ST. HELENS SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year Ended June 30, 2018

MEMBERS OF THE SCHOOL BOARD

Name	*Title*	*Term Expires*
Kellie Smith	Chair	June 30, 2021
Melody Killens	Vice Chair	June 30, 2019
Jeff Howell	Member	June 30, 2021
Trinity Monahan	Member	June 30, 2021
Bill Amos	Member	June 30, 2019

Board members receive mail at the District Office address below

ADMINISTRATIVE

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

Scot Stockwell, Superintendent, Clerk
Jessica 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, 2018, 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, 2018, 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.

Emphasis-of-Matter – Change in Accounting Principle

As discussed in the notes to the basic financial statements, as of and for the year ended June 30, 2018, the District adopted new accounting guidance in implementing Government Accounting Standards Board Statement (GASBS) No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

The budgetary comparison information presented as required supplementary information, as listed in the table of contents, 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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* 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

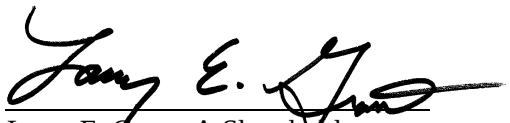
Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 2018, 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 13, 2018, 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 13, 2018

ST. HELENS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2018

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, 2018.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the net position of the District at June 30, 2018 was ($1.1) million. Of this amount, $22.2 million represents the District's net investment in capital assets, $303 thousand was restricted for debt service, and ($23.6) million was unrestricted.
- The District's total net position decreased by $1.4 million, principally due to bond-related interest expense and continued depreciation expense.
- The District's total liabilities decreased by $1.1 million (1.2 percent) during the 2017-18 fiscal year.
- The District's governmental funds report a combined ending fund balance of $50.8 million at June 30, 2018, a decrease of $7.8 million from the prior year, due to capital improvements.
- At the end of the fiscal year ended June 30, 2018, fund balance for the General Fund was $5.0 million, which represents approximately 16.8 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, stipends and other postemployment benefits (OPEB), 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 ($1.1) million as of June 30, 2018.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent 37.2 percent of total assets. The remaining assets consist mainly of investments, cash, and grants and property taxes receivable.

The District's largest liability (79.0 percent) is for the repayment of long-term debt (general obligation bonds, pension bonds, and related unamortized premiums). Current liabilities, representing 5.4 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,

	2018	*2017**	*Change*
Current and other assets	$ 54,040,208	$ 60,551,655	$ (6,511,447)
Capital assets, net	32,050,777	26,065,261	5,985,516
Net OPEB asset for RHIA	63,550	-	63,550
Total assets	86,154,535	86,616,916	(462,381)
Stipend deferred outflows	1,054	-	1,054
PERS deferred outflows	5,920,439	7,314,584	(1,394,145)
RHIA OPEB deferred outflows	72,797	87,321	(14,524)
Medical OPEB deferred outflows	40,949	-	40,949
Total assets and deferred outflows	92,189,774	94,018,821	(1,829,047)
Current liabilities	4,973,605	4,924,257	49,348
Long-term debt	72,738,001	74,703,538	(1,965,537)
Total pension liability for stipends	80,463	102,021	(21,558)
PERS net pension liability	12,517,377	11,541,722	975,655
Net OPEB liability for RHIA	-	42,223	(42,223)
Total OPEB liability for medical subsidy	1,775,600	1,921,756	(146,156)
Total liabilities	92,085,046	93,235,517	(1,150,471)
Stipend deferred inflows	9,335	-	9,335
PERS deferred inflows	1,171,357	522,841	648,516
RHIA OPEB deferred inflows	30,069	-	30,069
Total liabilities and deferred inflows	93,295,807	93,758,358	(462,551)
Net position			
Net investment in capital assets	22,232,929	20,811,790	1,421,139
Restricted	303,470	2,687,569	(2,384,099)
Unrestricted	(23,642,432)	(23,238,896)	(403,536)
Total net position	$ (1,106,033)	$ 260,463	$ (1,366,496)

* Net position has been restated. See description in the notes to the financial statements.

Statement of Activities. During the current fiscal year, the District's net position decreased by $1.4 million, compared to a decrease of $3.3 million in the prior year. The key elements of the decrease in the District's net position for the year ended June 30, 2018 are as follows:

- General support increased $3.7 million. The State School Fund increased $2.4 million (14.0 percent) property taxes increased $320 thousand (3.0 percent), and earnings on investments increased $680 thousand (more than 250 percent).
- Total expenses increased $1.9 million. Instructional programs expenses increased $405 thousand (2.0 percent) and support services expenses increased $235 thousand (2.1 percent), primarily due to increases in employee benefits and other payroll related expenses. Interest on long-term liabilities increased $1.4 million (39.8 percent) due to interest expense for the bonds issued in 2017.

St. Helens School District
Statements of Activities
Year ended June 30,

	2018	*2017**	*Change*
Revenues			
Program revenues			
Fees, fines and charges for services	$ 833,361	$ 825,585	$ 7,776
Operating grants and contributions	3,341,340	3,166,102	175,238
General revenues			
Property taxes	10,813,214	10,493,585	319,629
Construction excise tax	98,116	113,606	(15,490)
State school fund	19,874,393	17,435,210	2,439,183
Common school fund	284,809	343,899	(59,090)
Unrestricted state and local funds	496,068	466,452	29,616
Earnings on investments	951,453	271,671	679,782
Miscellaneous	276,073	64,067	212,006
Gain on sale of capital assets	66,844	-	66,844
Total revenues	37,035,671	33,180,177	3,855,494
Expenses			
Instructional programs	20,938,951	20,533,494	405,457
Support services	11,534,280	11,299,679	234,601
Community services	159,231	221,350	(62,119)
Food services	1,004,527	955,538	48,989
Facilities services	12,374	68,700	(56,326)
Interest on long-term liabilities	4,752,804	3,400,343	1,352,461
Total expenses	38,402,167	36,479,104	1,923,063
Change in net position	(1,366,496)	(3,298,927)	1,932,431
Net position, beginning of year (as restated)	260,463	3,559,390	(3,298,927)
Net position, end of year	$ (1,106,033)	$ 260,463	$ (1,366,496)

* Net position has been restated. See description in the notes to the financial statements.

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, 2018, the District's governmental funds reported combined ending fund balances of $50.8 million, a decrease of $7.8 million in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2018, the fund balance was $5.0 million, of which $200 thousand was committed to curriculum adoption. The fund balance increased by $1.2 million 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 16.8 percent of total General Fund revenues. Expenditures for instruction increased $680 thousand (4.1 percent) and expenditures for support services increased $443 thousand (4.3 percent). Expenditures for capital outlay decreased $66 thousand (24.8 percent).

The budget for the General Fund was adopted by the Board on June 14, 2017. There were three changes to the General Fund budget during the fiscal year to recognize additional sources of revenue, release contingency funds and appropriate additional expenditures to instruction ($516 thousand), supporting services ($316 thousand), and facilities acquisition and construction ($179 thousand).

Special Revenue Fund. The Special Revenue Fund has a total fund balance of $553 thousand, an increase of $3 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 $379 thousand.

Debt Service Fund. The Debt Service Fund has a total fund balance of $291 thousand, of which $239 thousand is restricted and $52 thousand is committed to the payment of debt service. During the year ending June 30, 2018, this fund contains the activity of three debt service functions which account for two separate general obligation bond debt services and the PERS bond debt service. The net decrease in fund balance during the current year was $3.2 million (91.6 percent). The decrease was the result of scheduled debt payments made during the year, including a capitalized interest payment pertaining to the 2017 bond issuance.

Capital Projects Fund. The ending fund balance for the Capital Projects Fund decreased $5.8 million from $50.8 million at the end of the prior year to $45.0 million for the year ended June 30, 2018. The decrease was attributable to facility improvements for the District's secondary programs. 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, 2018, the District had invested $32.1 million in capital assets, net of depreciation, as shown in the following table:

	2018	***2017***	***Change***
Land	$ 2,365,823	$ 2,365,823	$ -
Asset held for sale	227,381	192,475	34,906
Construction in progress	7,694,940	1,053,880	6,641,060
Building and improvements	20,997,230	21,757,784	(760,554)
Vehicles and equipment	765,403	695,299	70,104
Total	$ 32,050,777	$ 26,065,261	$ 5,985,516

During fiscal year 2017-18, the District's investment in capital assets increased by $6.0 million. The major capital asset events for the year ended June 30, 2018 include additions totaling $7.2 million, disposals totaling $195 thousand and depreciation expense of $1.0 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 $66.2 million, consisting of general obligation bonded debt of $46.9 million, pension bonds of $17.9 million, and tax exempt financing of $1.4 million.

Current year principal payments totaled $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 $230 million, which is significantly in excess of the District's outstanding general obligation debt of $46.9 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, 2018, formula revenue totaled $29 million and accounted for approximately 98 percent of the District's General Fund revenue.

The state legislature increased K-12 education funding for the 2017-19 biennium with a 9.5 percent increase in funding for 2017-18 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 2017-18. However, the District's enrollment continues to decrease. As such, the District's financial situation requires close attention in response to the State of Oregon's current fiscal and political issues.

