense	<u>-</u>
Net changes for the year	<u>-</u>
 Fiduciary Net Position - Ending	 <u>\$ -</u>
 Net Liability for Other Post Employment Benefits - End of Year	 <u><u>\$ 463,479</u></u>
 Fiduciary Net Position as a percentage of the total Single Employer Pension Liability	 0%
Covered Payroll	\$ 4,232,437
Net Single Employer Pension Plan as a Percentage of Covered Payroll	11%

**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, 2018**

	<u>GENERAL FUND</u>			VARIANCE
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	POSITIVE (NEGATIVE)
REVENUES				
Local Taxes	\$ 1,725,000	\$ 1,725,000	\$ 1,744,284	\$ 19,284
Intergovernmental Revenue	577,500	577,500	628,302	50,802
Grants	38,000	5,000	26,707	21,707
Charges for Services	3,209,000	3,223,000	3,381,531	158,531
Licenses, Permits, Fees	370,000	501,000	535,499	34,499
Fines	225,000	270,000	358,605	88,605
Miscellaneous	106,500	155,000	219,315	64,315
Total Revenues	<u>6,251,000</u>	<u>6,456,500</u>	<u>6,894,243</u>	<u>437,743</u>
EXPENDITURES				
Administration	345,294	357,750 (1)	365,437	(7,687)
City Recorder	288,865	288,500 (1)	281,582	6,918
City Council	101,027	107,000 (1)	95,266	11,734
Court	371,627	386,000 (1)	359,362	26,638
Police	2,776,820	2,742,000 (1)	2,750,954	(8,954)
Library	660,073	656,000 (1)	647,565	8,435
Finance	756,281	824,000 (1)	828,373	(4,373)
Parks	361,700	331,000 (1)	309,608	21,392
Recreation	-	21,000 (1)	12,548	8,452
Planning	271,900	268,000 (1)	249,716	18,284
Building	293,730	269,500 (1)	294,610	(25,110)
Non-Departmental	205,000	224,500 (1)	220,613	3,887
Contingency	750,000	704,151 (1)	-	704,151
Total Expenditures	<u>7,182,317</u>	<u>7,179,401</u>	<u>6,415,634</u>	<u>763,767</u>
Excess, (Deficit) of Revenues Over, (Under)				
Expenditures	(931,317)	(722,901)	478,609	1,201,510
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	-	-	-
Transfers Out	(60,000)	(300,000) (1)	(300,000)	-
Total Other Financing Sources, (Uses)	<u>(60,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	(991,317)	(1,022,901)	178,609	1,201,510
Beginning Fund Balance, Restated	1,969,718	2,001,302	2,001,302	-
Ending Fund Balance	<u>\$ 978,401</u>	<u>\$ 978,401</u>	<u>\$ 2,179,911</u>	<u>\$ 1,201,510</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, 2018**

<u>STREET FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Intergovernmental	\$ 1,285,000	\$ 1,285,000	\$ 1,147,238	\$ (137,762)
Miscellaneous	17,000	17,000	121,962	104,962
Total Revenues	<u>1,302,000</u>	<u>1,302,000</u>	<u>1,269,200</u>	<u>(32,800)</u>
EXPENDITURES				
Operations	1,335,292	1,289,000 (1)	1,253,472	35,528
Debt Service	60,000	60,000 (1)	59,474	526
Total Streets	<u>1,395,292</u>	<u>1,349,000</u>	<u>1,312,946</u>	<u>36,054</u>
Contingency	100,000	198,351 (1)	-	198,351
Total Expenditures	<u>1,495,292</u>	<u>1,547,351</u>	<u>1,312,946</u>	<u>234,405</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(193,292)	(245,351)	(43,746)	201,605
Net Change in Fund Balance	(193,292)	(245,351)	(43,746)	201,605
Beginning Fund Balance, Restated	<u>825,275</u>	<u>877,334</u>	<u>877,334</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ 631,983</u></u>	<u><u>\$ 631,983</u></u>	<u><u>\$ 833,588</u></u>	<u><u>\$ 201,605</u></u>

