ST. HELENS SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year Ended June 30, 2016

MEMBERS OF THE SCHOOL BOARD

Name	*Title*	*Term Expires*
Gordon Jarman	Chair	June 30, 2017
William Amos	Vice Chair	June 30, 2019
Kellie Smith	Member	June 30, 2017
Jeff Howell	Member	June 30, 2017
Melody Killens	Member	June 30, 2019

Board members receive mail at the District Office address below

ADMINISTRATIVE

St. Helens School District
474 North 16th Street
St. Helens, Oregon 97051

Scot Stockwell, Superintendent, Clerk
Jessica Pickett, Business Manager

ST. HELENS SCHOOL DISTRICT
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FINANCIAL SECTION

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

School Board
St. Helens School District
474 North 16th Street
St. Helens, Oregon 97051

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of St. Helens School District, Columbia County, Oregon (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District'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.

Auditor's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 District'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 District'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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of St. Helens School District, Columbia County, Oregon as of June 30, 2016, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A), the schedules of funding progress for other postemployment benefits, the schedule of the proportionate share of the net pension liability for PERS, the schedule of contributions for PERS and the budgetary comparison information 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 MD&A, the schedules of funding progress for other postemployment benefits, the schedule of the proportionate share of the net pension liability for PERS and the schedule of contributions for PERS 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 information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The other supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Reports on Other Legal and Regulatory Requirements

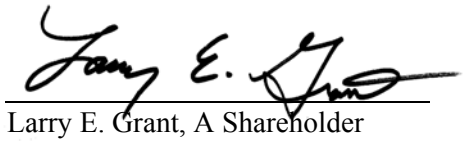
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2016, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Other Reporting Required by Oregon Minimum Standards

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated December 15, 2016, on our consideration of the District's 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.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Larry E. Grant, A Shareholder
December 15, 2016

ST. HELENS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2016

As management of St. Helens School District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2016.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2016 was $3.56 million. Of this amount, $22.2 million represents the District's net investment in capital assets, $469 thousand was restricted for debt service, and ($19.1) million was unrestricted.
- The District's total net position decreased by $607 thousand.
- The District's governmental funds report a combined ending fund balance of $6.4 million at June 30, 2016, a decrease of $621 thousand from the prior year.
- At the end of the fiscal year ended June 30, 2016, fund balance for the General Fund was $4.7 million, $72.2 thousand of which represented QZAB Bond proceeds, the remaining $4.7 million represents approximately 16.9 percent of total General Fund expenditures.
- The District's total liabilities decreased by $57 thousand (7.8 percent) during the 2015-16 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements include:

The S*tatement of Net Position.* The *statement of net position* presents information on all of the assets and liabilities of the District as of the date on the statement. Net position is what remains after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities.* The *statement of activities* presents information showing how the net position of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net position. 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 and earned, but unused vacation leave).

In the government-wide financial statements, the District's activities are shown as governmental activities. All basic District functions are shown here, such as regular and special education, child nutrition services, transportation, administration, and facilities acquisition and construction. These activities are primarily financed through property taxes, Oregon's State School Fund and other intergovernmental revenues.

Fund financial statements. The *fund financial statements* provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The St. Helens School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The *governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide 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 District's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund's statement of revenues, expenditures and changes in fund balances for the General Fund, the Special Revenue Fund, the Debt Service Fund, and the Capital Projects Fund, which are all considered to be major funds.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* related to PERS and other postemployment benefit obligations and schedules of revenues, expenditures and changes in fund balance - budget and actual for the General Fund and the Special Revenue Fund. The budgetary information for the Debt Service Fund and the Capital Projects Fund, as well as budgetary information on all funds and other schedules required by the Department of Education and the Secretary of State, are presented as *other supplementary information.*

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, net position was $3.6 million as of June 30, 2016.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent over 76.4 percent of total assets. The remaining assets consist mainly of investments, cash, prepaid pension costs, and grants and property taxes receivable.

The District's largest liability (87.2 percent) is for the repayment of long-term liabilities (general obligation bonds, pension bonds, other postemployment benefit obligation, and net pension liability). Current liabilities, representing 12.8 percent of the District's total liabilities, are made up of payables on accounts, salaries and benefits, and interest on long-term liabilities.

A large portion of the District's net position reflect its investment in capital assets (e.g. land, buildings, vehicles and equipment), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and other District residents; consequently these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources (generally property taxes), since the capital assets themselves cannot be used to liquidate these liabilities.

St. Helens School District
Statements of Net Position
June 30,

	2016	*2015*	*Change*
Current and other assets	$ 7,691,457	$ 8,379,750	$ (688,293)
PERS net pension asset	-	864,050	(864,050)
Capital assets, net	25,691,469	25,190,505	500,964
Total assets	33,382,926	34,434,305	(1,051,379)
PERS deferred outflows	658,632	999,910	(341,278)
Total assets and deferred outflows	34,041,558	35,434,215	(1,392,657)
Current liabilities	3,820,939	4,058,517	(237,578)
PERS net pension liability	2,521,377	-	2,521,377
Long-term liabilities	26,132,691	25,542,052	590,639
Total liabilities	32,475,007	29,600,569	2,874,438
PERS deferred inflows	528,538	1,667,266	(1,138,728)
Total liabilities and deferred inflows	33,003,545	31,267,835	1,735,710
Net position			
Net investment in capital assets	22,204,938	21,788,068	416,870
Restricted	468,789	466,059	2,730
Unrestricted	(19,114,337)	(18,087,747)	(1,026,590)
Total net position	$ 3,559,390	$ 4,166,380	$ (606,990)

Statement of Activities. During the current fiscal year, the District's net position decreased by $607 thousand, as compared to an increase of $2.4 million in the prior year. The key elements of the decrease in the District's net position for the year ended June 30, 2016 are as follows:

- General support from the State School Fund increased $289 thousand (1.6 percent), and property tax revenue increased $270 thousand (2.8 percent).
- Instructional programs expenses increased $2.6 million (16.1 percent) and support services expenses increased $673 thousand (7 percent), primarily the result of adjustments made to the pension liability.

Statements of Activities
Year ended June 30,

	2016	*2015*	*Change*
Revenues			
Program revenues			
Fees, fines and charges for services	$ 550,520	$ 713,265	$ (162,745)
Operating grants and contributions	2,698,643	2,594,644	103,999
Capital grants and contributions	185,221	-	185,221
General revenues			
Property taxes	9,834,739	9,565,071	269,668
Construction excise tax	91,044	116,455	(25,411)
State school fund	18,387,728	18,099,008	288,720
Common school fund	347,762	290,579	57,183
Unrestricted state and local funds	369,669	256,478	113,191
Earnings on investments	65,507	49,471	16,036
Miscellaneous	143,640	335,694	(192,054)
Loss on disposal of capital assets	-	(82,547)	82,547
Total revenues	32,674,473	31,938,118	736,355
Expenses			
Instructional programs	18,750,954	16,144,865	2,606,089
Support services	10,324,164	9,651,485	672,679
Community services	335,589	194,274	141,315
Food services	835,977	765,542	70,435
Facilities services	401,588	261,101	140,487
Interest on long-term liabilities	2,633,191	2,526,061	107,130
Total expenses	33,281,463	29,543,328	3,738,135
Change in net position	(606,990)	2,394,790	(3,001,780)
Net position, beginning of year	4,166,380	1,771,590	2,394,790
Net position, end of year	$ 3,559,390	$ 4,166,380	$ (606,990)

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the District's governmental funds is to provide information on relatively short-term cash flow and funding for future basic services. Such information is useful in assessing the District's financing requirements. In particular, *fund balance* may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

At June 30, 2016, the District's governmental funds reported combined ending fund balances of $6.4 million, a decrease of $621 thousand in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2016, the fund balance was $4.7 million. The fund balance decreased by $605 thousand during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 17.2 percent of total General Fund expenditures. Expenditures for instruction increased $69 thousand (less than one half of one percent). Meanwhile, expenditures for support services decreased $247 thousand (2.4 percent) due to reductions in staffing in support functions.

The budget for the General Fund was adopted by the Board on June 10, 2015. There were two changes to the General Fund budget during the fiscal year to allocate unanticipated resources to staffing and maintenance activities. The second change consisted of transferring budget appropriations from support services to capital improvements.

Special Revenue Fund. The Special Revenue Fund has a total fund balance of $501 thousand, a decrease of $89 thousand from the prior year. Of this balance, all funds are committed by the Board except for food service inventories, which are non-spendable. Commitments to student body activities total $345 thousand.

Debt Service Fund. The Debt Service Fund has a total fund balance of $481 thousand, of which $446 thousand is restricted and $35 thousand is committed to the payment of debt service. This fund contains the activity of two debt service functions previously presented individually as the Debt Service Fund, which accounted for general obligation bond debt service, and the PERS Bond Debt Service Fund. The net increase in fund balance during the current year was $18 thousand (3.8 percent). The increase was attributable to property tax collections.

Capital Projects Fund. The ending fund balance for the Capital Projects Fund increased $56 thousand from $663 thousand at the end of the prior year to $719 thousand for the year ending June 30, 2016 primarily due to transfers in from the General Fund. This entire balance is committed to facility improvements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. The District's investment in capital assets includes land, buildings and improvements, vehicles and equipment. As of June 30, 2016, the District had invested $25.7 million in capital assets, net of depreciation, as shown in the following table:

	2016	*2015*	*Change*
Land	$ 2,365,823	$ 2,365,823	$ -
Asset held for sale	152,886	-	152,886
Construction in progress	-	214,573	(214,573)
Building and improvements	22,567,433	22,015,367	552,066
Vehicles and equipment	605,327	594,742	10,585
Total	$ 25,691,469	$ 25,190,505	$ 500,964

During fiscal year 2015-16, the District's investment in capital assets increased by $501 thousand. The major capital asset events for the year ended June 30, 2016 include additions totaling $1.5 million offset by depreciation expense of $994 thousand.

Additional information regarding the District's capital assets can be found in the notes to basic financial statements of this report.

Long-term debt. At the end of the current fiscal year, the District had total long-term debt outstanding of $22.7 million, consisting of general obligation bonded debt of $1.8 million, pension bonds of $19.1 million, and tax exempt financing of $1.8 million.

During the current fiscal year, the District's total debt decreased by $1.8 million, which represents the amount of current year principal payments totaling the same amount. During the current fiscal year, the District made the last payment toward its capital lease obligations.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95 percent of its total real market valuation. The current debt limitation for the District is $169.6 million, which is significantly in excess

of the District's outstanding general obligation debt of $1.8 million. The pension bonds are not subject to the statutory debt limitation.