As of June 30, 2018, the District's contract with the St. Helens Education Association for periods July 1, 2018 and thereafter was still pending. The District's contract with the Oregon School Employees Association Chapter No. 31 is in effect through June 30, 2019 though cost of living adjustments and any changes to employer paid health insurance refer to amounts prescribed in the contract pending negotiations with St. Helens Education Association. The District's PERS rates for the 2017-19 biennium are 5.61 percent of salary covered under the plan for *Tier 1* and *Tier 2* and .43 percent 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 final rates derived from the recent actuarial valuation of the PERS plans. Rates for *Tier 1* and *Tier 2* are set to increase to 9.07 percent whereas rates for OPSRP will increase to 3.62 percent. Since payroll related costs represent 75-80 percent 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, 2018

ASSETS		
Cash and investments	$	52,170,047
Property taxes receivable		887,207
Due from other governments		913,086
Other receivables		14,369
Inventories		7,510
Prepaid expenses		47,989
Capital assets not being depreciated		
Land		2,365,823
Construction in progress		7,694,940
Assets held for sale		227,381
Capital assets, net of accumulated depreciation		
Buildings and land improvements		20,997,230
Equipment and vehicles		765,403
Net OPEB asset for RHIA		63,550
Total Assets		86,154,535
DEFERRED OUTFLOWS OF RESOURCES		
Stipend deferred outflows		1,054
PERS deferred outflows		5,920,439
RHIA OPEB deferred outflows		72,797
Medical OPEB deferred outflows		40,949
Total Assets and Deferred Outflows of Resources		92,189,774
LIABILITIES		
Accounts payable and accrued expenses		2,435,195
Unearned revenue		23
Accrued compensated absences		98,555
Accrued interest		2,439,832
Long-term liabilities		
Long-term debt due within one year		842,589
Long-term debt due in more than one year		71,895,412
Total pension liability for stipends		80,463
PERS net pension liability		12,517,377
Total OPEB liability for medical subsidy		1,775,600
Total Liabilities		92,085,046
DEFERRED INFLOWS OF RESOURCES		
Stipend deferred inflows		9,335
PERS deferred inflows		1,171,357
RHIA OPEB deferred inflows		30,069
Total Liabilities and Deferred Inflows of Resources		93,295,807
NET POSITION		
Net investment in capital assets		22,232,929
Restricted for debt service		303,470
Unrestricted		(23,642,432)
Total Net Position	$	(1,106,033)

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2018

		Program Revenues		Net (Expense) Revenue and Change in Net Position
	Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	
FUNCTIONS/PROGRAMS				
Governmental Activities:				
Instructional programs	$ 20,938,951	$ 482,997	$ 2,568,574	$ (17,887,380)
Support services				
Student transportation	1,972,376	-	-	(1,972,376)
Other support services	9,561,904	10,889	-	(9,551,015)
Community services	159,231	125,667	62,153	28,589
Food services	1,004,527	213,808	710,613	(80,106)
Facilities services	12,374	-	-	(12,374)
Interest on long-term liabilities	4,752,804	-	-	(4,752,804)
Total Governmental Activities	$ 38,402,167	$ 833,361	$ 3,341,340	(34,227,466)
General Revenues:				
Property taxes, levied for general purposes				8,711,296
Property taxes, levied for debt service				2,101,918
Construction excise tax				98,116
State school fund				19,874,393
Common school fund				284,809
Unrestricted state and local funds				496,068
Earnings on investments				951,453
Miscellaneous				276,073
Gain on sale of capital assets				66,844
Total General Revenues				32,860,970
Change in Net Position				(1,366,496)
Net Position - beginning as originally stated				2,226,438
Reduction due to prior period adjustment				(753,831)
Reduction due to change in accounting principle				(1,212,144)
Net Position - beginning as restated				260,463
Net Position - ending				$ (1,106,033)

The accompanying notes are an integral part of the financial statements

ST. HELENS SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2018

	General	*Special Revenue*	*Debt Service*	*Capital Projects*	*Total*
ASSETS					
Cash and investments	$ 5,300,204	$ -	$ 265,325	$ 46,604,518	$ 52,170,047
Property taxes receivable	702,933	-	184,274	-	887,207
Due from other funds	114,157	-	-	-	114,157
Receivable from other governments	152,479	730,994	-	29,613	913,086
Other receivables	1,988	11,577	-	804	14,369
Inventories	-	7,510	-	-	7,510
Prepaid expenses	37,177	10,812	-	-	47,989
Total Assets	$ 6,308,938	$ 760,893	$ 449,599	$ 46,634,935	$ 54,154,365
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
Liabilities					
Accounts payable	$ 271,760	$ 40,183	$ -	$ 1,653,690	$ 1,965,633
Due to other funds	-	114,157	-	-	114,157
Accrued expenses	415,892	53,670	-	-	469,562
Unearned revenue	-	23	-	-	23
Total Liabilities	687,652	208,033	-	1,653,690	2,549,375
Deferred Inflows of Resources					
Unavailable revenue - property taxes	598,060	-	159,032	-	757,092
Fund Balance					
Non-spendable:					
Inventory	-	7,510	-	-	7,510
Prepaid expenses	37,177	10,812	-	-	47,989
Restricted for:					
Facility improvements	-	-	-	44,981,245	44,981,245
Debt service	-	-	238,760	-	238,760
Committed to:					
Special revenue fund activities	-	534,538	-	-	534,538
Debt service	-	-	51,807	-	51,807
Curriculum adoption	200,000	-	-	-	200,000
Unassigned	4,786,049	-	-	-	4,786,049
Total Fund Balances	5,023,226	552,860	290,567	44,981,245	50,847,898
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,308,938	$ 760,893	$ 449,599	$ 46,634,935	$ 54,154,365

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, 2018

FUND BALANCES		$ 50,847,898
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	$ 57,586,436	
Accumulated depreciation	(25,535,659)	32,050,777
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current year's operations, and therefore are not reported as revenue in the governmental funds.		757,092
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:		
Total pension liability for stipends	(80,463)	
Stipend deferred outflows of resources	1,054	
Stipend deferred inflows of resources	(9,335)	
PERS net pension liability	(12,517,377)	
PERS deferred outflows of resources	5,920,439	
PERS deferred inflows of resources	(1,171,357)	(7,857,039)
Long-term OPEB assets/(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:		
Net OPEB asset for RHIA	63,550	
RHIA OPEB deferred outflows of resources	72,797	
RHIA OPEB deferred inflows of resources	(30,069)	
Total OPEB liability for medical subsidy	(1,775,600)	
Medical OPEB deferred outflows of resources	40,949	(1,628,373)
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	(2,439,832)	
Accrued compensated absences	(98,555)	
Long-term debt	(72,738,001)	(75,276,388)
TOTAL NET POSITION		$ (1,106,033)

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2018

	General	*Special Revenue*	*Debt Service*	*Capital Projects*	*Total*
REVENUES					
Property taxes	$ 8,625,172	$ -	$ 2,087,256	$ -	$ 10,712,428
Construction excise tax	-	-	-	98,116	98,116
Intergovernmental					
Intermediate sources	180,592	62,432	-	-	243,024
State sources	20,554,595	891,397	-	-	21,445,992
Federal sources	22	1,997,765	-	-	1,997,787
Charges for services	14,091	807,339	-	9,139	830,569
Charges to other funds	9,364	-	2,349,128	-	2,358,492
Contributions	-	43,904	-	-	43,904
Investment earnings	155,111	164	23,282	772,315	950,872
Miscellaneous	416,276	119,128	-	-	535,404
Total Revenues	29,955,223	3,922,129	4,459,666	879,570	39,216,588
EXPENDITURES					
Current					
Instruction	17,224,256	2,655,504	-	-	19,879,760
Support services	10,857,491	309,368	-	-	11,166,859
Enterprise and community services	-	1,150,086	-	-	1,150,086
Facilities acquisition and construction	1,137	25,966	-	-	27,103
Debt service					
Principal	205,000	-	1,489,200	-	1,694,200
Interest	16,493	-	6,137,394	-	6,153,887
Capital outlay	198,271	241,222	-	6,753,479	7,192,972
Total Expenditures	28,502,648	4,382,146	7,626,594	6,753,479	47,264,867
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,452,575	(460,017)	(3,166,928)	(5,873,909)	(8,048,279)
OTHER FINANCING SOURCES (USES)					
Transfers in	2,223	298,416	-	25,000	325,639
Transfers out	(224,885)	(100,754)	-	-	(325,639)
Sale of or compensation for loss of capital assets	-	265,000	-	-	265,000
Total Other Financing Sources (Uses)	(222,662)	462,662	-	25,000	265,000
NET CHANGE IN FUND BALANCES	1,229,913	2,645	(3,166,928)	(5,848,909)	(7,783,279)
FUND BALANCES, beginning	3,793,313	550,215	3,457,495	50,830,154	58,631,177
FUND BALANCES, ending	$ 5,023,226	$ 552,860	$ 290,567	$ 44,981,245	$ 50,847,898

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, 2018

NET CHANGE IN FUND BALANCES		$ (7,783,279)
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	$ 7,192,972	
Less current year depreciation	(1,024,029)	6,168,943
In the Statement of Activities, the cost on disposition of capital assets is reported while in the governmental funds it is not. This is the net book value of assets sold or disposed of during the year.		
Net book value		(183,427)
Long-term debt proceeds are reported as other financing sources in governmental funds. In the Statement of Net Position, however, issuing long-term debt increases liabilities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the Statement of Net Position. This is the amount by which repayments exceeded proceeds:		
Debt principal repaid	1,694,200	
Amortization of bond premium	271,337	1,965,537
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.		1,129,746
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.		101,367
In the Statement of Activities, pension expense is adjusted based on actuarially determined contribution changes:		
Net change in stipend net pension liability	21,558	
Net change in stipend deferred outflows of resources	(9,335)	
Net change in stipend deferred inflows of resources	1,054	
Net change in PERS net pension liability	(975,655)	
Net change in PERS deferred outflows of resources	(1,394,145)	
Net change in PERS deferred inflows of resources	(648,516)	(3,005,039)
In the Statement of Activities, OPEB expense is adjusted based on actuarially determined contribution changes:		
Net change in RHIA net OPEB liability/asset	105,773	
Net change in RHIA deferred outflows of resources	(14,524)	
Net change in RHIA deferred inflows of resources	(30,069)	
Net change in medical net OPEB liability	146,156	
Net change in medical deferred outflows of resources	40,949	248,285
Compensated absences are recognized as an expenditure in the governmental funds when they are paid. In the Statement of Activities compensated absences are recognized as expenditures when earned.		(8,629)
CHANGE IN NET POSITION		$ (1,366,496)

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. 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, 2018, 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.

