

***ST. HELENS SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year Ended June 30, 2010***

ST. HELENS SCHOOL DISTRICT
JUNE 30, 2010

BOARD OF DIRECTORS

<i>Name</i>	<i>Title</i>	<i>Term Expires</i>
David Morrisson 58605 Kavanaugh Avenue St. Helens, Oregon 97051	Chair	June 30, 2011
Benita Saatvedt P.O. Box 68 Columbia City, Oregon 97018	Vice-Chair	June 30, 2013
Alan King 174 North 8 th Street. St. Helens, Oregon 97051	Member	June 30, 2013
Nathan Helwig 58296 Lindsay Lane Warren, Oregon 97053	Member	June 30, 2013
William Crist 32583 Stone Rd. St. Helens, Oregon 97051	Member	June 30, 2011

ADMINISTRATIVE

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

Patricia Adams, Superintendent, Clerk
Terri Burns, Deputy Clerk/Business Manager
(Resigned November 19, 2010)

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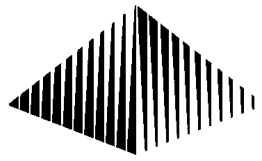
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FINANCIAL SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
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(503) 581-7788

INDEPENDENT AUDITOR'S REPORT

Board of Directors
St. Helens School District
St. Helens, Oregon

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of St. Helens School District, Columbia County, Oregon (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented component unit. Those financial statements were audited by another auditor whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the component unit, is based on the report of the other auditor.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditor provide a reasonable basis for our opinions.

The District's government-wide financial statements do not disclose their liability for other post employment benefit obligations as required under GASB 45.


In our opinion, based on our audit and the report of the other auditor, except for the effects of the omission of the information discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2010 and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 31, 2010 on our consideration of the District's internal control over financial reporting and 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's financial statements as a whole. The schedule of revenues, expenditures, and changes in fund balance - budget and actual - General Fund and Combined Grants and Projects Fund and the other supplementary information sections listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedule of revenues, expenditures, and changes in fund balance - budget and actual - General Fund and Combined Grants and Projects Fund, 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

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

By: 
Charles A. Swank, A Shareholder
December 31, 2010

**ST. HELENS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2010**

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, 2010.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2010 by \$19.43 million. Of this amount, \$19.49 million represents the District's investment in capital assets net of related debt. Liabilities exceeded assets by \$350 thousand for unrestricted.
- The District's total net assets increased by \$956 thousand.
- The District's governmental funds report a combined ending fund balance of \$3.68 million at June 30, 2010, an increase of \$561 thousand in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2010, unreserved fund balance for the General Fund was \$2.52 million, or 10.10 percent of total General Fund expenditures.
- The District's total liabilities decreased by \$1.01 million (2.60 percent) during the 2009-10 fiscal year.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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 Statement of Net Assets. The *statement of net assets* presents information on all of the assets and liabilities of the District as of the date on the statement. Net assets are what remain after the liabilities have been paid off or otherwise satisfied. Over time, increases or decreases in net assets 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 assets of the District changed over the most recent fiscal year by tracking revenues, expenses and other transactions that increase or reduce net assets. All changes in net assets 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 eight 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 and the Combined Grants and Projects Fund, which are considered to be major funds. Data from the other six governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the other supplementary information.

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 schedules of revenues, expenditures and changes in fund balance - budget and actual for the General Fund and any other major special revenue funds.

The combining statements referred to earlier in connection with non-major governmental funds and non-major fund schedules and changes in fund balance – budget and actual are presented following the required supplementary information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Assets. As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$19.43 million as of June 30, 2010.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 50.38 percent of total assets. The remaining assets consist mainly of investments, cash, prepaid pension costs, and grants and property taxes receivable.

The District's largest liability (95.53 percent) is for the repayment of long-term liabilities (general obligation bonds, capital lease obligations, pension bonds and early retirement obligations). Current liabilities, representing about 4.47 percent of the District's total liabilities, are made up of payables on accounts, salaries and benefits, and interest on long-term liabilities.

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

Net Assets at June 30,			
	<i>2010</i>	<i>2009</i>	<i>Net Change</i>
Current assets	\$ 5,869,226	\$ 4,580,997	\$ 1,288,229
Capital assets	28,903,555	29,752,928	(849,373)
Other long-term assets	22,599,736	23,092,273	(492,537)
Total assets	<u>57,372,517</u>	<u>57,426,198</u>	<u>(53,681)</u>
Current liabilities	1,694,870	1,070,183	624,687
Long-term liabilities	36,248,891	37,883,199	(1,634,308)
Total liabilities	<u>37,943,761</u>	<u>38,953,382</u>	<u>(1,009,621)</u>
Net assets:			
Invested in capital assets, net of related debt	19,487,745	19,060,007	427,738
Restricted for debt service	290,918	194,044	96,874
Unrestricted	(349,907)	(781,235)	431,328
Total net assets	<u>\$ 19,428,756</u>	<u>\$ 18,472,816</u>	<u>\$ 955,940</u>

Statement of Activities. During the current fiscal year, the District's net assets increased by \$956 thousand, as compared to an increase of \$1.11 million in the prior year. The key elements of the change in the District's net assets for the year ended June 30, 2010 are as follows:

- Property tax revenues decreased by over \$339 thousand (3.93 percent) during the year.
- Operating grants and contributions increased by \$706 thousand (23.61 percent) primarily due to an increase in federal grants received.
- General Support from the State School Fund increased \$427 thousand (2.43 percent).
- Expenses were reduced by \$354 thousand.

Changes in Net Assets For the year ended June 30,			
Revenues:	2010	2009	Net Change
Program revenues:			
Charges for service	\$ 2,409,470	\$ 2,347,770	\$ 61,700
Operating grants and contributions	3,699,494	2,992,965	706,529
General revenues:			
Property taxes	8,295,509	8,634,974	(339,465)
State school fund - general support	17,990,850	17,563,289	427,561
Common school fund	286,889	388,403	(101,514)
Other state and local sources	418,342	350,525	67,817
Construction excise tax	93,514	73,227	20,287
Earnings on investments	44,825	150,944	(106,119)
Miscellaneous	570,661	298,580	272,081
Sale of capital assets	-	1,519,995	(1,519,995)
Total revenues	<u>33,809,554</u>	<u>34,320,672</u>	<u>(511,118)</u>
Expenses:			
Instruction	19,754,542	19,127,885	626,657
Support services	9,956,520	10,907,430	(950,910)
Community services	160,909	189,271	(28,362)
Facilities acquisition and construction	-	25,787	(25,787)
Food services	847,106	871,603	(24,497)
Interest on long-term debt	2,134,537	2,085,666	48,871
Total expenses	<u>32,853,614</u>	<u>33,207,642</u>	<u>(354,028)</u>
Change in net assets	955,940	1,113,030	(157,090)
Net assets - July 1	<u>18,472,816</u>	<u>17,359,786</u>	<u>1,113,030</u>
Net assets - June 30	<u>\$ 19,428,756</u>	<u>\$ 18,472,816</u>	<u>\$ 955,940</u>

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, *unreserved 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, 2010, the District's governmental funds reported unreserved combined ending fund balances of \$3.68 million, an increase of \$561 thousand in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2010, unreserved fund balance was \$2.52 million. The fund balance increased by over \$687 thousand during the current fiscal year. As a measure of the fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 10.10 percent of total General Fund expenditures.

Debt Service Funds. The debt service funds have a total fund balance of \$259 thousand, all of which is committed to the payment of debt service. The net increase in fund balance during the current year was \$140 thousand (117.62 percent).

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, 2010, the District had invested approximately \$28.90 million in capital assets, net of depreciation, as shown in the following table:

Capital Assets (net of depreciation)			
	June 30,		
	2010	2009	Net Change
Land	\$ 2,373,323	\$ 2,373,323	\$ -
Construction in progress	-	1,788,322	(1,788,322)
Buildings and improvements	25,463,434	24,199,959	1,263,475
Vehicles and equipment	1,066,798	1,391,324	(324,526)
Total	<u>\$ 28,903,555</u>	<u>\$ 29,752,928</u>	<u>\$ (849,373)</u>

During fiscal year 2009-10, the District's investment in capital assets decreased by about \$849 thousand. The major capital asset events for the year ended June 30, 2010 include a depreciation expense of \$1.09 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 \$32.00 million, consisting of general obligation bonded debt of \$7.73 million, pension bonds of \$22.59 million, tax exempt financing of \$1.43 million and capital leases of \$260 thousand.

During the current fiscal year, the District's total debt decreased by \$1.79 million, which represents the amount of current year principal payments.

State statutes limit the amount of general obligation debt a governmental entity may issue to 7.95 percent of its total assessed valuation. The current debt limitation for the District is \$114.53 million, which is significantly in excess of the District's outstanding general obligation debt. 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 most significant economic factor for the District is the State of Oregon's State School Fund. For the year ending June 30, 2010, general support from the State School Fund accounted for 64.95% of the District's program resources. Due to heavy reliance on this funding source, any negative impact on the state economy could affect the District negatively. The second year of a biennium normally presents fairly stable funding, however with recent reductions in State revenue forecasts, the 2010-11 financial situation will require close attention. At a local level, the continuing impact of the partial closure of a large manufacturing facility located in the District boundaries and high unemployment rates continue to have a negative influence on property tax revenues.

Salary and benefit costs are expected to increase based on negotiated contractual amounts. The District has been notified of a substantial increase in PERS rates starting July 2011. Primarily due to losses in the PERS investment fund, rates will increase to 5.06% of affected payroll for Tier 1/Tier 2 members from a current rate of 0.29%. The District is maintaining a higher ending fund balance to absorb the increased expenditure.

