ST. HELENS SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year Ended June 30, 2017

MEMBERS OF THE SCHOOL BOARD

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

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 Seay, 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, 2017, 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, 2017, 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* 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

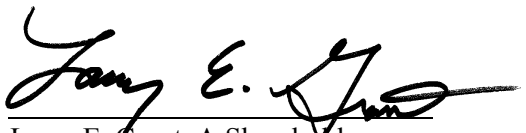
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2017, 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 22, 2017, 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 22, 2017

ST. HELENS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2017

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, 2017.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2017 was $2.2 million. Of this amount, $20.8 million represents the District's net investment in capital assets, $3.4 million was restricted for debt service, and ($22.0) million was unrestricted.
- The District's total net position decreased by $1.3 million, principally due to continued depreciation expense.
- The District's total liabilities increased by $61.2 million (more than 200 percent) during the 2016-17 fiscal year.
- The District's governmental funds report a combined ending fund balance of $58.6 million at June 30, 2017, an increase of $52.2 million from the prior year, due to the issuance of bonds.
- At the end of the fiscal year ended June 30, 2017, fund balance for the General Fund was $3.8 million, $71.6 thousand of which represented QZAB Bond proceeds, the remaining $3.7 million represents approximately 13.9 percent of total General Fund revenues.

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 $2.2 million as of June 30, 2017.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent 30.1 percent of total assets. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable.

The District's largest liability (82.8 percent) is for the repayment of long-term liabilities (general obligation bonds, pension bonds, and other postemployment benefit obligation). Current liabilities, representing 4.6 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 fund balance reflect general obligation bond proceeds on hand restricted for facility construction projects as approved by voters in November 2016. Additionally, the District's 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,

	2017	*2016*	*Change*
Current and other assets	$ 60,551,655	$ 7,691,457	$ 52,860,198
Capital assets, net	26,065,261	25,691,469	373,792
Total assets	86,616,916	33,382,926	53,233,990
PERS deferred outflows	7,314,584	658,632	6,655,952
Total assets and deferred outflows	93,931,500	34,041,558	59,889,942
Current liabilities	4,170,426	3,820,939	349,487
PERS net pension liability	11,541,722	2,521,377	9,020,345
Long-term liabilities	75,470,073	23,611,314	51,858,759
Total liabilities	91,182,221	29,953,630	61,228,591
PERS deferred inflows	522,841	528,538	(5,697)
Total liabilities and deferred inflows	91,705,062	30,482,168	61,222,894
Net position			
Net investment in capital assets	20,811,790	22,204,938	(1,393,148)
Restricted	3,441,400	468,789	2,972,611
Unrestricted	(22,026,752)	(19,114,337)	(2,912,415)
Total net position	$ 2,226,438	$ 3,559,390	$ (1,332,952)

Statement of Activities. During the current fiscal year, the District's net position decreased by $1.3 million, as compared to a decrease of $607 thousand in the prior year. The key elements of the decrease in the District's net position for the year ended June 30, 2017 are as follows:

- General support from the State School Fund decreased $952 thousand (5.1 percent), offset by an increase in property tax revenue of $659 thousand (6.7 percent).
- Instructional programs expenses increased $963 thousand (5.1 percent) and support services expenses increased $616 thousand (6.0 percent), primarily due to increases in employee benefits and other payroll related expenditures.

Statements of Activities
Year ended June 30,

	2017	*2016*	*Change*
Revenues			
Program revenues			
Fees, fines and charges for services	$ 825,585	$ 550,520	$ 275,065
Operating grants and contributions	3,166,102	2,698,643	467,459
Capital grants and contributions	-	185,221	(185,221)
General revenues			
Property taxes	10,493,585	9,834,739	658,846
Construction excise tax	113,606	91,044	22,562
State school fund	17,435,210	18,387,728	(952,518)
Common school fund	343,899	347,762	(3,863)
Unrestricted state and local funds	466,452	369,669	96,783
Earnings on investments	271,671	65,507	206,164
Miscellaneous	64,067	143,640	(79,573)
Total revenues	33,180,177	32,674,473	505,704
Expenses			
Instructional programs	19,714,579	18,750,954	963,625
Support services	10,940,608	10,324,164	616,444
Community services	221,350	335,589	(114,239)
Food services	921,380	835,977	85,403
Facilities services	68,700	401,588	(332,888)
Interest on long-term liabilities	2,646,512	2,633,191	13,321
Total expenses	34,513,129	33,281,463	1,231,666
Change in net position	(1,332,952)	(606,990)	(725,962)
Net position, beginning of year	3,559,390	4,166,380	(606,990)
Net position, end of year	$ 2,226,438	$ 3,559,390	$ (1,332,952)

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, 2017, the District's governmental funds reported combined ending fund balances of $58.6 million, an increase of $52.2 million in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2017, the fund balance was $3.8 million. The fund balance decreased by $937 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 revenues. Fund balance represents 14.1 percent of total General Fund revenues. Expenditures for instruction increased $740 thousand (4.7 percent). Meanwhile, expenditures for support services increased $368 thousand (3.7 percent).

The budget for the General Fund was adopted by the Board on June 22, 2016. There was one change to the General Fund budget during the fiscal year to appropriate expenditures from support services to debt service.

Special Revenue Fund. The Special Revenue Fund has a total fund balance of $550 thousand, an increase of $50 thousand from the prior year. Of this balance, all funds are committed by the Board, except for food service inventories and prepaid expenses, which are non-spendable. Commitments to student body activities total $526 thousand.

Debt Service Fund. The Debt Service Fund has a total fund balance of $3.5 million, of which $3.4 million is restricted and $41 thousand is committed to the payment of debt service. This fund contains the activity of two debt service functions which account for general obligation bond debt service and the PERS bond debt service. The net increase in fund balance during the current year was $3.0 million (more than 600% percent). The increase was attributable to proceeds from the 2017 general obligation bonds set aside for the first year of debt service.

Capital Projects Fund. The ending fund balance for the Capital Projects Fund increased $50.1 million from $720 thousand at the end of the prior year to $50.8 million for the year ended June 30, 2017, primarily due to proceeds from general obligation bonds issued in March of 2017. Nearly all of the fund balance is restricted for 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, 2017, the District had invested $26.1 million in capital assets, net of depreciation, as shown in the following table:

	2017	***2016***	***Change***
Land	$ 2,365,823	$ 2,365,823	$ -
Asset held for sale	192,475	152,886	39,589
Construction in progress	1,053,880	-	1,053,880
Building and improvements	21,757,784	22,567,433	(809,649)
Vehicles and equipment	695,299	605,327	89,972
Total	$ 26,065,261	$ 25,691,469	$ 373,792

During fiscal year 2016-17, the District's investment in capital assets increased by $374 thousand. The major capital asset events for the year ended June 30, 2017 include additions totaling $1.4 million, offset by depreciation expense of $1 million.

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 $67.9 million, consisting of general obligation bonded debt of $47.8 million, pension bonds of $18.5 million, and tax exempt financing of $1.6 million.

During the current fiscal year, the District's total debt increased by $45.2 million, which represents the issuance of general obligation bonds in the amount of $46.9 million offset by the amount of current year principal payments totaling $1.7 million.

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 $47.8 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 enrollment. For the year ended June 30, 2017, formula revenue totaled $26.3 million and accounted for approximately 98 percent of the District's General Fund revenue.