Early Retirement Healthcare 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 actuarially determined total pension and OPEB liabilities 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 four items that arise only under a full accrual basis of accounting that qualify for reporting in this category. The statement of net position reports one type related to the net RHIA OPEB liability or asset, one type related to the PERS net pension liability, one type related to the total medical OPEB liability and one type related to the total stipend pension liability. These amounts are deferred and recognized as an outflow of resources in the period the amounts become available.

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 four items that qualify for reporting in this category. The balance sheet reports unavailable revenues from one source: property taxes. The statement of net position reports one type related to the net RHIA OPEB liability, one type related to the PERS net pension liability and one type related to the total stipend pension liability. 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 percent of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10 percent 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 five supplemental budgets that did not increase any fund's appropriations more than 10 percent and one budget resolution 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, 2018:

Cash		
Deposits with financial institutions	$	1,418,212
Cash on hand		4,157
Investments		
U.S. Government Treasury securities		14,942,355
Local Government Investment Pool		35,805,323
	$	52,170,047

Deposits

The book balance of the District's bank deposit accounts was $1,418,212 and the bank balance was $2,230,206 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 percent protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10 percent of their quarter-end public fund deposits if they are well capitalized, 25 percent of their quarter-end public fund deposits if they are adequately capitalized or 110 percent of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110 percent 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 $926,221 as of June 30, 2018, 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, 2018, the District held the following investments and maturities.

Investment Type		***Fair Value***	***Weighted Average Maturity In Years***	***% of Investment Portfolio***
U.S. Treasury Securities	$	14,942,355	0.722	29%
Local Government Investment Pool		35,805,323	0.003	71%
	$	50,747,678	0.725	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, 2018, 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	$	14,942,355	$	14,942,355	$	-
Local Government Investment Pool		35,805,323		-		35,805,323
	$	50,747,678	$	14,942,355	$	35,805,323

***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, 2018, 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, 2018 is as follows:

	Balance July 1, 2017	***Increases***	***Decreases***	***Balance June 30, 2018***
Capital assets, not being depreciated:				
Land	$ 2,365,823	$ -	$ -	$ 2,365,823
Assets held for sale	192,475	218,333	(183,427)	227,381
Construction in progress	1,053,880	6,661,616	(20,556)	7,694,940
Total Capital Assets Not Being Depreciated	3,612,178	6,879,949	(203,983)	10,288,144
Capital assets, being depreciated:				
Land improvements	2,604,452	-	-	2,604,452
Buildings and improvements	37,255,967	150,353	-	37,406,320
Equipment	7,019,659	183,226	(11,987)	7,190,898
Vehicles	96,622	-	-	96,622
Total Capital Assets Being Depreciated	46,976,700	333,579	(11,987)	47,298,292
Accumulated depreciation for:				
Land improvements	1,407,693	141,871	-	1,549,564
Buildings and improvements	16,694,942	769,036	-	17,463,978
Equipment	6,324,360	113,122	(11,987)	6,425,495
Vehicles	96,622	-	-	96,622
Total Accumulated Depreciation	24,523,617	1,024,029	(11,987)	25,535,659
Total Capital Assets Being Depreciated, net	22,453,083	(690,450)	-	21,762,633
Total Capital Assets, net	$ 26,065,261	$ 6,189,499	$ (203,983)	$ 32,050,777

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

Program	
Instructional programs	$ 777,419
Support services - other	243,890
Food services	2,720
Total	$ 1,024,029

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2018:

	Original Issue	*Outstanding July 1, 2017*	*Issued*	*Matured/ Redeemed During Year*	*Outstanding June 30, 2018*	*Due Within One Year*
Pension bonds - Series 2002	$ 10,722,217	$ 7,935,601	$ -	$ 222,166	$ 7,713,435	$ 225,133
Pension bonds - Series 2003	14,312,440	9,862,687	-	387,214	9,475,473	385,456
Pension bonds - Series 2011	750,000	750,000	-	-	750,000	-
General obligation bonds - Series 1999	18,881,406	879,820	-	879,820	-	-
General obligation bonds - Series 2017	46,910,000	46,910,000	-	-	46,910,000	65,000
Tax exempt financing agreement - Series 2007	1,700,000	205,000	-	205,000	-	-
QZAB Bond - 2015	1,377,000	1,377,000	-	-	1,377,000	167,000
		67,920,108	-	1,694,200	66,225,908	842,589
Issuance premium, Series 2017		6,783,430	-	271,337	6,512,093	-
		$ 74,703,538	$ -	$ 1,965,537	$ 72,738,001	$ 842,589

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	$ 7,713,435
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	9,475,473
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 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
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 2043	6,512,093
	$ 72,738,001

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 percent to 6.10 percent. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48 percent to 5.55 percent. 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 percent to 6.27 percent. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.63 percent to 5.68 percent. 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 percent 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 March 2017, 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 was 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***
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	1,961,036	3,997,918	5,958,954
2024-2028	17,763,001	13,132,816	30,895,817
2029-2033	7,865,000	9,652,250	17,517,250
2034-2038	13,110,000	7,194,750	20,304,750
2039-2043	20,425,000	3,121,000	23,546,000
	$ 66,225,908	$ 53,512,359	$ 119,738,267

INTER-FUND ACTIVITY

The District completed the following inter-fund transactions during the year ended June 30, 2018:

	Transfers In	***Transfers Out***
Fund		
General	$ 2,223	$ 224,885
Special revenue	298,416	100,754
Capital projects	25,000	-
	$ 325,639	$ 325,639

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.

PENSION PLANS

Early Retirement Incentives (Stipends)

Description - The District maintains a single-employer early retirement supplement plan for teachers or administrators who retire with 15 years of regular service to the District. The program provides a stipend that, depending on age and years of service at retirement, ranges from $250 to $450 per month for a full-time employee until age 65, when the employee becomes eligible for Medicare. This pension-type benefit is required to be valued under GASB Statement No. 73. The District does not issue a standalone report for this plan.

Funding Policy

The District provides payments in accordance with current contracts on a pay-as-you-go basis. At June 30, 2018, the District was providing early retirement benefits to 36 former teachers or administrators.

Total Pension Liability for Stipends

The District's total pension liability of $80,463 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date using the Entry Age Normal Level Percent of Pay Cost Method.

Actuarial assumptions and other inputs

The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation rate	2.50%
Salary increases, average, including inflation	3.50%
Discount rate	3.90%

- The discount rate is based on a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The index used is the Bond Buyer 20-Year GO Municipal Bond Index.
- Employer funding policy is on a pay-as-you-go cash basis.
- Mortality, retirement, and withdrawal rates were generally the same rates as used in the December 31, 2016 PERS actuarial valuation.
- The actuarial assumptions used in the June 30, 2018 valuation were based on experience for the period July 1, 2016 to June 30, 2017.

***PENSION PLANS** (Continued)*

Changes in the Total Pension Liability for Stipends

	Total Stipend Pension Liability
Balance at July 1, 2017	$ 102,021
Changes for the year:	
Service cost	483
Interest	3,687
Differences between expected and actual experience	1,372
Changes in assumptions or other inputs	(12,147)
Benefit payments - stipends	(14,953)
Net changes	(21,558)
Balance at June 30, 2018	$ 80,463

The 3.9 percent discount rate assumption is the May 30, 2018 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This is the most recent rate published by Bond Buyer when the calculations were performed. This rate was increased from 3.0 percent in the 2015 valuation to reflect the requirements of GASB statement No. 73.

Sensitivity of the Total Pension Liability to Changes in the Discount Rate

The following presents the total pension liability of the District, as well as what the District's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90 percent) or 1-percentage-point higher (4.90 percent) than the current discount rate:

	1% Decrease (2.90%)	*Discount Rate (3.90%)*	*1% Increase (4.90%)*
Total Pension Liability on June 30, 2018	$ 82,752	$ 80,463	$ 78,237

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Stipends

For the year ended June 30, 2018, the District recognized stipend pension expense of $1,676. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to Stipends from the following sources:

	Deferred Outflow of Resources	*Deferred (Inflow) of Resources*
Difference between expected and actual experience	$ 1,054	$ -
Changes of assumptions and other inputs	-	(9,335)
Total deferred outflow (inflow) of resources	$ 1,054	$ (9,335)
Net deferred outflow (inflow) of resources, amortized below		$ (8,281)

***PENSION PLANS** (Continued)*

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Stipends *(Continued)*

Amounts reported as deferred outflows of resources and deferred inflows of resources related to stipends will be recognized in pension expense as follows:

Year ending June 30,	*Amount*
2019	$ (2,494)
2020	(2,494)
2021	(2,494)
2022	(799)
Total	$ (8,281)

Oregon Public Employees Retirement 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 1 general service employee benefits are reduced if retirement occurs prior to age 58 with fewer than 30 years of service. Police and fire member benefits are reduced if retirement occurs prior to age 55 with fewer than 25 years of service. Tier 2 members are eligible for full benefits at age 60. The ORS Chapter 238 Defined Benefit Pension Plan is closed to new members hired on or after August 29, 2003.

***PENSION PLANS** (Continued)*

PERS Pension (Chapter 238) *(Continued)*

Death Benefits. Upon the death of a non-retired member, the beneficiary receives a lump-sum refund of the member's account balance (accumulated contributions and interest). In addition, the beneficiary will receive a lump-sum payment from employer funds equal to the account balance, provided one or more of the following conditions are met:

- member was employed by PERS employer at the time of death,
- member died within 120 days after termination of PERS covered employment,
- member died as a result of injury sustained while employed in a PERS-covered job, or
- member was on an official leave of absence from a PERS-covered job at the time of death.