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 ASSETS
JUNE 30, 2010

	Governmental Activities	Component Unit
ASSETS		
Cash and investments	\$ 2,984,076	\$ 330,573
Receivables	2,883,925	-
Inventories	1,225	-
Prepaid expenses	-	4,562
Pension asset	22,599,736	-
Capital assets not being depreciated:		
Land	2,373,323	-
Capital assets, net of accumulated depreciation:		
Buildings and improvements	25,463,434	-
Equipment and vehicles	1,066,798	91,710
<i>Total Assets</i>	<u>57,372,517</u>	<u>426,845</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	1,535,467	106,653
Accrued bond interest payable	68,708	-
Accrued compensated absences payable	90,695	-
Noncurrent liabilities:		
Due within one year	2,117,886	-
Due in more than one year	31,203,772	-
Accrued deferred bond interest payable	2,927,233	-
<i>Total Liabilities</i>	<u>37,943,761</u>	<u>106,653</u>
Net Assets		
Invested in capital assets, net of related debt	19,487,745	91,710
Restricted for debt service	290,918	-
Unrestricted	(349,907)	228,482
<i>Total Net Assets</i>	<u>\$ 19,428,756</u>	<u>\$ 320,192</u>

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

ST. HELENS SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2010

		<u>Program Revenues</u>		<i>Net (Expense)</i>	
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenue and</u>	<u>Component</u>
<i>FUNCTIONS/PROGRAMS</i>		<u>Services</u>	<u>Grants and</u>	<u>Changes in Net</u>	<u>Unit</u>
			<u>Contributions</u>	<u>Assets</u>	
Governmental activities:					
Instructional programs	\$ 19,754,542	\$ 2,159,075	\$ 3,021,523	\$ (14,573,944)	\$ (414,844)
Support services					
Student transportation	1,321,566	-	-	(1,321,566)	-
Other support services	8,634,954	10,917	-	(8,624,037)	(277,267)
Community services	160,909	-	-	(160,909)	-
Food services	847,106	239,478	677,971	70,343	
Interest on long-term debt	2,134,537	-	-	(2,134,537)	-
Unallocated depreciation	-	-	-	-	(19,686)
<i>Total Governmental Activities</i>	<u>\$ 32,853,614</u>	<u>\$ 2,409,470</u>	<u>\$ 3,699,494</u>	(26,744,650)	
Component Unit					
Mastery Learning Institute					
Arthur Academy - St. Helens	<u>\$ 965,795</u>	<u>\$ -</u>	<u>\$ 253,998</u>		(711,797)
<i>General Revenues:</i>					
Property taxes, levied for general purposes				6,320,778	-
Property taxes, levied for debt service				1,974,731	-
Construction excise tax				93,514	-
State school fund				17,990,850	750,584
Common school fund				286,889	-
Unrestricted state and local sources				418,342	7,204
Earnings on investments				44,825	66
Miscellaneous				570,661	-
<i>Total General Revenues</i>				<u>27,700,590</u>	<u>757,854</u>
<i>Change in Net Assets</i>				955,940	46,057
<i>Net Assets, July 1, 2009</i>				<u>18,472,816</u>	<u>274,135</u>
<i>Net Assets, June 30, 2010</i>				\$ 19,428,756	\$ 320,192

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

ST. HELENS SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2010

	<i>General</i>	<i>Combined Grants and Projects</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
ASSETS				
Cash and investments	\$ 1,825,193	\$ -	\$ 1,158,883	\$ 2,984,076
Property taxes receivable, net	677,967	-	177,957	855,924
Other receivables	1,448,068	487,911	92,022	2,028,001
Due from other funds	379,046	-	-	379,046
Inventories	-	-	1,225	1,225
<i>Total Assets</i>	<u>\$ 4,330,274</u>	<u>\$ 487,911</u>	<u>\$ 1,430,087</u>	<u>\$ 6,248,272</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 602,383	\$ 162,057	\$ 55,935	\$ 820,375
Other payables	686,573	14,586	13,933	715,092
Due to other funds	-	277,913	101,133	379,046
Deferred revenue	518,506	-	133,635	652,141
<i>Total Liabilities</i>	<u>1,807,462</u>	<u>454,556</u>	<u>304,636</u>	<u>2,566,654</u>
Fund Balances				
Unreserved	2,522,812	-	-	2,522,812
Unreserved, reported in:				
Special revenue funds	-	33,355	866,418	899,773
Debt service funds	-	-	259,033	259,033
<i>Total Fund Balances</i>	<u>2,522,812</u>	<u>33,355</u>	<u>1,125,451</u>	<u>3,681,618</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,330,274</u>	<u>\$ 487,911</u>	<u>\$ 1,430,087</u>	<u>\$ 6,248,272</u>

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 ASSETS****JUNE 30, 2010**

Fund Balances		\$	3,681,618
Capital assets are not financial resources and therefore are not reported in the governmental funds:			
Cost	\$	47,907,447	
Accumulated depreciation		<u>(19,003,892)</u>	28,903,555
PERS UAL Bonds and related pension assets are recorded on the statement of net assets at their net amortized values.			
Prepaid pension costs			22,599,736
A portion of the District's property taxes are collected after year-end but are not available soon enough to pay for the current years' operations, and therefore are not reported as revenue in the governmental funds.			652,141
Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest in long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due.			
These liabilities consist of:			
Accrued bond interest payable		(2,995,941)	
Compensated absences payable		(90,695)	
Early retirement incentive payable		(1,317,730)	
Bonds payable		<u>(32,003,928)</u>	<u>(36,408,294)</u>
TOTAL NET ASSETS		\$	<u><u>19,428,756</u></u>

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

ST. HELENS SCHOOL DISTRICT**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	<i>General</i>	<i>Combined Grants and Projects</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
REVENUES				
Local sources	\$ 6,713,157	\$ 369,585	\$ 4,461,807	\$ 11,544,549
Intermediate sources	362,826	-	-	362,826
State sources	18,277,739	84,656	7,566	18,369,961
Federal sources	928,365	1,849,969	670,405	3,448,739
<i>Total Revenues</i>	26,282,087	2,304,210	5,139,778	33,726,075
EXPENDITURES				
Current				
Instruction	15,668,780	1,968,301	648,709	18,285,790
Support services	8,840,491	421,708	519,099	9,781,298
Enterprise and community services	-	160,909	-	160,909
Food services	-	-	839,492	839,492
Debt service				
Principal	183,000	-	1,606,478	1,789,478
Interest	76,483	-	1,793,658	1,870,141
Capital outlay	222,425	93,092	122,854	438,371
<i>Total Expenditures</i>	24,991,179	2,644,010	5,530,290	33,165,479
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,290,908	(339,800)	(390,512)	560,596
OTHER FINANCING SOURCES (USES)				
Transfers in	-	304,088	300,000	604,088
Transfers out	(604,088)	-	-	(604,088)
<i>Total Other Financing Sources (Uses)</i>	(604,088)	304,088	300,000	-
NET CHANGE IN FUND BALANCES	686,820	(35,712)	(90,512)	560,596
FUND BALANCES, Beginning of year	1,835,992	69,067	1,215,963	3,121,022
FUND BALANCES, End of year	<u>\$ 2,522,812</u>	<u>\$ 33,355</u>	<u>\$ 1,125,451</u>	<u>\$ 3,681,618</u>

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, 2010**

NET CHANGE IN FUND BALANCES - (Governmental Funds) **\$ 560,596**

*Amounts reported for governmental activities in the Statement of Activities are
different because:*

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.

Net additions to capital assets	\$ 236,077	
Less current year depreciation	<u>(1,085,450)</u>	(849,373)

Long-term debt financing sources are reported as other financing sources in governmental funds. In the Statement of Net Assets, 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 Assets. This is the amount by which repayments exceeded sources:

Debt principal repayments	1,789,478
---------------------------	-----------

In the Statement of Activities interest is accrued on long-term debt, whereas in the governmental funds it is recorded as an interest expense when due. (264,396)

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. 83,479

Amortization of pension assets (492,537)

Early retirement incentives are recognized as an expenditure in the governmental fund when they are paid. In the Statement of Activities early retirement incentives are recognized as expenditures when earned. 102,333

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 an expenditures when earned. 26,360

CHANGE IN NET ASSETS **\$ 955,940**

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

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

St. Helens School District (the District) 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. The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. In addition, component units can be governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Mastery Learning Institute Arthur Academy – St. Helens, a charter school sponsored by the District, is reported as a discretely presented component unit and their complete financial statements may be obtained from them.

Basis of Presentation

Government-wide Financial Statements

The Statement of Net Assets 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. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net assets are reported as restricted when constraints placed on net asset use 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. 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.

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation (Continued)

Fund Financial Statements (Continued)

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.

Combined Grants and Projects Fund - This fund is used to account for resources and expenditures from federal and state grants.

In addition, the District reports the following as nonmajor governmental funds:

Food Services Fund - This fund accounts for the various food service programs provided by the District. The sale of food and federal reimbursements administered by the state are the major revenue sources.

Student Services Fund - This fund accounts for the District's activity and athletic programs. The major sources of revenue are student participation fees and receipts from event admission charges.

Capital Reserve Fund - This fund accounts for funds intended to be used to address major, high-cost maintenance projects.

Early Retirement Fund - This fund was established to fund the District's Early Retirement Incentive Plan. It is funded by transfers from the General Fund.

Debt Service Fund - This fund accounts for the payment of principal and interest on general obligation bonded debt. Principal revenue sources are property taxes.

Debt Service - PERS Fund - This fund accounts for the payment 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 are charges to other funds.

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.

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs and then general resources.

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

Cash, Cash Equivalents and Investments

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

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

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. Taxes unpaid and outstanding on May 16 are considered delinquent.

Uncollected property taxes are recorded on the statement of net assets. 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.

ST. HELENS SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010**

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

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 assets and the balance sheet.

Inventories

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

Capital Assets

Capital assets are recorded at original or estimated original cost. Donated capital assets are recorded at their estimated fair market value on the date donated. The District defines capital assets as 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

Pension Asset

The pension asset consists of lump-sum payments to PERS in partial payment of the District's unfunded actuarial liability. The pension asset is equal to these payments made from the issuance of pension bonds less accumulated amortization calculated on the straight-line method over the life of the pension obligation bonds.

Retirement Plans

Substantially all of the District's employees are participants in the State of Oregon Public Employees Retirement System (PERS). Contributions to PERS are made on a current basis as required by the plan and are charged as expenses/expenditures as funded.

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Post Employment Health Care Benefits

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

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 Assets. Bond premiums and discounts, as well as issuance costs, 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.

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.

Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

Budget

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

Appropriations are established at the major function level (instruction, support services, enterprise and community services, facilities acquisition and construction, debt service, operating contingency and transfers) for each fund. The detail budget document, however, is required to contain more specific, detailed information for the aforementioned expenditure categories. Unexpected additional resources may be added to the budget through the use of a supplemental budget and appropriation resolution.

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budget (Continued)

Supplemental budgets less than 10% of a fund's original budget may be adopted by the Board at a regular meeting. A supplemental budget greater than 10% of a fund's original budget requires hearings before the public, publication in newspapers and approval by the Board. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control (major function levels) with Board approval. During the year, one resolution was adopted to appropriate unanticipated revenue for the Combined Grants and Projects Fund and no supplemental budgets were adopted. 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, 2010:

	<i>Carrying Value</i>	<i>Fair Value</i>
<i>Cash</i>		
Deposits with financial institutions	\$ 1,282,003	\$ 1,282,003
<i>Investments</i>		
Local Government Investment Pool	1,702,073	1,702,073
	<u>\$ 2,984,076</u>	<u>\$ 2,984,076</u>

Deposits

At June 30, 2010, the City's deposits with various financial institutions had a bank value of \$1,363,858. All deposits not covered by FDIC insurance are covered by the Public Funds Collateralization Program (PFCP) of the State of Oregon.