The state legislature increased K-12 education funding for the 2015-17 biennium with a 1.6% increase in funding for 2016-17 school year. This increase, in combination with Oregon Department of Education's practice of funding enrollment at the higher of two comparable years resulted in higher state formula revenue for 2016-17. However, the District's enrollment continues to decrease. For the 2017-19 biennium, the legislature passed an $8.2 billion budget split 50/50 between the two budget years. Preliminary estimates indicate an increase of $1.9M year over year from 2016-17 to 2017-18. However, at the time of preparing this discussion and analysis, future funding levels of K-12 education are potentially compromised by the forthcoming special election outcome of Measure 101 which will be determined in January 2018. As such, the District's financial situation requires close attention in response to the State of Oregon's current fiscal and political issues.

Prior to June 30, 2017, 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 2017-19 biennium are 5.61% of salary covered under the plan for Tier 1 and Tier 2 and .43% of salary for employees covered under the Oregon Public Service Retirement Plan (OPSRP). These rates are set to increase in part for the 2019-21 biennium based on preliminary communications derived from the recent actuarial valuation of the PERS plans. Rates for Tier 1 and Tier 2 are set to increase to 12.25% whereas rates for OPSRP will increase to 6.63%. 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, 2017

ASSETS		
Cash and investments	$	58,788,494
Property taxes receivable		804,473
Due from other governments		876,676
Other receivables		8,964
Inventories		2,247
Prepaid expenses		70,801
Capital assets not being depreciated		
Land		2,365,823
Construction in progress		1,053,880
Assets held for sale		192,475
Capital assets, net of accumulated depreciation		
Buildings and land improvements		21,757,784
Equipment and vehicles		695,299
Total Assets		86,616,916
DEFERRED OUTFLOWS OF RESOURCES		
PERS deferred outflows		7,314,584
Total Assets and Deferred Outflows of Resources		93,931,500
LIABILITIES		
Accounts payable and accrued expenses		1,168,426
Unearned revenue		96,327
Accrued compensated absences		89,926
Accrued interest		2,815,747
Long-term liabilities		
Long-term debt due within one year		1,694,201
Long-term debt due in more than one year		73,009,337
PERS net pension liability		11,541,722
Other post employment benefit obligation due within one year		120,950
Other post employment benefit obligation due in more than one year		645,585
Total Liabilities		91,182,221
DEFERRED INFLOWS OF RESOURCES		
PERS deferred inflows		522,841
Total Liabilities and Deferred Inflows of Resources		91,705,062
NET POSITION		
Net investment in capital assets		20,811,790
Restricted for debt service		3,441,400
Unrestricted		(22,026,752)
Total Net Position	$	2,226,438

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2017

		Program Revenues		Net (Expense)
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Revenue and Change in Net Position
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Instructional programs	$ 19,714,579	$ 416,294	$ 2,392,425	$ (16,905,860)
Support services				
Student transportation	1,768,450	35,627	-	(1,732,823)
Other support services	9,172,158	10,943	-	(9,161,215)
Community services	221,350	154,878	49,340	(17,132)
Food services	921,380	207,843	694,334	(19,203)
Facilities services	68,700	-	30,003	(38,697)
Interest on long-term liabilities	2,646,512	-	-	(2,646,512)
Total Governmental Activities	$ 34,513,129	$ 825,585	$ 3,166,102	(30,521,442)
General Revenues:				
Property taxes, levied for general purposes				8,238,952
Property taxes, levied for debt service				2,254,633
Construction excise tax				113,606
State school fund				17,435,210
Common school fund				343,899
Unrestricted state and local funds				466,452
Earnings on investments				271,671
Miscellaneous				64,067
Total General Revenues				29,188,490
Change in Net Position				(1,332,952)
Net Position - beginning				3,559,390
Net Position - ending				$ 2,226,438

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2017

	General	*Special Revenue*	*Debt Service*	*Capital Projects*	*Total*
ASSETS					
Cash and investments	$ 4,219,987	$ 111,296	$ 3,425,525	$ 51,031,686	$ 58,788,494
Property taxes receivable	628,764	-	175,709	-	804,473
Receivable from other governments	173,610	668,526	-	34,540	876,676
Other receivables	3,300	5,592	-	72	8,964
Inventories	-	2,247	-	-	2,247
Prepaid expenses	35,963	22,338	-	12,500	70,801
Total Assets	$ 5,061,624	$ 809,999	$ 3,601,234	$ 51,078,798	$ 60,551,655
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 385,646	$ 109,191	$ -	$ 248,644	$ 743,481
Accrued expenses	370,679	54,266	-	-	424,945
Unearned revenue	-	96,327	-	-	96,327
Total Liabilities	756,325	259,784	-	248,644	1,264,753
Deferred Inflows of Resources					
Unavailable revenue - property taxes	511,986	-	143,739	-	655,725
Fund Balance					
Non-spendable:					
Inventory	-	2,247	-	-	2,247
Prepaid expenses	35,963	22,338	-	12,500	70,801
Restricted for:					
Facility improvements	71,625	-	-	50,817,654	50,889,279
Debt service	-	-	3,416,426	-	3,416,426
Committed to:					
Special revenue fund activities	-	525,630	-	-	525,630
Debt service	-	-	41,069	-	41,069
Unassigned	3,685,725	-	-	-	3,685,725
Total Fund Balances	3,793,313	550,215	3,457,495	50,830,154	58,631,177
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 5,061,624	$ 809,999	$ 3,601,234	$ 51,078,798	$ 60,551,655

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, 2017

FUND BALANCES		$ 58,631,177
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	$ 50,588,878	
Accumulated depreciation	(24,523,617)	26,065,261
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.		655,725
Long-term pension liabilities not payable in the current year are not reported as governmental fund liabilities. Actuarial changes create deferred outflows and inflows of resources. These consist of:		
PERS net pension liability	(11,541,722)	
Net deferred outflows of resources	7,314,584	
Net deferred inflows of resources	(522,841)	(4,749,979)
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on 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	(2,815,747)	
Accrued compensated absences	(89,926)	
Other postemployment benefit obligation	(766,535)	
Long-term debt	(74,703,538)	(78,375,746)
TOTAL NET POSITION		$ 2,226,438

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, 2017

	General	*Special Revenue*	*Debt Service*	*Capital Projects*	*Total*
REVENUES					
Property taxes	$ 8,186,892	$ -	$ 2,245,957	$ -	$ 10,432,849
Construction excise tax	-	-	-	113,606	113,606
Intergovernmental					
Intermediate sources	191,980	45,712	-	2,500	240,192
State sources	18,104,016	544,938	-	27,503	18,676,457
Federal sources	-	2,162,044	-	-	2,162,044
Charges for services	45,458	767,492	-	10,943	823,893
Contributions	1,630	50,899	-	-	52,529
Investment earnings	92,726	167	12,515	163,633	269,041
Miscellaneous	189,946	156,254	2,239,800	-	2,586,000
Total Revenues	26,812,648	3,727,506	4,498,272	318,185	35,356,611
EXPENDITURES					
Current					
Instruction	16,544,484	2,320,522	-	-	18,865,006
Support services	10,414,815	374,177	-	-	10,788,992
Enterprise and community services	-	1,137,919	-	-	1,137,919
Facilities acquisition and construction	885	21,362	-	46,453	68,700
Debt service					
Principal	197,000	-	1,506,948	-	1,703,948
Interest	24,533	-	2,974,723	-	2,999,256
Capital outlay	263,782	78,362	-	1,033,324	1,375,468
Total Expenditures	27,445,499	3,932,342	4,481,671	1,079,777	36,939,289
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(632,851)	(204,836)	16,601	(761,592)	(1,582,678)
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt	-	-	-	53,782,112	53,782,112
Transfers in	-	259,905	2,959,920	50,000	3,269,825
Transfers out	(304,369)	(5,536)	-	(2,959,920)	(3,269,825)
Total Other Financing Sources (Uses)	(304,369)	254,369	2,959,920	50,872,192	53,782,112
NET CHANGE IN FUND BALANCES	(937,220)	49,533	2,976,521	50,110,600	52,199,434
FUND BALANCES, beginning	4,730,533	500,682	480,974	719,554	6,431,743
FUND BALANCES, ending	$ 3,793,313	$ 550,215	$ 3,457,495	$ 50,830,154	$ 58,631,177