Disability Benefits. A member with 10 or more years of creditable service who becomes disabled from other than duty-connected causes may receive a non-duty disability benefit. A disability resulting from a job-incurred injury or illness qualifies a member (including PERS judge members) for disability benefits regardless of the length of PERS-covered service. Upon qualifying for either a non-duty or duty disability, service time is computed to age 58 (55 for police and fire members) when determining the monthly benefit.

Benefit Changes After Retirement. Members may choose to continue participation in a variable equities investment account after retiring and may experience annual benefit fluctuations due to changes in the market value equity investments. Under ORS 238.360 monthly benefits are adjusted annually through cost-of-living changes. The cap on the COLA will vary based on the amount of the annual benefit.

Oregon Public Service Retirement Plan Pension Program (OPSRP DB)

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

***PENSION PLANS** (Continued)*

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

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

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

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

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

Contributions

PERS funding policy provides for monthly employer contributions at actuarially determined rates. These contributions, expressed as a percentage of covered payroll, are intended to accumulate sufficient assets to pay benefits when due. The funding policy applies to the PERS Defined Benefit Plan and the Other Postemployment Benefit Plans. Employer contribution rates during the period were based on the December 31, 2015 actuarial valuation, which became effective July 1, 2017. The state of Oregon and certain schools, community colleges, and political subdivision have made unfunded actuarial liability payments and their rates have been reduced. Employer contributions for the year ended June 30, 2018 were $230,101, excluding amounts to fund employer specific liabilities. For the year ended June 30, 2018, $2,349,128 was charged as PERS benefits expenditures to be used for bond payments as they become due. Employer pension expense of $3,018,316 was recognized during the reporting period.

At June 30, 2018, the District reported a net pension liability of $12,517,377 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to a measurement date of June 30, 2017. 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 June 30, 2017, the District's proportion was 0.09 percent.

***PENSION PLANS** (Continued)*

Contributions *(Continued)*

At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflow of Resources	*Deferred (Inflow) of Resources*	*Net*
Difference between expected and actual experience	$ 605,346	$ -	
Changes in assumptions	2,281,695	-	
Net difference between projected and actual earnings on pension plan investments	128,958	-	
Changes in proportionate share	2,498,393	-	
Difference between employer contributions and employer's proportionate share of system contributions	175,946	(1,171,357)	
Subtotal - Amortized Deferrals (below)	5,690,338	(1,171,357)	$ 4,518,981
District contributions subsequent to measurement date	230,101	-	
Net deferred outflow (inflow) of resources	$ 5,920,439	$ (1,171,357)	

Deferred outflows of resources related to PERS of $230,101 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net PERS liability in the year June 30, 2019. Other amounts reported as deferred outflows or inflow of resources related to PERS will be recognized in pension expense as follows:

Year ending June 30,	*Amount*
2019	$ 1,067,886
2020	2,066,654
2021	1,479,456
2022	(135,276)
2023	40,261
Total	$ 4,518,981

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 20, 2018. 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, 2017 through June 30, 2019, were set using the entry age normal actuarial cost method. For the Tier 1/Tier 2 component of the PERS Defined Benefit Plan, this method produced an employer contribution rate consisting of (1) an amount for normal cost (estimated amount necessary to finance benefits earned by employees during the current service year), and (2) an amount for the amortization unfunded actuarial accrued liabilities, which are being amortized over a fixed period with new unfunded actuarial liabilities being amortized over 20 years.

***PENSION PLANS** (Continued)*

Actuarial Valuations *(Continued)*

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

Actuarial Methods and Assumptions

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 2015
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Projected salary increases	3.50%
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, 2017 Oregon PERS CAFR; Table 28; 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.

***PENSION PLANS** (Continued)*

Actuarial Methods and Assumptions *(Continued)*

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 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 percent 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, 2017 PERS CAFR; page 66)

***PENSION PLANS** (Continued)*

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	14.0 - 21.0	17.5
Alternative Equity	0.0 - 12.5	12.5
Opportunity Portfolio	0.0 - 3.0	0.0
Total		100.0%

(Source: June 30, 2017 Oregon PERS CAFR; page 92)

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.

(Source: June 30, 2017 Oregon PERS CAFR; pages 65-66)

***PENSION PLANS** (Continued)*

Long-Term Expected Rate of Return *(Continued)*

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 %

(Source: June 30, 2017 Oregon PERS CAFR; Table 34 Page 69)

***PENSION PLANS** (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)	$ 21,331,896	$ 12,517,377	$ 5,146,807

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, 2018.

OTHER POST EMPLOYMENT BENEFITS (OPEBs)

The District offers a postemployment health insurance subsidy and contributes to a retirement health insurance account through Oregon Public Employees Retirement System. The breakdown of the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB are:

	Medical Subsidy	Retiree Health Insurance Account (RHIA)	Net
Total OPEB Liability	$ 1,775,600	$ -	$ 1,775,600
Net OPEB Asset	-	63,550	63,550
OPEB Deferred Outflows of Resources	40,949	72,979	113,928
OPEB Deferred Inflows of Resources	-	30,069	30,069

Post-Employment Healthcare Benefits (Medical Subsidy)

The Post-Employment Healthcare Benefits (Medical Subsidy) for the District combines two separate plans. The District provides an implicit rate subsidy for retiree health insurance premiums, and a contribution toward eligible participants' medical premiums.

Financial Statement Presentation

The District's two Medical Subsidy plans are presented in the aggregate on the Statement of Net Position. The amounts on the financial statements related to the plans are as follows:

	Explicit Medical Subsidy	Implicit Medical Subsidy	Total Medical Subsidy
Deferred Outflows of Resources	$ 40,949	$ -	$ 40,949
Total OPEB Liability	606,287	1,169,313	1,775,600
OPEB Expense (included on the Statement of Activities)	31,897	70,058	101,955

Plan Description – Explicit Subsidy – The District maintains a single-employer early retirement supplement program for its employees. This program covers full-time certified, 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 standalone 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 certified employees a monthly payment toward group medical, dental and vision insurance of $400 is provided until retiree qualifies for Medicare.
- For eligible classified employees a monthly payment toward group medical, dental and vision insurance of $250 is provided until retiree qualifies for Medicare.
- For eligible administrators a monthly payment toward group medical, dental and vision insurance of $450 is provided until retiree qualifies for Medicare.

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

Plan Description – Implicit Subsidy – The District operates a single-employer defined benefit plan that provides postemployment health, dental, vision and life insurance benefits to eligible employees and their spouses. Benefits and eligibility for members are established through the collective bargaining agreements and Oregon State law. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75. The District's post-retirement healthcare plan was established in accordance with Oregon Revised Statutes (ORS) 243.303. ORS stipulate that for the purpose of establishing healthcare premiums, the rate must be based on all plan members, including both active employees and retirees.

Eligible retirees and their dependents under age 65 are allowed to continue to enroll in the same healthcare coverage as offered to active employees. The retiree's coverage selection is available only upon retirement although coverage can continue until the retiree's age 65. The spouse's coverage is available until the spouse's age 65 but also must be selected at the time of retirement. Following the retiree's death or attainment of age 65, the retiree's spouse can continue full coverage until the spouse's age 65. The retiree or surviving spouse is responsible for paying the full premium at the applicable tier. The difference between retiree claims costs, which because of the effect of age is generally higher in comparison to all plan members, and the amount of retiree healthcare premiums represents the District's implicit employer subsidy. Eligibility is determined by:

- For certified members, the employee must retire with an immediate service benefit under OPERS, or be eligible for a benefit under the District's Long Term Disability program.
- For administrators and classified members, the employee must retire with an immediate service or disability retirement benefit under the Oregon Public Employees Retirement System (OPERS).

As of the valuation date of June 30, 2018, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries receiving benefits	52
Active employees	253
	305

Total OPEB Liability for Medical Subsidy

The District's total OPEB liability for Medical Subsidy of $1,775,600 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date using the Entry Age Normal Level Percent of Pay Cost Method.

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

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation date	June 30, 2018
Measurement date	June 30, 2018
Experience	2016-2017 actual experience
Actuarial cost method	Entry age normal
Actuarial Assumptions	
Inflation Rate	2.50%
Discount rate	3.90%
Projected salary increases	3.50%
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.

Discount Rate - Under GASB 75, unfunded plans must use a discount rate that reflects a 20-year tax-exempt municipal bond yield or index rate. The discount rate in effect for the June 30, 2018 reporting date is 3.50 percent, reflecting the Bond Buyer 20-Year General Obligation Bond Index.

Healthcare Cost Trend – The actuarial calculations used an assumption that medical costs will increase 5.90 percent in the first year, 5.80 percent in the second year, 6.10 percent in the third year, and varying from 6.50 percent to 4.30 percent over the remainder of the projection period. These trends are based on a model circulated by the Society of Actuaries that considers current trends in health care costs, the potential impacts of certain well-defined aspects of the Affordable Care Act, and long-term constraints on trend such as growth in per capita income. It also assumes that dental costs will increase by 4.80 percent in the first year and 4.00 percent in each future year. First year medical and dental trends were based on actual changes to July 1, 2018 premiums compared with July 1, 2017 premiums.

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

Changes in the Total OPEB Liability for Medical Subsidy

	Explicit Subsidy	Implicit Subsidy	Total OPEB Liability for Medical Subsidy
Balance at July 1, 2017	$ 664,514	$ 1,257,242	$ 1,921,756
Changes for the year:			
Service cost	4,016	24,106	28,122
Interest on total OPEB liability	23,360	45,952	69,312
Effect of changes to benefit terms	13,958	-	13,958
Effect of assumptions changes or inputs	31,512	-	31,512
Benefit payments	(131,073)	(157,987)	(289,060)
Net changes	(58,227)	(87,929)	(146,156)
Balance at June 30, 2018	$ 606,287	$ 1,169,313	$ 1,775,600

The 3.9 percent discount rate assumption is the May 30, 2018 rate in the 20-Year General Obligation Municipal Bond Index published by Bond Buyer. This is the most recent rate published by Bond Buyer when the calculations were performed. This rate was increased from 3.0 percent in the 2015 valuation to reflect the requirements of GASB Statement No. 75.