Custodial Credit Risk - Deposits

Custodial credit risk 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 up to \$250,000 each for the aggregate of all non-interest bearing accounts and the aggregate of all interest bearing accounts at each institution. Deposits in excess of FDIC coverage with institutions participating in the Oregon Public Funds Collateralization Program are covered by the PFCP. The PFCP is a shared liability structure for participating bank depositories, better protecting public funds though still not guaranteeing that all funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at

ST. HELENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

CASH AND INVESTMENTS (Continued)

Custodial Credit Risk – Deposits (Continued)

least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2010, \$947,011 of the District's bank balances were exposed to custodial credit risk as they were collateralized with securities held by the pledging financial institution's agent but not in the District's name.

Custodial Credit Risk - Investments

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

Credit Risk

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

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

The Oregon State Treasurer maintains the Oregon Short Term Fund, of which the Local Government Investment Pool (LGIP) is a 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, funds are invested as a prudent investor would, 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. LGIP was created to offer a short-term investment alternative to Oregon local governments. The investments are regulated by the Oregon Short-term Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). At June 30, 2010, 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. Separate financial statements for the Oregon Short Term Fund are available from the Oregon State Treasurer. The LGIP is not rated for credit risk.

Interest Rate Risk - Investments

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

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2010 is as follows:

	<i>Balance July 1, 2009</i>	<i>Increases</i>	<i>Decreases</i>	<i>Balance June 30, 2010</i>
Capital assets, not being depreciated:				
Land	\$ 2,373,323	\$ -	\$ -	\$ 2,373,323
Construction in progress	1,788,322	-	1,788,322	-
<i>Total capital assets, not being depreciated</i>	<u>4,161,645</u>	<u>-</u>	<u>1,788,322</u>	<u>2,373,323</u>
Capital assets, being depreciated:				
Land improvements	1,122,270	-	-	1,122,270
Buildings and improvements	35,266,902	2,016,480	-	37,283,382
Equipment	6,943,071	7,919	-	6,950,990
Vehicles	177,482	-	-	177,482
<i>Total Capital Assets Being Depreciated</i>	<u>43,509,725</u>	<u>2,024,399</u>	<u>-</u>	<u>45,534,124</u>
Accumulated depreciation for:				
Land improvements	1,028,339	18,517	-	1,046,856
Buildings and improvements	11,160,874	734,488	-	11,895,362
Equipment	5,565,579	330,295	-	5,895,874
Vehicles	163,650	2,150	-	165,800
<i>Total Accumulated Depreciation</i>	<u>17,918,442</u>	<u>1,085,450</u>	<u>-</u>	<u>19,003,892</u>
<i>Total Capital Assets Being Depreciated, net</i>	<u>25,591,283</u>	<u>938,949</u>	<u>-</u>	<u>26,530,232</u>
<i>Total Capital Assets, net</i>	<u>\$ 29,752,928</u>	<u>\$ 938,949</u>	<u>\$ 1,788,322</u>	<u>\$ 28,903,555</u>

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

Program	
Instructional programs	\$ 999,015
Support services	
Other support services	84,503
Food services	<u>1,932</u>
<i>Total</i>	<u>\$ 1,085,450</u>

ST. HELENS SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS (Continued)
YEAR ENDED JUNE 30, 2010

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2010:

	<i>Original Issue</i>	<i>Outstanding July 1, 2009</i>	<i>Issued</i>	<i>Matured/ Redeemed During Year</i>	<i>Outstanding June 30, 2010</i>	<i>Due Within One Year</i>
Pension bonds - Series 2002	\$ 10,722,217	\$ 10,195,065	\$ -	\$ 155,819	\$ 10,039,246	\$ 168,759
Pension bonds - Series 2003	14,312,440	12,905,420	-	356,548	12,548,872	367,605
General obligation bonds - Series 1999	18,881,406	8,821,921	-	1,094,111	7,727,810	1,064,700
Capital lease obligation	530,000	295,000	-	35,000	260,000	40,000
Tax exempt financing agreement - Series 2007	1,700,000	1,576,000	-	148,000	1,428,000	154,000
		<u>\$ 33,793,406</u>	<u>\$ -</u>	<u>\$ 1,789,478</u>	<u>\$ 32,003,928</u>	<u>\$ 1,795,064</u>

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

\$ 10,039,246

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

12,548,872

General obligation bonds - Series 1999 - issued February 1999, due in annual installments of \$879,819 to \$1,164,351, plus interest paid semi-annually at 3.70% to 5.05% through 2018

7,727,810

Capital lease obligation - issued May 2001, due in annual installments of \$17,000 to \$50,000, plus interest paid semi-annually at 3.50% to 5.75% through 2016

260,000

Tax exempt financing agreement - Series 2007 - issued October 2007, due in annual installments of \$124,000 to \$205,000, plus interest paid semi-annually at 4.00% through 2017

1,428,000

\$ 32,003,928

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

Pension obligation bonds will be paid from revenues in the Debt Service PERS 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.

ST. HELENS SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010**

LONG-TERM DEBT (Continued)

In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. The District records the amounts deposited with PERS as a prepayment on its actuarial obligation, and accounts for the payment of principal, interest and the amortization of the prepayment as pension expense over the life of the bonds. The District anticipates that the total costs of financing the District's actuarial obligation in this way will result in a significant saving to the District when compared to paying for such costs in additional contributions to PERS.

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 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 2.06% to 6.10%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.48% to 5.55%. The bonds are federally taxable and, except for the 2021 maturity, are not subject to optional prepayment prior to their stated maturities. The 2021 maturity is subject to optional prepayment after June 30, 2007 at par.

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 2028. Interest on the deferred interest bonds is accreted semiannually at yields ranging from 1.50% to 6.27%. Interest on the current coupon bonds is payable semiannually at rates ranging from 5.63% to 5.68%. The bonds are federally taxable and are not subject to optional prepayment prior to their stated maturities.

Future debt service requirements are as follows:

<i>Fiscal Year Ending June 30,</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 1,795,064	\$ 2,007,317	\$ 3,802,381
2012	1,793,252	2,152,849	3,946,101
2013	1,787,615	2,310,726	4,098,341
2014	1,784,364	2,466,958	4,251,322
2015	1,775,212	2,638,534	4,413,746
2016-2020	6,386,376	12,884,282	19,270,658
2021-2025	8,712,045	6,397,276	15,109,321
2026-2028	7,970,000	815,652	8,785,652
	<u>\$ 32,003,928</u>	<u>\$ 31,673,594</u>	<u>\$ 63,677,522</u>

ST. HELENS SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010**

OTHER POST EMPLOYMENT BENEFITS***Post Employment Health Care Benefits***

Plan Description - The District maintains a single employer early retirement supplement program for its employees. This program covers all full-time certificated, confidential, classified and administrative personnel of the District.

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

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

Funding Policy - The benefits from this program are fully paid by the District, however contributions by employees are required to cover any unpaid premiums which exceed these benefits. There is no obligation on the part of the District to fund these benefits in advance. The District has chosen to accrue and pay these benefits as they come due. During the year ended June 30, 2010, expenditures related to early retirement benefits totaled \$233,082 paid to 49 participants.

Plan activity for the year is as follows:

<i><u>Outstanding July 1, 2009</u></i>	<i><u>Increases</u></i>	<i><u>Payments</u></i>	<i><u>Outstanding June 30, 2010</u></i>
\$ 1,420,063	\$ 130,749	\$ 233,082	\$ 1,317,730

Amounts due in the current year are \$322,822.

These benefits will be paid from Early Retirement Fund and General Fund resources.

Retirement Health Insurance Account

Plan Description – As a member of Oregon Public Employees Retirement System (OPERS) the District contributes to the Retirement Health Insurance Account (RHIA) for each of its eligible employees. RHIA is a cost-sharing multiple-employer defined benefit other postemployment benefit plan administered by the OPERS. RHIA pays a monthly contribution toward the cost of Medicare companion health insurance premiums of eligible retirees. The plan, which was established under Oregon Revised Statutes (ORS) 238.420, provided for a payment of up to \$60 per month toward the costs of Medicare companion health insurance for eligible retirees. A comprehensive annual financial report of the funds administered by the OPERS may be obtained by writing to Oregon Public Employees Retirement System, PO Box 23700, Tigard, OR 97281-3700 or by accessing the PERS website at www.oregon.gov/PERS/.

ST. HELENS SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010**

OTHER POST EMPLOYMENT BENEFITS (Continued)**Retirement Health Insurance Account (Continued)**

Funding Policy – Participating school districts are contractually required to contribute at a rate assessed each year by the OPERS, currently 0.29% of annual covered OPERF payroll and 0.19% of covered OPSRP payroll. The OPERS Board of Trustees sets the rates based on the annual required contribution (ARC) of the employers, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The District's contributions to RHIA for the year ended June 30, 2010 and 2009 totaled \$41,585 and \$40,608, respectively, which equaled the required contributions for each year.

INTER-FUND ACTIVITY

The District completed the following inter-fund transactions during the year ended June 30, 2010:

Fund	<u>Transfers In</u>	<u>Transfers Out</u>
General	\$ -	\$ 604,088
Other governmental funds		
Early retirement	300,000	-
Combined grants and projects	304,088	-
	<u>\$ 604,088</u>	<u>\$ 604,088</u>

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, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

PENSION PLAN

The District contributes to two pension plans administered by the Oregon Public Employees Retirement System (PERS). The Oregon Public Employees Retirement Fund (OPERF) applies to the District's contribution for qualifying employees who were hired before August 29, 2003, and is a cost sharing multiple-employer defined benefit pension plan. The Oregon Public Service Retirement Plan (OPSRP) is a hybrid successor plan to the OPERF and consists of two programs:

1. The Pension Program, the defined benefit portion of the plan, applies to qualifying District employees hired after August 29, 2003, and to inactive employees who return to employment following a six-month or greater break in service. Benefits are calculated by a formula for members who attain normal retirement age. The formula takes into account final average salary and years of service.

ST. HELENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

PENSION PLAN (Continued)

2. Beginning January 1, 2004, all PERS member contributions go into the Individual Account Program (IAP), the defined contribution portion of the plan. PERS members retain their existing PERS accounts, but any future member contributions are deposited into the member's IAP, not the member's PERS account.

Both PERS plans provide retirement and disability benefits, post employment healthcare benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. PERS is administered under Oregon Revised Statute Chapter 238, which establishes the Public Employees Retirement Board as the governing body of PERS. PERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to PERS, P.O. Box 73, Portland, Oregon 97207-0073 or by calling 503-598-7377.

Funding Policy

Members of PERS are required to contribute 6.00% of their salary covered under the plan, which is invested in the OPSRP Individual Account Program. The District is required by ORS 238.225 to contribute at an actuarially determined rate for the qualifying employees under the OPERF plan, and a general service rate for the employees for the qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2010 were 0.0% and 0.35% respectively. During prior years, the District issued limited tax pension bonds, the proceeds of which were used to finance a portion of its estimated unfunded actuarial liability. This contribution rate was revised by the Retirement Board to reflect the issue of pension bonds to finance a portion of the estimated unfunded actuarial liability. The unadjusted rate is currently 14.01% for Tier 1 and 2 and 5.73% for OPSRP. The contribution requirements for plan members are established by ORS Chapter 238 and may be amended by an act of the Oregon Legislature.