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, 2017

NET CHANGE IN FUND BALANCES		$ 52,199,434
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	$ 1,375,468	
Less current year depreciation	(1,001,676)	373,792
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 proceeds exceeded repayments:		
Debt proceeds	(46,910,000)	
Premium from bond issuance	(6,872,112)	
Debt principal repaid	1,703,948	
Amortization of bond premium	88,682	(51,989,482)
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.		264,062
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.		63,366
In the Statement of Activities, pension expense is adjusted based on actuarially determined contribution changes:		
Net change in PERS net pension liability	(9,020,345)	
Net change in deferred outflows of resources	6,655,952	
Net change in deferred inflows of resources	5,697	(2,358,696)
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.		130,723
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.		(16,151)
CHANGE IN NET POSITION		$ (1,332,952)

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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash, Cash Equivalents and Investments (Continued)

The District's investments consist of U.S. Government Treasury securities and the State of Oregon Treasurer's Local Government Investment Pool (LGIP). The District's investments are reported at fair value based upon quoted market rates. Changes in the fair value of investments are recorded as investment earnings. The LGIP investment is stated at cost which approximates fair value. Fair value of the LGIP is the same as the District's value in pool shares.

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, 2017, 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at their acquisition 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

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.

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.

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

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.

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).

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Balances (Continued)

- **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.

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.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Budget (Continued)

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.

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 three 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, 2017:

	Carrying Value	*Fair Value*
Cash		
Deposits with financial institutions	$ 1,388,940	$ 1,388,940
Cash on hand	4,007	4,007
Investments		
U.S. Government Treasury securities	19,957,420	19,957,420
Local Government Investment Pool	37,438,127	37,438,127
	$ 58,788,494	$ 58,788,494

Deposits

The book balance of the District's bank deposit accounts was $1,388,940 and the bank balance was $2,100,098 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).

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

Custodial Credit Risk – Deposits (Continued)

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 $1,598,817 as of June 30, 2017, but were covered by PFCP.

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 securities are to be held in safekeeping by an authorized third party custodian in accordance with the investment policy.

As of June 30, 2017, the District held the following investments and maturities.

Investment Type		***Fair Value***	***Weighted Average Maturity In Years***	***% of Interment Portfolio***
U.S. Treasury Securities	$	19,957,420	1.334	35%
Local Government Investment Pool		37,438,127	0.003	65%
	$	57,395,547	1.337	100%

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of an asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Investments in U.S. Treasury securities, U.S. Agency securities, state and local government obligations, and corporate securities are valued using quoted market prices (Level 1 inputs). The "weighted average maturity in years" calculation assumes that all investments are held until maturity.

At June 30, 2017, the District's investments were rated as follows:

	Highest Rating from Moody's Investors Service or Standard & Poor's Corporation					
Investment Type		***Total***		***Aaa / AAA***		***Not Rated***
U.S. Treasury Securities	$	19,957,420	$	19,957,420	$	-
Local Government Investment Pool		37,438,127		-		37,438,127
	$	57,395,547	$	19,957,420	$	37,438,127

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

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 the State of Oregon law, is to limit its general investments to the State of Oregon Treasurer's Local Government Investment Pool. The District's short-form investment policy allows the District to invest its proceeds from bond sales in U.S. Government securities and bank accounts as defined by ORS 706.008 for up to three years.

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, 2017, 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 U.S. Government Treasury securities and the LGIP in accordance with the District's investment policy.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2017 is as follows:

	Balance July 1, 2016	***Increases***	***Decreases***	***Balance June 30, 2017***
Capital assets, not being depreciated:				
Land	$ 2,365,823	$ -	$ -	$ 2,365,823
Assets held for sale	152,886	39,589	-	192,475
Construction in progress	-	1,053,880	-	1,053,880
Total Capital Assets Not Being Depreciated	2,518,709	1,093,469	-	3,612,178
Capital assets, being depreciated:				
Land improvements	2,595,818	8,634	-	2,604,452
Buildings and improvements	37,173,704	82,263	-	37,255,967
Equipment	7,220,766	191,102	(392,209)	7,019,659
Vehicles	163,153	-	(66,531)	96,622
Total Capital Assets Being Depreciated	47,153,441	281,999	(458,740)	46,976,700
Accumulated depreciation for:				
Land improvements	1,266,038	141,655	-	1,407,693
Buildings and improvements	15,936,051	758,891	-	16,694,942
Equipment	6,616,104	100,465	(392,209)	6,324,360
Vehicles	162,488	665	(66,531)	96,622
Total Accumulated Depreciation	23,980,681	1,001,676	(458,740)	24,523,617
Total Capital Assets Being Depreciated, net	23,172,760	(719,677)	-	22,453,083
Total Capital Assets, net	$ 25,691,469	$ 373,792	$ -	$ 26,065,261

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

Program	
Instructional programs	$ 775,728
Support services	224,487
Food services	1,461
Total	$ 1,001,676

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2017:

	Original Issue	*Outstanding July 1, 2016*	*Issued*	*Matured/ Redeemed During Year*	*Outstanding June 30, 2017*	*Due Within One Year*
Pension bonds - Series 2002	$ 10,722,217	$ 8,153,301	$ -	$ 217,700	$ 7,935,601	$ 222,167
Pension bonds - Series 2003	14,312,440	10,251,990	-	389,303	9,862,687	387,214
Pension bonds - Series 2011	750,000	750,000	-	-	750,000	-
General obligation bonds - Series 1999	18,881,406	1,779,765	-	899,945	879,820	879,820
General obligation bonds - Series 2017	46,910,000	-	46,910,000	-	46,910,000	-
Tax exempt financing agreement - Series 2007	1,700,000	402,000	-	197,000	205,000	205,000
QZAB Bond - 2015	1,377,000	1,377,000	-	-	1,377,000	-
		22,714,056	46,910,000	1,703,948	67,920,108	1,694,201
Issuance premium, Series 2017		-	6,872,112	88,682	6,783,430	-
		$ 22,714,056	$ 53,782,112	$ 1,792,630	$ 74,703,538	$ 1,694,201

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	$ 7,935,601
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	9,862,687
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	879,820
General obligation bonds - Series 2017 - issued March 2017, due in annual installments of $65,000 to $4,870,000, plus interest paid semi-annually at 2.0% to 5.0% through 2043	46,910,000
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	205,000
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
Issuance premium, Series 2017 - amortized through 2042	6,783,430
	$ 74,703,538

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.

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

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 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.

In the current year, the District issued General Obligation Bonds in the amount of $46.9 million with proceeds totaling $53.8 million. A portion of the bond proceeds (approximately $3 million) was transferred from the Capital Projects Fund to the Debt Service Fund and will be used to make the initial debt service payments.

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

Future debt service requirements are as follows:

Fiscal Year Ending June 30,	***Principal***	***Interest***	***Total***
2018	$ 1,694,201	$ 6,153,889	$ 7,848,090
2019	842,589	4,184,175	5,026,764
2020	944,273	4,305,684	5,249,957
2021	1,570,654	3,944,832	5,515,486
2022	1,744,355	3,978,934	5,723,289
2023-2027	17,059,036	14,917,571	31,976,607
2028-2032	8,590,000	10,091,663	18,681,663
2033-2037	11,925,000	7,791,000	19,716,000
2038-2042	18,680,000	4,176,750	22,856,750
2043	4,870,000	121,750	4,991,750
	$ 67,920,108	$ 59,666,248	$ 127,586,356

INTER-FUND ACTIVITY

The District completed the following inter-fund transactions during the year ended June 30, 2017:

	Transfers In	***Transfers Out***
Fund		
General	$ -	$ 304,369
Special revenue	259,905	5,536
Debt service	2,959,920	-
Capital projects	50,000	2,959,920
	$ 3,269,825	$ 3,269,825

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.