(1) Appropriation Level

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

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

<u>COMMUNITY ENHANCEMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants	\$ 141,485	\$ 163,485	\$ 111,568	\$ (51,917)
Charges for Services	3,250	3,250	3,313	63
Miscellaneous	17,600	17,600	35,456	17,856
Total Revenues	<u>162,335</u>	<u>184,335</u>	<u>150,337</u>	<u>(33,998)</u>
EXPENDITURES				
Operations	199,575	226,575 (1)	177,440	49,135
Contingency	5,481	39,466 (1)	-	39,466
Total Expenditures	<u>205,056</u>	<u>266,041</u>	<u>177,440</u>	<u>88,601</u>
Net Change in Fund Balance	(42,721)	(81,706)	(27,103)	54,603
Beginning Fund Balance, Restated	<u>42,721</u>	<u>81,706</u>	<u>81,706</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 54,603</u>	<u>\$ 54,603</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, 2018**

<u>COMMUNITY DEVELOPMENT FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Lease Payments	\$ 300,000	\$ 300,000	\$ 300,000	\$ -
Property Tax Reimbursement	150,000	242,100	242,979	879
Grants	1,500,000	-	-	-
Miscellaneous	50,000	-	24,949	24,949
Total Revenues	<u>2,000,000</u>	<u>542,100</u>	<u>567,928</u>	<u>25,828</u>
EXPENDITURES				
Operations	2,514,000	925,500 (1)	807,901	117,599
Debt Service	274,749	275,000 (1)	274,749	251
Contingency	250,000	42,045 (1)	-	42,045
Total Community Development	<u>3,038,749</u>	<u>1,242,545</u>	<u>1,082,650</u>	<u>159,895</u>
Total Expenditures	<u>3,038,749</u>	<u>1,242,545</u>	<u>1,082,650</u>	<u>159,895</u>
OTHER FINANCING SOURCES, -USES				
Interfund Loan Proceeds	600,000	600,000	600,000	-
Transfers In	60,000	60,000	60,000	-
Total Other Financing Sources, -Uses	<u>660,000</u>	<u>660,000</u>	<u>660,000</u>	<u>-</u>
Net Change in Fund Balance	(378,749)	(40,445)	145,278	185,723
Beginning Fund Balance, Restated	446,861	108,557	108,688	131
Ending Fund Balance	<u>\$ 68,112</u>	<u>\$ 68,112</u>	<u>\$ 253,966</u>	<u>\$ 185,854</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, 2018**

ST. HELENS VISITORS AND TOURISM FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Transient Room Tax	\$ 140,000	\$ 150,000	\$ 123,148	\$ (26,852)
Grants	-	20,000	20,000	-
Miscellaneous	146,000	208,000	221,160	13,160
Total Revenues	<u>286,000</u>	<u>378,000</u>	<u>364,308</u>	<u>(13,692)</u>
EXPENDITURES				
Operations	275,527	502,527	447,815	54,712
Total Visitors and Tourism	<u>275,527</u>	<u>502,527</u>	(1) 447,815	<u>54,712</u>
Contingency	10,000	1,278	(1) -	1,278
Total Expenditures	<u>285,527</u>	<u>503,805</u>	<u>447,815</u>	<u>55,990</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	473	(125,805)	(83,507)	42,298
OTHER FINANCING SOURCES, -USES				
Transfers In	-	240,000	240,000	-
Net Change in Fund Balance	473	114,195	156,493	42,298
Beginning Fund Balance	212,363	98,641	98,641	-
Ending Fund Balance	<u>\$ 212,836</u>	<u>\$ 212,836</u>	<u>\$ 255,134</u>	<u>\$ 42,298</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, 2018**

<u>STREET SDC FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 40,000	\$ 40,000	\$ 35,017	\$ (4,983)
Total Revenues	<u>40,000</u>	<u>40,000</u>	<u>35,017</u>	<u>(4,983)</u>
EXPENDITURES				
Operations	<u>1,119,591</u>	<u>1,044,857</u>	(1) -	<u>1,044,857</u>
Total Expenditures	<u>1,119,591</u>	<u>1,044,857</u>	<u>-</u>	<u>1,044,857</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(1,079,591)	(1,004,857)	35,017	1,039,874
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>-</u>	<u>(6,000)</u>	(1) (5,833)	<u>167</u>
Net Change in Fund Balance	(1,079,591)	(1,010,857)	29,184	1,040,041
Beginning Fund Balance, Restated	<u>1,079,591</u>	<u>1,010,857</u>	<u>1,010,857</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,041</u>	<u>\$ 1,040,041</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, 2018**