Sensitivity of the Total OPEB Liability for Medical Subsidy to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.90 percent) or 1-percentage-point higher (4.90 percent) than the current discount rate:

	1% Decrease (2.90%)	*Discount Rate (3.90%)*	*1% Increase (4.90%)*
Total OPEB Liability on June 30, 2018	$ 1,851,562	$ 1,775,600	$ 1,703,360

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

Sensitivity of the Total OPEB Liability for Medical Subsidy to Changes in the Healthcare Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	*Current Healthcare Trend Rates*	*1% Increase*
Total OPEB Liability on June 30, 2018	$ 1,708,261	$ 1,775,600	$ 1,851,876

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical Subsidy

For the year ended June 30, 2018, the District recognized OPEB expense of $101,955. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the medical benefits plan from the following sources:

	Deferred Outflow of Resources	*Deferred (Inflow) of Resources*
Difference between expected and actual experience	$ 28,379	$ -
Changes of assumptions and other inputs	12,570	-
Total deferred outflow (inflow) of resources	$ 40,949	$ -
Net deferred outflow (inflow) of resources, amortized below		$ 40,949

Amounts reported as deferred outflows of resources and deferred inflows of resources related to medical benefits will be recognized in OPEB expense as follows:

Year ending June 30,	*Amount*
2019	$ 4,521
2020	4,521
2021	4,521
2022	4,521
2023	4,521
2024	4,521
Thereafter	13,823
Total	$ 40,949

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

Retirement Health Insurance Account (RHIA)

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/.

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

Contributions – PERS funding policy provides for 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. Employer contribution rates for the period were based on the December 31, 2015 actuarial valuation. The rates based on a percentage of payroll, first became effective July 1, 2017. The District's contribution rates for the period were 0.50 percent for Tier One/Tier Two members, and 0.43 percent for OPSRP members. The District's total for the year ended June 30, 2018 contributions was $72,797.

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to RHIA

At June 30, 2018 the District reported an asset of $63,550 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2017, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2015, rolled forward to the measurement date. The district's proportion of the net OPEB liability was based on the District's actual, legally required contributions made during the fiscal year being compared to the total actual contributions made in the fiscal year by all employers. The District's proportionate share as of the measurement date is 0.1527 percent and changed from 0.1554 percent for the prior measurement date.

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

OPEB Assets, Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to RHIA *(Continued)*

For the year ended June 30, 2018, the District recognized OPEB expense reduction of $61,180 related to the RHIA. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related to the RHIA OPEB from the following sources:

	Deferred Outflow of Resources	*Deferred (Inflow) of Resources*	*Net*
Difference between expected and actual experience	$ -	$ (29,433)	
Changes in proportionate share	-	(636)	
Subtotal - Amortized Deferrals (below)	-	(30,069)	$ (30,069)
Contributions subsequent to measurement date	72,797	-	
Net deferred outflow (inflow) of resources	$ 72,797	$ (30,069)	

Deferred outflows of resources related to RHIA of $72,797 resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net RHIA liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or inflow of resources related to RHIA will be recognized in OPEB expense as follows:

Year ending June 30,	*Amount*
2019	$ (7,593)
2020	(7,593)
2021	(7,524)
2022	(7,359)
Total	$ (30,069)

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

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Valuation date	December 31, 2015
Measurement date	June 30, 2017
Experience study	2014, published September 2015
Actuarial Assumptions	
Actuarial cost method	Entry age normal
Inflation Rate	2.50%
Long-term expected rate of return	7.50%
Discount rate	7.50%
Retiree healthcare participation	Healthy retirees: 38% Disabled retirees: 20%
Healthcare cost trend rate	Not applicable. Statute stipulates $60 monthly payments for healthcare insurance
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, 2017 Oregon PERS CAFR; Table 31; page 68)

Actuarial valuations of an ongoing plan involve estimates of the value of projected benefits 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 methods and assumptions shown above are based on the 2014 experience study which reviewed experience for the four-year period ending on December 31, 2014.

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

Long-Term Expected Rate of Return

To develop an analytical basis for the selection of the long-term expected rate of return assumption, in July 2015 the PERS Board reviewed long-term assumptions developed by both Milliman's capital market assumptions team and the Oregon Investment Council's (OIC) investment advisors. The table below shows Milliman's assumptions for each of the asset classes in which the plan was invested at that time based on the OIC long-term target asset allocation. The OIC's description of each asset class was used to map the target allocation to the asset classes shown below. Each asset class assumption was 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	Compound Annual (Geometric) Return
Core Fixed Income	8.00 %	4.00 %
Short-Term Bonds	8.00	3.61
Bank/Leveraged Loans	3.00	5.42
High Yield Bonds	1.00	6.20
Large/Mid Cap US Equities	15.75	6.70
Small Cap US Equities	1.31	6.99
Micro Cap US Equities	1.31	7.01
Developed Foreign Equities	13.13	6.73
Emerging Market Equities	4.12	7.25
Non-US Small Cap Equities	1.88	7.22
Private Equity	17.50	7.97
Real Estate (Property)	10.00	5.84
Real Estate (REITS)	2.50	6.69
Hedge Fund of Funds - Diversified	2.50	4.64
Hedge Funds - Event-driven	0.63	6.72
Timber	1.88	5.85
Farmland	1.88	6.37
Infrastructure	3.75	7.13
Commodities	1.88	4.58
Assumed Inflation - Mean		2.50 %

(Source: June 30, 2017 Oregon PERS CAFR; Table 34 Page 69)

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

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

Sensitivity of the Total OPEB Liability for RHIA to Changes in the Discount Rate

The following presents the total OPEB liability of the District for the Retirement Health Insurance Account, as well as what the District's total OPEB 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 discount rate:

	1% Decrease (6.50%)	*Discount Rate (7.50%)*	*1% Increase (8.50%)*
Total OPEB Liability (asset) on June 30, 2018	$ 8,859	$ (63,550)	$ (125,139)

Sensitivity of the Total OPEB Liability for RHIA to Changes in the Healthcare Cost Trend Rates.

The total OPEB liability of the District for the Retirement Health Insurance Account is ($63,550). The ORS stipulates a $60 monthly payment, so there would be no change to the total OPEB liability if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate.

OPEB Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued OPERS financial report.

Changes in Plan Provisions Subsequent to Measurement Date

The PERS Board lowered the Assumed Rate of Return from 7.50% to 7.20% on July 28, 2017. This change is effective January 1, 2018, and will decrease the net OPEB asset or increase the net OPEB liability in future periods.

DEFERRED COMPENSATION

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

RISK MANAGEMENT

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

COMMITMENTS AND CONTINGENCIES

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

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

The District is committed under various accepted bid agreements and contracts for approximately $37.5 million for goods, services, and construction of facilities as of June 30, 2018.

TAX ABATEMENTS

Columbia County Tax Abatements

The District's property tax revenues were reduced by approximately $552,001 under agreements entered into by Columbia County for the fiscal year ended June 30, 2018.

RESTATEMENT OF PRIOR YEAR NET POSITION

In implementing GASB Statements No. 73 and 75, the District has restated the beginning net position in order to recognize the total pension liability for the District's early retirement incentive plan (stipends), the total OPEB liability for the District's medical subsidy plan, and to recognize the District's proportionate share of the net OPEB liability of the Oregon Public Employees Retirement Systems (OPERS). The District had previously reported a net OPEB obligation in accordance with GASB Statement No. 45 related to the medical subsidy plan, which has been replaced with the total OPEB liability. The restatement also recognizes a deferred outflow of resources related to RHIA for contributions made after the June 30, 2017 measurement date.

Additionally, a restatement of prior year net position has been recorded to properly accrue interest expense that was not recorded on the prior year's financial statements.

The total restatement is as follows:

Net Position - July 1, 2017 as originally reported		$ 2,226,438
Change in accrued interest	$ (753,831)	
Change in accounting principles		
Removal of other postemployment benefit obligation	766,535	
Addition of total OPEB liability for medical subsidy	(1,921,756)	
Addition of total OPEB liability for RHIA	(42,223)	
Addition of total pension liability for stipends	(102,021)	
Addition of OPEB deferred outflows for RHIA	87,321	
Total restatement		(1,965,975)
Net position - July 1, 2017 as restated		$ 260,463

NEW PRONOUNCEMENTS

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. 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.

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

Schedule of Changes in the Total Pension Liability for Stipends

Year ended June 30,	*Service costs*	*Interest on total pension liability*	*Difference between expected and actual results*	*Changes of assumptions or other inputs*	*Benefit payments*	*Net change in total pension liability*
2018	$ 483	$ 3,687	$ 1,372	$ (12,147)	$ (14,953)	$ (21,558)

Schedule of Total Pension Liability and Related Ratios for Stipends

Year ended June 30,	*Total pension liability beginning*	*Net change in total pension liability*	*Total pension liability ending (1)*	*Covered employee payroll*	*Total pension liability as percentage of covered payroll*	*Discount rate*
2018	$ 102,021	$ (21,558)	$ 80,463	$ 1,145,937	7.02%	3.90%

Notes:
These schedules are required 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.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period.

(1) The amounts presented for each fiscal year were actuarially determined and measured as of June 30 of that year.