Inter-fund activities occasionally 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.

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, 2017, expenditures related to early retirement benefits totaled $164,661 paid to 43 participants.

Plan activity for the year is as follows:

Outstanding July 1, 2016	*Increases*	*Payments*	*Outstanding June 30, 2017*
$ 897,258	$ 33,938	$ 164,661	$ 766,535

Amounts estimated to be paid in the next twelve months are $120,950.

These benefits will be paid from 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/.

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

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, 2017, 2016, and 2015 totaled $87,321, $72,928, and $79,897 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/financials/Actuarial-Financial-Information.aspx.

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.

***PENSION PLAN** (Continued)*

PERS Pension (Chapter 238) *(Continued)*

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. 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.

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

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

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

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

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.

***PENSION PLAN** (Continued)*

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

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, 2017 were $76,283, excluding amounts to fund employer specific liabilities. For the year ended June 30, 2017, $2,239,800 was charged as PERS benefits expenditures to be used for bond payments as they become due. Employer pension expense of $2,358,696 was recognized during the reporting period.

At June 30, 2017, the District reported a net pension liability of $11,541,722 for its proportionate share of the net pension liability. The pension liability was measured as of December 31, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The 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, 2014, the District's proportion was 0.08 percent.

	Deferred Outflow of Resources	*Deferred (Inflow) of Resources*
Difference between expected and actual experience	$ 381,851	$ -
Changes in assumptions	2,461,572	-
Net difference between projected and actual earnings on pension plan investments	2,280,160	-
Changes in proportionate share	1,851,623	-
Difference between employer contributions and employer's proportionate share of system contributions	263,095	(522,841)
Subtotal - Amortized Deferrals (below)	7,238,301	(522,841)
District contributions subsequent to measurement date	76,283	-
Net deferred outflow (inflow) of resources	$ 7,314,584	$ (522,841)

***PENSION PLAN** (Continued)*

Contributions *(Continued)*

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

Year ending June 30,	*Amount*
2018	$ 1,322,985
2019	1,322,985
2020	2,147,052
2021	1,649,553
2022	272,885
Total	$ 6,715,460

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 February 8, 2017. Oregon PERS produces an independently audited CAFR which can be found at:

http://www.oregon.gov/PERS/pages/financials/Actuarial-Financial-Information.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.

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.

***PENSION PLAN** (Continued)*

Actuarial Methods and Assumptions

Valuation date	December 31, 2014
Measurement date	June 30, 2016
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.5% (previously 2.75%)
Long-term expected rate of return	7.5% (previously 7.75%)
Discount rate	7.5% (previously 7.75%)
Projected salary increases	3.5% (previously 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 BB, with collar adjustments and set-backs as described in the valuation. **Active members:** Mortality rates are a percentage of healthy retiree rates that vary by group, as described in the valuation. **Disabled retirees:** Mortality rates are a percentage (70% for males, 95% for females) of the RP-2000 Six-distinct, generational per Scale BB, disabled mortality table.

(Source: June 30, 2016 PERS CAFR; page 65)

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

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

***PENSION PLAN** (Continued)*

Actuarial Methods and Assumptions *(Continued)*

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, 2016 PERS CAFR; page 63)

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	13.5 - 21.5	17.5
Alternative Equity	0.0 - 12.5	12.5
Opportunity Portfolio	0.0 - 3.0	0.0
Total		100.0%

(Source: June 30, 2016 PERS CAFR; page 86)

Long-Term Expected Rate of Return

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

Asset Class	Target Allocation *	Annual Arithmetic Return	Compound Annual (Geometric) Return	Standard Deviation
Core Fixed Income	8.00 %	4.10 %	4.00 %	4.68 %
Short-Term Bonds	8.00	3.65	3.61	2.74
Bank/Leveraged Loans	3.00	5.69	5.42	7.82
High Yield Bonds	1.00	6.67	6.20	10.28
Large/Mid Cap US Equities	15.75	7.96	6.70	17.07
Small Cap US Equities	1.31	8.93	6.99	21.35
Micro Cap US Equities	1.31	9.37	7.01	23.72
Developed Foreign Equities	13.13	8.34	6.73	19.40
Emerging Market Equities	4.12	10.56	7.25	28.45
Non-US Small Cap Equities	1.88	9.01	7.22	20.55
Private Equity	17.50	11.60	7.97	30.00
Real Estate (Property)	10.00	6.48	5.84	12.00
Real Estate (REITS)	2.50	8.74	6.69	22.02
Hedge Fund of Funds - Diversified	2.50	4.94	4.64	8.09
Hedge Funds - Event-driven	0.63	7.07	6.72	8.90
Timber	1.88	6.60	5.85	13.00
Farmland	1.88	7.11	6.37	13.00
Infrastructure	3.75	8.31	7.13	16.50
Commodities	1.88	6.07	4.58	18.40
Assumed Inflation - Mean			2.50 %	1.85 %

* Based on the OIC Statement of Investment Objectives and Policy Framework for the Oregon Public Employees Retirement Fund, revised as of December 3, 2014, and the revised allocation was adopted at the June 3, 2015 OIC Meeting.

(Source: June 30, 2016 PERS CAFR; Page 66; Table 31)

***PENSION PLAN** (Continued)*

Sensitivity - The District's proportionate share of the net pension liability is sensitive 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 7.50 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 (6.50 percent) or 1-percentage-point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	*Discount Rate (7.50%)*	*1% Increase (8.50%)*
District's proportionate share of the net pension liability (asset)	$ 18,636,033	$ 11,541,722	$ 5,612,120

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

http://www.oregon.gov/PERS/pages/index.aspx

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, 2017.

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

***DEFERRED COMPENSATION** (Continued)*

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, 2017, expenditures exceeded appropriations as follows:

	Appropriation	***Expenditure***	***Variance***	
General Fund				
Facilities acquisition and construction	$ 199,600	$ 230,123	$ (30,523)	
Debt service	221,532	221,533	(1)	
Special Revenue Fund				
Enterprise and community services	1,119,544	1,137,919	(18,375)	
Capital Projects Fund				
Facilities acquisition and construction	195,000	1,079,777	(884,777)	*
Transfers out	-	2,959,920	(2,959,920)	*

*This overexpenditure is the result of debt that was issued during the year and thus, is not a violation of Oregon budget law.

NEW PRONOUNCEMENTS

The District implemented the following pronouncements for the current fiscal year:

GASB Statement No. 73 *"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. There was no significant financial impact as a result of implementing this statement.

GASB Statement No. 77, "*Tax Abatement Disclosures*," addresses the disclosure requirements for governments that have tax abated properties in their jurisdiction. It requires governments to disclose 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 pronouncement had no effect on the financial statements.

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. There was no significant financial impact as a result of implementing this statement.

GASB Statement No. 82, "*An Amendment of GASB Statements No. 67, Financial Reporting for Pension Plans, No. 68, Accounting and Financial Reporting for Pensions, and No. 73, 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*." This statement will improve financial reporting by enhancing consistency in the application of financial reporting requirements to certain pension issues. Specifically, 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 District will implement applicable 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. 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, 2017.

GASB Statement No. 83 "*Certain Asset Retirement Obligations.*" This Statement establishes criteria for determining the timing and pattern or recognition of a liability and a corresponding deferred outflow of resources for asset retirement obligations. The statement is effective for fiscal years beginning after June 15, 2018.