<u>PARK SDC FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Grants	\$ 15,000	\$ -	\$ -	\$ -
Charges for Services	30,000	30,000	24,128	(5,872)
Total Revenues	<u>45,000</u>	<u>30,000</u>	<u>24,128</u>	<u>(5,872)</u>
EXPENDITURES				
Operations	146,799	209,006 (1)	-	209,006
Total Expenditures	<u>146,799</u>	<u>209,006</u>	<u>-</u>	<u>209,006</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(101,799)	(179,006)	24,128	203,134
OTHER FINANCING SOURCES, (USES)				
Transfers Out	-	(2,500) (1)	(2,393)	107
Total Other Financing Sources, -Uses	<u>-</u>	<u>(2,500)</u>	<u>(2,393)</u>	<u>107</u>
Net Change in Fund Balance	(101,799)	(181,506)	21,735	203,241
Beginning Fund Balance, Restated	<u>101,799</u>	<u>181,506</u>	<u>181,506</u>	<u>-</u>
Ending Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 203,241</u></u>	<u><u>\$ 203,241</u></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 - BUDGETARY (NON-GAAP) BASIS
For the Year Ended June 30, 2018**

<u>WATER FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	\$ 3,430,000	\$ 3,476,000	\$ 3,364,485	\$ (111,515)
Interest	-	-	19,960	19,960
Miscellaneous	35,000	35,000	27,027	(7,973)
Total Revenues	<u>3,465,000</u>	<u>3,511,000</u>	<u>3,411,472</u>	<u>(99,528)</u>
EXPENDITURES				
Operations				
Distribution	1,480,317	1,989,000	2,017,097	(28,097)
Filtration	405,100	422,000	428,015	(6,015)
Capital Outlay	305,000	150,000	45,644	104,356
Total Operations	<u>2,190,417</u>	<u>2,561,000</u>	(1) <u>2,490,756</u>	<u>70,244</u>
Debt Service	562,123	501,000	(1) 499,748	1,252
Contingency	100,000	138,326	(1) -	138,326
Total Expenditures	<u>2,852,540</u>	<u>3,200,326</u>	<u>2,990,504</u>	<u>209,822</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	612,460	310,674	420,968	110,294
OTHER FINANCING SOURCES, (USES)				
Interfund Loan	(300,000)	(300,000)	(1) (300,000)	-
Total Other Financing Sources, (Uses)	<u>(300,000)</u>	<u>(300,000)</u>	<u>(300,000)</u>	<u>-</u>
Net Change in Fund Balance	312,460	10,674	120,968	110,294
Beginning Fund Balance, Restated	<u>2,817,070</u>	<u>3,118,856</u>	<u>3,133,143</u>	<u>14,287</u>
Ending Fund Balance	<u>\$ 3,129,530</u>	<u>\$ 3,129,530</u>	3,254,111	<u>\$ 124,581</u>

Reconciliation to GAAP Net Position:

Water SDC Fund Balance	638,513
Net Capital Assets	14,084,960
Deferred Outflows	361,143
Deferred Inflows	(92,783)
Proportionate Share of the Net Pension Liability	(826,734)
OPEB - GASB 75	(55,617)
Deferred Revenue	650,000
Accrued Interest	(8,625)
Long-Term Debt	(4,389,000)
Compensated Absences	(62,203)
Net Position	<u>\$ 13,553,765</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, 2018**