Additional information on the District's long-term debt can be found in the notes to the basic financial statements of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The major source of funding for the District is the State of Oregon's school funding formula. The state formula funding includes both local and state revenue and is based largely on student enrollment. For the year ending June 30, 2016, total state school support revenue accounted for approximately 70.1 percent of the District's General Fund revenue. Due to heavy reliance on this source, changes in the state economy are likely to flow through to the District.

The state legislature increased K-12 education funding for the 2015-17 biennium, however, the allocation of funds between the two fiscal years resulted in a decrease of year over year revenue per student in the amount of $16 from 2014-15 to 2015-16 based on preliminary calculations. This decrease was compounded by the District's continued enrollment losses. As such, the District's financial situation requires close attention in response to the governor's education plans and the state's current fiscal and political issues, especially as the 2017-2019 budget is formed in the spring of 2017.

Subsequent to June 30, 2016, both union contracts were negotiated. Contract terms expire on June 30, 2018 with the St. Helens Education Association and June 30, 2019 for the Oregon School Employees Association Chapter No. 31, respectively. Pay scales received cost of living increases in the amount of 2 percent and District-paid insurance contributions increased by 5 percent for eligible employees. The District's PERS rates for the 2015-2017 biennium are .53% of salary covered under the plan for Tier 1 and Tier 2 and .45% of salary for employees covered under the Oregon Public Retirement Services Plan (OPSRP). These rates are set to increase in part for the 2017-19 biennium based on final communications derived from the recent actuarial valuation of the PERS plans. Rates for Tier 1 and Tier 2 are set to increase to 5.61% whereas rates for OPSRP are set to decrease to .43%. Since payroll related costs represent 75-80% of District expenses, these factors will significantly influence long-range planning.

REQUESTS FOR INFORMATION

This financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Financial Services, 474 North 16th Street, St. Helens, Oregon 97051.

ST. HELENS SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2016

ASSETS		
Cash and investments	$	6,017,612
Property taxes receivable		761,711
Due from other governments		806,865
Other receivables		25,159
Inventories		2,415
Prepaid expenses		77,695
Capital assets not being depreciated		
Land		2,365,823
Asset held for sale		152,886
Capital assets, net of accumulated depreciation		
Buildings and land improvements		22,567,433
Equipment and vehicles		605,327
Total Assets		33,382,926
DEFERRED OUTFLOWS OF RESOURCES		
PERS deferred outflows		658,632
Total Assets and Deferred Outflows of Resources		34,041,558
LIABILITIES		
Accounts payable and accrued expenses		662,355
Unearned revenue		5,000
Accrued compensated absences		73,775
Accrued interest		3,079,809
Long-term liabilities		
Portion due within one year		1,703,948
Portion due in more than one year		21,010,108
PERS net pension liability		2,521,377
Other post employment benefit obligation due within one year		131,311
Other post employment benefit obligation due in more than one year		765,947
Total Liabilities		29,953,630
DEFERRED INFLOWS OF RESOURCES		
PERS deferred inflows		528,538
Total Liabilities and Deferred Inflows of Resources		30,482,168
NET POSITION		
Net investment in capital assets		22,204,938
Restricted for debt service		468,789
Unrestricted		(19,114,337)
Total Net Position	$	3,559,390

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

		Program Revenues			Net (Expense) Revenue and Change in Net Position
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
FUNCTIONS/PROGRAMS					
Governmental Activities:					
Instructional programs	$ 18,750,954	$ 341,069	$ 1,918,908	$ 153,800	$ (16,337,177)
Support services					
Student transportation	1,599,850	-	-	-	(1,599,850)
Other support services	8,724,314	11,998	-	31,421	(8,680,895)
Community services	335,589	-	57,440	-	(278,149)
Food services	835,977	197,453	722,295	-	83,771
Facilities services	401,588	-	-	-	(401,588)
Interest on long-term liabilities	2,633,191	-	-	-	(2,633,191)
Total Governmental Activities	$ 33,281,463	$ 550,520	$ 2,698,643	$ 185,221	(29,847,079)
General Revenues:					
Property taxes, levied for general purposes					7,661,987
Property taxes, levied for debt service					2,172,752
Construction excise tax					91,044
State school fund					18,387,728
Common school fund					347,762
Unrestricted state and local funds					369,669
Earnings on investments					65,507
Miscellaneous					143,640
Total General Revenues					29,240,089
Change in Net Position					(606,990)
Net Position - beginning					4,166,380
Net Position - ending					$ 3,559,390

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2016

	General	*Special Revenue*	*Debt Service*	*Capital Projects*	*Total*
ASSETS					
Cash and investments	$ 4,851,373	$ 22,977	$ 442,396	$ 700,866	$ 6,017,612
Property taxes receivable	588,636	-	173,075	-	761,711
Due from other funds	-	560	-	-	560
Receivable from other governments	223,794	541,944	-	41,127	806,865
Other receivables	19,445	973	-	4,741	25,159
Inventories	-	2,415	-	-	2,415
Prepaid expenses	65,498	12,197	-	-	77,695
Total Assets	$ 5,748,746	$ 581,066	$ 615,471	$ 746,734	$ 7,692,017
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
Liabilities					
Accounts payable	$ 220,125	$ 20,174	$ -	$ 27,180	$ 267,479
Due to other funds	560	-	-	-	560
Accrued expenses	339,666	55,210	-	-	394,876
Unearned revenue	-	5,000	-	-	5,000
Total Liabilities	560,351	80,384	-	27,180	667,915
Deferred Inflows of Resources					
Unavailable revenue - property taxes	457,862	-	134,497	-	592,359
Fund Balance					
Non-spendable:					
Inventory	-	2,415	-	-	2,415
Prepaid expenses	65,498	12,197	-	-	77,695
Restricted for:					
Facility improvements	72,234	-	-	-	72,234
Debt service	-	-	445,547	-	445,547
Committed to:					
Special revenue fund activities	-	486,070	-	-	486,070
Facility improvements	-	-	-	719,554	719,554
Debt service	-	-	35,427	-	35,427
Unassigned	4,592,801	-	-	-	4,592,801
Total Fund Balances	4,730,533	500,682	480,974	719,554	6,431,743
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,748,746	$ 581,066	$ 615,471	$ 746,734	$ 7,692,017

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION
JUNE 30, 2016

FUND BALANCES		$ 6,431,743
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	$ 49,672,150	
Accumulated depreciation	(23,980,681)	25,691,469
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.		592,359
Long-term pension liabilities/assets not payable in the current year are not reported as governmental fund liabilities/assets. Actuarial changes create deferred outflows and inflows of resources. These consist of:		
PERS net pension asset (liability)	(2,521,377)	
Net deferred outflows of resources	658,632	
Net deferred inflows of resources	(528,538)	(2,391,283)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:		
Accrued interest	(3,079,809)	
Accrued compensated absences	(73,775)	
Other postemployment benefit obligation	(897,258)	
Long-term debt	(22,714,056)	(26,764,898)
TOTAL NET POSITION		$ 3,559,390

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2016

	General	*Special Revenue*	*Debt Service*	*Capital Projects*	*Total*
REVENUES					
Property taxes	$ 7,667,625	$ -	$ 2,178,130	$ -	$ 9,845,755
Construction excise tax	-	-	-	91,044	91,044
Intergovernmental					
Intermediate sources	230,382	45,841	-	-	276,223
State sources	18,960,778	229,103	-	-	19,189,881
Federal sources	59	2,130,381	-	-	2,130,440
Charges for services	27,525	725,450	-	11,998	764,973
Contributions	3,987	101,149	-	-	105,136
Investment earnings	49,902	177	14,463	-	64,542
Miscellaneous	125,003	87,103	2,136,605	35,845	2,384,556
Total Revenues	27,065,261	3,319,204	4,329,198	138,887	34,852,550
EXPENDITURES					
Current					
Instruction	15,804,504	1,930,544	-	-	17,735,048
Support services	10,046,656	166,929	-	180	10,213,765
Enterprise and community services	-	1,054,803	-	-	1,054,803
Facilities acquisition and construction	111,055	189,529	-	88,897	389,481
Debt service					
Principal	239,000	-	1,527,365	-	1,766,365
Interest	34,010	-	2,784,308	-	2,818,318
Capital outlay	1,225,180	226,500	-	43,750	1,495,430
Total Expenditures	27,460,405	3,568,305	4,311,673	132,827	35,473,210
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(395,144)	(249,101)	17,525	6,060	(620,660)
OTHER FINANCING SOURCES (USES)					
Transfers in	47,729	208,081	-	50,000	305,810
Transfers out	(258,081)	(47,729)	-	-	(305,810)
Total Other Financing Sources (Uses)	(210,352)	160,352	-	50,000	-
NET CHANGE IN FUND BALANCES	(605,496)	(88,749)	17,525	56,060	(620,660)
FUND BALANCES, beginning	5,336,029	589,431	463,449	663,494	7,052,403
FUND BALANCES, ending	$ 4,730,533	$ 500,682	$ 480,974	$ 719,554	$ 6,431,743

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2016

NET CHANGE IN FUND BALANCES - (Governmental Funds)		$ (620,660)
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Expenditures for capital assets	$ 1,495,430	
Less current year depreciation	(994,466)	500,964
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceeded proceeds:		
Debt principal repaid		1,766,365
In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due.		185,127
Property taxes that do not meet the measurable and available criteria are not recognized as revenue in the current year in the governmental funds. In the Statement of Activities property taxes are recognized as revenue when levied.		(10,051)
In the Statement of Activities, pension expense is adjusted based on actuarially determined contribution changes:		
Net change in PERS net pension liability/asset	(3,385,427)	
Net change in deferred outflows of resources	(341,278)	
Net change in deferred inflows of resources	1,138,728	(2,587,977)
Early retirement incentives are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives are recognized as expenditures when earned.		164,373
Compensated absences are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned.		(5,131)
CHANGE IN NET POSITION		$ (606,990)

The accompanying notes are an integral part of the financial statements

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Helens School District (the District), also known as Columbia County School District No. 502, is a municipal corporation governed by a separately elected five-member Board of Directors. Administrative officials are approved by the Board. The daily functioning of the District is under the supervision of the Superintendent-Clerk. As required by accounting principles generally accepted in the United States of America, all activities of the District have been included in the basic financial statements.

The District qualifies as a primary government since it has a separately elected governing body, is a legally separate entity, and is fiscally independent. There are various governmental agencies and special service districts, which provide service within the District's boundaries. However, the District is not financially accountable for any of these entities, and therefore, none of them are considered component units or included in these basic financial statements.