GASB Statement No. 84 "*Fiduciary Activities.*" This Statement establishes criteria and guidance for identifying fiduciary activities of all state and local governments for accounting and financial reporting purposes, as well as the reporting requirements for these fiduciary funds. The statement is effective for fiscal years beginning after December 15, 2018.

NEW PRONOUNCEMENTS (Continued)

GASB Statement No. 85 "*Omnibus 2017*." This Statement addresses practice issues identified during implementation of other GASB Statements, including blending component units, goodwill, fair value measurement and application, and postemployment benefits. The statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 86 "*Certain Debt Extinguishment Issues*." This Statement addresses the accounting and financial reporting for in-substance defeasement of debt where existing resources are placed in an irrevocable trust for the sole purpose of extinguishing debt. The statement is effective for fiscal years beginning after June 15, 2017.

GASB Statement No. 87 "*Leases.*" This Statement addresses the accounting and financial reporting for leases by governments, requiring recognition of certain lease assets and liabilities for leases that were previously classified as operating leases. The statement is effective for fiscal years beginning after December 15, 2019.

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, 2017

Year ended June 30,	*Employer's proportion of the net pension liability (NPL)*	*Employer's proportionate share of the net pension liability (NPL) (1)*	*Employer's covered payroll (2)*	*NPL as a percentage of covered payroll*	*Plan fiduciary net position as a percentage of the total pension liability*
2017 (5)	0.08%	$ 11,541,722	$ 14,581,783	79.2%	80.5%
2016 (4)	0.04%	2,521,377	14,322,035	17.6%	91.9%
2015 (3)	0.04%	(864,050)	13,539,070	-6.4%	103.6%
2014	0.04%	1,945,270	13,015,058	14.9%	92.0%

Notes:

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.

(1) The amounts presented for each fiscal year were actuarially determined at December 31 and rolled forward to the measurement date.

(2) Amounts for covered payroll use the prior year's data to match the measurement date used by the pension plan for each fiscal year.

(3) The June 30, 2015 NPL reflects benefit changes from the Senate Bills 822 and 861.

(4) The June 30, 2016 NPL reflects benefit changes from the Oregon Supreme Court's ruling in Moro v. State of Oregon, which overturned portions of Senate Bills 822 and 861.

(5) The June 30, 2017 NPL reflects assumption changes reducing inflation rate from 2.75% to 2.50%, the long-term expected rate of return from 7.75% to 7.50%, the discount rate from 7.75% to 7.50 % and the projected salary increases from 3.75% to 3.50%.

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PERS
JUNE 30, 2017

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*
2017	$ 76,283	$ 76,283	$ -	$ 15,374,390	0.5%
2016	72,907	72,907	-	14,581,783	0.5%
2015	808,939	808,939	-	14,322,035	5.6%
2014	769,729	769,729	-	13,539,070	5.7%

Notes:
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, 2017

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget Basis	Final Budget	Differences	GAAP Basis
REVENUES						
Property taxes	$ 7,951,251	$ 7,951,251	$ 8,186,892	$ 235,641	$ -	$ 8,186,892
Intergovernmental						
Intermediate sources	174,884	174,884	191,980	17,096	-	191,980
State sources	18,254,367	18,254,367	18,104,016	(150,351)	-	18,104,016
Charges for services	1,600	1,600	45,458	43,858	-	45,458
Contributions	-	-	1,630	1,630	-	1,630
Investment earnings	18,725	18,725	92,726	74,001	-	92,726
Miscellaneous	78,508	78,508	189,946	111,438	-	189,946
Total Revenues	26,479,335	26,479,335	26,812,648	333,313	-	26,812,648
EXPENDITURES						
Current						
Instruction	16,991,902	16,991,902	16,544,484	447,418	-	16,544,484
Support services	10,686,801	10,686,522	10,449,359	237,163	(34,544)	10,414,815
Facilities acquisition and construction	199,600	199,600	230,123	(30,523)	(229,238)	885
Debt service						
Principal	197,000	197,000	197,000	-	-	197,000
Interest	24,253	24,532	24,533	(1)	-	24,533
Capital outlay	-	-	-	-	263,782	263,782
Operating contingency	300,000	300,000	-	300,000	-	-
Total Expenditures	28,399,556	28,399,556	27,445,499	954,057	-	27,445,499
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,920,221)	(1,920,221)	(632,851)	1,287,370	-	(632,851)
OTHER FINANCING SOURCES (USES)						
Transfers out	(304,369)	(304,369)	(304,369)	-	-	(304,369)
NET CHANGE IN FUND BALANCE	(2,224,590)	(2,224,590)	(937,220)	1,287,370	-	(937,220)
FUND BALANCE, beginning	4,175,670	4,175,670	4,730,533	554,863	-	4,730,533
FUND BALANCE, ending	$ 1,951,080	$ 1,951,080	$ 3,793,313	$ 1,842,233	$ -	$ 3,793,313

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, 2017

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget	Budget to GAAP Differences	Actual GAAP Basis
	Original	Final				
REVENUES						
Intergovernmental						
Intermediate sources	$ 41,397	$ 41,397	$ 45,712	$ 4,315	$ -	$ 45,712
State sources	872,343	872,343	544,938	(327,405)	-	544,938
Federal sources	2,006,334	2,006,334	2,162,044	155,710	-	2,162,044
Charges for services	884,450	884,450	767,492	(116,958)	-	767,492
Contributions	35,500	35,500	50,899	15,399	-	50,899
Investment earnings	250	250	167	(83)	-	167
Miscellaneous	15,500	15,500	156,254	140,754	-	156,254
Total Revenues	3,855,774	3,855,774	3,727,506	(128,268)	-	3,727,506
EXPENDITURES						
Current						
Instruction	2,441,103	2,441,103	2,320,522	120,581	-	2,320,522
Support services	416,777	416,777	374,177	42,600	-	374,177
Enterprise and community services	1,122,444	1,119,544	1,137,919	(18,375)	-	1,137,919
Facilities acquisition and construction	235,788	235,788	99,724	136,064	(78,362)	21,362
Debt Service:						
Principal	2,588	5,488	-	5,488	-	-
Capital outlay	-	-	-	-	78,362	78,362
Total Expenditures	4,218,700	4,218,700	3,932,342	286,358	-	3,932,342
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(362,926)	(362,926)	(204,836)	158,090	-	(204,836)
OTHER FINANCING SOURCES (USES)						
Transfers in	259,905	259,905	259,905	-	-	259,905
Transfers out	(5,536)	(5,536)	(5,536)	-	-	(5,536)
Total Other Financing Sources (Uses)	254,369	254,369	254,369	-	-	254,369
NET CHANGE IN FUND BALANCE	(108,557)	(108,557)	49,533	158,090	-	49,533
FUND BALANCE, beginning	518,626	518,626	500,682	(17,944)	-	500,682
FUND BALANCE, ending	$ 410,069	$ 410,069	$ 550,215	$ 140,146	$ -	$ 550,215

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, 2017

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	$ 2,235,300	$ 2,235,300	$ 2,245,957	$ 10,657
Investment earnings	6,500	6,500	12,515	6,015
Charges to other funds	2,241,174	2,241,174	2,239,800	(1,374)
Total Revenues	4,482,974	4,482,974	4,498,272	15,298
EXPENDITURES				
Debt service				
Principal	1,506,948	1,506,948	1,506,948	-
Interest	2,974,726	2,974,726	2,974,723	3
Total Expenditures	4,481,674	4,481,674	4,481,671	3
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,300	1,300	16,601	15,301
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	2,959,920	2,959,920
NET CHANGE IN FUND BALANCE	1,300	1,300	2,976,521	2,975,221
FUND BALANCE, beginning	263,378	263,378	480,974	217,596
FUND BALANCE, ending	$ 264,678	$ 264,678	$ 3,457,495	$ 3,192,817