<u>SEWER FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 4,194,000	\$ 4,442,000	\$ 4,542,710	\$ 100,710
Interest	-	-	19,960	19,960
Miscellaneous	13,000	13,000	21,147	8,147
Total Revenues	<u>4,207,000</u>	<u>4,455,000</u>	<u>4,583,817</u>	<u>128,817</u>
EXPENDITURES				
Operations				
Collections	1,812,213	1,870,750	1,863,517	7,233
Primary Treatment	315,500	301,000	296,021	4,979
Secondary Treatment	470,000	843,000	848,051	(5,051)
Pump Services	178,000	172,000	164,844	7,156
Capital Outlay	490,000	540,000	549,719	(9,719)
Total Operations	<u>3,265,713</u>	<u>3,726,750</u>	(1) <u>3,722,152</u>	<u>4,598</u>
Debt Service	729,000	729,000	(1) 727,072	1,928
Contingency	100,000	252,323	(1) -	252,323
Total Expenditures	<u>4,094,713</u>	<u>4,708,073</u>	<u>4,449,224</u>	<u>258,849</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	<u>112,287</u>	<u>(253,073)</u>	<u>134,593</u>	<u>387,666</u>
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	1,700,000	1,700,000	-
Transfers Out	-	(400,000)	(2) (400,000)	-
Interfund Loan	(300,000)	(300,000)	(2) (300,000)	-
Total Other Financing Sources, (Uses)	<u>(300,000)</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Net Change in Fund Balance	(187,713)	746,927	1,134,593	387,666
Beginning Fund Balance, Restated	<u>4,320,237</u>	<u>3,385,597</u>	<u>3,436,684</u>	<u>51,087</u>
Ending Fund Balance	<u>\$ 4,132,524</u>	<u>\$ 4,132,524</u>	<u>\$ 4,571,277</u>	<u>\$ 438,753</u>
Reconciliation to GAAP Net Position:				
Sewer SDC Fund Balance			1,202,372	
Net Capital Assets			12,698,387	
Deferred Outflows			406,428	
Deferred Inflows			(104,363)	
Proportionate Share of the Net Pension Liability			(931,313)	
OPEB - GASB 75			(59,789)	
Deferred Revenue			643,045	
Accrued Interest			(43,725)	
Long-Term Debt			(7,077,635)	
Compensated Absences			(83,974)	
Net Position			<u>\$ 11,220,710</u>	

(1) Appropriation Level

(2) Combined appropriation of \$700,000

**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, 2018**

<u>STORM FUND</u>				
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Services	\$ 865,000	\$ 865,000	\$ 1,043,618	\$ 178,618
Interest	-	-	9,980	9,980
Miscellaneous	6,000	6,000	3,563	(2,437)
Total Revenues	<u>871,000</u>	<u>871,000</u>	<u>1,057,161</u>	<u>186,161</u>
EXPENDITURES				
Operations	1,601,912	1,518,812	(1) 982,293	536,519
Contingency	100,000	190,914	(1) -	190,914
Total Expenditures	<u>1,701,912</u>	<u>1,709,726</u>	<u>982,293</u>	<u>727,433</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(830,912)	(838,726)	74,868	913,594
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	400,000	400,000	-
Transfers Out	-	(1,700,000)	(1) (1,700,000)	-
Total Other Financing Sources, (Uses)	<u>-</u>	<u>(1,300,000)</u>	<u>(1,300,000)</u>	<u>-</u>
Net Change in Fund Balance	(830,912)	(2,138,726)	(1,225,132)	913,594
Beginning Fund Balance, Restated	<u>959,070</u>	<u>2,266,884</u>	<u>2,266,884</u>	<u>-</u>
Ending Fund Balance	<u>\$ 128,158</u>	<u>\$ 128,158</u>	1,041,752	<u>\$ 913,594</u>
Reconciliation to GAAP Net Position:				
Storm SDC Fund			198,681	
Net Capital Assets			5,978,594	
Deferred Outflows			148,513	
Deferred Inflows			(38,170)	
Proportionate Share of the Net Pension Liability			(339,730)	
OPEB - GASB 75			(23,637)	
Compensated Absences			(27,991)	
Net Position			<u>\$ 6,938,012</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, 2018**

	<u>WATER SDC FUND</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>(NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 60,000	\$ 60,000	\$ 55,897	\$ (4,103)
Total Revenues	<u>60,000</u>	<u>60,000</u>	<u>55,897</u>	<u>(4,103)</u>
EXPENDITURES				
Capital Outlay	313,099	653,491 (1)	11,229	642,262
Contingency	<u>-</u>	<u>-</u> (1)	<u>-</u>	<u>-</u>
Total Expenditures	<u>313,099</u>	<u>653,491</u>	<u>11,229</u>	<u>642,262</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(253,099)	(593,491)	44,668	638,159
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>-</u>	<u>(5,000)</u> (1)	<u>(4,646)</u>	<u>354</u>
Total Other Financing Sources, -Uses	<u>-</u>	<u>(5,000)</u>	<u>(4,646)</u>	<u>354</u>
Net Change in Fund Balance	(253,099)	(598,491)	40,022	638,513
Beginning Fund Balance, Restated	<u>253,099</u>	<u>598,491</u>	<u>598,491</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 638,513</u>	<u>\$ 638,513</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, 2018**