The District has granted charter to a public charter school, The Mastery Learning Institute – Arthur Academy. This public charter school is a legally separate, tax-exempt organization governed by its own board of directors and its financial statements may be obtained at its administrative office.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District. These statements include the governmental financial activities of the overall District, except fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. Governmental activities are financed primarily through property taxes, intergovernmental revenues and charges for services.

The Statement of Activities presents a comparison between direct expenses and program revenues for each of its functions/programs. Direct expenses are those that are specifically associated with a function and, therefore, are clearly identifiable to that function. Eliminations have been made to minimize the double counting of internal activities in the Statement of Activities, except that interfund services are not eliminated. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided and (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net position is reported as restricted when constraints placed on the use of resources are either externally restricted, imposed by creditors (such as through grantors, contributors or laws) or through constitutional provisions or enabling resolutions.

Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds. For the current year, all of the District's funds are reported as major funds.

The District reports the following major governmental funds:

General Fund - This is the District's primary operating fund and accounts for all revenues and expenditures except those required to be accounted for in another fund. Principal revenue sources are an apportionment from the State of Oregon and property taxes.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

***Basis of Presentation** (Continued)*

Fund Financial Statements (Continued)

Special Revenue Fund – This is a combined fund to account for special revenues intended for grants, food service, and student services. The revenue sources vary from local food service receipts to receipts from state and federal sources.

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation bonded debt, where the principal revenue sources are property taxes. It also accounts for payments of principal and interest on bonded debt issued to fund a portion of the District's unfunded actuarial liability to Oregon PERS. Principal revenue sources for PERS bond payments are charges to other funds.

Capital Projects Fund - This fund accounts for funds intended to be used for capital outlay.

Measurement Focus and Basis of Accounting

Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the District receives value without giving equal value in exchange, include property taxes, grants, entitlements and donations. Under the accrual basis of accounting, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues.

Thus, when program expenses are incurred, there are both net position - restricted and net position - unrestricted available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general resources.

Governmental fund financial statements are reported using the current financial resources measurement focus and modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within sixty days after year-end. Property taxes and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. Capital asset acquisitions are reported as expenditures in the governmental funds and proceeds from general long-term debt and acquisitions under capital leases are reported as other financing sources.

Cash, Cash Equivalents and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less. Short-term investments are stated at cost which approximates fair value.

The District's investments consist of the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The LGIP investment is stated at cost which approximates fair value.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued)

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

Property Taxes Receivable

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

Uncollected property taxes are recorded on the statement of net position. Uncollected taxes are deemed to be substantially collectible or recoverable through liens; therefore, no allowance for uncollectible taxes has been established. All property taxes receivable are due from property owners within the District.

Accounts and Other Receivables

Accounts and other receivables are comprised primarily of State school support and claims for reimbursement of costs under various federal and state grants. Amounts are periodically reviewed for collectability. At June 30, 2016, no allowance for doubtful accounts is considered necessary.

Grants

Unreimbursed expenditures due from grantor agencies are reflected in the basic financial statements as receivables and revenues. Grant revenues are recorded at the time eligible expenditures are incurred. Grant monies received prior to the occurrence of qualifying expenditures are recorded as unearned revenue on the statement of net position and the balance sheet.

Inventories

Inventories of supplies and materials in the governmental funds are stated at cost. Inventories of food and supplies are valued at invoice cost (first-in, first-out). Inventoried items are charged to expenditures of the user department at the time of withdrawal from inventory (consumption method). Commodity inventories are not recorded as title to them is not considered to pass to the District until they are consumed.

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as individual assets with an initial cost of more than $5,000 and an estimated life in excess of one year.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	12 to 20 years
Buildings and improvements	20 to 50 years
Equipment and vehicles	3 to 20 years

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

Retirement Plans

Substantially all of the District'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.

The 2003 Oregon Legislature passed PERS reform legislation that essentially created a new retirement plan for employees hired on or after August 29, 2003. These employees became members of the Oregon Public Service Retirement Plan (OPSRP). OPSRP is a hybrid retirement plan with two components: the Pension Program (defined benefit plan) and the Individual Account Program (defined contribution; established and maintained as a tax-qualified governmental defined contribution plan). OPSRP is administered by PERS.

Post-Employment Health Care Benefits

The Board of Directors, through contract negotiation, previously authorized the District to offer early retirement health insurance benefits to all non-temporary employees. Expenditures are recorded in the governmental funds as insurance premiums are incurred. The estimated potential future insurance premiums are recorded in the Statement of Net Position.

Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the District does not have a policy to pay any amounts when employees separate from service with the District. All unused vacation pay is accrued when earned in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignation and retirements.

Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed when incurred.

In the fund financial statements bond premiums and discounts, as well as bond issuance costs, are recognized when incurred and not deferred. The face amount of the debt issued, premiums received on debt issuances, and discounts are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) so will not be recognized as an outflow of resources (expense) until that time. The District has one item that qualifies for reporting in this category, arising only under the accrual basis of accounting. As such, this item, *PERS deferred outflows*, only appears on the statement of net position.

***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

Long-term Debt (Continued)

In addition to liabilities, the statement of net position and balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. One item, *PERS deferred inflows*, which relates to PERS, arises only under the full accrual basis of accounting and only appears on the statement of net position. The other item, *unavailable revenue – property taxes*, only arises under the modified accrual basis of accounting and as such, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Use of Estimates

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

Governmental Fund Balances

In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

Governmental fund type fund balances are classified as follows:

- **Nonspendable –** Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Resources in nonspendable form include inventories, prepaids and deposits, and assets held for resale.
- **Restricted –** Amounts that can be spent only for specific purposes when the constraints placed on the use of these resources are either: (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed –** Amounts that can be used only for specific purposes determined by a formal action of the School Board. The School Board can modify or rescind the commitment at any time through taking a similar formal action (resolution).
- **Assigned -** Amounts that are constrained by the District's intent to use them for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Intent is expressed when the School Board approves which resources should be "reserved" during the adoption of the annual budget. The District's Business Manager uses that information to determine whether those resources should be classified as assigned or unassigned for presentation in the District's Annual Financial Report.
- **Unassigned –** All amounts not included in other spendable classifications. This residual classification represents fund balance that has not been restricted, committed, or assigned within the General Fund. This classification is also used to report any negative fund balance amounts in other governmental funds.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other, less-restrictive classifications committed and then assigned fund balances before using unassigned fund balances.

Definitions of Governmental Fund Types

The General Fund is used to account for all financial resources not accounted for in another fund.

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenues sources" means that the revenue sources for the fund must be from restricted or committed sources, specifically that a substantial portion of the revenue must be from these sources and be expended in accordance with those requirements.

Debt Service Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years should also be reported in debt service funds.

Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget

A budget is prepared and legally adopted for each governmental fund type on the modified accrual basis of accounting. The budgetary basis of accounting is the same as accounting principles generally accepted in the United States of America for the governmental fund types except that capital outlay expenditures, including items below the District's capitalization level, are budgeted by major function in governmental fund types. The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. The budget is adopted, appropriations made, and the tax levy declared no later than June 30th each year. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budget (Continued)

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. There were two supplemental budgets and four budget resolutions transferring appropriations during the year. Appropriations lapse at the end of each fiscal year.

CASH AND INVESTMENTS

The District maintains an internal cash and investments pool that is available for use by all funds. Each fund's portion of the pool is displayed in the basic financial statements as "Cash and investments."

Cash and investments are comprised of the following as of June 30, 2016:

	Carrying Value	*Fair Value*
Cash		
Deposits with financial institutions	$ 1,430,801	$ 1,430,801
Cash on hand	4,007	4,007
Investments		
Local Government Investment Pool	4,582,804	4,582,804
	$ 6,017,612	$ 6,017,612

Deposits

The book balance of the District's bank deposit accounts was $1,430,801 and the bank balance was $2,115,410 at year end. Bank deposits are secured to legal limits by federal deposit insurance. The remaining amount is secured in accordance with ORS 295 under a collateral program administered by the Oregon State Treasurer.

Custodial Credit Risk - Deposits

This is the risk that in the event of a bank failure, the District's deposits may not be returned. The Federal Depository Insurance Corporation (FDIC) provides insurance for the District's deposits with financial institutions for up to $250,000 each for the aggregate of all demand accounts and the aggregate of all time and savings deposits accounts at each institution. Deposits in excess of FDIC coverage are with institutions participating in the Oregon Public Funds Collateralization Program (PFCP).

The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. The District's bank balances exceeded FDIC limits by $1,080,882 as of June 30, 2016, but was covered by PFCP.

***CASH AND INVESTMENTS** (Continued)*

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of a failure of the counterparty, the District will not be able to recover the value of its investments or collateralized securities that are in the possession of an outside party. The District's investment policy limits the types of investments that may be held and does not allow securities to be held by the counterparty.

Credit Risk

State of Oregon statutes restrict the types of investments in which the District may invest. Authorized investments include obligations of the United States Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, time certificates of deposit, certain commercial paper and the State of Oregon Treasurer's Local Government Investment Pool.

The District's policy, which adheres to State of Oregon law, is to limit its investments to the State of Oregon Treasurer's Local Government Investment Pool.

The State Treasurer of the State of Oregon maintains the Oregon Short-Term Fund, of which the Local Government Investment Pool is part. Participation by local governments is voluntary. The State of Oregon investment policies are governed by statute and the Oregon Investment Council. In accordance with Oregon Statutes, the investment funds are invested as a prudent investor would do, exercising reasonable care, skill and caution. The Oregon Short-Term Fund is the LGIP for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-Term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2016, the fair value of the position in the Oregon State Treasurer's Short-Term Investment Pool was approximately equal to the value of the pool shares. The investment in the Oregon Short-Term Fund is not subject to risk evaluation. LGIP is not rated for credit quality. Separate financial statements for the Oregon Short-Term Fund are available from the Oregon State Treasurer.