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget Basis	Final Budget	Differences	GAAP Basis
REVENUES						
Construction excise tax	$ 50,000	$ 50,000	$ 113,606	$ 63,606	$ -	$ 113,606
Intergovernmental						
Intermediate sources	-	-	2,500	2,500	-	2,500
State sources	-	-	27,503	27,503	-	27,503
Charges for services	12,500	12,500	10,943	(1,557)	-	10,943
Investment earnings	-	-	163,633	163,633	-	163,633
Total Revenues	62,500	62,500	318,185	255,685	-	318,185
EXPENDITURES						
Current						
Support services	-	150,000	-	150,000	-	-
Facilities acquisition and construction	345,000	195,000	1,079,777	(884,777)	(1,033,324)	46,453
Capital outlay	-	-	-	-	1,033,324	1,033,324
Total Expenditures	345,000	345,000	1,079,777	(734,777)	-	1,079,777
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(282,500)	(282,500)	(761,592)	(479,092)	-	(761,592)
OTHER FINANCING SOURCES						
Proceeds from long-term debt	-	-	53,782,112	53,782,112	-	53,782,112
Transfers in	50,000	50,000	50,000	-	-	50,000
Transfers out	-	-	(2,959,920)	(2,959,920)	-	(2,959,920)
Total Other Financing Sources	50,000	50,000	50,872,192	50,822,192	-	50,872,192
NET CHANGE IN FUND BALANCE	(232,500)	(232,500)	50,110,600	50,343,100	-	50,110,600
FUND BALANCE, beginning	689,012	689,012	719,554	30,542	-	719,554
FUND BALANCE, ending	$ 456,512	$ 456,512	$50,830,154	$ 50,373,642	$ -	$ 50,830,154

OTHER SCHEDULES

ST. HELENS SCHOOL DISTRICT

REVENUE SUMMARY – ALL FUNDS

YEAR ENDED JUNE 30, 2017

Code	*Function*	*General Fund*	*Special Revenue*
	LOCAL REVENUES		
1111	Current year's taxes	$ 7,906,255	$ -
1112	Prior year's taxes	277,225	-
1114	Payments in lieu of taxes	1,348	-
1130	Construction excise tax	-	-
1190	Penalties and interest on taxes	2,064	-
1200	Revenue from local governmental units other than districts	1,500	-
1311	Regular day school tuition from individuals	1,070	-
1412	Transportation fees from other districts within the state	35,627	-
1500	Earnings on investments	92,726	167
1600	Food service	-	207,843
1700	Extracurricular activities	7,261	404,771
1800	Community services activities	-	154,878
1910	Rentals	-	-
1920	Contributions and donations from private sources	1,630	50,899
1950	Textbook sales and rentals	-	3,192
1960	Recovery of prior years' expenditure	36,690	56,657
1970	Services provided other funds	-	-
1990	Miscellaneous	153,256	96,405
1000	*Total Local Revenues*	8,516,652	974,812
	INTERMEDIATE REVENUES		
2101	County school funds	134,473	-
2102	Education service district apportionment	15,297	-
2105	Natural gas, oil, and mineral receipts	33,013	-
2200	Restricted revenue	9,197	45,712
2000	*Total Intermediate Revenues*	191,980	45,712
	STATE REVENUES		
3101	State school fund - general support	17,426,438	-
3102	State school fund - school lunch match	-	8,772
3103	Common school fund	343,899	-
3104	State managed county timber	207,704	-
3199	Other unrestricted grants-in-aid	124,275	-
3299	Other restricted grants-in-aid	1,700	536,166
3000	*Total State Revenues*	18,104,016	544,938
	FEDERAL REVENUES		
4300	Restricted revenue direct from the federal government	-	35,221
4500	Restricted revenue from the federal government through the state	-	2,053,052
4900	Revenue for/on behalf of the district	-	73,771
4000	*Total Federal Revenues*	-	2,162,044
	OTHER SOURCES		
5100	Long-term debt financing sources	-	-
5200	Interfund transfers	-	259,905
5000	*Total Other Sources*	-	259,905
5400	***FUND BALANCE, Beginning of year***	4,730,533	500,682
	Total Resources	$ 31,543,181	$ 4,488,093

Debt Service	*Capital Projects*
$ 2,164,468	$ -
80,923	-
-	-
-	113,606
566	-
-	-
-	-
-	-
12,515	163,633
-	-
-	-
-	-
-	10,943
-	-
-	-
-	-
2,239,800	-
-	-
4,498,272	288,182
-	-
-	-
-	-
-	2,500
-	2,500
-	-
-	-
-	-
-	-
-	-
-	27,503
-	27,503
-	-
-	-
-	-
-	-
-	53,782,112
2,959,920	50,000
2,959,920	53,832,112
480,974	719,554
$ 7,939,166	$ 54,869,851

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - GENERAL FUND

YEAR ENDED JUNE 30, 2017

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	INSTRUCTION				
1100	Regular programs				
1111	Primary, K-3	$ 6,039,361	$ 4,091,068	$ 1,816,905	$ 37,999
1112	Intermediate programs	725	-	-	-
1113	Elementary extracurricular	503	-	-	-
1121	Middle/junior high programs	1,783,342	1,227,263	524,640	233
1122	Middle/junior high school extracurricular	902	62	15	-
1131	High school programs	4,055,321	2,701,740	1,266,124	17,009
1132	High school extracurricular	412,896	302,982	82,720	20,312
1200	Special programs				
1210	Programs for the talented and gifted	3,643	2,952	691	-
1220	Restrictive programs for students with disabilities	1,457,710	889,542	518,169	37,530
1250	Less restrictive programs for students with disabilities	1,121,008	717,113	390,213	1,447
1280	Alternative education	1,461,153	-	-	1,461,153
1291	English second language programs	201,617	133,836	62,529	1,514
1000	*Total Instruction*	16,544,484	10,071,423	4,663,182	1,577,284
	SUPPORT SERVICES				
2100	Students				
2110	Attendance and social work services	89,553	57,825	29,651	1,719
2120	Guidance services	752,785	508,288	240,750	272
2130	Health services	225,492	126,329	55,029	39,808
2140	Psychological services	152,149	74,881	40,296	36,972
2150	Speech pathology and audiology services	379,645	244,456	132,103	1,022
2190	Service direction, student support services	359,245	248,830	95,258	10,399
2200	Instructional staff				
2210	Improvement of instruction services	44,902	32,042	11,514	-
2220	Educational media services	381,226	203,122	136,185	-
2230	Assessment and testing	101,941	58,783	25,281	5,067
2240	Instructional staff development	140,271	13,333	99,697	26,705
2300	General administration				
2310	Board of education services	358,660	27,967	8,282	104,681
2320	Executive administration services	467,354	280,012	127,811	16,280
2400	School administration				
2410	Office of the principal services	1,876,556	1,250,459	584,371	21,763
2500	Business				
2520	Fiscal services	307,371	183,446	86,006	21,939
2540	Operation and maintenance of plant services	2,420,124	887,178	487,414	790,051
2550	Student transportation services	1,541,292	27,515	8,567	1,408,189
2570	Internal services	126,145	-	-	125,173
2600	Central activities				
2620	Planning, research, development, evaluation services, grant writing and statistical services	32	26	6	-
2660	Technology services	559,955	184,767	96,300	111,543
2700	Supplemental retirement program	164,661	-	164,661	-
2000	*Total Support Services*	10,449,359	4,409,259	2,429,182	2,721,583
	FACILITIES ACQUISITION AND CONSTRUCTION				
4150	Building acquisition, construction, and improvement services	211,623	-	-	-
4180	Other capital items	18,500	-	-	-
4000	*Total Facilities Acquisition and Construction*	230,123	-	-	-
	OTHER USES				
5100	Debt service	221,533	-	-	-
5200	Transfers of funds	304,369	-	-	-
5000	*Total Other Uses*	525,902	-	-	-
7000	***FUND BALANCE, End of year***	3,793,313	-	-	-
	Total Expenditures and Ending Balance	$ 31,543,181	$ 14,480,682	$ 7,092,364	$ 4,298,867