	<u>SEWER SDC</u>			VARIANCE POSITIVE (NEGATIVE)
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	
REVENUES				
Charges for Services	\$ 125,000	\$ 125,000	\$ 65,062	\$ (59,938)
Total Revenues	<u>125,000</u>	<u>125,000</u>	<u>65,062</u>	<u>(59,938)</u>
EXPENDITURES				
Capital Outlay	<u>929,102</u>	<u>1,327,622</u>	(1)	<u>1,327,622</u>
Total Expenditures	<u>929,102</u>	<u>1,327,622</u>	<u>-</u>	<u>1,327,622</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(804,102)	(1,202,622)	65,062	1,267,684
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>-</u>	<u>(10,000)</u>	(1) <u>(9,939)</u>	<u>61</u>
Total Other Financing Sources, -Uses	<u>-</u>	<u>(10,000)</u>	<u>(9,939)</u>	<u>61</u>
Net Change in Fund Balance	(804,102)	(1,212,622)	55,123	1,267,745
Beginning Fund Balance, Restated	<u>804,102</u>	<u>1,212,622</u>	<u>1,147,249</u>	<u>(65,373)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,202,372</u>	<u>\$ 1,202,372</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, 2018**

<u>STORM SDC FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Services	\$ 25,000	\$ 25,000	\$ 19,382	\$ (5,618)
Total Revenues	<u>25,000</u>	<u>25,000</u>	<u>19,382</u>	<u>(5,618)</u>
EXPENDITURES				
Capital Outlay	<u>2,012,930</u>	<u>203,617</u>	(1) -	<u>203,617</u>
Total Expenditures	<u>2,012,930</u>	<u>203,617</u>	<u>-</u>	<u>203,617</u>
Excess, (Deficit) of Revenues Over, (Under) Expenditures	(1,987,930)	(178,617)	19,382	197,999
OTHER FINANCING SOURCES, (USES)				
Transfers Out	<u>-</u>	<u>(2,000)</u>	(1) (1,318)	<u>682</u>
Total Other Financing Sources, -Uses	<u>-</u>	<u>(2,000)</u>	<u>(1,318)</u>	<u>682</u>
Net Change in Fund Balance	(1,987,930)	(180,617)	18,064	198,681
Beginning Fund Balance, Restated	<u>1,987,930</u>	<u>180,617</u>	<u>180,617</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,681</u>	<u>\$ 198,681</u>

(1) Appropriation Level

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

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
June 30, 2018**

	INFORMATION TECHNOLOGY	EQUIPMENT	PUBLIC WORKS OPERATIONS	FACILITY MAJOR MAINTENANCE	TOTAL
ASSETS					
Current:					
Cash and Investments	\$ 89,891	\$ 607,572	\$ 151,017	200,392	\$ 1,048,872
Inventories	-	9,118	-	-	9,118
Total Current Assets	<u>89,891</u>	<u>616,690</u>	<u>151,017</u>	<u>200,392</u>	<u>1,057,990</u>
Capital Assets, (Net)	-	41,970	-	-	41,970
Total Assets	<u>\$ 89,891</u>	<u>\$ 658,660</u>	<u>\$ 151,017</u>	<u>200,392</u>	<u>\$ 1,099,960</u>
LIABILITIES AND NET POSITION					
Liabilities:					
Accounts Payable and Accrued Liabilities	\$ 1,736	\$ 48,945	\$ 11,316	-	\$ 61,997
Total Liabilities	<u>1,736</u>	<u>48,945</u>	<u>11,316</u>	<u>-</u>	<u>61,997</u>
Net Position:					
Net Investment in Capital Assets	-	41,970	-	-	41,970
Unrestricted	<u>88,155</u>	<u>567,745</u>	<u>139,701</u>	<u>200,392</u>	<u>995,993</u>
Total Net Position	<u>88,155</u>	<u>609,715</u>	<u>139,701</u>	<u>200,392</u>	<u>1,037,963</u>
Total Liabilities and Net Position	<u>\$ 89,891</u>	<u>\$ 658,660</u>	<u>\$ 151,017</u>	<u>200,392</u>	<u>\$ 1,099,960</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, 2018**