Interest Rate Risk – Investments

The District minimizes interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by limiting their investments to the LGIP in accordance with the District's investment policy.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2016 is as follows:

	Balance July 1, 2015	***Increases***	***Decreases***	***Balance June 30, 2016***
Capital assets, not being depreciated:				
Land	$ 2,365,823	$ -	$ -	$ 2,365,823
Assets held for sale	-	152,886	-	152,886
Construction in progress	214,573	1,146,142	1,360,715	-
Total Capital Assets Not Being Depreciated	2,580,396	1,299,028	1,360,715	2,518,709
Capital assets, being depreciated:				
Land improvements	1,333,132	1,262,686	-	2,595,818
Buildings and improvements	36,983,143	190,561	-	37,173,704
Equipment	7,116,896	103,870	-	7,220,766
Vehicles	163,153	-	-	163,153
Total Capital Assets Being Depreciated	45,596,324	1,557,117	-	47,153,441
Accumulated depreciation for:				
Land improvements	1,122,731	143,307	-	1,266,038
Buildings and improvements	15,178,177	757,874	-	15,936,051
Equipment	6,523,484	92,620	-	6,616,104
Vehicles	161,823	665	-	162,488
Total Accumulated Depreciation	22,986,215	994,466	-	23,980,681
Total Capital Assets Being Depreciated, net	22,610,109	562,651	-	23,172,760
Total Capital Assets, net	$ 25,190,505	$ 1,861,679	$ 1,360,715	$ 25,691,469

Depreciation expense for the year was charged to the following programs:

Program	
Instructional programs	$ 756,750
Support services	114,790
Facilities services	122,072
Food services	854
Total	$ 994,466

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2016:

	Original Issue	*Outstanding July 1, 2015*	*Matured/ Redeemed During Year*	*Outstanding June 30, 2016*	*Due Within One Year*
Pension bonds - Series 2002	$ 10,722,217	$ 8,367,541	$ 214,240	$ 8,153,301	$ 217,700
Pension bonds - Series 2003	14,312,440	10,642,171	390,181	10,251,990	389,303
Pension bonds - Series 2011	750,000	750,000	-	750,000	-
General obligation bonds - Series 1999	18,881,406	2,702,709	922,944	1,779,765	899,945
Capital lease obligation	530,000	50,000	50,000	-	-
Tax exempt financing agreement - Series 2007	1,700,000	591,000	189,000	402,000	197,000
QZAB Bond - 2015	1,377,000	1,377,000	-	1,377,000	-
		$ 24,480,421	$ 1,766,365	$ 22,714,056	$ 1,703,948

Pension bonds - issued October 2002, due in annual installments of $471,139 to $1,535,718, including interest at 2.06% to 6.10% through 2028	$ 8,153,301
Pension bonds - issued April 2003, due in annual installments of $531,222 to $2,102,448, including interest at 1.50% to 6.27% through 2028	10,251,990
Pension bonds - issued August 2011, due in one lump sum at maturity of $750,000, plus interest paid semi-annually at 4.12% through 2021	750,000
General obligation bonds - Series 1999 - issued February 1999, due in annual installments of $879,819 to $1,164,351, plus interest paid semi-annually at 3.70% to 5.05% through 2018	1,779,765
Tax exempt financing agreement - Series 2007 - issued October 2007, due in annual installments of $124,000 to $205,000, plus interest paid semi-annually at 4.00% through 2017	402,000
Qualified zone academy bonds, series 2015 - issued May 2015, due in annual installments of $167,000 to $178,000, plus interest paid semi-annually at 0.9% through 2025	1,377,000
	$ 22,714,056

General obligation bonds and tax-exempt financing agreements are direct obligations and pledge the full faith and credit of the District. The District issues general obligation bonds to provide funds for the acquisition and construction of District school facilities. The general obligation bonds will be paid from general property tax revenues from the Debt Service Fund.

Pension obligation bonds will be paid from revenues in the Debt Service Fund generated by charges to other funds.

In October 2002, St. Helens School District participated as one of forty-one Oregon school districts and education service districts in issuing limited tax pension bonds, the proceeds of which were used to finance a portion of the estimated unfunded actuarial liability of each participating school district the Oregon Public Employees Retirement Systems (PERS). The Oregon School Boards Association (OSBA) sponsored this pooled limited tax pension bond program. OSBA does not have a financial obligation in connection with the bonds issued under the program. Except for the payment of its pension bond payments and additional charges when due, each participating school

***LONG-TERM DEBT** (Continued)*

district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. The District anticipates that the total costs of financing the District's actuarial obligation in this way will result in a significant savings to the District when compared to paying for such costs in additional contributions to PERS. These prepayments are contemplated in the actuarially determined net pension asset or liability as reported on the Statement of Net Position.

The District issued $10,722,217 Limited Tax Pension Obligations, Series 2002 (federally taxable), of which $2,747,217 are Series 2002A (deferred interest obligations) and $7,975,000 are Series 2002B (current interest obligations). The 2002 series Limited Tax Pension Obligations were issued on October 31, 2002, and are payable annually through June of 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.06% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 5.55%. The 2021 maturity were refunded in 2011 according to the early prepayment provisions of the bonds. The remaining bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

The District issued $14,312,440 Limited Tax Pension Obligations, Series 2003 (federally taxable), of which $6,742,440 are Series 2003A (deferred interest obligations) and $7,570,000 are Series 2003B (current interest obligations). The Series 2003 Limited Tax Pension Obligations were issued on April 30, 2003, and are payable annually through June of 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 1.50% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.63% to 5.68%. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

The District issued $750,000 Limited Tax Pension Obligations, Series 2011 (federally taxable) with a net interest cost of 4.12% to currently refund a portion of the outstanding 2002 series bonds (the 2021 maturity). The Series 2011 Limited Tax Pension Obligations were issued in August 2011 and are payable in full at maturity in June of 2021. The bonds are federally taxable and subject to optional prepayment prior to their stated maturities.

Future debt service requirements are as follows:

Fiscal Year Ending June 30,	***Principal***	***Interest***	***Total***
2017	$ 1,703,948	$ 2,999,257	$ 4,703,205
2018	1,694,201	3,193,969	4,888,170
2019	777,589	1,882,725	2,660,314
2020	779,273	2,005,534	2,784,807
2021	1,300,654	1,649,632	2,950,286
2022-2026	11,513,391	5,215,889	16,729,280
2027-2029	4,945,000	367,329	5,312,329
	$ 22,714,056	$ 17,314,335	$ 40,028,391

INTER-FUND ACTIVITY

The District completed the following inter-fund transactions during the year ended June 30, 2016:

	Transfers In	*Transfers Out*
Fund		
General	$ 47,729	$ 258,081
Special revenue	208,081	47,729
Capital projects	50,000	-
	$ 305,810	$ 305,810

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

During the year, the district closed out the e-rate fund, a subfund of the Special Revenue Fund, and transferred the remaining fund balance into the General Fund.

Other inter-fund activities include inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund receivables and payables are expected to be repaid within one year.

OTHER POST EMPLOYMENT BENEFITS

Post-Employment Health Care Benefits

Plan Description - The District maintains a single employer early retirement supplement program for its employees. This program covers full-time certificated, confidential, classified and administrative personnel of the District hired prior to the date on which the program closed to new enrollees. The District does not issue a stand-alone report for this plan.

These programs have generally been established under separate collective bargaining agreements and provide provisions for early retirement after 17 years regular service and 30 years of participation in Oregon PERS (if under age 58). This optional early retirement program provides the employee with the following:

- For eligible certificated employees a monthly payment toward group medical, dental and vision insurance of $400 is provided until retiree qualifies for Medicare.
- For eligible classified employees a monthly payment toward group medical, dental and vision insurance of $250 is provided until retiree qualifies for Medicare.
- For eligible administrators a monthly payment toward group medical, dental and vision insurance of $450 is provided until retiree qualifies for Medicare.

***OTHER POST EMPLOYMENT BENEFITS** (Continued)*

***Post-Employment Health Care Benefits** (Continued)*

Funding Policy - The benefits from this program are fully paid by the District, however contributions by employees are required to cover any unpaid premiums which exceed these benefits. There is no obligation on the part of the District to fund these benefits in advance. The District has chosen to accrue and pay these benefits as they come due. During the year ended June 30, 2016, expenditures related to early retirement benefits totaled $200,672 paid to 47 participants.

Plan activity for the year is as follows:

Outstanding July 1, 2015	*Increases*	*Payments*	*Outstanding June 30, 2016*
$ 1,061,631	$ 36,299	$ 200,672	$ 897,258

Amounts due in the current year are $131,311.

These benefits will be paid from the General Fund resources.

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District 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 the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provided for a payment of up to $60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or by accessing the PERS website at:

www.oregon.gov/PERS/.

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS, currently 0.53% of annual covered OPERF payroll and 0.45% of covered OPSRP payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, 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 District's contributions to RHIA for the years ended June 30, 2016, 2015 and 2014 totaled $72,928, $79,897, and $75,856, respectively, which equaled the required contributions for each year.

PENSION PLAN

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

***PENSION PLAN** (Continued)*

PERS Pension (Chapter 238)

The ORS Chapter 238 Defined Benefit Plan is closed to new members hired on or after August 29, 2003.

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 One 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 Two 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.

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 one or more of the following conditions 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.

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.

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.

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

The ORS Chapter 238A Defined Benefit Pension Program provides benefits to members hired on or after August 29, 2003.

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:

***PENSION PLAN** (Continued)*

Oregon Public Service Retirement Plan Pension Program (OPSRP DB) (Continued)

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.

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.

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.

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

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2013 actuarial valuation, which became effective July 1, 2015. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2016 were $72,907, excluding amounts to fund employer specific liabilities. For the year ended June 30, 2016, $2,141,674 was charged as PERS benefits expenditures to be used for bond payments as they become due.

At June 30, 2016, the District reported a net pension liability of $2,521,377 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2013, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. At December 31, 2013, the District's proportion was .04 percent.

***PENSION PLAN** (Continued)*

Contributions (Continued)

	Deferred Outflow of Resources	*Deferred (Inflow) of Resources*
Difference between expected and actual experience	$ 135,965	$ -
Net difference between projected and actual earnings on pension plan investments	-	(528,538)
Changes in proportion and differences between District contributions and proportionate share of contributions	99,516	-
Difference between employer contributions and employer's proportionate share of system contributions	350,244	-
Subtotal - Amortized Deferrals (below)	585,725	(528,538)
District contributions subsequent to measurement date	72,907	-
Net deferred outflow (inflow) of resources	$ 658,632	$ (528,538)

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

Year ending June 30,	*Amount*
2017	$ (111,516)
2018	(111,516)
2019	(111,516)
2020	352,075
2021	39,660
Total	$ 57,187

All assumptions, methods and plan provisions used in these calculations are described in the Oregon PERS system-wide GASB Statement No. 68 reporting summary dated May 23, 2016. Oregon PERS produces an independently audited CAFR which can be found at:

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

Actuarial Valuations

The employer contribution rates effective July 1, 2015 through June 30, 2017, were set using the entry age normal actuarial cost method. For the Tier One/Tier Two component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), and (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.