Annual Pension Cost

Current law permits employers to pay employee contributions to the Retirement Fund. The 6.00% employee contribution was paid by employees and amounts to \$913,612, \$925,131, and \$912,525 for the years ended June 30, 2010, 2009 and 2008, respectively. Total payroll was \$16,270,347 and covered payroll was \$15,978,770 for the year ended June 30, 2010. The District's contributions to PERS, exclusive of the employee contributions, for the years ended June 30, 2010, 2009 and 2008 were \$40,146, \$66,611, and \$65,692, respectively, which equaled the required contributions for each year.

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.

DEFERRED COMPENSATION

The District has made available to its employees a deferred compensation plan where they may defer amounts earned until either termination by reason of death, resignation, disability, or retirement. 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.

ST. HELENS SCHOOL DISTRICT**NOTES TO BASIC FINANCIAL STATEMENTS (Continued)****YEAR ENDED JUNE 30, 2010**

CLAIMS AND LITIGATION

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.

Management has represented that there are no uninsured contingent liabilities that require disclosure or recognition in accordance with FASB Statement No. 5. 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.

FUND ACCUMULATED DEFICITS

At June 30, 2010, the following funds had negative fund balances:

Food Services Fund	\$	58,522
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The deficit fund balances imply unauthorized interfund borrowings at June 30, 2010.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Oregon law prohibits expenditures in excess of board approved appropriations. The board approves appropriations for each fund by major function. For the year ended June 30, 2010, expenditures exceeded appropriations as follows:

Fund/Appropriation Category	Appropriation	Expenditure	Variance
General Fund			
Transfers out	\$ 503,819	\$ 604,088	\$ (100,269)
Combined Grants and Projects Fund			
Instruction	1,776,307	2,061,393	(285,086)
Support services	190,086	421,708	(231,622)
Non-major Funds			
Food Service Fund			
Enterprise and community services	765,000	845,174	(80,174)

ST. HELENS SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2010

GASB PRONOUNCEMENTS ISSUED, NOT YET IN EFFECT

The Governmental Accounting Standards Board (GASB) has issued pronouncements that have future effective dates that may impact future financial presentations.

Management has not currently determined what, if any, impact implementation of the following statement may have on future financial statements.

GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions", issued February, 2009 will be effective for the District beginning with its fiscal year ending June 30, 2011. The Statement establishes new classifications for fund equity and new definitions for governmental fund types.

SUBSEQUENT EVENTS

The District adopted the provisions of Statement of Financial Accounting Standards ("SFAS") No. 165, "Subsequent Events" (ASC 855), as of June 30, 2009. ASC 855 establishes new accounting and disclosure requirements for subsequent events. Management has evaluated subsequent events through December 31, 2010, the date on which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>		<i>GAAP Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Adjustments</i>		
REVENUES						
Local sources	\$ 7,060,735	\$ 7,060,735	\$ 6,713,157	\$ -	\$ 6,713,157	\$ (347,578)
Intermediate sources	325,000	325,000	362,826	-	362,826	37,826
State sources	17,592,691	17,592,691	18,277,739	-	18,277,739	685,048
Federal sources	-	-	928,365	-	928,365	928,365
<i>Total Revenues</i>	24,978,426	24,978,426	26,282,087	-	26,282,087	1,303,661
EXPENDITURES						
Instruction	16,182,665	16,182,665	15,700,649	(31,869)	15,668,780	482,016
Support services	9,131,959	9,131,959	9,031,047	(190,556)	8,840,491	100,912
Debt service:						
Principal	183,000	183,000	183,000	-	183,000	-
Interest and other charges	76,983	76,983	76,483	-	76,483	500
Capital outlay	-	-	-	222,425	222,425	-
<i>Total Expenditures</i>	25,574,607	25,574,607	24,991,179	-	24,991,179	583,428
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(596,181)	(596,181)	1,290,908	-	1,290,908	1,887,089
OTHER FINANCING SOURCES (USES)						
Transfers out	(503,819)	(503,819)	(604,088)	-	(604,088)	(100,269)
NET CHANGE IN FUND BALANCE	(1,100,000)	(1,100,000)	686,820	-	686,820	1,786,820
Fund Balances - Beginning of year	1,700,000	1,700,000	1,835,992	-	1,835,992	135,992
Fund Balances - End of year	\$ 600,000	\$ 600,000	\$ 2,522,812	\$ -	\$ 2,522,812	\$ 1,922,812

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMBINED GRANTS AND PROJECTS FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Adjustments</i>	<i>GAAP Basis</i>	
REVENUES						
Local sources	\$ 279,080	\$ 279,080	\$ 369,585	\$ -	\$ 369,585	\$ 90,505
State sources	80,090	90,513	84,656	-	84,656	(5,857)
Federal sources	1,400,025	1,561,014	1,849,969	-	1,849,969	288,955
<i>Total Revenues</i>	1,759,195	1,930,607	2,304,210	-	2,304,210	373,603
EXPENDITURES						
Instruction	1,618,542	1,776,307	2,061,393	(93,092)	1,968,301	(285,086)
Support services	181,086	190,086	421,708	-	421,708	(231,622)
Enterprise and community services	188,386	206,386	160,909	-	160,909	45,477
Capital outlay	-	-	-	93,092	93,092	-
<i>Total Expenditures</i>	1,988,014	2,172,779	2,644,010	-	2,644,010	(471,231)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(228,819)	(242,172)	(339,800)	-	(339,800)	(97,628)
OTHER FINANCING SOURCES (USES)						
Transfers in	203,819	203,819	304,088	-	304,088	(100,269)
NET CHANGE IN FUND BALANCE	(25,000)	(38,353)	(35,712)	-	(35,712)	(2,641)
Fund Balances - Beginning of year	25,000	38,353	69,067	-	69,067	(30,714)
Fund Balances - End of year	\$ -	\$ -	\$ 33,355	\$ -	\$ 33,355	\$ (33,355)

OTHER SUPPLEMENTARY INFORMATION

ST. HELENS SCHOOL DISTRICT
COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2010

	<i>Special Revenue</i>			
	<i>Food Services</i>	<i>Student Services</i>	<i>Capital Reserve</i>	<i>Early Retirement</i>
ASSETS				
Cash and investments	\$ -	\$ 325,571	\$ 215,759	\$ 402,842
Taxes receivable, net	-	-	-	-
Other receivables	61,984	-	30,038	-
Inventories	1,225	-	-	-
<i>Total Assets</i>	<u>\$ 63,209</u>	<u>\$ 325,571</u>	<u>\$ 245,797</u>	<u>\$ 402,842</u>
LIABILITIES AND FUND BALANCES				
Liabilities				
Accounts payable	\$ 6,665	\$ -	\$ 47,507	\$ 1,763
Other payables	13,933	-	-	-
Due to other funds	101,133	-	-	-
Deferred revenue	-	-	-	-
<i>Total Liabilities</i>	<u>121,731</u>	<u>-</u>	<u>47,507</u>	<u>1,763</u>
Fund balances				
Unreserved, reported in:				
Special revenue funds	(58,522)	325,571	198,290	401,079
Debt service funds	-	-	-	-
<i>Total Fund Balances</i>	<u>(58,522)</u>	<u>325,571</u>	<u>198,290</u>	<u>401,079</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 63,209</u>	<u>\$ 325,571</u>	<u>\$ 245,797</u>	<u>\$ 402,842</u>

<i>Debt Service</i>	<i>Debt Service PERS</i>	<i>Total Other Governmental Funds</i>
\$ 180,486	\$ 34,225	\$ 1,158,883
177,957	-	177,957
-	-	92,022
-	-	1,225
<u>\$ 358,443</u>	<u>\$ 34,225</u>	<u>\$ 1,430,087</u>

\$ -	\$ -	\$ 55,935
-	-	13,933
-	-	101,133
133,635	-	133,635
<u>133,635</u>	<u>-</u>	<u>304,636</u>

-	-	866,418
224,808	34,225	259,033
<u>224,808</u>	<u>34,225</u>	<u>1,125,451</u>
<u>\$ 358,443</u>	<u>\$ 34,225</u>	<u>\$ 1,430,087</u>

ST. HELENS SCHOOL DISTRICT**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2010**

	<i>Special Revenue</i>			
	<i>Food Services</i>	<i>Student Services</i>	<i>Capital Reserve</i>	<i>Early Retirement</i>
REVENUES				
Local sources	\$ 239,478	\$ 586,125	\$ 93,514	\$ 2,550
State sources	7,566	-	-	-
Federal sources	670,405	-	-	-
<i>Total Revenues</i>	917,449	586,125	93,514	2,550
EXPENDITURES				
Current				
Instruction	-	648,709	-	-
Support services	-	-	286,475	232,624
Food services	839,492	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	5,682	-	117,172	-
<i>Total Expenditures</i>	845,174	648,709	403,647	232,624
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	72,275	(62,584)	(310,133)	(230,074)
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	300,000
NET CHANGE IN FUND BALANCES	72,275	(62,584)	(310,133)	69,926
FUND BALANCES, Beginning of year	(130,797)	388,155	508,423	331,153
FUND BALANCES, End of year	\$ (58,522)	\$ 325,571	\$ 198,290	\$ 401,079

<i>Debt Service</i>	<i>Debt Service PERS</i>	<i>Total Other Governmental Funds</i>
\$ 1,968,862	\$ 1,571,278	\$ 4,461,807
-	-	7,566
-	-	670,405
<hr/>	<hr/>	<hr/>
1,968,862	1,571,278	5,139,778
-	-	648,709
-	-	519,099
-	-	839,492
1,094,111	512,367	1,606,478
725,889	1,067,769	1,793,658
-	-	122,854
<hr/>	<hr/>	<hr/>
1,820,000	1,580,136	5,530,290
<hr/>	<hr/>	<hr/>
148,862	(8,858)	(390,512)
-	-	300,000
<hr/>	<hr/>	<hr/>
148,862	(8,858)	(90,512)
75,946	43,083	1,215,963
<hr/>	<hr/>	<hr/>
\$ 224,808	\$ 34,225	\$ 1,125,451
<hr/>	<hr/>	<hr/>

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICES FUND
YEAR ENDED JUNE 30, 2010