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF THE PROPORTIONATE SHARE OF THE NET PENSION LIABILITY FOR PERS
JUNE 30, 2018

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*
2018	0.08%	$ 12,517,377	$ 15,374,390	81.4%	83.1%
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 required 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 percent to 2.50 percent, the long-term expected rate of return from 7.75 percent to 7.50 percent, the discount rate from 7.75 percent to 7.50 percent and the projected salary increases from 3.75 percent to 3.50 percent.

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR PERS
JUNE 30, 2018

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*
2018	$ 230,101	$ 230,101	$ -	$ 15,650,307	1.5%
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:
These schedules are required 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 THE PROPORTIONATE SHARE OF THE NET OPEB LIABILITY FOR RHIA
JUNE 30, 2018

Year Ended June 30,	*District's proportion of net OPEB liability*	*District's proportionate share of the net OPEB liability (NOL) (1)*	*District's covered-employee payroll (2)*	*NOL as a percentage of covered-employee payroll*	*Plan fiduciary net position as a percentage of the total OPEB liability*
2018	0.15%	$ (63,550)	$ 15,374,390	-0.41%	108.9%
2017	0.16%	42,223	14,581,783	0.29%	94.1%

Notes:
These schedules are required 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 OPEB plan for each fiscal year.

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF CONTRIBUTIONS FOR RHIA
JUNE 30, 2018

Year Ended June 30,	*Statutorily required contribution*	*Contributions in relation to the statutorily required contribution*	*Contribution deficiency (excess)*	*Covered payroll*	*Contributions as a percent of covered payroll*
2018	$ 72,797	$ 72,797	$ -	$ 15,650,307	0.47%
2017	87,321	87,321	-	15,374,390	0.57%

Notes:
These schedules are required 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 CHANGES IN THE TOTAL OPEB LIABILITY FOR MEDICAL SUBSIDY AND THE SCHEDULE OF TOTAL OPEB LIABILITY AND RELATED RATIOS FOR MEDICAL SUBSIDY
JUNE 30, 2018

Schedule of Changes in the Total OPEB Liability for Medical Subsidy

Year ended June 30,	*Service costs*	*Interest on total OPEB liability*	*Difference between expected and actual results*	*Changes of assumptions or other inputs*	*Benefit payments - Medical premiums*	*Benefit payments - Implicit subsidy*	*Net change in total OPEB liability*
2018	$ 28,122	$ 69,312	$ 31,512	$ 13,958	$ (131,073)	$ (157,987)	$ (146,156)

Schedule of Total OPEB Liability and Related Ratios for Medical Subsidy

Year ended June 30,	*Total OPEB liability beginning*	*Net change in total OPEB liability*	*Total OPEB liability ending (1)*	*Covered employee payroll*	*Total OPEB liability as percentage of covered payroll*	*Discount rate*
2018	$ 1,921,756	$ (146,156)	$ 1,775,600	$ 14,022,370	12.66%	3.90%

Notes:
These schedules are required 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.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes to the discount rate each period

(1) The amounts presented for each fiscal year were actuarially determined and measured as of June 30 of that year.

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget Basis	Final Budget	Differences	GAAP Basis
REVENUES						
Property taxes	$ 8,065,450	$ 8,065,450	$ 8,625,172	$ 559,722	$ -	$ 8,625,172
Intergovernmental						
Intermediate sources	92,000	92,000	180,592	88,592	-	180,592
State sources	18,999,166	20,248,016	20,554,595	306,579	-	20,554,595
Federal sources	-	-	22	22	-	22
Charges for services	6,600	6,600	14,091	7,491	-	14,091
Contributions	1,500	1,500	9,364	7,864	-	9,364
Investment earnings	18,725	18,725	155,111	136,386	-	155,111
Miscellaneous	167,805	167,805	416,276	248,471	-	416,276
Total Revenues	27,351,246	28,600,096	29,955,223	1,355,127	-	29,955,223
EXPENDITURES						
Current						
Instruction	17,029,926	17,545,874	17,224,256	321,618	-	17,224,256
Support services	10,887,287	11,203,570	10,857,491	346,079	-	10,857,491
Facilities acquisition and construction	30,000	209,138	199,408	9,730	(198,271)	1,137
Debt service						
Principal	205,000	205,000	205,000	-	-	205,000
Interest	16,493	16,493	16,493	-	-	16,493
Capital outlay	-	-	-	-	198,271	198,271
Operating contingency	200,000	-	-	-	-	-
Total Expenditures	28,368,706	29,180,075	28,502,648	677,427	-	28,502,648
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,017,460)	(579,979)	1,452,575	2,032,554	-	1,452,575
OTHER FINANCING SOURCES (USES)						
Transfers in	2,223	2,223	2,223	-	-	2,223
Transfers out	(224,885)	(224,885)	(224,885)	-	-	(224,885)
Total Other Financing Sources (Uses)	(222,662)	(222,662)	(222,662)	-	-	(222,662)
NET CHANGE IN FUND BALANCE	(1,240,122)	(802,641)	1,229,913	2,032,554	-	1,229,913
FUND BALANCE, beginning	3,524,247	3,595,872	3,793,313	197,441	-	3,793,313
FUND BALANCE, ending	$ 2,284,125	$ 2,793,231	$ 5,023,226	$ 2,229,995	$ -	$ 5,023,226

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, 2018

	Budgeted Amounts		Actual Budget Basis	Variance with Final Budget	Budget to GAAP Differences	Actual GAAP Basis
	Original	Final				
REVENUES						
Intergovernmental						
Intermediate sources	$ 38,500	$ 38,500	$ 62,432	$ 23,932	$ -	$ 62,432
State sources	1,063,920	1,064,078	891,397	(172,681)	-	891,397
Federal sources	2,034,112	2,217,623	1,997,765	(219,858)	-	1,997,765
Charges for services	286,850	286,850	807,339	520,489	-	807,339
Contributions	913,880	968,880	43,904	(924,976)	-	43,904
Investment earnings	170	170	164	(6)	-	164
Miscellaneous	27,110	27,110	119,128	92,018	-	119,128
Total Revenues	4,364,542	4,603,211	3,922,129	(681,082)	-	3,922,129
EXPENDITURES						
Current						
Instruction	2,726,514	2,832,962	2,655,504	177,458	-	2,655,504
Support services	420,094	404,723	309,368	95,355	-	309,368
Enterprise and community services	1,164,268	1,181,860	1,150,086	31,774	-	1,150,086
Facilities acquisition and construction	199,205	329,205	267,188	62,017	(241,222)	25,966
Capital outlay	-	-	-	-	241,222	241,222
Total Expenditures	4,510,081	4,748,750	4,382,146	366,604	-	4,382,146
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(145,539)	(145,539)	(460,017)	(314,478)	-	(460,017)
OTHER FINANCING SOURCES (USES)						
Transfers in	283,285	321,041	298,416	(22,625)	-	298,416
Transfers out	(85,623)	(123,379)	(100,754)	22,625	-	(100,754)
Sale of/or compensation for loss of capital assets	-	-	265,000	265,000	-	265,000
Total Other Financing Sources (Uses)	197,662	197,662	462,662	265,000	-	462,662
NET CHANGE IN FUND BALANCE	52,123	52,123	2,645	(49,478)	-	2,645
FUND BALANCE, beginning	486,765	486,765	550,215	63,450	-	550,215
FUND BALANCE, ending	$ 538,888	$ 538,888	$ 552,860	$ 13,972	$ -	$ 552,860

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, 2018

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	$ 2,031,454	$ 2,031,454	$ 2,087,256	$ 55,802
Investment earnings	6,750	6,750	23,282	16,532
Charges to other funds	2,361,674	2,361,674	2,349,128	(12,546)
Total Revenues	4,399,878	4,399,878	4,459,666	59,788
EXPENDITURES				
Debt service				
Principal	1,489,200	1,489,200	1,489,200	-
Interest	6,137,395	6,137,395	6,137,394	1
Total Expenditures	7,626,595	7,626,595	7,626,594	1
NET CHANGE IN FUND BALANCE	(3,226,717)	(3,226,717)	(3,166,928)	59,789
FUND BALANCE, beginning	3,440,752	3,440,752	3,457,495	16,743
FUND BALANCE, ending	$ 214,035	$ 214,035	$ 290,567	$ 76,532

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL PROJECTS FUND
YEAR ENDED JUNE 30, 2018

	Budgeted Amounts		Actual	Variance with	Budget to GAAP	Actual
	Original	Final	Budget Basis	Final Budget	Differences	GAAP Basis
REVENUES						
Construction excise tax	$ 65,000	$ 65,000	$ 98,116	$ 33,116	$ -	$ 98,116
Charges for services	-	-	9,139	9,139	-	9,139
Investment earnings	467,750	467,750	772,315	304,565	-	772,315
Total Revenues	532,750	532,750	879,570	346,820	-	879,570
EXPENDITURES						
Current						
Support services	150,000	150,000	-	150,000	-	-
Facilities acquisition and construction	8,152,781	10,152,781	6,753,479	3,399,302	(6,753,479)	-
Capital outlay	-	-	-	-	6,753,479	6,753,479
Total Expenditures	8,302,781	10,302,781	6,753,479	3,549,302	-	6,753,479
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(7,770,031)	(9,770,031)	(5,873,909)	3,896,122	-	(5,873,909)
OTHER FINANCING SOURCES						
Transfers in	25,000	25,000	25,000	-	-	25,000
NET CHANGE IN FUND BALANCE	(7,745,031)	(9,745,031)	(5,848,909)	3,896,122	-	(5,848,909)
FUND BALANCE, beginning	51,022,515	51,022,515	50,830,154	(192,361)	-	50,830,154
FUND BALANCE, ending	$43,277,484	$41,277,484	$44,981,245	$ 3,703,761	$ -	$ 44,981,245