***PENSION PLAN** (Continued)*

Actuarial Valuations (Continued)

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

Actuarial Methods and Assumptions

Valuation date	December 31, 2013
Measurement date	June 30, 2015
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.75%
Long-term expected rate of return	7.75%
Discount rate	7.75%
Projected salary increases	3.75%
Cost of living adjustments (COLA)	Blend of 2.00% COLA and graded COLA (1.25%/0.15%) in accordance with Moro decision; blend based on service.
Mortality	**Healthy retirees and beneficiaries:** RP-2000 Sex-distinct, generational per Scale AA, with collar adjustments and set-backs as described in the valuation. **Active members:** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (65% for males, 90% for females) of the RP-2000 static combined disabled mortality sex-distinct table.

Source: June 30, 2015 PERS CAFR; page 57

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

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

***PENSION PLAN** (Continued)*

Actuarial Methods and Assumptions (Continued)

Depletion Date Projection – GASB 67 generally requires that a blended discount rate be used to measure the Total Pension Liability (the Actuarial Accrued Liability calculated using the Individual Entry Age Normal Cost Method). The long-term expected return on plan investments may be used to discount liabilities to the extent that the plan's Fiduciary Net Position (fair market value of assets) is projected to cover benefit payments and administrative expenses. A 20-year high quality (AA/Aa or higher) municipal bond rate must be used for periods where the Fiduciary Net Position is not projected to cover benefit payments and administrative expenses. Determining the discount rate under GASB 67 will often require that the actuary perform complex projections of future benefit payments and asset values. GASB 67 (paragraph 43) does allow for alternative evaluations of projected solvency, if such evaluation can reliably be made. GASB does not contemplate a specific method for making an alternative evaluation of sufficiency; it is left to professional judgment.

The following circumstances justify an alternative evaluation of sufficiency for Oregon PERS:

- Oregon PERS has a formal written policy to calculate an Actuarially Determined Contribution (ADC), which is articulated in the actuarial valuation report.
- The ADC is based on a closed, layered amortization period, which means that payment of the full ADC each year will bring the plan to a 100% funded position by the end of the amortization period if future experience follows assumption.
- GASB 67 specifies that the projections regarding future solvency assume that plan assets earn the assumed rate of return and there are no future changes in the plan provisions or actuarial methods and assumptions, which means that the projections would not reflect any adverse future experience which might impact the plan's funded position.

Based on these circumstances, the detailed depletion date projections outlined in GASB 67 would clearly indicate that the Fiduciary Net Position is always projected to be sufficient to cover benefit payments and administrative expenses.

(Source: June 30, 2015 PERS CAFR; page 58)

Assumed Asset Allocation

Asset Class/Strategy	OIC Policy Range	Current Year 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	16.0 - 24.0	20.0
Alternative Equity	0.0 - 10.0	10.0
Opportunity Portfolio	0.0 - 3.0	0.0
Total		100.0%

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

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	7.20%	4.70%	4.50%	6.60%
Short-Term Bonds	8.00	3.76	3.70	3.45
Intermediate-Term Bonds	3.00	4.23	4.10	5.15
High Yield Bonds	1.80	7.21	6.66	11.10
Large Cap US Equities	11.65	8.60	7.20	17.90
Mid Cap US Equities	3.88	9.38	7.30	22.00
Small Cap US Equities	2.27	10.38	7.45	26.40
Developed Foreign Equities	14.21	8.73	6.90	20.55
Emerging Market Equities	5.49	11.51	7.40	31.70
Private Equity	20.00	11.95	8.26	30.00
Hedge Funds/Absolute Return	5.00	6.46	6.01	10.00
Real Estate (Property)	13.75	7.27	6.51	13.00
Real Estate (REITS)	2.50	8.41	6.76	19.45
Commodities	1.25	7.71	6.07	19.70
Assumed Inflation - Mean			2.75%	2.00%

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 18, 2012, and the revised allocation adopted at the June 26, 2013 OIC Meeting.

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

***PENSION PLAN** (Continued)*

	1% Decrease (6.75%)	*Discount Rate (7.75%)*	*1% Increase (8.75%)*
District's proportionate share of the net pension liability (asset)	$ 6,085,248	$ 2,521,377	$ (482,031)

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

http://www.oregon.gov/pers/EMP/docs/er_general_information/opers_gasb_68_disclosure_information_revised.pdf

OPSRP Individual Account Program (OPSRP IAP)

Plan Description – ORS 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 Oregon PERS, and is administered by the Oregon PERS Board.

Pension Benefits – 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 Individual Account Program (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 lumpsum payment.

Contributions – Employees of the District pay 6 percent of their covered payroll. The District did not make any optional contributions to member IAP accounts for the year ended June 30, 2016.

DEFERRED COMPENSATION

The District has made available to its employees a deferred compensation plan under Internal Revenue Code 403(b) where they may defer amounts earned until either termination by reason of death, resignation, disability, or retirement. This plan also has a Roth provision allowing for these deferrals to be currently taxed so that the distributions of the contributions and earnings thereon will be tax exempt. These deposits are not subject to the collateral requirements of Oregon law and are excluded from resources for budgetary purposes. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. All amounts deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are held in trust for the exclusive benefit of the participants and their beneficiaries.

RISK MANAGEMENT

The District purchases commercial insurance to cover all commonly insurable risks, including property, liability, vehicles, fidelity bond, worker's compensation and unemployment. All policies carry a small deductible amount. No insurance claims settled in each of the prior three years have exceeded policy coverage.

COMMITMENTS AND CONTINGENCIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, or expenditures which may be disallowed by the grantor agencies cannot be determined at this time although the District expects such amounts, if any to be immaterial.

There are no uninsured contingent liabilities that require disclosure or recognition in accordance with Accounting Standards Codification (ASC) 450-20. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2016, expenditures exceeded appropriations as follows:

	Appropriation	***Expenditure***	***Variance***
General Fund			
Debt service	$ 270,325	$ 273,010	$ (2,685)
Special Revenue Fund			
Support services	190,640	209,122	(18,482)

NEW PRONOUNCEMENTS

The District implemented the following pronouncements for the year ended June 30, 2016.

GASB Statement No. 72 "Fair Value Measurement and Application." The statement provides guidance on determining, accounting for, and reporting fair value measurements.

GASB Statement No. 76 "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement supersedes Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments". This statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

NEW PRONOUNCEMENTS (Continued)

The District will implement new GASB pronouncements no later than the required fiscal year. Management has not determined the effect on the financial statements from implementing any of the following pronouncements.

GASB Statement No. 73 "Pension Transition for Contributions Made Subsequent to the Measurement Date Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68." The statement establishes accounting and financial reporting requirements related to pensions provided by governments that are not within the scope of GASB Statement No. 68, extending that approach to all pensions. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 74 "Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans." The statement establishes accounting and financial reporting requirements related to other postemployment benefits plans, replacing GASB Statements No. 43 and No. 57. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions", addresses reporting by governments that provide OPEB to their employees and for governments that finance OPEB for employees of other governments. It requires governments in all types of OPEB plans to present more extensive note disclosures and required supplementary information (RSI) about their OPEB liabilities. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 77, "Tax Abatement Disclosures," addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It will require governments to disclose the a description of the tax abatement program, the gross dollar amount of taxes abated during the period, and commitments made by a government, other than to abate taxes, as part of the tax abatement agreement. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 78 *"Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans."* This Statement amends the scope and applicability of Statement 68 to exclude pensions provided to employees of state or local governmental employers through a cost-sharing multiple-employer defined benefit pension plan that meet certain criteria. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 79 *"Certain External Investment Pools and Pool Participants."* This Statement addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The statement is effective for fiscal years beginning after December 15, 2015.

GASB Statement No. 80 *"Blending Requirements for Certain Component Units—an amendment of GASB Statement No. 14."* This Statement amends the blending requirements for the financial statement presentation of component units of all state and local governments. The statement is effective for fiscal years beginning after June 15, 2016.

GASB Statement No. 81 *"Irrevocable Split-Interest Agreements."* This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. The statement is effective for fiscal years beginning after December 15, 2016.

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 82 *"Pension Issues—an amendment of GASB Statements No. 67, No. 68, and No. 73."* This Statement addresses issues regarding (1) the presentation of payroll related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The statement is effective for fiscal years beginning after June 15, 2016.

SUBSEQUENT EVENTS

On November 8, 2016, Columbia County voters passed a $49 million General Obligation bond proposed by the District. This bond is payable over the next 26 years and will be used to make safety and security improvements to schools, replace the St. Helens Middle School and the Columbia County Education Campus as well as update technology to meet 21st century learning needs.

REQUIRED SUPPLEMENTARY INFORMATION

OPEB - Medical Premiums

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2015	$ -	$ 898,235	$ 898,235	- %	$ 1,792,374	50%
June 30, 2012	-	1,322,822	1,322,822	- %	2,502,882	53%

Pension - Stipends

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
June 30, 2015	$ -	$ 163,396	$ 163,396	- %	$ 1,792,374	9%
June 30, 2012	-	238,922	238,922	- %	2,502,882	10%

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
JUNE 30, 2016

Year ended June 30,	*Employer's proportion of the net pension liability (NPL)*	*Employer's proportionate share of the net pension liability (NPL)*	*Employer's covered payroll*	*NPL as a percentage of covered payroll*	*Plan fiduciary net position as a percentage of the total pension liability*
2016	0.04%	$ 2,521,377	$ 14,322,035	17.6%	91.9%
2015	0.04%	(864,050)	13,539,070	-6.4%	103.6%
2014	0.04%	1,945,270	13,015,058	14.9%	92.0%

The amounts presented for each fiscal year were actuarially determined at December 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.

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PERS
JUNE 30, 2016

Year Ended June 30,	*Statutorily required contribution*	*Contributions in relation to the statutorily required contribution*	*Contribution deficiency (excess)*	*Employer's covered payroll*	*Contributions as a percent of covered payroll*
2016	$ 72,907	$ 72,907	$ -	$ 14,322,035	0.5%
2015	808,939	808,939	-	13,539,070	6.0%
2014	769,729	769,729	-	13,539,070	5.7%

The amounts presented for each fiscal year were actuarially determined at December 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.