	<i>Budgeted Amounts</i>		<i>Actual</i>			<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Adjustments</i>	<i>GAAP Basis</i>	
REVENUES						
Local sources	\$ 348,014	\$ 348,014	\$ 239,478	\$ -	\$ 239,478	\$(108,536)
State sources	12,000	12,000	7,566	-	7,566	(4,434)
Federal sources	404,986	404,986	670,405	-	670,405	265,419
<i>Total Revenues</i>	765,000	765,000	917,449	-	917,449	152,449
EXPENDITURES						
Enterprise and community services	765,000	765,000	845,174	(5,682)	839,492	(80,174)
Capital outlay	-	-	-	5,682	5,682	-
<i>Total Expenditures</i>	765,000	765,000	845,174	-	845,174	(80,174)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	72,275	-	72,275	72,275
Fund Balances - Beginning of year	-	-	(130,797)	-	(130,797)	(130,797)
Fund Balances - End of year	\$ -	\$ -	\$ (58,522)	\$ -	\$ (58,522)	\$ (58,522)

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - STUDENT SERVICES FUND****YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	\$ 654,000	\$ 654,000	\$ 586,125	\$ (67,875)
EXPENDITURES				
Instruction	865,000	865,000	648,709	216,291
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(211,000)	(211,000)	(62,584)	148,416
Fund Balances - Beginning of year	295,000	295,000	388,155	93,155
Fund Balances - End of year	<u>\$ 84,000</u>	<u>\$ 84,000</u>	<u>\$ 325,571</u>	<u>\$ 241,571</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual</i>			
	<i>Original</i>	<i>Final</i>	<i>Budget Basis</i>	<i>Adjustments</i>	<i>GAAP Basis</i>	<i>Variance</i>
REVENUES						
Local sources	\$ 40,000	\$ 40,000	\$ 93,514	\$ -	\$ 93,514	\$ 53,514
EXPENDITURES						
Support services	990,000	990,000	403,647	(117,172)	286,475	586,353
Capital outlay	-	-	-	117,172	117,172	-
<i>Total Expenditures</i>	<u>990,000</u>	<u>990,000</u>	<u>403,647</u>	<u>-</u>	<u>403,647</u>	<u>586,353</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(950,000)	(950,000)	(310,133)	-	(310,133)	639,867
OTHER FINANCING SOURCES (USES)						
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
NET CHANGE IN FUND BALANCE	(850,000)	(850,000)	(310,133)	-	(310,133)	539,867
Fund Balances - Beginning of year	<u>850,000</u>	<u>850,000</u>	<u>508,423</u>	<u>-</u>	<u>508,423</u>	<u>(341,577)</u>
Fund Balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,290</u>	<u>\$ -</u>	<u>\$ 198,290</u>	<u>\$ 198,290</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - EARLY RETIREMENT FUND****YEAR ENDED JUNE 30, 2010**

	Budgeted Amounts		Actual Budget and GAAP	Variance
	Original	Final	Basis	
REVENUES				
Local sources	\$ 6,500	\$ 6,500	\$ 2,550	\$ (3,950)
EXPENDITURES				
Support services	381,500	381,500	232,624	148,876
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(375,000)	(375,000)	(230,074)	144,926
OTHER FINANCING SOURCES (USES)				
Transfers in	300,000	300,000	300,000	-
NET CHANGE IN FUND BALANCE	(75,000)	(75,000)	69,926	144,926
Fund Balances - Beginning of year	320,000	320,000	331,153	11,153
Fund Balances - End of year	\$ 245,000	\$ 245,000	\$ 401,079	\$ 156,079

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - DEBT SERVICE FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual Budget and GAAP Basis</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>		
REVENUES				
Local sources	\$ 1,742,500	\$ 1,742,500	\$ 1,968,862	\$ 226,362
EXPENDITURES				
Debt Service:				
Principal	1,094,111	1,094,111	1,094,111	-
Interest	725,889	725,889	725,889	-
<i>Total Expenditures</i>	<u>1,820,000</u>	<u>1,820,000</u>	<u>1,820,000</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(77,500)	(77,500)	148,862	226,362
Fund Balances - Beginning of year	<u>77,500</u>	<u>77,500</u>	<u>75,946</u>	<u>(1,554)</u>
Fund Balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 224,808</u>	<u>\$ 224,808</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - DEBT SERVICE PERS FUND****YEAR ENDED JUNE 30, 2010**

	<i>Budgeted Amounts</i>		<i>Actual Budget and GAAP</i>	<i>Variance</i>
	<i>Original</i>	<i>Final</i>	<i>Basis</i>	
REVENUES				
Local sources	\$ 1,521,336	\$ 1,521,336	\$ 1,571,278	\$ 49,942
EXPENDITURES				
Debt Service:				
Principal	512,367	512,367	512,367	-
Interest	1,067,769	1,067,769	1,067,769	-
<i>Total Expenditures</i>	<u>1,580,136</u>	<u>1,580,136</u>	<u>1,580,136</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(58,800)	(58,800)	(8,858)	49,942
Fund Balances - Beginning of year	<u>58,800</u>	<u>58,800</u>	<u>43,083</u>	<u>(15,717)</u>
Fund Balances - End of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,225</u>	<u>\$ 34,225</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - GENERAL FUND****YEAR ENDED JUNE 30, 2010**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 5,959,744	\$ 6,743,601	\$ (783,857)
1112	Prior year's taxes	293,093	150,000	143,093
1310	Regular day school tuition	20,331	-	20,331
1500	Earnings on investments	27,917	100,000	(72,083)
1700	Extracurricular activities	3,118	-	3,118
1910	Rentals	10,917	10,000	917
1960	Recovery of prior years' expenditure	258,785	-	258,785
1990	Miscellaneous	139,252	57,134	82,118
1000	<i>Total Local Revenues</i>	6,713,157	7,060,735	(347,578)
INTERMEDIATE REVENUES				
2101	County school funds	207,290	300,000	(92,710)
2105	Natural gas, oil, and mineral receipts	154,539	25,000	129,539
2800	Revenue in lieu of taxes	997	-	997
2000	<i>Total Intermediate Revenues</i>	362,826	325,000	37,826
STATE REVENUES				
3101	State school fund - general support	17,990,850	17,333,452	657,398
3103	Common school fund	286,889	259,239	27,650
3000	<i>Total State Revenues</i>	18,277,739	17,592,691	685,048
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	928,365	-	928,365
5400	FUND BALANCE, Beginning of year	1,835,992	1,700,000	135,992
6000	<i>Total Resources</i>	<u>\$ 28,118,079</u>	<u>\$ 26,678,426</u>	<u>\$ 1,439,653</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND (Continued)
YEAR ENDED JUNE 30, 2010**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 1,507,596	\$ 551,189	\$ 179
1112	Intermediate programs	1,842,258	748,369	4,097
1113	Elementary extracurricular	84,466	11,516	-
1121	Middle/junior high programs	2,026,399	763,535	-
1122	Middle/junior high school extracurricular	73,897	28,122	8,372
1131	High school programs	2,741,300	1,146,918	65,227
1132	High school extracurricular	350,727	86,804	26,527
1200	Special programs			
1210	Programs for the talented and gifted	7,023	1,169	8,621
1220	Programs for students with mental disabilities	438,325	234,401	185
1240	Programs for students with emotional disturbance	261,795	130,609	1,349
1250	Resource rooms	793,475	374,545	51,567
1260	Early intervention	-	-	-
1280	Alternative education	-	-	941,526
1290	Designated programs			
1291	English second language programs	117,881	49,324	472
1299	Other programs	2,844	505	-
1000	<i>Total Instruction</i>	10,247,986	4,127,006	1,108,122
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	68,776	23,689	949
2120	Guidance services	420,372	198,675	998
2130	Health services	103,649	37,062	1,080
2140	Psychological services	68,773	30,763	6,758
2150	Speech pathology and audiology services	227,948	121,840	5,122
2200	Instructional staff	246,551	209,889	21,241
2300	General administration	270,337	95,924	88,572
2400	School administration	1,215,647	419,642	63,814
2500	Business			
2520	Fiscal services	318,328	178,684	60,142
2540	Operation and maintenance of plant services	846,983	400,123	810,023
2550	Student transportation services	10,277	1,866	1,309,157
2570	Internal services	-	-	112,125
2600	Central activities			
2660	Technology services	157,323	69,792	78,712
2000	<i>Total Support Services</i>	3,954,964	1,787,949	2,558,693
	OTHER USES			
5100	Debt service	-	-	500
5200	Transfers of funds	-	-	-
5000	<i>Total Other Uses</i>	-	-	500
6000	OPERATING CONTINGENCY	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 14,202,950	\$ 5,914,955	\$ 3,667,315

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 34,669	\$ 6,910	\$ -	\$ -	\$ 2,100,543		
25,343	-	-	-	2,620,067		
-	-	-	-	95,982		
28,045	1,064	-	-	2,819,043		
-	-	-	-	110,391		
45,348	16,595	276	-	4,015,664		
1,075	-	1,670	-	466,803		
2,081	-	-	-	18,894		
11,798	-	-	-	684,709		
2,246	-	-	-	395,999		
31,568	7,300	1,130	-	1,259,585		
239	-	-	-	239		
-	-	-	-	941,526		
178	-	-	-	167,855		
-	-	-	-	3,349		
182,590	31,869	3,076	-	15,700,649	\$ 16,182,665	\$ 482,016
-	-	-	-	93,414		
2,025	-	150	-	622,220		
1,651	-	314	-	143,756		
621	-	-	-	106,915		
747	-	-	-	355,657		
47,544	888	8,087	-	534,200		
9,912	1,000	157,298	-	623,043		
30,347	80,550	6,212	-	1,816,212		
19,819	2,228	2,356	-	581,557		
221,991	-	580	-	2,279,700		
103	-	-	-	1,321,403		
1,369	-	-	-	113,494		
26,260	105,890	1,499	-	439,476		
362,389	190,556	176,496	-	9,031,047	9,131,959	100,912
-	-	258,983	-	259,483		
-	-	-	604,088	604,088		
-	-	258,983	604,088	863,571	763,802	(99,769)
-	-	-	-	-	600,000	600,000
-	-	-	2,522,812	2,522,812	-	(2,522,812)
\$ 544,979	\$ 222,425	\$ 438,555	\$ 3,126,900	\$ 28,118,079	\$ 26,678,426	\$ (1,439,653)