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ 93,389	$ -	$ -	$ -
725	-	-	-
503	-	-	-
30,969	-	237	-
825	-	-	-
69,356	-	1,092	-
5,832	-	1,050	-
-	-	-	-
12,469	-	-	-
12,235	-	-	-
-	-	-	-
3,738	-	-	-
230,041	-	2,554	-
358	-	-	-
3,475	-	-	-
3,942	-	384	-
-	-	-	-
1,614	-	450	-
3,568	-	1,190	-
1,346	-	-	-
41,919	-	-	-
12,810	-	-	-
485	-	51	-
2,821	-	214,909	-
41,087	-	2,164	-
13,024	-	6,939	-
3,171	-	12,809	-
218,615	35,102	1,764	-
97,021	-	-	-
972	-	-	-
-	-	-	-
166,946	-	399	-
-	-	-	-
613,174	35,102	241,059	-
-	211,623	-	-
-	18,500	-	-
-	230,123	-	-
-	-	221,533	-
-	-	-	304,369
-	-	221,533	304,369
-	-	-	3,793,313
$ 843,215	$ 265,225	$ 465,146	$ 4,097,682

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2017

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	$ 10,429	$ 6,426	$ 1,282
1113	Elementary extracurricular	17,156	-	-
1121	Middle/junior high programs	2,109	-	-
1122	Middle/junior high school extracurricular	95,494	34,319	6,351
1131	High school programs	459,788	192,444	76,485
1132	High school extracurricular	381,651	38,924	5,327
1140	Pre-kindergarten programs	201,775	90,623	27,926
1200	Special programs			
1220	Restrictive programs for students with disabilities	190,129	135,813	53,082
1250	Resource rooms	495,322	273,937	163,246
1272	Title IA/D	458,605	327,076	130,083
1292	Teen parent programs	6,480	-	-
1400	Summer school programs	1,584	1,275	309
1000	*Total Instruction*	2,320,522	1,100,837	464,091
	SUPPORT SERVICES			
2100	Students			
2150	Speech pathology and audiology services	23,835	12,722	11,106
2190	Service direction, student support services	95	-	-
2200	Instructional staff			
2210	Improvement of instruction services	237,953	167,216	70,737
2220	Education media services	13,101	-	-
2240	Instructional staff development	70,292	30,427	14,381
2300	General administration			
2310	Board of education services	1,116	-	-
2320	Executive administration services	239	-	-
2500	Business			
2520	Fiscal services	4,810	-	-
2540	Operation and maintenance of plant services	6,165	1,503	348
2550	Student transportation services	16,571	-	-
2000	*Total Support Services*	374,177	211,868	96,572
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services	916,569	327,892	142,071
3300	Community services	221,350	124,490	85,420
3000	*Total Enterprise and Community Services*	1,137,919	452,382	227,491
	FACILITIES ACQUISITION AND CONSTRUCTION			
4120	Site acquisition and development services	8,634	-	-
4150	Building acquisition, construction, and improvement services	91,090	-	-
4000	*Total Facilities Acquisition and Construction*	99,724	-	-
	OTHER USES			
5200	Transfers of funds	5,536	-	-
7000	***FUND BALANCE, End of year***	550,215	-	-
	Total Expenditures and Ending Balance	$ 4,488,093	$ 1,765,087	$ 788,154

300 Purchased Services	*400 Supplies & Materials*	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ -	$ 2,721	$ -	$ -	$ -
-	17,156	-	-	-
-	2,109	-	-	-
13,162	38,206	-	3,456	-
25,564	145,313	-	19,982	-
94,210	196,132	-	47,058	-
1,162	81,964	-	100	-
1,200	34	-	-	-
936	15,335	-	41,868	-
560	886	-	-	-
-	6,480	-	-	-
-	-	-	-	-
136,794	506,336	-	112,464	-
7	-	-	-	-
-	95	-	-	-
-	-	-	-	-
-	13,101	-	-	-
25,484	-	-	-	-
903	-	-	213	-
239	-	-	-	-
196	448	-	4,166	-
3,684	356	-	274	-
13,900	2,671	-	-	-
44,413	16,671	-	4,653	-
10,208	426,537	-	9,861	-
1,578	8,461	-	1,401	-
11,786	434,998	-	11,262	-
-	-	8,634	-	-
-	6,060	85,030	-	-
-	6,060	93,664	-	-
-	-	-	-	5,536
-	-	-	-	550,215
$ 192,993	$ 964,065	$ 93,664	$ 128,379	$ 555,751

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2017

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*
	OTHER USES			
5100	Debt service	$ 4,481,671	$ -	$ -
7000	***FUND BALANCE, End of year***	3,457,495	-	-
	Total Expenditures and Ending Balance	$ 7,939,166	$ -	$ -

300 Purchased Services	*400 Supplies & Materials*	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ -	$ -	$ -	$ 4,481,671	$ -
-	-	-	-	3,457,495
$ -	$ -	$ -	$ 4,481,671	$ 3,457,495

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2017

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*
	FACILITIES ACQUISITION AND CONSTRUCTION			
4110	Service area direction	$ 398,660	$ -	$ -
4150	Building acquisition, construction, and improvement services	681,117	-	-
4000	*Total Facilities Acquisition and Construction*	1,079,777	-	-
	OTHER USES			
5200	Transfers of funds	2,959,920	-	-
5000	*Total Other Uses*	2,959,920	-	-
7000	***FUND BALANCE, End of year***	50,830,154	-	-
	Total Expenditures and Ending Balance	$ 54,869,851	$ -	$ -

300 Purchased Services	*400 Supplies & Materials*	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ 391,519	$ -	$ 5,995	$ 1,146	$ -
681,117	-	-	-	-
1,072,636	-	5,995	1,146	-
-	-	-	-	2,959,920
-	-	-	-	2,959,920
-	-	-	-	50,830,154
$ 1,072,636	$ -	$ 5,995	$ 1,146	$ 53,790,074

DISTRICT BONDED INDEBTEDNESS

Debt Service Outstanding General Obligation Bonds

Fiscal Year	Principal	Interest	Total Debt Service
2018	$ 879,820	$ 4,385,102	$ 5,264,922
2019	65,000	2,301,450	2,366,450
2020	165,000	2,300,150	2,465,150
2021	270,000	2,295,200	2,565,200
2022	385,000	2,284,400	2,669,400
2023	495,000	2,269,000	2,764,000
2024	590,000	2,254,150	2,844,150
2025	700,000	2,230,550	2,930,550
2026	815,000	2,202,550	3,017,550
2027	945,000	2,161,800	3,106,800
2028	1,080,000	2,124,000	3,204,000
2029	1,230,000	2,070,000	3,300,000
2030	1,390,000	2,008,500	3,398,500
2031	1,560,000	1,939,000	3,499,000
2032	1,745,000	1,861,000	3,606,000
2033	1,940,000	1,773,750	3,713,750
2034	2,150,000	1,676,750	3,826,750
2035	2,370,000	1,569,250	3,939,250
2036	2,605,000	1,450,750	4,055,750
2037	2,860,000	1,320,500	4,180,500
2038	3,125,000	1,177,500	4,302,500
2039	3,415,000	1,021,250	4,436,250
2040	3,715,000	850,500	4,565,500
2041	4,040,000	664,750	4,704,750
2042	4,385,000	462,750	4,847,750
2043	4,870,000	121,750	4,991,750
	$ 47,789,820	$ 46,776,352	$ 92,331,172