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget Basis	Final Budget	Differences	GAAP Basis
REVENUES						
Property taxes	$ 7,665,000	$ 7,665,000	$ 7,667,625	$ 2,625	$ -	$ 7,667,625
Intergovernmental						
Intermediate sources	264,767	264,767	230,382	(34,385)	-	230,382
State sources	18,429,571	18,429,571	18,960,778	531,207	-	18,960,778
Federal sources	-	-	59	59	-	59
Charges for services	50,000	50,000	27,525	(22,475)	-	27,525
Contributions	-	-	3,987	3,987	-	3,987
Investment earnings	25,000	25,000	49,902	24,902	-	49,902
Miscellaneous	78,508	78,508	125,003	46,495	-	125,003
Total Revenues	26,512,846	26,512,846	27,065,261	552,415	-	27,065,261
EXPENDITURES						
Current						
Instruction	16,229,445	16,263,257	15,816,381	446,876	(11,877)	15,804,504
Support services	10,381,972	10,463,500	10,077,972	385,528	(31,316)	10,046,656
Facilities acquisition and construction	1,200,000	1,335,273	1,293,042	42,231	(1,181,987)	111,055
Debt service						
Principal	239,000	239,000	239,000	-	-	239,000
Interest	31,325	31,325	34,010	(2,685)	-	34,010
Capital outlay	-	-	-	-	1,225,180	1,225,180
Operating contingency	300,000	300,000	-	300,000	-	-
Total Expenditures	28,381,742	28,632,355	27,460,405	1,171,950	-	27,460,405
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,868,896)	(2,119,509)	(395,144)	1,724,365	-	(395,144)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	-	47,729	47,729	-	47,729
Transfers out	(217,685)	(217,685)	(258,081)	(40,396)	-	(258,081)
Total Other Financing Sources (Uses)	(217,685)	(217,685)	(210,352)	7,333	-	(210,352)
NET CHANGE IN FUND BALANCE	(2,086,581)	(2,337,194)	(605,496)	1,731,698	-	(605,496)
FUND BALANCE, beginning	4,405,000	4,855,000	5,336,029	481,029	-	5,336,029
FUND BALANCE, ending	$ 2,318,419	$ 2,517,806	$ 4,730,533	$ 2,212,727	$ -	$ 4,730,533

See notes to required supplementary information

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget	Budget to GAAP Differences	Actual GAAP Basis
	Original	Final				
REVENUES						
Intergovernmental						
Intermediate sources	$ 45,877	$ 45,877	$ 45,841	$ (36)	$ -	$ 45,841
State sources	64,180	268,665	229,103	(39,562)	-	229,103
Federal sources	2,341,415	2,351,415	2,130,381	(221,034)	-	2,130,381
Charges for services	790,850	800,850	725,450	(75,400)	-	725,450
Contributions	15,500	15,500	69,728	54,228	31,421	101,149
Investment earnings	250	250	177	(73)	-	177
Miscellaneous	15,500	15,500	87,103	71,603	-	87,103
Total Revenues	3,273,572	3,498,057	3,287,783	(210,274)	31,421	3,319,204
EXPENDITURES						
Current						
Instruction	2,591,248	2,544,748	2,083,430	461,318	(152,886)	1,930,544
Support services	185,655	190,640	209,122	(18,482)	(42,193)	166,929
Enterprise and community services	1,143,993	1,158,993	1,054,803	104,190	-	1,054,803
Facilities acquisition and construction	10,350	261,350	189,529	71,821	-	189,529
Capital outlay	-	-	-	-	226,500	226,500
Total Expenditures	3,931,246	4,155,731	3,536,884	618,847	31,421	3,568,305
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(657,674)	(657,674)	(249,101)	408,573	-	(249,101)
OTHER FINANCING SOURCES						
Transfers in	208,081	208,081	208,081	-	-	208,081
Transfers out	-	-	(47,729)	(47,729)	-	(47,729)
Total Other Financing Sources (Uses)	208,081	208,081	160,352	(47,729)	-	160,352
NET CHANGE IN FUND BALANCE	(449,593)	(449,593)	(88,749)	360,844	-	(88,749)
FUND BALANCE, beginning	472,203	472,203	589,431	117,228	-	589,431
FUND BALANCE, ending	$ 22,610	$ 22,610	$ 500,682	$ 478,072	$ -	$ 500,682

See notes to required supplementary information

BUDGETARY BASIS ACCOUNTING

The District accounts for certain transactions on a budgetary basis which differs from GAAP basis. A description of the principal differences between the budgetary basis and GAAP in recording and reporting transactions follows:

	Budgetary Basis	GAAP Basis
Properties acquired by long-term financing such as from capital leases or installment contracts	Only the current year's payment is recorded as a capital outlay expenditure of the fund in which payments are budgeted.	The net present value of the total stream of payments is recorded in the fund from which payments will be made as an expenditure in the year of acquisition with a corresponding offset to other financing sources. Subsequent payments on the obligations are recorded as debt service expenditures.
Classification of expenditures by character	The character of expenditures (current expenditures, capital outlay, debt service) is reported at the object level. Budgets and appropriations are made for each major function.	Expenditures are classified and reported by character (current expenditures, capital outlay and debt service) within the financial statements.
Donated capital assets	The revenue and expenditures arising from the receipt of donated capital assets are not recorded in the budgetary basis financial statements.	The fair value of donated capital assets is recorded as contribution revenue and capital outlay expenditures in the fund from which the purchase of the same assets would have been recorded.

OTHER SUPPLEMENTARY INFORMATION

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	$ 2,072,617	$ 2,072,617	$ 2,178,130	$ 105,513
Investment earnings	6,644	6,644	14,463	7,819
Miscellaneous	2,136,174	2,136,174	2,136,605	431
Total Revenues	4,215,435	4,215,435	4,329,198	113,763
EXPENDITURES				
Debt service				
Principal	1,527,365	1,527,365	1,527,365	-
Interest	2,784,309	2,784,309	2,784,308	1
Total Expenditures	4,311,674	4,311,674	4,311,673	1
NET CHANGE IN FUND BALANCE	(96,239)	(96,239)	17,525	113,764
FUND BALANCE, beginning	282,489	282,489	463,449	180,960
FUND BALANCE, ending	$ 186,250	$ 186,250	$ 480,974	$ 294,724

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2016

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget Basis	Final Budget	Differences	GAAP Basis
REVENUES						
Construction excise tax	$ 45,000	$ 45,000	$ 91,044	$ 46,044	$ -	$ 91,044
Charges for services	7,500	7,500	11,998	4,498	-	11,998
Miscellaneous	12,500	12,500	35,845	23,345	-	35,845
Total Revenues	65,000	65,000	138,887	73,887	-	138,887
EXPENDITURES						
Current						
Support services	225,000	10,000	180	9,820	-	180
Facilities acquisition and construction	106,000	321,000	132,647	188,353	(43,750)	88,897
Capital outlay	-	-	-	-	43,750	43,750
Total Expenditures	331,000	331,000	132,827	198,173	-	132,827
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(266,000)	(266,000)	6,060	272,060	-	6,060
OTHER FINANCING SOURCES						
Transfers in	50,000	50,000	50,000	-	-	50,000
NET CHANGE IN FUND BALANCE	(216,000)	(216,000)	56,060	272,060	-	56,060
FUND BALANCE, beginning	216,000	216,000	663,494	447,494	-	663,494
FUND BALANCE, ending	$ -	$ -	$ 719,554	$ 719,554	$ -	$ 719,554

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

YEAR ENDED JUNE 30, 2016

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1111	Current year's taxes	$ 7,352,203	$ 7,312,400	$ 39,803
1112	Prior year's taxes	314,027	352,500	(38,473)
1120	Payments in lieu of taxes	642	-	642
1190	Penalties and interest on taxes	753	100	653
1311	Regular day school tuition from individuals	3,099	1,600	1,499
1312	Regular day school tuition from within the state	19,841	48,400	(28,559)
1500	Earnings on investments	49,902	25,000	24,902
1700	Extracurricular activities	4,585	-	4,585
1920	Contributions and donations from private sources	3,987	-	3,987
1960	Recovery of prior years' expenditure	52,158	5,000	47,158
1990	Miscellaneous	72,845	73,508	(663)
1000	*Total Local Revenues*	7,874,042	7,818,508	55,534
	INTERMEDIATE REVENUES			
2101	County school funds	156,713	35,000	121,713
2102	Education service district apportionment	32,000	179,767	(147,767)
2105	Natural gas, oil, and mineral receipts	30,398	50,000	(19,602)
2200	Restricted revenue	11,271	-	11,271
2000	*Total Intermediate Revenues*	230,382	264,767	(34,385)
	STATE REVENUES			
3101	State school fund - general support	18,366,643	18,145,453	221,190
3103	Common school fund	347,762	284,118	63,644
3104	State managed county timber	245,477	-	245,477
3299	Other restricted grants-in-aid	896	-	896
3000	*Total State Revenues*	18,960,778	18,429,571	531,207
	FEDERAL REVENUES			
4500	Restricted revenue from the federal government through the state	59	-	59
	OTHER SOURCES			
5200	Interfund transfers	47,729	-	47,729
5400	***FUND BALANCE, Beginning of year***	5,336,029	4,855,000	481,029
6000	*Total Resources*	$ 32,449,019	$ 31,367,846	$ 1,081,173

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2016

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	$ 3,860,168	$ 1,644,610	$ 2,404
1113	Elementary extracurricular	-	-	-
1121	Middle/junior high programs	1,209,757	519,375	855
1122	Middle/junior high school extracurricular	9,528	2,901	-
1131	High school programs	2,585,198	1,222,930	14,464
1132	High school extracurricular	273,335	81,704	33,403
1200	Special programs			
1210	Programs for the talented and gifted	2,895	680	462
1220	Restrictive programs for students with disabilities	1,006,919	508,211	1,681
1250	Less restrictive programs for students with disabilities	564,516	323,044	17,064
1260	Early intervention	-	-	51,871
1280	Alternative education	-	-	1,328,344
1291	English second language programs	133,669	62,748	799
1000	*Total Instruction*	9,645,985	4,366,203	1,451,347
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	62,538	24,731	798
2120	Guidance services	511,861	232,541	81
2130	Health services	122,687	50,297	43,150
2140	Psychological services	73,413	39,208	6,649
2150	Speech pathology and audiology services	247,593	108,222	2,902
2190	Service direction, student support services	236,238	93,751	6,643
2200	Instructional staff			
2210	Improvement of instruction services	23,436	7,738	-
2220	Educational media services	202,334	132,434	-
2230	Assessment and testing	44,291	28,117	5,799
2240	Instructional staff development	9,990	97,828	13,493
2300	General administration			
2310	Board of education services	28,364	9,605	104,282
2320	Executive administration services	271,362	119,723	13,481
2400	School administration			
2410	Office of the principal services	1,189,166	555,827	17,408
2500	Business			
2520	Fiscal services	179,475	82,481	21,349
2530	Non-Consumable Supplies	-	-	-
2540	Operation and maintenance of plant services	846,899	458,725	772,548
2550	Student transportation services	26,434	7,971	1,360,051
2570	Internal services	-	-	89,363
2600	Central activities			
2660	Technology services	181,900	91,940	113,003
2700	Supplemental retirement program	-	200,672	-
2000	*Total Support Services*	4,257,981	2,341,811	2,571,000
	FACILITIES ACQUISITION AND CONSTRUCTION			
4150	Building acquisition, construction, and improvement services	-	-	17,522
	OTHER USES			
5100	Debt service	-	-	-
5200	Transfers of funds	-	-	-
5000	*Total Other Uses*	-	-	-
6000	***OPERATING CONTINGENCY***	-	-	-
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ 13,903,966	$ 6,708,014	$ 4,039,869