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMBINED GRANTS AND PROJECTS FUND
YEAR ENDED JUNE 30, 2010**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1800	Community services activities	\$ 211,052	\$ 279,080	\$ (68,028)
1990	Miscellaneous	158,533	-	158,533
1000	<i>Total Local Revenues</i>	369,585	279,080	90,505
STATE REVENUES				
3299	Other restricted grants-in-aid	84,656	90,513	(5,857)
FEDERAL REVENUES				
4300	Restricted revenue direct from the federal government	54,598	151,867	(97,269)
4500	Restricted revenue from the federal government through the state	1,795,371	1,409,147	386,224
4000	<i>Total Federal Revenues</i>	1,849,969	1,561,014	288,955
OTHER SOURCES				
5200	Interfund transfers	304,088	203,819	100,269
5400	FUND BALANCE, Beginning of year	69,067	38,353	30,714
6000	<i>Total Resources</i>	<u>\$ 2,677,365</u>	<u>\$ 2,172,779</u>	<u>\$ 504,586</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - COMBINED GRANTS AND PROJECTS FUND (Continued)
YEAR ENDED JUNE 30, 2010**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	\$ 15,537	\$ 5,036	\$ -
1112	Intermediate programs	28,874	9,975	-
1122	Middle/junior high school extracurricular	13,096	2,817	-
1131	High school programs	290,302	76,494	9,843
1132	High school extracurricular	11,924	3,825	-
1200	Special programs			
1250	Resource rooms	591,955	270,464	22,640
1270	Educationally disadvantaged	421,936	142,848	16
1400	Summer school programs	333	61	-
1000	<i>Total Instruction</i>	1,373,957	511,520	32,499
	SUPPORT SERVICES			
2100	Students			
2130	Health services	-	-	-
2150	Speech pathology and audiology services	11,576	8,408	-
2190	Service direction, student support services	508	94	-
2200	Instructional staff	195,194	76,391	11,021
2400	School administration	-	-	1,239
2500	Business			
2520	Fiscal services	6,679	4,335	-
2540	Operation and maintenance of plant services	-	99	3,882
2550	Student transportation services	-	-	9,853
2600	Central activities			
2660	Technology services	-	-	2,924
2000	<i>Total Support Services</i>	213,957	89,327	28,919
	ENTERPRISE AND COMMUNITY SERVICES			
3300	Community services			
3390	Other community services	517	91	-
3500	Custody and care of children services	100,599	55,544	-
3000	<i>Total Enterprise and Community Services</i>	101,116	55,635	-
	FUND BALANCE, End of year			
		-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 1,689,030	\$ 656,482	\$ 61,418

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ -	\$ -	\$ 20,573		
-	-	-	-	38,849		
4,273	-	-	-	20,186		
25,507	14,985	8,650	-	425,781		
1,392	-	370	-	17,511		
4,023	78,107	-	-	967,189		
6,110	-	-	-	570,910		
-	-	-	-	394		
41,305	93,092	9,020	-	2,061,393	\$ 1,776,307	\$ (285,086)
1,033	-	-	-	1,033		
-	-	-	-	19,984		
-	-	-	-	602		
77,531	-	-	-	360,137		
-	-	-	-	1,239		
-	-	-	-	11,014		
10,778	-	-	-	14,759		
-	-	163	-	10,016		
-	-	-	-	2,924		
89,342	-	163	-	421,708	190,086	(231,622)
4,158	-	-	-	4,766		
-	-	-	-	156,143		
4,158	-	-	-	160,909	206,386	45,477
-	-	-	33,355	33,355	-	(33,355)
\$ 134,805	\$ 93,092	\$ 9,183	\$ 33,355	\$ 2,677,365	\$ 2,172,779	\$ (504,586)

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - FOOD SERVICES FUND****YEAR ENDED JUNE 30, 2010**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1600	Food service	\$ 239,478	\$ 348,014	\$ (108,536)
STATE REVENUES				
3102	State school fund - school lunch match	-	12,000	(12,000)
3299	Other restricted grants-in-aid	7,566	-	7,566
3000	<i>Total State Revenues</i>	7,566	12,000	(4,434)
FEDERAL REVENUES				
4500	Restricted revenue from the federal government through the state	608,900	354,986	253,914
4900	Revenue for/on behalf of the district	61,505	50,000	11,505
4000	<i>Total Federal Revenues</i>	670,405	404,986	265,419
5400	FUND BALANCE, Beginning of year	(130,797)	-	(130,797)
6000	<i>Total Resources</i>	<u>\$ 786,652</u>	<u>\$ 765,000</u>	<u>\$ 21,652</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - FOOD SERVICES FUND (Continued)****YEAR ENDED JUNE 30, 2010**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>ENTERPRISE AND COMMUNITY SERVICES</i>			
3100	Food services			
3110	Service area direction	\$ 70,807	\$ 23,925	\$ -
3120	Food preparation and dispensing services	239,649	88,102	5,538
3000	<i>Total Enterprise and Community Services</i>	310,456	112,027	5,538
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	\$ 310,456	\$ 112,027	\$ 5,538

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ - 408,407	\$ - 5,682	\$ - 3,064	\$ - -	\$ 94,732 750,442		
408,407	5,682	3,064	-	845,174	\$ 765,000	\$ (80,174)
-	-	-	(58,522)	(58,522)	-	58,522
<u>\$ 408,407</u>	<u>\$ 5,682</u>	<u>\$ 3,064</u>	<u>\$ (58,522)</u>	<u>\$ 786,652</u>	<u>\$ 765,000</u>	<u>\$ (21,652)</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STUDENT SERVICES FUND****JUNE 30, 2010**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1500	Earnings on investments	\$ 15	\$ 4,000	\$ (3,985)
1700	Extracurricular activities	560,277	625,000	(64,723)
1950	Textbook sales and rentals	8,745	10,000	(1,255)
1990	Miscellaneous	17,088	15,000	2,088
1000	<i>Total Local Revenues</i>	586,125	654,000	(67,875)
5400	FUND BALANCE, Beginning of year	388,155	295,000	93,155
6000	<i>Total Resources</i>	<u>\$ 974,280</u>	<u>\$ 949,000</u>	<u>\$ 25,280</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - STUDENT SERVICES FUND (Continued)****JUNE 30, 2010**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	INSTRUCTION			
1100	Regular programs			
1113	Elementary extracurricular	\$ -	\$ -	\$ -
1122	Middle/junior high school extracurricular	-	-	-
1132	High school extracurricular	-	-	-
1000	Total Instruction	-	-	-
7000	FUND BALANCE, End of year	-	-	-
8000	Total Expenditures and Ending Balance	\$ -	\$ -	\$ -

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 32,454	\$ -	\$ -	\$ -	\$ 32,454		
91,062	-	-	-	91,062		
525,193	-	-	-	525,193		
648,709	-	-	-	648,709	\$ 865,000	\$ 216,291
-	-	-	325,571	325,571	84,000	(241,571)
<u>\$ 648,709</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 325,571</u>	<u>\$ 974,280</u>	<u>\$ 949,000</u>	<u>\$ (25,280)</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2010**

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
<i>LOCAL REVENUES</i>				
1200	Revenue from local governmental units other than districts	\$ 93,514	\$ 40,000	\$ 53,514
<i>OTHER SOURCES</i>				
5200	Interfund transfers	-	100,000	(100,000)
5400	<i>FUND BALANCE, Beginning of year</i>	508,423	850,000	(341,577)
6000	<i>Total Resources</i>	<u>\$ 601,937</u>	<u>\$ 990,000</u>	<u>\$ (388,063)</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - CAPITAL RESERVE FUND (Continued)****YEAR ENDED JUNE 30, 2010**

Code	Function	100 Salaries	200 Employee Benefits	300 Purchased Services
	SUPPORT SERVICES			
2500	Business			
2540	Operation and maintenance of plant services	\$ -	\$ -	\$ 284,406
7000	FUND BALANCE, End of year	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 284,406</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ 122	\$ 117,172	\$ 1,947	\$ -	\$ 403,647	\$ 990,000	\$ 586,353
-	-	-	198,290	198,290	-	(198,290)
<u>\$ 122</u>	<u>\$ 117,172</u>	<u>\$ 1,947</u>	<u>\$ 198,290</u>	<u>\$ 601,937</u>	<u>\$ 990,000</u>	<u>\$ 388,063</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - EARLY RETIREMENT FUND
YEAR ENDED JUNE 30, 2010**

<i>Code</i>	<i>Function</i>	<i>Actual</i>	<i>Budget</i>	<i>Variance</i>
<i>LOCAL REVENUES</i>				
1500	Earnings on investments	\$ 2,550	\$ 6,500	\$ (3,950)
<i>OTHER SOURCES</i>				
5200	Interfund transfers	300,000	300,000	-
5400	<i>FUND BALANCE, Beginning of year</i>	331,153	320,000	11,153
6000	<i>Total Resources</i>	<u>\$ 633,703</u>	<u>\$ 626,500</u>	<u>\$ 7,203</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - EARLY RETIREMENT FUND (Continued)
YEAR ENDED JUNE 30, 2010**

<i>Code</i>	<i>Function</i>	<i>100 Salaries</i>	<i>200 Employee Benefits</i>	<i>300 Purchased Services</i>
	<i>SUPPORT SERVICES</i>			
2700	Supplemental retirement program	\$ -	\$ 232,624	\$ -
7000	<i>FUND BALANCE, End of year</i>	-	-	-
8000	<i>Total Expenditures and Ending Balance</i>	<u>\$ -</u>	<u>\$ 232,624</u>	<u>\$ -</u>

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ -	\$ -	\$ 232,624	\$ 381,500	\$ 148,876
-	-	-	401,079	401,079	245,000	(156,079)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 401,079</u>	<u>\$ 633,703</u>	<u>\$ 626,500</u>	<u>\$ (7,203)</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -****BUDGET AND ACTUAL - DEBT SERVICE FUND****YEAR ENDED JUNE 30, 2010**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1111	Current year's taxes	\$ 1,859,366	\$ 1,683,500	\$ 175,866
1112	Prior year's taxes	99,827	50,000	49,827
1500	Earnings on investments	9,669	9,000	669
1000	Total Local Revenues	1,968,862	1,742,500	226,362
5400	FUND BALANCE, Beginning of year	75,946	77,500	(1,554)
6000	Total Resources	\$ 2,044,808	\$ 1,820,000	\$ 224,808

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE FUND (Continued)****YEAR ENDED JUNE 30, 2010**

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

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ 1,820,000	\$ -	\$ 1,820,000	\$ 1,820,000	\$ -
-	-	-	224,808	224,808	-	(224,808)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,820,000</u>	<u>\$ 224,808</u>	<u>\$ 2,044,808</u>	<u>\$ 1,820,000</u>	<u>\$ (224,808)</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE PERS FUND
YEAR ENDED JUNE 30, 2010**

Code	Function	Actual	Budget	Variance
LOCAL REVENUES				
1500	Earnings on investments	\$ 4,674	\$ 10,000	\$ (5,326)
1970	Services provided other funds	1,566,604	1,511,336	55,268
1000	Total Local Revenues	1,571,278	1,521,336	49,942
5400	FUND BALANCE, Beginning of year	43,083	58,800	(15,717)
6000	Total Resources	\$ 1,614,361	\$ 1,580,136	\$ 34,225

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - DEBT SERVICE PERS FUND (Continued)
YEAR ENDED JUNE 30, 2010**