OTHER SCHEDULES

ST. HELENS SCHOOL DISTRICT

REVENUE SUMMARY – ALL FUNDS

YEAR ENDED JUNE 30, 2018

Code	*Function*	*General Fund*	*Special Revenue*
	LOCAL REVENUES		
1111	Current year's taxes	$ 8,325,124	$ -
1112	Prior year's taxes	296,692	-
1114	Payments in lieu of taxes	936	-
1130	Construction excise tax	-	-
1190	Penalties and interest on taxes	2,420	-
1311	Regular day school tuition from individuals	3,371	71,088
1500	Earnings on investments	155,111	164
1600	Food service	-	213,808
1700	Extracurricular activities	10,720	396,776
1800	Community services activities	-	125,667
1910	Rentals	1,750	-
1920	Contributions and donations from private sources	9,364	43,904
1950	Textbook sales and rentals	-	1,042
1960	Recovery of prior years' expenditure	270,294	5,817
1970	Services provided other funds	-	-
1990	Miscellaneous	144,232	112,269
1000	*Total Local Revenues*	9,220,014	970,535
	INTERMEDIATE REVENUES		
2101	County school funds	103,082	-
2102	Education service district apportionment	40,000	-
2105	Natural gas, oil, and mineral receipts	18,391	-
2200	Restricted revenue	19,119	62,432
2000	*Total Intermediate Revenues*	180,592	62,432
	STATE REVENUES		
3101	State school fund - general support	19,865,824	-
3102	State school fund - school lunch match	-	8,569
3103	Common school fund	284,809	-
3104	State managed county timber	148,644	-
3199	Other unrestricted grants-in-aid	244,342	-
3299	Other restricted grants-in-aid	10,976	882,828
3000	*Total State Revenues*	20,554,595	891,397
	FEDERAL REVENUES		
4300	Restricted revenue direct from the federal government	-	42,922
4500	Restricted revenue from the federal government through the state	22	1,890,548
4900	Revenue for/on behalf of the district	-	64,295
4000	*Total Federal Revenues*	22	1,997,765
	OTHER SOURCES		
5200	Interfund transfers	2,223	298,416
5300	Sale of or compensation for loss of assets	-	265,000
5000	*Total Other Sources*	2,223	563,416
5400	***FUND BALANCE, Beginning of year***	3,793,313	550,215
	Total Resources	$ 33,750,759	$ 5,035,760

Debt Service	*Capital Projects*
$ 2,003,571	$ -
83,054	-
50	-
-	98,116
581	-
-	-
23,282	772,315
-	-
-	-
-	-
-	9,139
-	-
-	-
-	-
2,349,128	-
-	-
4,459,666	879,570
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	-
-	25,000
-	-
-	25,000
3,457,495	50,830,154
$ 7,917,161	$ 51,734,724

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - GENERAL FUND

YEAR ENDED JUNE 30, 2018

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	INSTRUCTION				
1100	Regular programs				
1111	Elementary, K-5 or K-6	$ 6,172,238	$ 4,098,854	$ 1,955,590	$ 675
1113	Elementary extracurricular	4,000	2,000	515	-
1121	Middle/junior high programs	1,808,675	1,186,859	586,650	296
1122	Middle/junior high school extracurricular	32,664	26,777	5,096	-
1131	High school programs	4,154,663	2,752,844	1,337,322	8,205
1132	High school extracurricular	467,319	324,860	109,034	31,082
1140	Pre-kindergarten programs	10,744	8,640	2,104	-
1200	Special programs				
1210	Programs for the talented and gifted	7,462	5,907	1,555	-
1220	Restrictive programs for students with disabilities	1,774,467	989,566	593,133	177,281
1250	Less restrictive programs for students with disabilities	1,140,571	724,286	409,888	2,096
1280	Alternative education	1,444,137	-	-	1,444,137
1291	English second language programs	202,432	145,241	52,303	4,485
1400	Summer school programs	4,884	3,609	1,072	-
1000	*Total Instruction*	17,224,256	10,269,443	5,054,262	1,668,257
	SUPPORT SERVICES				
2100	Students				
2110	Attendance and social work services	82,329	51,827	29,438	516
2120	Guidance services	775,051	503,129	264,336	4,309
2130	Health services	245,025	130,707	61,861	49,318
2140	Psychological services	158,694	75,663	46,003	34,519
2150	Speech pathology and audiology services	386,223	241,673	140,889	1,393
2190	Service direction, student support services	344,398	228,883	102,799	8,279
2200	Instructional staff				
2210	Improvement of instruction services	53,388	33,690	14,025	5,341
2220	Educational media services	480,364	268,946	165,859	-
2230	Assessment and testing	66,107	37,249	15,622	4,552
2240	Instructional staff development	157,778	22,061	96,389	30,283
2300	General administration				
2310	Board of education services	352,797	31,539	9,876	88,200
2320	Executive administration services	524,110	298,414	154,376	21,868
2400	School administration				
2410	Office of the principal services	1,872,146	1,221,096	599,190	23,326
2500	Business				
2520	Fiscal services	328,547	191,939	100,007	20,410
2540	Operation and maintenance of plant services	2,449,585	866,724	520,437	841,268
2550	Student transportation services	1,725,915	28,733	12,084	1,562,365
2570	Internal services	99,010	-	-	99,010
2600	Central activities				
2660	Technology services	604,541	188,393	106,980	163,320
2700	Supplemental retirement program	151,483	-	151,483	-
2000	*Total Support Services*	10,857,491	4,420,666	2,591,654	2,958,277
	FACILITIES ACQUISITION AND CONSTRUCTION				
4150	Building acquisition, construction, and improvement services	133,894	-	-	-
4180	Other capital items	65,514	-	-	-
4000	*Total Facilities Acquisition and Construction*	199,408	-	-	-
	OTHER USES				
5100	Debt service	221,493	-	-	-
5200	Transfers of funds	224,885	-	-	-
5000	*Total Other Uses*	446,378	-	-	-
7000	***FUND BALANCE, End of year***	5,023,226	-	-	-
	Total Expenditures and Ending Balance	$ 33,750,759	$ 14,690,109	$ 7,645,916	$ 4,626,534

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ 117,119	$ -	$ -	$ -
1,485	-	-	-
34,870	-	-	-
791	-	-	-
55,325	-	967	-
2,343	-	-	-
-	-	-	-
-	-	-	-
14,487	-	-	-
4,301	-	-	-
-	-	-	-
403	-	-	-
79	-	124	-
231,203	-	1,091	-
548	-	-	-
3,277	-	-	-
2,835	-	304	-
2,509	-	-	-
978	-	1,290	-
3,247	-	1,190	-
332	-	-	-
45,559	-	-	-
8,684	-	-	-
9,045	-	-	-
2,956	-	220,226	-
46,476	-	2,976	-
22,634	-	5,900	-
3,243	-	12,948	-
218,053	-	3,103	-
122,733	-	-	-
-	-	-	-
145,360	-	488	-
-	-	-	-
638,469	-	248,425	-
-	133,894	-	-
-	65,514	-	-
-	199,408	-	-
-	-	221,493	-
-	-	-	224,885
-	-	221,493	224,885
-	-	-	5,023,226
$ 869,672	$ 199,408	$ 471,009	$ 5,248,111

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - SPECIAL REVENUE FUND

YEAR ENDED JUNE 30, 2018

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*
	INSTRUCTION			
1100	Regular programs			
1111	Elementary, K-5 or K-6	$ 49,366	$ 11,132	$ 2,725
1113	Elementary extracurricular	7,945	-	-
1121	Middle/junior high programs	79,357	45,828	24,309
1122	Middle/junior high school extracurricular	74,470	11,489	3,075
1131	High school programs	672,370	363,206	162,915
1132	High school extracurricular	400,209	27,167	5,206
1140	Pre-kindergarten programs	294,263	191,796	84,859
1200	Special programs			
1220	Restrictive programs for students with disabilities	230,881	160,969	65,905
1250	Resource rooms	396,124	219,003	128,720
1272	Title IA/D	431,205	316,030	110,649
1292	Teen parent programs	3,250	-	-
1400	Summer school programs	16,064	12,743	3,321
1000	*Total Instruction*	2,655,504	1,359,363	591,684
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	193	178	15
2120	Guidance services	116	-	-
2130	Health services	7,406	2,000	512
2150	Speech pathology and audiology services	50,856	26,068	24,788
2190	Service direction, student support services	260	-	-
2200	Instructional staff			
2210	Improvement of instruction services	102,201	55,232	28,979
2220	Education media services	17,161	-	-
2230	Assessment and testing	45,018	29,455	15,563
2240	Instructional staff development	67,097	21,129	4,555
2300	General administration			
2320	Executive administration services	428	-	-
2500	Business			
2520	Fiscal services	1,995	-	-
2540	Operation and maintenance of plant services	4,770	595	141
2550	Student transportation services	11,867	-	-
2000	*Total Support Services*	309,368	134,657	74,553
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services	990,855	350,123	174,250
3300	Community services	158,562	96,720	43,551
3500	Custody and care of children services	669	-	-
3000	*Total Enterprise and Community Services*	1,150,086	446,843	217,801
	FACILITIES ACQUISITION AND CONSTRUCTION			
4150	Building acquisition, construction, and improvement services	267,188	-	-
	OTHER USES			
5200	Transfers of funds	100,754	-	-
7000	***FUND BALANCE, End of year***	552,860	-	-
	Total Expenditures and Ending Balance	$ 5,035,760	$ 1,940,863	$ 884,038