Debt Service Full Faith and Credit Obligations

Fiscal Year	Principal	Interest	Total Debt Service
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	89,164	1,674,164
	$20,130,288	$12,889,898	$33,201,186

Summary of Overlapping Debt 2017

Overlapping District	Real Market Value	Percent Overlap	Overlapping Debt	
			Gross Debt (1)	Net Debt (2)
City of Columbia City	$214,736,926	100.00%	$2,942,322	$2,942,322
City of St. Helens	1,143,301,761	100.00%	7,151,000	1,000,000
Columbia County	6,196,978,511	34.40%	5,157,879	2,762,158
Columbia River Fire & Rescue	2,859,480,102	72.71%	1,716,050	1,716,050
Columbia Soil & Water Conservation	6,186,035,949	34.46%	148,565	-
Northwest Regional ESD	107,659,200,472	1.98%	88,405	-
Port of St Helens	5,400,930,784	39.12%	4,821,857	4,821,857
Portland Community College	217,143,369,580	.98%	3,814,748	2,960,482
Total			$25,840,826	$16,202,869

(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 2017

Real Market Value		$ 2,585,448,099
Assessed Valuation		$ 1,714,856,247
Estimated Population		21,235
Per Capita Real Market Value		$ 121,754
Debt Information	**Gross Direct Debt[(1)]**	**Net Direct Debt[(2)]**
District Direct Debt	$ 67,920,106	$ 67,920,106
Overlapping Direct Debt	$ 25,840,826	$ 16,202,869
Total Direct Debt	$ 93,760,932	$ 84,122,975
Bonded Debt Ratios		
District Direct Debt to Real Market Value	2.63%	2.63%
Total Direct Debt to Real Market Valuation	3.63%	3.25%
Per Capita District Direct Debt	$ 3,198	$ 3,198
Per Capita Total Direct Debt	$ 4,415	$ 3,962

(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.

PROPERTY TAX

St. Helens School District Property Valuations

Fiscal Year	M5 Real Market Value	Real Market Value	Assessed Value	AV to RMV Percentage
2017	$2,133,379,651	$ 2,585,448,099	$ 1,714,856,247	66.3%

Source: Columbia County Assessor's Office.

District Tax Collection Record

Fiscal Year	Percent Collected as of Levy Year[(1)]	Percent Collected as of 6/30/2017[(2)]
2017	96.73	96.73
2016	93.79	98.37
2015	96.60	99.09
2014	96.59	99.69
2013	96.23	99.86

(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 in a given levy year through 06/30/2017.
Source: Columbia County Tax Collector.

Major Taxpayers for District 2017

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Total AV
Dyno Nobel Inc.	Explosives Manufacturer	$ 823,033	$ 62,938,706	3.7%
Armstrong World Industries	Ceiling Tile Manufacturer	416,012	27,745,040	1.6%
Columbia River PUD	Utility	248,634	18,536,500	1.1%
Cascades Tissue Group Oregon	Paper Products	248,309	56,822,970	3.3%
Northwest Natural Gas Co.	Utility	192,910	13,395,000	0.8%
Comcast Corporation	Telecommunications	161,053	10,537,200	0.6%
Wal-Mart Real Estate Business Trust	Real Estate	128,752	8,514,540	0.5%
Letica Corporation	Manufacturing	113,191	7,533,450	0.4%
Knife River Corporation	Construction	108,239	6,577,965	0.4%
Longview Timberlands, LLC	Timber	103,870	7,891,266	0.5%
Subtotal - ten of District's largest taxpayers		$2,544,003	$220,492,637	12.9%
All other District taxpayers in Columbia County			1,494,363,610	87.1%
Total District Taxpayers			$ 1,714,856,247	100.0%

Source: Columbia County Assessor's Office.

District Levy Rates

Fiscal Year	Permanent Rate	Bond Levy Rate	Local Option Rate
2017	5.0297	1.3436	0.0000

Source: Columbia County Assessor's Office.

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF SUPPLEMENTARL INFORMATION AS REQUIRED BY OREGON DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2017

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

	Objects 325 & 326
Function 2540	$ 412,042
Function 2550	-

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

$ 53,603

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, 2017, and have issued our report thereon dated December 22, 2017.

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.

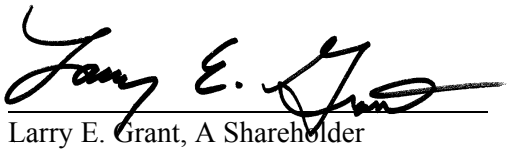
Internal Control

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 22, 2017

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2017

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	$ 123,667	
National School Lunch Program (NSLP)	10.555	N/A	536,213	*
Summer Food Service Program	10.559	N/A	33,744	*
Subtotal Child Nutrition Cluster			693,624	
State Administrative Expenses for Child Nutrition	10.560	N/A	710	
Total U.S. Department of Agriculture			694,334	
U.S. Department of the Interior				
Direct:				
Fish, Wildlife and Plant Conservation Resource Management	15.231	N/A	14,411	
Secure Rural Schools and Community Self-Determination	15.234	N/A	20,809	
Total U.S. Department of the Interior			35,220	
U.S. Department of Education				
Passed through Oregon Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	36085	88,624	
Title I - Grants to Local Educational Agencies	84.010	41169	547,108	
Subtotal Title I, Part A			635,732	
Special Education - Grants to States IDEA, Part B	84.027	36978	3,279	
Special Education - Grants to States IDEA, Part B	84.027	41632	521,029	
Special Education - Grants to States IDEA Enhancement Grant	84.027	38443	1,391	
Special Education - Grants to States IDEA Enhancement Grant	84.027	42767	5,305	
Special Education - Grants to States SPR & I	84.027	40962	3,563	
Special Education - Grants to States Post School Outcomes	84.027	42934	390	
Special Education - Grants to States Extended assessment	84.027	42017	900	
Subtotal Special Education - Grants to States			535,857	
Special Education - Preschool Grants IDEA Part B, Section 619	84.173	28942	1,143	
Special Education - Preschool Grants IDEA Part B, Section 619	84.173	33545	5,287	
Special Education - Preschool Grants IDEA Part B, Section 619	84.173	40691	279	
Subtotal Special Education - Preschool Grants			6,709	
Subtotal Special Education Cluster (IDEA)			542,566	

* 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)*			
Supporting Effective Instruction State Grants	84.367	36282	$ 20,878
Supporting Effective Instruction State Grants	84.367	41424	88,684
Subtotal Supporting Effective Instruction State Grants			109,562
Passed through Department of Health and Human Services:			
Rehabiliation Services, Vocational Rehabilitation Grants to States	84.126	143321	130,511
Total U.S. Department of Education			1,418,371
U.S. Department of Health and Human Services			
Passed through Oregon Department of Education			
Child Care and Development Block Grant	93.575	14018	14,119
Subtotal CCDF Cluster			14,119
Total U.S. Department of Health and Human Services			14,119
Total Expenditures of Federal Awards			$ 2,162,044

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, 2017. 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, 2017.

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.
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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, 2017, 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 22, 2017.

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 22, 2017

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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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, 2017. 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, 2017.

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 22, 2017

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 Section 200.516(a)?	No

Identification of major federal programs:

CFDA Number(s)	***Name of Federal Program or Cluster***
84.027 & 84.173	Special Education Cluster (IDEA)

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.