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

<i>400 Supplies & Materials</i>	<i>500 Capital Outlay</i>	<i>600 Other Objects</i>	<i>700 Transfers</i>	<i>Actual Fund Total</i>	<i>Appropriations</i>	<i>Variance</i>
\$ -	\$ -	\$ 1,580,136	\$ -	\$ 1,580,136	\$ 1,580,136	\$ -
-	-	-	34,225	34,225	-	(34,225)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,580,136</u>	<u>\$ 34,225</u>	<u>\$ 1,614,361</u>	<u>\$ 1,580,136</u>	<u>\$ (34,225)</u>

OTHER SCHEDULES

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2010

<i>Tax Year</i>	<i>Uncollected Balances July 1, 2009</i>	<i>2009-10 Levy</i>	<i>Interest Discounts & Adjustments</i>	<i>Turnovers</i>	<i>Uncollected Balances June 30, 2010</i>
2009-2010	\$ -	\$ 8,989,295	\$ 742,291	\$ 7,796,393	\$ 450,611
2008-2009	435,401	-	(12,474)	214,089	233,786
2007-2008	186,301	-	(23,486)	89,035	120,752
2006-2007	86,176	-	(17,762)	73,693	30,245
2005-2006	26,340	-	(7,621)	29,005	4,956
2004-2005	6,732	-	(1,086)	4,047	3,771
2003-2004	3,900	-	(170)	1,248	2,822
Prior Years	7,942	-	(2,672)	1,633	8,981
Total	<u>\$ 752,792</u>	<u>\$ 8,989,295</u>	<u>\$ 677,020</u>	<u>\$ 8,209,143</u>	<u>\$ 855,924</u>

Turnover Reconciliation

Columbia County Turnovers	\$ 8,209,143
Change in taxes available to meet current demands, net	(441)
Other taxes and adjustments	3,328
Total property tax revenue recognized	<u>\$ 8,212,030</u>

General Fund	\$ 6,252,837
Debt Service	1,959,193
	<u>\$ 8,212,030</u>

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 2010

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>
BOND PRINCIPAL TRANSACTIONS			
Series 2002	2.06% - 6.10%	2002	2028
Series 2003	1.50% - 6.27%	2003	2028
Series 1999	3.70% - 5.05%	1999	2018
Capital lease	3.50% - 5.75%	2001	2016
Tax exempt financing agreement	4.0%	2007	2018

	<i>Interest Rates</i>	<i>Date of Issue</i>	<i>Fiscal Year of Maturity</i>
BOND INTEREST TRANSACTIONS			
Series 2002	2.06% - 6.10%	2002	2028
Series 2003	1.50% - 6.27%	2003	2028
Series 1999	3.70% - 5.05%	1999	2018
Capital lease	3.9% - 4.9%	2001	2016
Tax exempt financing agreement	4.0%	2007	2018

<i>Outstanding July 1, 2009</i>	<i>Bonds Issued</i>	<i>Bonds Paid</i>	<i>Outstanding June 30, 2010</i>
\$ 10,195,065	\$ -	\$ 155,819	\$ 10,039,246
12,905,420	-	356,548	12,548,872
8,821,921	-	1,094,111	7,727,810
295,000	-	35,000	260,000
1,576,000	-	148,000	1,428,000
<hr/>	<hr/>	<hr/>	<hr/>
\$ 33,793,406	\$ -	\$ 1,789,478	\$ 32,003,928
<hr/>	<hr/>	<hr/>	<hr/>

<i>Unmatured Interest Outstanding July 1, 2009</i>	<i>New Issues</i>	<i>Interest Coupons Paid/ Refunded</i>	<i>Unmatured Interest June 30, 2010</i>
\$ 9,409,727	\$ -	\$ 505,320	\$ 8,904,407
14,106,259	-	562,449	13,543,810
9,658,081	-	725,889	8,932,192
68,408	-	15,903	52,505
300,760	-	60,080	240,680
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\$ 33,543,235	\$ -	\$ 1,869,641	\$ 31,673,594
<hr/>	<hr/>	<hr/>	<hr/>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT****JUNE 30, 2010**

<i>Fiscal Year Ending June 30,</i>	<i>Pension Bonds - Series 2002</i>			<i>Pension Bonds - Series 2003</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 168,759	\$ 527,380	\$ 696,139	\$ 367,605	\$ 601,392	\$ 968,997
2012	183,018	553,121	736,139	376,066	642,931	1,018,997
2013	194,149	581,990	776,139	384,143	689,854	1,073,997
2014	202,312	613,828	816,140	388,528	740,469	1,128,997
2015	208,467	647,672	856,139	390,359	798,638	1,188,997
2016	214,240	686,899	901,139	390,181	858,816	1,248,997
2017	217,700	728,439	946,139	389,303	919,694	1,308,997
2018	222,167	773,973	996,140	387,214	986,783	1,373,997
2019	225,133	821,006	1,046,139	385,456	1,058,541	1,443,997
2020	228,301	872,838	1,101,139	382,972	1,131,025	1,513,997
2021	715,000	441,139	1,156,139	380,654	1,208,343	1,588,997
2022	810,000	401,814	1,211,814	378,355	1,285,642	1,663,997
2023	915,000	357,426	1,272,426	378,036	1,365,961	1,743,997
2024	1,025,000	307,193	1,332,193	1,400,000	428,997	1,828,997
2025	1,145,000	250,305	1,395,305	1,565,000	350,456	1,915,456
2026	1,280,000	186,758	1,466,758	1,745,000	261,564	2,006,564
2027	1,420,000	115,718	1,535,718	1,940,000	162,448	2,102,448
2028	665,000	36,908	701,908	920,000	52,256	972,256
	<u>\$ 10,039,246</u>	<u>\$ 8,904,407</u>	<u>\$ 18,943,653</u>	<u>\$ 12,548,872</u>	<u>\$ 13,543,810</u>	<u>\$ 26,092,682</u>

<i>Fiscal Year Ending June 30,</i>	<i>General Obligation Bonds - Series 1999</i>			<i>Capital Lease Obligation</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 1,064,700	\$ 810,300	\$ 1,875,000	\$ 40,000	\$ 14,205	\$ 54,205
2012	1,033,168	896,832	1,930,000	40,000	12,225	52,225
2013	1,002,323	987,677	1,990,000	40,000	10,025	50,025
2014	974,524	1,070,476	2,045,000	45,000	7,825	52,825
2015	950,386	1,159,614	2,110,000	45,000	5,350	50,350
2016	922,944	1,247,056	2,170,000	50,000	2,875	52,875
2017	899,945	1,335,055	2,235,000	-	-	-
2018	879,820	1,425,182	2,305,002	-	-	-
2019	-	-	-	-	-	-
2020	-	-	-	-	-	-
2021	-	-	-	-	-	-
2022	-	-	-	-	-	-
2023	-	-	-	-	-	-
2024	-	-	-	-	-	-
2025	-	-	-	-	-	-
2026	-	-	-	-	-	-
2027	-	-	-	-	-	-
2028	-	-	-	-	-	-
	<u>\$ 7,727,810</u>	<u>\$ 8,932,192</u>	<u>\$ 16,660,002</u>	<u>\$ 260,000</u>	<u>\$ 52,505</u>	<u>\$ 312,505</u>

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)****JUNE 30, 2010**

<i>Fiscal Year Ending June 30,</i>	<i>Tax Exempt Financing Agreement - Series 2007</i>			<i>Totals</i>		
	<i>Principal</i>	<i>Interest</i>	<i>Total</i>	<i>Principal</i>	<i>Interest</i>	<i>Total</i>
2011	\$ 154,000	\$ 54,040	\$ 208,040	\$ 1,795,064	\$ 2,007,317	\$ 3,802,381
2012	161,000	47,740	208,740	1,793,252	2,152,849	3,946,101
2013	167,000	41,180	208,180	1,787,615	2,310,726	4,098,341
2014	174,000	34,360	208,360	1,784,364	2,466,958	4,251,322
2015	181,000	27,260	208,260	1,775,212	2,638,534	4,413,746
2016	189,000	19,860	208,860	1,766,365	2,815,506	4,581,871
2017	197,000	12,140	209,140	1,703,948	2,995,328	4,699,276
2018	205,000	4,100	209,100	1,694,201	3,190,038	4,884,239
2019	-	-	-	610,589	1,879,547	2,490,136
2020	-	-	-	611,273	2,003,863	2,615,136
2021	-	-	-	1,095,654	1,649,482	2,745,136
2022	-	-	-	1,188,355	1,687,456	2,875,811
2023	-	-	-	1,293,036	1,723,387	3,016,423
2024	-	-	-	2,425,000	736,190	3,161,190
2025	-	-	-	2,710,000	600,761	3,310,761
2026	-	-	-	3,025,000	448,322	3,473,322
2027	-	-	-	3,360,000	278,166	3,638,166
2028	-	-	-	1,585,000	89,164	1,674,164
	<u>\$ 1,428,000</u>	<u>\$ 240,680</u>	<u>\$ 1,668,680</u>	<u>\$ 32,003,928</u>	<u>\$ 31,673,594</u>	<u>\$ 63,677,522</u>

ST. HELENS SCHOOL DISTRICT**DEPARTMENT OF EDUCATION SUPPLEMENTARY INFORMATION****YEAR ENDED JUNE 30, 2010**

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

Objects 325 & 326	
Function 2540	\$ 421,431
Function 2550	\$ 0

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

\$ 8,550

Exclude these functions:

1113, 1122 & 1132

1140

1300

1400

Co-curricular Activities

Pre-Kindergarten

Continuing Education

Summer School

Exclude these functions:

4150

2550

3100

3300

Construction

Pupil Transportation

Food Service

Community Services

COMPLIANCE SECTION

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2010

<i>Federal Grantor/Pass-through Grantor/Program Title</i>	<i>Grant Award Period</i>	<i>Federal CFDA Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Expenditures</i>
U.S. Department of Agriculture				
Passed through State Department of Education:				
National School Breakfast Program (SBP)	2009-10	10.553	N/A	\$ 81,812
National School Lunch Program (NSLP)	2009-10	10.555	N/A	542,188
Summer Food Service Program	2009-10	10.559	N/A	46,405
<i>Subtotal Child Nutrition Cluster</i>				<u>670,405</u>
Passed through Department of Community Colleges and Workforce Development				
ARRA - Oregon Youth Conservation Corp	2009-10	10.688	GRNT0306	<u>32,000</u>
Total U.S. Department of Agriculture				702,405
U.S. Department of Labor				
Passed through Department of Community Colleges and Workforce Development				
Oregon Youth Conservation Corp	2009-10	17.259	GRNT0237 & GRNT0271	<u>7,000</u>
<i>Subtotal WIA Cluster</i>				<u>7,000</u>
Total U.S. Department of Labor				7,000
U.S. Department of Education				
Passed through State Department of Education:				
Title ID Grant - Intervention for Children	2008-09	84.010	12918	1,845
Title ID Grant - Intervention for Children	2009-10	84.010	16483	7,366
Title IA	2008-09	84.010	12881	154,497
Title IA	2009-10	84.010	16654	285,010
ARRA - Title IA	2009-11	84.389	15748	270,852
ARRA - Title ID	2009-11	84.389	16921	2,311
<i>Subtotal Title I, Part A Cluster</i>				<u>721,881</u>
Special Education - Grants to States SPR&I	2009-10	84.027	17561	3,203
Special Education - Grants to States Extended Assessment Grant	2009-10	84.027	18324	900
Special Education - Grants to States IDEA, Part B	2008-09	84.027	13707	21,190
Special Education-Grants to States IDEA, Part B	2009-10	84.027	17831	570,733
Special Education-Grants to States IDEA, Part B, ARRA	2009-11	84.391	15298	297,803
<i>Subtotal Special Education Cluster (IDEA)</i>				<u>893,829</u>

See notes to schedule of expenditures of federal awards.