300 Purchased Services	*400 Supplies & Materials*	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ 30,195	$ 5,314	$ -	$ -	$ -
-	7,945	-	-	-
150	5,171	-	3,899	-
18,393	24,906	-	16,607	-
4,182	118,004	-	24,063	-
115,459	217,110	-	35,267	-
909	16,549	-	150	-
1,254	2,753	-	-	-
540	1,951	-	45,910	-
288	4,238	-	-	-
-	3,250	-	-	-
-	-	-	-	-
171,370	407,191	-	125,896	-
-	-	-	-	-
-	116	-	-	-
1,590	3,205	-	99	-
-	-	-	-	-
260	-	-	-	-
12,379	5,611	-	-	-
-	17,161	-	-	-
-	-	-	-	-
40,813	126	-	474	-
428	-	-	-	-
-	400	-	1,595	-
3,935	99	-	-	-
9,296	2,571	-	-	-
68,701	29,289	-	2,168	-
14,540	444,832	-	7,110	-
2,575	15,499	-	217	-
-	669	-	-	-
17,115	461,000	-	7,327	-
14,470	10,355	241,221	1,142	-
-	-	-	-	100,754
-	-	-	-	552,860
$ 271,656	$ 907,835	$ 241,221	$ 136,533	$ 653,614

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - DEBT SERVICE FUND

YEAR ENDED JUNE 30, 2018

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*
	OTHER USES			
5100	Debt service	$ 7,626,594	$ -	$ -
7000	***FUND BALANCE, End of year***	290,567	-	-
	Total Expenditures and Ending Balance	$ 7,917,161	$ -	$ -

300 Purchased Services	*400 Supplies & Materials*	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ -	$ -	$ -	$ 7,626,594	$ -
-	-	-	-	290,567
$ -	$ -	$ -	$ 7,626,594	$ 290,567

ST. HELENS SCHOOL DISTRICT

EXPENDITURE SUMMARY - CAPITAL PROJECTS FUND

YEAR ENDED JUNE 30, 2018

Code	*Function*	*Total*	*100 Salaries*	*200 Employee Benefits*
	FACILITIES ACQUISITION AND CONSTRUCTION			
4110	Service area direction	$ 224,528	$ -	$ -
4150	Building acquisition, construction, and improvement services	6,516,821	-	-
4180	Other capital items	12,130	-	-
4000	*Total Facilities Acquisition and Construction*	6,753,479	-	-
7000	***FUND BALANCE, End of year***	44,981,245	-	-
	Total Expenditures and Ending Balance	$ 51,734,724	$ -	$ -

300 Purchased Services	*400 Supplies & Materials*	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*
$ 151,236	$ -	$ 7,194	$ 66,098	$ -
2,141,543	-	3,865,414	509,864	-
-	-	12,130	-	-
2,292,779	-	3,884,738	575,962	-
-	-	-	-	44,981,245
$ 2,292,779	$ -	$ 3,884,738	$ 575,962	$ 44,981,245

DISTRICT BONDED INDEBTEDNESS

Debt Service Outstanding General Obligation Bonds

Fiscal Year	Principal	Interest	Total Debt Service
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
	$ 46,910,000	$ 42,391,250	$ 89,301,250

Debt Service Full Faith and Credit Obligations

Fiscal Year	Principal	Interest	Total Debt Service
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
	$19,315,908	$11,121,109	$30,437,017

Summary of Overlapping Debt 2018

Overlapping District	Real Market Value	Percent Overlap	Overlapping Debt	
			Gross Debt (1)	Net Debt (2)
City of Columbia City	$262,266,528	100.00%	$2,620,151	$2,620,151
City of St. Helens	1,316,036,133	100.00%	6,618,000	1,000,000
Columbia County	7,123,847,937	34.89%	3,654,878	1,308,516
Columbia River Fire & Rescue	3,358,696,858	72.28%	1,647,984	1,647,984
Columbia Soil & Water Conservation	7,112,886,275	34.94%	118,486	-
Northwest Regional ESD	118,979,762,933	2.09%	82,070	731
Port of St Helens	6,234,729,954	39.53%	4,474,821	4,474,821
Portland Community College	243,528,863,890	1.02%	5,533,949	4,698,318
Total			$24,750,339	$15,750,521

(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 2018

Real Market Value		$ 2,889,508,922
Assessed Valuation		$ 1,785,023,282
Estimated Population		21,235
Per Capita Real Market Value		$ 121,754
Debt Information	**Gross Direct Debt[(1)]**	**Net Direct Debt[(2)]**
District Direct Debt	$ 66,225,906	$ 66,225,906
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
2018	$2,090,672,256	$ 2,889,508,922	$ 1,785,023,282	61.7%

Source: Columbia County Assessor's Office.

District Tax Collection Record

Fiscal Year	Percent Collected as of Levy Year[(1)]	Percent Collected as of 6/30/2018[2)]
2018	96.77	96.77
2017	96.73	98.33
2016	93.79	98.97
2015	96.60	99.39
2014	96.59	99.66

(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 June 30, 2018.
Source: Columbia County Tax Collector.

Major Taxpayers for District 2018

Taxpayer	Business/Service	Tax	Assessed Value	Percent of Total AV
Dyno Nobel Inc.	Explosives Manufacturer	$ 712,033	$ 55,413,141	3.1%
Armstrong World Industries	Ceiling Tile Manufacturer	402,678	27,264,690	1.5%
Columbia River PUD	Utility	260,959	19,803,500	1.1%
Cascades Tissue Group Oregon	Paper Products	226,871	52,724,880	3.0%
Comcast Corporation	Telecommunications	218,895	14,498,100	0.8%
Northwest Natural Gas Co.	Utility	201,769	14,219,000	0.8%
Wal-Mart Real Estate Business Trust	Real Estate	128,955	8,731,360	0.5%
Letica Corporation	Manufacturing	124,073	8,384,510	0.5%
Port of St. Helens	Economic Development	107,652	7,245,560	0.4%
Longview Timberlands, LLC	Timber	104,644	8,127,943	0.5%
Subtotal - ten of District's largest taxpayers		$2,488,529	$216,412,684	12.2%
All other District taxpayers in Columbia County			1,568,610,598	87.8%
Total District Taxpayers			$ 1,785,023,282	100.0%

Source: Columbia County Assessor's Office.

District Levy Rates

Fiscal Year	Permanent Rate	Bond Levy Rate	Local Option Rate
2018	5.0297	1.185	0.0000

Source: Columbia County Assessor's Office.

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF SUPPLEMENTARY INFORMATION AS REQUIRED BY OREGON DEPARTMENT OF EDUCATION

YEAR ENDED JUNE 30, 2018

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

	Objects 325, 326 & 327
Function 2540	$ 570,003
Function 2550	-

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

-

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, 2018, and have issued our report thereon dated December 13, 2018.

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.

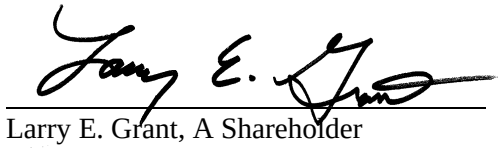
Internal Control

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 13, 2018

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2018

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	$ 116,198	
National School Lunch Program (NSLP)	10.555	N/A	550,097	*
Summer Food Service Program	10.559	N/A	44,318	*
Subtotal Child Nutrition Cluster			710,613	
State Administrative Expenses for Child Nutrition	10.560	N/A	3,336	
Total U.S. Department of Agriculture			713,949	
U.S. Department of the Interior				
Direct:				
Fish, Wildlife and Plant Conservation Resource Management	15.231	N/A	39,766	
Secure Rural Schools and Community Self-Determination	15.234	N/A	3,157	
Total U.S. Department of the Interior			42,923	
U.S. Department of Education				
Passed through Oregon Department of Education:				
Title I - Grants to Local Educational Agencies	84.010	41169	46,108	
Title I - Grants to Local Educational Agencies	84.010	45705	484,748	
Subtotal Title I, Part A			530,856	
Title IV A - Student Support and Academic Enrichment	84.242	47834	14,836	
Special Education - Grants to States				
IDEA, Part B	84.027	41632	1,753	
Special Education - Grants to States				
IDEA, Part B	84.027	45268	505,977	
Special Education - Grants to States				
IDEA Enhancement Grant	84.027	42767	5,296	
Special Education - Grants to States				
SPR & I	84.027	44507	3,493	
Special Education - Grants to States				
Post School Outcomes	84.027	48500	360	
Special Education - Grants to States				
Extended assessment	84.027	42017	549	
Subtotal Special Education - Grants to States			517,428	
Special Education - Preschool Grants				
IDEA Part B, Section 619	84.173	40691	3,056	
Subtotal Special Education Cluster (IDEA)			520,484	

* Includes non-cash commodity awards

See notes to schedule of expenditures of federal awards.

Federal Grantor/Pass-through Grantor/Program Title	*Federal CFDA Number*	*Pass Through Entity Identifying Number*	*Expenditures*
U.S. Department of Education *(Continued)*			
Passed through Oregon Department of Education (continued):			
Supporting Effective Instruction State Grants	84.367	41424	$ 7,617
Supporting Effective Instruction State Grants	84.367	45920	34,920
Subtotal Supporting Effective Instruction State Grants			42,537
Passed through Department of Health and Human Services:			
Rehabilitation Services, Vocational Rehabilitation Grants to States	84.126	154942	112,949
Total U.S. Department of Education			1,221,662
U.S. Department of Health and Human Services			
Passed through Oregon Department of Human Services			
Child Care and Development Block Grant	93.575	156250	6,186
Passed through Oregon Department of Education			
Child Care and Development Block Grant	93.575	14018	13,045
Subtotal CCDF Cluster			19,231
Passed through Oregon Department of Education:			
Foster Care Transportation Reimbursement (Title IV-E)	93.658	47546	22
Total U.S. Department of Health and Human Services			19,253
Total Expenditures of Federal Awards			$ 1,997,787

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, 2018. 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, 2018.

Revenue and Expenditure Recognition

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

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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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, 2018, 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 13, 2018.

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 over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 13, 2018

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH 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, 2018. 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 (CFR)* 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, 2018.

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 13, 2018

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 federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal 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***
10.553, 10.555, and 10.559	Child Nutrition Cluster

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.