	INFORMATION TECHNOLOGY	EQUIPMENT	PUBLIC WORKS OPERATIONS	FACILITY MAJOR MAINTENANCE	TOTAL
OPERATING REVENUES					
Internal Charges	\$ 280,085	\$ 676,552	\$ 2,700,000	50,000	\$ 3,706,637
Charges for Services	-	-	49,678	-	49,678
Total Revenues	<u>280,085</u>	<u>676,552</u>	<u>2,749,678</u>	<u>50,000</u>	<u>3,756,315</u>
OPERATING EXPENDITURES					
Operations	260,416	344,154	2,689,923	119,310	3,413,803
Depreciation	-	8,126	-	-	8,126
Total Expenditures	<u>260,416</u>	<u>352,280</u>	<u>2,689,923</u>	<u>119,310</u>	<u>3,421,929</u>
Operating Income, (Loss)	19,669	324,272	59,755	(69,310)	334,386
NONOPERATING REVENUES, (EXPENDITURES)					
Miscellaneous	2,827	-	2,967	12,500	18,294
Income Before Other Financing Items	<u>22,496</u>	<u>324,272</u>	<u>62,722</u>	<u>(56,810)</u>	<u>352,680</u>
OTHER FINANCING SOURCES, (USES)					
Transfers	-	-	-	24,129	24,129
Capital Contributions	-	(206,042)	-	(21,752)	(227,794)
Total Other Financing Sources, (Uses)	<u>-</u>	<u>(206,042)</u>	<u>-</u>	<u>2,377</u>	<u>(203,665)</u>
Change in Net Position	22,496	118,230	62,722	(54,433)	149,015
Beginning Net Position	<u>65,659</u>	<u>491,485</u>	<u>76,979</u>	<u>254,825</u>	<u>888,948</u>
Ending Net Position	<u>\$ 88,155</u>	<u>\$ 609,715</u>	<u>\$ 139,701</u>	<u>200,392</u>	<u>\$ 1,037,963</u>

**CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended June 30, 2018**

	INFORMATION TECHNOLOGY	EQUIPMENT	PUBLIC WORKS	FACILITY MAJOR MAINTENANCE	TOTAL
Cash Flows from Operating Activities:					
Cash Received from Customers	\$ 280,085	\$ 676,552	\$ 2,749,678	50,000	\$ 3,756,315
Cash Paid to Suppliers	(258,680)	(47,620)	(233,202)	(119,310)	(658,812)
Cash Paid to Employees	-	(247,133)	(2,445,405)	-	(2,692,538)
Net Cash Provided -Used by Operating Activities	<u>21,405</u>	<u>381,799</u>	<u>71,071</u>	<u>(69,310)</u>	<u>404,965</u>
Cash Flows from Noncapital Financing Activities:					
Transfers	-	-	-	24,129	24,129
Assets Purchased for Other Funds	-	(206,042)	-	(21,752)	(227,794)
Miscellaneous Revenues/Expenditures	2,827	-	2,967	12,500	18,294
Net Cash Provided -Used by Noncapital Financing Activities	<u>2,827</u>	<u>(206,042)</u>	<u>2,967</u>	<u>14,877</u>	<u>(185,371)</u>
Net Increase -Decrease in Cash and Cash Equivalents	24,232	175,757	74,038	(54,433)	219,594
Cash and Investments at Beginning of Year, Restated	65,659	431,815	76,979	254,825	829,278
Cash and Investments at End of Year	<u>\$ 89,891</u>	<u>\$ 607,572</u>	<u>\$ 151,017</u>	<u>200,392</u>	<u>\$ 1,048,872</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities					
Operating Income, -Loss	\$ 19,669	\$ 324,272	\$ 59,755	(69,310)	\$ 334,386
Noncash Items Included in Income:					
Depreciation	-	8,126	-	-	8,126
Decrease -Increase in Accounts Receivable	-	-	-	-	-
Decrease -Increase in Inventory	-	456	-	-	456
Increase -Decrease in Accounts Payable and Accrued Liabilities	1,736	48,945	11,316	-	61,997
Net Cash Provided -Used by Operating Activities	<u>\$ 21,405</u>	<u>\$ 381,799</u>	<u>\$ 71,071</u>	<u>(69,310)</u>	<u>\$ 404,965</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, 2018**

INFORMATION TECHNOLOGY FUND

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Charges for Interfund Services	\$ 230,000	\$ 280,000	\$ 280,085	\$ 85
Miscellaneous	2,800	2,800	2,827	27
Total Revenue	<u>232,800</u>	<u>282,800</u>	<u>282,912</u>	<u>112</u>
EXPENDITURES				
Operations	160,000	281,000	260,416	20,584
Contingency	21,000	7,459	-	7,459
Total Expenditures	<u>181,000</u>	<u>288,459</u>	<u>260,416</u>	<u>28,043</u>
Net Change in Fund Balance	51,800	(5,659)	22,496	28,155
Beginning Fund Balance, Restated	<u>11,000</u>	<u>65,659</u>	<u>65,659</u>	<u>-</u>
Ending Fund Balance	<u>\$ 62,800</u>	<u>\$ 60,000</u>	<u>\$ 88,155</u>	<u>\$ 28,155</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, 2018**