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ 145,501	$ -	$ -	$ -	$ 5,652,683		
3,662	-	-	-	3,662		
43,713	-	316	-	1,774,016		
7,198	-	-	-	19,627		
87,922	9,126	800	-	3,920,440		
19,772	-	5,016	-	413,230		
-	-	-	-	4,037		
11,838	-	-	-	1,528,649		
15,385	-	-	-	920,009		
-	-	-	-	51,871		
-	-	-	-	1,328,344		
2,597	-	-	-	199,813		
337,588	9,126	6,132	-	15,816,381	$ 16,263,257	$ 446,876
2,592	-	-	-	90,659		
1,849	-	-	-	746,332		
4,261	-	279	-	220,674		
95	-	-	-	119,365		
718	-	1,314	-	360,749		
3,074	-	1,190	-	340,896		
-	-	-	-	31,174		
16,539	-	-	-	351,307		
10,381	-	-	-	88,588		
89	-	61	-	121,461		
4,361	-	209,124	-	355,736		
27,075	-	2,156	-	433,797		
13,531	-	7,529	-	1,783,461		
3,557	-	6,922	-	293,784		
4,501	-	-	-	4,501		
244,579	72,632	944	-	2,396,327		
85,959	-	-	-	1,480,415		
-	-	-	-	89,363		
152,280	29,186	402	-	568,711		
-	-	-	-	200,672		
575,441	101,818	229,921	-	10,077,972	10,463,500	385,528
47,930	1,227,590	-	-	1,293,042	1,335,273	42,231
-	-	273,010	-	273,010		
-	-	-	258,081	258,081		
-	-	273,010	258,081	531,091	488,010	(43,081)
-	-	-	-	-	300,000	300,000
-	-	-	4,730,533	4,730,533	2,517,806	(2,212,727)
$ 960,959	$ 1,338,534	$ 509,063	$ 4,988,614	$ 32,449,019	$ 31,367,846	$ (1,081,173)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL – SPECIAL REVENUE FUND
YEAR ENDED JUNE 30, 2016

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1500	Earnings on investments	$ 177	$ 250	$ (73)
1600	Food service	197,453	197,800	(347)
1700	Extracurricular activities	313,544	443,450	(129,906)
1800	Community services activities	152,700	159,600	(6,900)
1920	Contributions and donations from private sources	69,728	15,500	54,228
1960	Recovery of prior years' expenditure	57,912	-	57,912
1980	Fees charged to grants	61,753	-	61,753
1990	Miscellaneous	29,191	15,500	13,691
1000	*Total Local Revenues*	882,458	832,100	50,358
	INTERMEDIATE REVENUES			
2200	Restricted revenue	45,841	45,877	(36)
	STATE REVENUES			
3102	State school fund - school lunch match	18,642	10,180	8,462
3103	Common school fund	2,443	-	2,443
3299	Other restricted grants-in-aid	208,018	258,485	(50,467)
3000	*Total State Revenues*	229,103	268,665	(39,562)
	FEDERAL REVENUES			
4300	Restricted revenue direct from the federal government	34,262	139,190	(104,928)
4500	Restricted revenue from the federal government through the state	2,026,352	2,162,225	(135,873)
4900	Revenue for/on behalf of the district	69,767	50,000	19,767
4000	*Total Federal Revenues*	2,130,381	2,351,415	(221,034)
	OTHER SOURCES			
5200	Interfund transfers	208,081	208,081	-
5400	***FUND BALANCE, Beginning of year***	589,431	472,203	117,228
6000	*Total Resources*	$ 4,085,295	$ 4,178,341	$ (93,046)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - SPECIAL REVENUE FUND (Continued)

YEAR ENDED JUNE 30, 2016

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	$ 3,513	$ 820	$ 29,291
1113	Elementary extracurricular	-	-	-
1121	Middle/junior high programs	214	48	-
1122	Middle/junior high school extracurricular	21,248	3,897	9,993
1131	High school programs	161,174	60,207	18,030
1132	High school extracurricular	41,223	4,999	83,514
1200	Special programs			
1220	Restrictive programs for students with disabilities	15,763	3,543	-
1250	Resource rooms	418,242	224,519	912
1270	Educationally disadvantaged			
1272	Title IA/D	359,738	142,258	256
1292	Teen parent programs	-	-	225
1000	*Total Instruction*	1,021,115	440,291	142,221
	SUPPORT SERVICES			
2100	Students			
2150	Speech pathology and audiology services	12,470	10,817	-
2190	Service direction, student support services	-	-	-
2200	Instructional staff			
2210	Improvement of instruction services	87,185	38,955	-
2240	Instructional staff development	22,702	12,453	9,446
2300	General administration			
2310	Board of education services	-	-	2,117
2320	Executive administration services	-	-	139
2500	Business			
2520	Fiscal services	-	-	-
2540	Operation and maintenance of plant services	1,108	229	3,465
2550	Student transportation services	-	-	3,885
2000	*Total Support Services*	123,465	62,454	19,052
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services	302,643	125,461	8,528
3300	Community services	121,909	79,767	493
3000	*Total Enterprise and Community Services*	424,552	205,228	9,021
	FACILITIES ACQUISITION AND CONSTRUCTION			
4150	Building acquisition, construction, and improvement services	-	-	-
	OTHER USES			
5200	Transfers of funds	-	-	-
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ 1,569,132	$ 707,973	$ 170,294

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ 285	$ -	$ -	$ -	$ 33,909		
18,396	-	-	-	18,396		
-	-	-	-	262		
39,439	-	2,698	-	77,275		
114,508	-	21,504	-	375,423		
197,517	-	26,601	-	353,854		
60	-	-	-	19,366		
13,286	-	40,671	-	697,630		
4,838	-	-	-	507,090		
-	-	-	-	225		
388,329	-	91,474	-	2,083,430	$ 2,544,748	$ 461,318
-	-	-	-	23,287		
22	-	-	-	22		
-	-	-	-	126,140		
-	-	352	-	44,953		
-	-	-	-	2,117		
-	-	-	-	139		
40	-	634	-	674		
608	-	-	-	5,410		
2,495	-	-	-	6,380		
3,165	-	986	-	209,122	190,640	(18,482)
402,145	-	2,509	-	841,286		
10,058	-	1,290	-	213,517		
412,203	-	3,799	-	1,054,803	1,158,993	104,190
-	189,529	-	-	189,529	261,350	71,821
-	-	-	47,729	47,729	-	(47,729)
-	-	-	500,682	500,682	22,610	(478,072)
$ 803,697	$ 189,529	$ 96,259	$ 548,411	$ 4,085,295	$ 4,178,341	$ 93,046

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2016

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1111	Current year's taxes	$ 2,084,387	$ 1,989,757	$ 94,630
1112	Prior year's taxes	93,416	82,586	10,830
1114	Payments in lieu of property taxes	115	36	79
1190	Penalties and interest on taxes	212	238	(26)
1500	Earnings on investments	14,463	6,644	7,819
1970	Services provided other funds	2,136,605	2,136,174	431
1000	*Total Local Revenues*	4,329,198	4,215,435	113,763
5400	***FUND BALANCE, Beginning of year***	463,449	282,489	180,960
6000	*Total Resources*	$ 4,792,647	$ 4,497,924	$ 294,723

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND (Continued)
YEAR ENDED JUNE 30, 2016

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	OTHER USES			
5100	Debt service	$ -	$ -	$ -
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ -	$ -	$ -

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ 4,311,673	$ -	$ 4,311,673	$ 4,311,674	$ 1
-	-	-	480,974	480,974	186,250	(294,724)
$ -	$ -	$ 4,311,673	$ 480,974	$ 4,792,647	$ 4,497,924	$ (294,723)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2016

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1130	Construction excise tax	$ 91,044	$ 45,000	$ 46,044
1910	Rentals	11,998	7,500	4,498
1960	Recovery of prior years' expenditure	35,845	-	35,845
1990	Miscellaneous	-	12,500	(12,500)
1000	*Total Local Revenues*	138,887	65,000	73,887
	OTHER SOURCES			
5200	Interfund transfers	50,000	50,000	-
5400	***FUND BALANCE, Beginning of year***	663,494	216,000	447,494
6000	*Total Resources*	$ 852,381	$ 331,000	$ 521,381

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND (Continued)
YEAR ENDED JUNE 30, 2016

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	SUPPORT SERVICES			
2300	General administration	$ -	$ -	$ 180
	FACILITIES ACQUISITION AND CONSTRUCTION			
4150	Building acquisition, construction, and improvement services	-	-	88,897
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ -	$ -	$ 89,077

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ -	$ -	$ 180	$ 10,000	$ 9,820
-	43,750	-	-	132,647	321,000	188,353
-	-	-	719,554	719,554	-	(719,554)
$ -	$ 43,750	$ -	$ 719,554	$ 852,381	$ 331,000	$ (521,381)

OTHER SCHEDULES

DISTRICT BONDED INDEBTEDNESS

Debt Service Outstanding General Obligation Bonds

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 899,945	$ 1,335,055	$ 2,235,000
2018	879,820	1,425,180	2,305,000
	$ 1,779,765	$ 2,760,235	$ 4,540,,000

Debt Service Full Faith and Credit Obligations

Fiscal Year	Principal	Interest	Total Debt Service
2017	$ 804,003	$ 1,664,204	$ 2,468,207
2018	814,381	1,768,787	2,583,168
2019	777,589	1,882,727	2,660,316
2020	779,273	2,005,535	2,784,808
2021	1,300,654	1,649,633	2,950,287
2022	1,359,355	1,694,535	3,053,890
2023	1,466,036	1,728,918	3,194,954
2024	2,599,000	740,159	3,339,159
2025	2,886,000	603,155	3,489,155
2026	3,203,000	449,123	3,652,123
2027	3,360,000	278,166	3,638,166
2028	1,585,000	89,161	1,674,161
	$20,934,291	$14,554,103	$35,488,394

Summary of Overlapping Debt 2016

			Overlapping Debt	
Overlapping District	Real Market Value	Percent Overlap	Gross Debt (1)	Net Debt (2)
City of Columbia City	$189,444,888	100.00%	$2,942,322	$2,942,322
City of St. Helens	1,020,747,672	100.00%	7,671,000	1,000,000
Columbia County	5,714,983,313	32.88%	5,707,300	3,345,528
Columbia River Fire & Rescue	2,584,929,834	70.99%	1,739,152	1,739,152
Columbia Soil & Water Conservation	5,706,122,117	32.93%	339,398	167,776
Northwest Regional ESD	97,770,080,401	1.92%	83,402	-
Port of St Helens	4,934,975,890	37.74%	4,652,081	4,652,081
Portland Community College	190,092,396,391	.99%	4,212,632	3,307,053
Total			$27,347,287	$17,153,912

(1) Gross Bonded Debt includes all bonds backed by a general obligation pledge including self-supporting general obligation bonds and limited tax debt.
(2) Net Direct Debt includes all unlimited tax-supported bonds. Self-supporting bonds are excluded.
Source: Oregon State Treasury Debt Management Division.

FINANCIAL INFORMATION

Debt Ratios 2016

Real Market Value		$ 2,225,300,895
Assessed Valuation		$ 1,627,590,746
Estimated Population		20,682
Per Capita Real Market Value		$ 107,596
Debt Information	**Gross Direct Debt[(1)]**	**Net Direct Debt[(2)]**
District Direct Debt	$ 22,714,056	$ 22,714,056
Overlapping Direct Debt	$ 27,347,287	$ 17,153,912
Total Direct Debt	$ 50,061,343	$ 39,867,968
Bonded Debt Ratios		
District Direct Debt to Real Market Value	1.02%	1.02%
Total Direct Debt to Real Market Valuation	2.25%	1.79%
Per Capita District Direct Debt	$ 1,098	$ 1,098
Per Capita Total Direct Debt	$ 2,421	$ 1,928

(1) Gross Bonded Debt includes all bonds backed by a general obligation pledge including self-supporting general obligation bonds and limited tax debt.
(2) Net Direct Debt includes all unlimited tax-supported bonds. Self-supporting bonds are excluded.
Source: Columbia County Assessor's Office, Oregon State Treasury Debt Management Division.

Future Debt Plans

The District presented a ballot measure in the November 8, 2016 election which passed. This measure authorizes the District to issue up to $49,635,000 general obligation bonds for capital improvements. The District plans to issue these bonds in February 2017.

PROPERTY TAX INFORMATION

St. Helens School District Property Valuations

Fiscal Year	M5 Real Market Value	Real Market Value	Assessed Value	AV to RMV Percentage
2016	$1,888,175,000	$ 2,225,300,895	$ 1,627,590,746	73.1%

Source: Columbia County Assessor's Office.

District Tax Collection Record

Fiscal Year	Percent Collected as of Levy Year[(1)]	Percent Collected as of 6/30/2016[(2)]
2016	93.79	93.79
2015	96.60	98.26
2014	96.59	98.19
2013	96.23	99.60
2012	95.45	99.83

(1) The percentage of taxes collected in the "year of the levy" represents taxes collected in a single levy year, beginning July 1 and ending June 30.
(2) The percentage of taxes collected in the column represents taxes collected cumulatively from July 1 if a given levy year through 06/30/2016.
Source: Columbia County Tax Collector.

Major Taxpayers for District 2016

Taxpayer	Business/Service	Tax	Real Market Value	Percent of Total RMV
Dyno Nobel Inc.	Explosives Manufacturer	$ 561,119	$ 43,401,344	2.0%
Armstrong World Industries	Ceiling Tile Manufacturer	384,080	25,715,160	1.1%
Cascades Tissue Group Oregon	Paper Products	244,333	51,798,430	2.3%
City of St. Helens	Municipality	217,505	17,223,280	0.8%
Northwest Natural Gas Co.	Utility	190,177	13,264,800	0.6%
Columbia River PUD	Utility	179,867	13,471,500	0.6%
Comcast Corporation	Telecommunications	136,575	14,066,787	0.6%
Wal-Mart Real Estate Business Trust	Real Estate	122,988	8,234,390	0.4%
Port of St. Helens	Industrial Port	118,699	23,392,740	1.0%
Knife River Corporation	Construction	109,002	9,022,341	0.4%
Subtotal - ten of District's largest taxpayers		$2,046,839	$219,590,772	9.8%
All other District taxpayers in Columbia County			2,005,710,123	90.2%
Total District Taxpayers			$ 2,225,300,895	100.0%

Source: Columbia County Assessor's Office.

PROPERTY TAX INFORMATION (Continued)

District Levy Rates

Fiscal Year	Permanent Rate	Bond Levy Rate	Local Option Rate
2016	5.0297	1.3545	0.0000

Source: Columbia County Assessor's Office.

A. Energy Bill for Heating - **All Funds**:
Please enter your expenditures for electricity & heating fuel for these Functions & Objects.

	Objects 325 & 326
Function 2540	$ 378,188
Function 2550	-

B. Replacement of Equipment - **General Fund**:
Include all General Fund expenditures in object 542, except for the following exclusions:

$ 67,632

Exclude these functions:		Exclude these functions:	
1113, 1122 & 1132	Co-curricular Activities	4150	Construction
1140	Pre-Kindergarten	2550	Pupil Transportation
1300	Continuing Education	3100	Food Service
1400	Summer School	3300	Community Services

COMPLIANCE SECTION

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS

School Board
St. Helens School District
474 North 16th Street
St. Helens, Oregon 97051

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the basic financial statements of St. Helens School District, Columbia County, Oregon (the District) as of and for the year ended June 30, 2016, and have issued our report thereon dated December 15, 2016.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's 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.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the District 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 as follows:

- Expenditures exceeded appropriations as described in the notes to the financial statements.

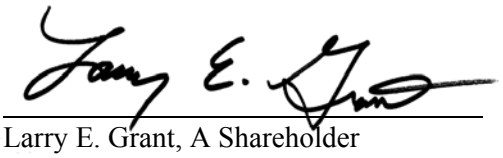
Internal Control

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

Restriction on Use

This report is intended solely for the information and use of the school board and management of St. Helens School District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

By: 

Larry E. Grant, A Shareholder
December 15, 2016

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor/Program Title	*Federal CFDA Number*	*Pass Through Entity Identifying Number*	*Expenditures*	
U.S. Department of Agriculture				
Passed through Oregon Department of Education:				
National School Breakfast Program (SBP)	10.553	N/A	$ 118,389	
National School Lunch Program (NSLP)	10.555	N/A	559,180	*
Summer Food Service Program	10.559	N/A	40,254	*
Subtotal Child Nutrition Cluster			717,823	
Total U.S. Department of Agriculture			717,823	
U.S. Department of the Interior				
Direct:				
Bureau of Land Management	15.231	N/A	21,020	
Bureau of Land Management	15.234	N/A	13,242	
Total U.S. Department of the Interior			34,262	
U.S. Department of Education				
Passed through Oregon Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	32694	35,492	
Title I - Grants to Local Educational Agencies	84.010	36085	529,143	
Subtotal Title I, Part A			564,635	
Special Education - Grants to States IDEA, Part B	84.027	33391	25,489	
Special Education - Grants to States IDEA, Part B	84.027	36978	537,914	
Special Education - Grants to States IDEA Enhancement Grant	84.027	38443	3,918	
Special Education - Grants to States SPR & I	84.027	38006	3,363	
Special Education - Grants to States Extended Assessment Grant	84.027	35808	900	
Special Education - Grants to States Post School Outcomes	84.027	40254	59	
Subtotal Special Education - Grants to States			571,643	
Special Education - Preschool Grants IDEA Part B, Section 619	84.173	28942	4,360	
Special Education - Preschool Grants IDEA Part B, Section 619	84.173	33545	6,350	
Subtotal Special Education - Preschool Grants			10,710	
Subtotal Special Education Cluster (IDEA)			582,353	
Title IIA Improving Teacher Quality State Grants	84.367	33018	28,779	
Title IIA Improving Teacher Quality State Grants	84.367	36282	78,588	
Subtotal Improving Teacher Quality			107,367	

* Includes non-cash commodity awards

See notes to schedule of expenditures of federal awards.

Federal Grantor/Pass-through Grantor/Program Title	*Federal CFDA Number*	*Pass Through Entity Identifying Number*	*Expenditures*
U.S. Department of Education *(Continued)*			
Passed through Department of Health and Human Services:			
Youth Transition Program	84.126	143321	$ 117,067
Total U.S. Department of Education			1,371,422
U.S. Department of Health and Human Services			
Passed through Oregon Department of Education			
Child Care and Development Block Grant	93.575	14018	15,648
Subtotal CCDF Cluster			15,648
Total U.S. Department of Health and Human Services			15,648
Total Expenditures of Federal Awards			$ 2,139,155
Reconciliation to Federal Revenue Recognized			
Expenditures of Federal Awards reported on SEFA			$ 2,139,155
Expenditure of revenues recognized in a prior year			(8,715)
Total Federal Revenue Recognized			$ 2,130,440

See notes to schedule of expenditures of federal awards.

Purpose of the Schedule

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the District under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87 *Cost Principles for State, Local and Indian Tribal Governments*, where applicable, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Cost Rate

The District has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Federal Financial Assistance

Pursuant to Uniform Guidance, federal financial assistance is defined as assistance provided by a federal agency, either directly or indirectly, in the form of grants, contracts, cooperative agreements, loans, loan guarantees, property, interest subsidies, insurance or direct appropriations. Accordingly, non-monetary federal assistance, including federal surplus property, is included in federal financial assistance and, therefore, is reported on the Schedule, if applicable. Federal financial assistance does not include direct federal cash assistance to individuals. Solicited contracts between the state and federal government for which the federal government procures tangible goods or services are not considered to be federal financial assistance.

Major Programs

Uniform Guidance establishes criteria to be used in defining major federal financial assistance programs. Major programs for the District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in Uniform Guidance. Programs with similar requirements may be grouped into a cluster for testing purposes.

Reporting Entity

The reporting entity is fully described in notes to the financial statements. The Schedule includes all federal programs administered by the District for the year ended June 30, 2016.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded when measurable and available. Expenditures are recorded when the liability is incurred. Donated commodities are valued at their estimated fair value.

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board
St. Helens School District
474 North 16th Street
St. Helens, Oregon 97051

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of St. Helens School District, Columbia County, Oregon, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 15, 2016.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

December 15, 2016

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

School Board
St. Helens School District
474 North 16th Street
St. Helens, Oregon 97051

Report on Compliance for Each Major Federal Program

We have audited St. Helens School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, St. Helens School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

December 15, 2016

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified that are not considered material weaknesses?	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

CFDA Number(s)	***Name of Federal Program or Cluster***
84.010	Title I Grants to Local Educational Agencies

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.