<u>EQUIPMENT FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Charges for Interfund Services	\$ 638,478	\$ 694,000	\$ 676,552	\$ (17,448)
Total Revenue	<u>638,478</u>	<u>694,000</u>	<u>676,552</u>	<u>(17,448)</u>
EXPENDITURES				
Operations	735,000	743,782 (1)	550,196	193,586
Contingency	<u>250,000</u>	<u>- (1)</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>985,000</u>	<u>743,782</u>	<u>550,196</u>	<u>193,586</u>
Net Change in Fund Balance	(346,522)	(49,782)	126,356	176,138
Beginning Fund Balance, Restated	<u>788,135</u>	<u>491,485</u>	<u>441,389</u>	<u>(50,096)</u>
Ending Fund Balance	<u>\$ 441,613</u>	<u>\$ 441,703</u>	567,745	<u>\$ 126,042</u>
Reconciling Items:				
Net Capital Assets			<u>41,970</u>	
Net Position			<u>\$ 609,715</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, 2018**

<u>PUBLIC WORKS FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Miscellaneous	\$ -	\$ 2,500	\$ 2,967	\$ 467
Engineering Fees	-	45,000	49,678	4,678
Charges for Interfund Services	<u>2,925,000</u>	<u>2,700,000</u>	<u>2,700,000</u>	<u>-</u>
Total Revenues	<u>2,925,000</u>	<u>2,747,500</u>	<u>2,752,645</u>	<u>5,145</u>
EXPENDITURES				
Operations	<u>3,077,200</u>	<u>2,784,900</u>	(1) <u>2,689,923</u>	<u>94,977</u>
Contingency	<u>2,216</u>	<u>39,579</u>	(1) <u>-</u>	<u>39,579</u>
Total Expenditures	<u>3,079,416</u>	<u>2,824,479</u>	<u>2,689,923</u>	<u>134,556</u>
Net Change in Fund Balance	(154,416)	(76,979)	62,722	139,701
Beginning Fund Balance	<u>154,416</u>	<u>76,979</u>	<u>76,979</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 139,701</u>	<u>\$ 139,701</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, 2018**

<u>FACILITY MAJOR MAINTENANCE FUND</u>				
	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES				
Internal Charges	\$ 50,000	\$ 50,000	\$ 50,000	\$ -
Miscellaneous	-	12,500	12,500	-
Total Revenues	<u>50,000</u>	<u>62,500</u>	<u>62,500</u>	<u>-</u>
EXPENDITURES				
Operations	110,000	165,000 (1)	141,062	23,938
Contingency	190,530	176,325 (1)	-	176,325
Total Expenditures	<u>300,530</u>	<u>341,325</u>	<u>141,062</u>	<u>200,263</u>
Excess, (Deficit) of Revenues Over (Under) Expenditures	(250,530)	(278,825)	(78,562)	200,263
OTHER FINANCING SOURCES, (USES)				
Transfers In	-	24,000	24,129	129
Total Other Financing Sources, (Uses)	<u>-</u>	<u>24,000</u>	<u>24,129</u>	<u>129</u>
Net Change in Fund Balance	(250,530)	(254,825)	(54,433)	200,392
Beginning Fund Balance, Restated	<u>250,530</u>	<u>254,825</u>	<u>254,825</u>	<u>-</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 200,392</u>	<u>\$ 200,392</u>

(1) Appropriation Level

CITY OF ST. HELENS
COLUMBIA COUNTY, OREGON

INDEPENDENT AUDITORS' REPORT REQUIRED BY
OREGON STATE REGULATIONS



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February 19, 2019

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, 2018, and have issued our report thereon dated February 19, 2019. 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:

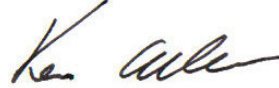
1. We noted four instances where actual expenditures exceeded appropriations as noted on page 16.
2. During our review of the budget process, we noted that the Budget Committee only published notice of the meeting one day in advance. ORS requires two notices, five days apart.

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.