ST. HELENS SCHOOL DISTRICT**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, (Continued)****YEAR ENDED JUNE 30, 2010**

<i>Federal Grantor/Pass-through Grantor/Program Title</i>	<i>Grant Award Period</i>	<i>Federal CFDA Number</i>	<i>Pass Through Entity Identifying Number</i>	<i>Expenditures</i>
<i>U.S. Department of Education (Continued)</i>				
Passed through State Department of Education (continued):				
Title IV Safe and Drug-Free Schools and Communities	2009-10	84.186	17157	\$ 6,950
Title IID Enhancing Education Through Technology	2009-10	84.318	16440	4,341
<i>Subtotal Educational Technology State Grants Cluster</i>				<u>4,341</u>
Title IIA Improving Teacher Quality State Grants	2009-10	84.367	16853	117,395
Education of Homeless Children and Youth, ARRA	2009-11	84.387	15577	1,214
<i>Subtotal Education of Homeless Children and Youth Cluster</i>				<u>1,214</u>
ARRA State Fiscal Stabilization Fund	2009-10	84.394	17205	928,365
<i>Subtotal State Fiscal Stabilization Fund Cluster</i>				<u>928,365</u>
Passed through Department of Health and Human Services:				
Youth Transition Program	2009-10	84.126		54,598
<i>Subtotal Vocational Rehabilitation Cluster</i>				<u>54,598</u>
<i>Total U.S. Department of Education</i>				<u>2,728,573</u>
<i>U.S. Department of Health and Human Services</i>				
Passed through Oregon Employment Department				
Child Care and Development Block Grant	2009-10	93.575		10,762
<i>Subtotal Child Care and Development Fund Cluster</i>				<u>10,762</u>
<i>Total U.S. Department of Health and Human Services</i>				<u>10,762</u>
<i>Total Federal Financial Assistance</i>				<u>\$ 3,448,740</u>

See notes to schedule of expenditures of federal awards.

ST. HELENS SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

Purpose of the Schedule

The accompanying schedule of expenditures of federal awards (the Schedule) is a supplementary schedule to the St. Helens School District's financial statements and is presented for purposes of additional analysis. Because the Schedule presents only a selected portion of the activities of the St. Helens School District, it is not intended to and does not present either the financial position, changes in net assets, or the operating funds' revenues, expenditures and changes in fund balances of the St. Helens School District.

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The information in the Schedule is presented in accordance with OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

Federal Financial Assistance

Pursuant to the Single Audit Act Amendments of 1996 and OMB Circular A-133, 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, nonmonetary 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

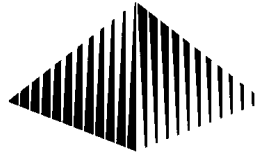
The Single Audit Act Amendments of 1996 and OMB Circular A-133 establish criteria to be used in defining major federal financial assistance programs. Major programs for the St. Helens School District are those programs selected for testing by the auditor using a risk-assessment model, as well as certain minimum expenditure requirements, as outlined in OMB Circular A-133. 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. Additionally, the Schedule includes all federal programs administered by the St. Helens School District for the year ended June 30, 2010.

Revenue and Expenditure Recognition

The receipt and expenditure of federal awards are accounted for under the modified accrual basis of accounting. Revenues are recorded as received in cash or on the accrual basis where measurable and available. Expenditures are recorded when the liability is incurred.



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

Board of Directors
St Helens School District
St Helens, Oregon

We have audited the basic financial statements of St Helens School District, Columbia County, Oregon (the District) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 31, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the 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 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.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **State school fund factors and calculation.**

In connection with our testing nothing came to our attention that caused us to believe the District was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations except as follows:

- Expenditures exceeded appropriations for June 30, 2010 as noted in the notes to the financial statements.
- Budgeted debt service expenditures were not identified as to principal and interest by issue in the budget for June 30, 2011.

- Food Services Fund has a negative fund balance as noted in the notes to the financial statements.
- The District was unable to provide documentation of publication of the budget committee meeting for June 30, 2011 budget.
- We noted five exceptions in our sample of 23 certified employees during testing of teacher certification reported to ODE.

OAR 162-10-0230 Internal Control

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the District as of and for the year ended June 30, 2010 in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

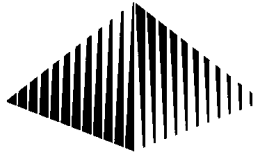
This report is intended solely for the information and use of the School Board and management of St Helens School District and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these specified parties.

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

By: _____



Charles A. Swank, A Shareholder
December 31, 2010



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

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

Board of Directors
St. Helens School District
St. Helens, Oregon

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of St. Helens School District, Columbia County, Oregon (the District), as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 31, 2010. The report on the government-wide financial statements was qualified because the District has not implemented GASB 45 relating to the accrual of liabilities for other postemployment benefits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be material weaknesses (2009-3).

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be a significant deficiency (2009-1).

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 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*.

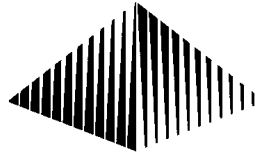
We noted certain matters that we reported to management of the District in a separate letter dated December 31, 2010.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the School Board, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2010



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
(503) 581-7788

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
St. Helens School District
St. Helens, Oregon

Compliance

We have audited the compliance of St. Helens School District, Columbia County, Oregon (the District) with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2010-1.

Internal Control Over Compliance

The management of St. Helens School District, Columbia County, Oregon is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use management, the School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2010

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2010

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Qualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiency(ies) identified?	Yes
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

84.010 & 84.389	Title I, Part A Cluster
84.027 & 84.391	Special Education Cluster (IDEA)
84.367	Title IIA, Improving Teacher Quality State Grants
84.394	State Fiscal Stabilization Fund Cluster (ARRA)

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as low-risk auditee?	Yes

FINANCIAL STATEMENT FINDINGS

PRIOR YEAR'S FINANCIAL STATEMENT FINDINGS

Purchase Orders - 2009-1

Criteria: All purchase orders should be completed and approved prior to incurring expenditures and should also be reviewed by the Business Manager prior to issuance.

Cause of Condition: The software as configured allowed the supervisor signature to be printed on a purchase order without first being approved.

Effect of Condition: This may result in purchases being made that have not been approved by an appropriate supervisor.

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2010

PRIOR YEAR'S FINANCIAL STATEMENT FINDINGS (Continued)

Purchase Orders - 2009-1 (Continued)

Recommendation: We recommend that additional procedures be implemented for review and approval of all purchase orders by management. Implementing the use of blanket purchase orders for regular, frequent transactions, or those based on a signed contract throughout the year would simplify the approval process by reducing the number of individual purchase orders needing to be prepared during the year.

Client Response: The District is committed to enforcing its internal control procedures and reviewing them on a periodic basis.

Cash Disbursements - 2009-2

Criteria: Checks should be printed only after the appropriate check signer's review and approval.

Cause of Condition: The software is not being password protected for different level positions, no written policies or procedures are in place to prevent checks from being printed without the check signer's approval.

Effect of Condition: This may result in unauthorized purchases or payments with one person having access to the system who issues checks.

Recommendation: We recommend that additional procedures be implemented for the check signing process. Check printing system can be password protected so that the check signers can log in and approve all the checks to be printed after review.

Client Response: Corrective action has been taken.

Journal Entries - 2009-3

Criteria: The Business Manager currently drafts and posts journal entries. There is no additional review of journal entries.

Cause of Condition: Due to size of accounting staff, segregation of accounting duties is currently less than optimal.

Effect of Condition: Without review prior to posting, journal entries being posted may be unauthorized or contain error.

Recommendation: We recommend that another qualified employee review all journal entries prior to posting.

Client Response: The District is revising procedures to more fully utilize the financial system capabilities for routine tasks, minimizing the need to create manual journal entries. The District is also consulting with the fiscal department at the ESD to review manual entries.

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)
YEAR ENDED JUNE 30, 2010

PRIOR YEAR'S FINANCIAL STATEMENT FINDINGS (Continued)

Bank Reconciliations - 2009-4

Criteria: Bank reconciliations should be prepared each month, closely following month end, and all differences should be timely reconciled.

Cause of Condition: Personnel are not allocating sufficient time to this function, and it appears as though a lack of understanding in some concepts involved in reconciling accounts.

Effect of Condition: This may result in failure to detect fraud or errors in a timely manner.

Recommendation: We recommend that personnel obtain additional training in account reconciliations and adequate time be allocated to prepare these reconciliations.

Client Response: Corrective action has been taken.

Food Service Revenues - 2009-5

Criteria: Differences between food service revenue and cash deposited should be reconciled monthly during the revenue recording process. Total cash overs and shorts should be very small.

Cause of Condition: Monthly journal entries are prepared using a projection of revenue calculated based on meals served. This projection does not take all potential differences into consideration, such as meal counts associated with various special programs.

Effect of Condition: This may result in the inability to detect problems in the depositing of food service receipts, and accurate recording of program revenues.

Recommendation: We recommend that the method of monthly recording be redesigned to be based on actual amounts, rather than projections to ensure program revenue is stated accurately and that true cash over or short amounts can be reviewed in a timely manner.

Client Response: Corrective action has been taken.

SEFA Preparation - 2009-6

Criteria: The District should have a process in place that will facilitate preparation of a schedule of expenditures of federal awards that is complete and accurate.

Cause of Condition: The Business Manager is still developing her skills and knowledge regarding SEFA preparation and was therefore not able to identify errors on the SEFA.

Effect of Condition: This may result in inaccuracies in the report.

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2010

PRIOR YEAR'S FINANCIAL STATEMENT FINDINGS (Continued)

SEFA Preparation - 2009-6 (Continued)

Recommendation: We recommend that the Business Manager gain additional knowledge through training regarding SEFA reporting requirements and on revenue recognition pertaining to grants.

Client Response: Corrective action has been taken.

Segregation of Duties - 2009-7

Criteria: Duties must be sufficiently segregated between appropriate accounting staff so that assets of the District are safeguarded.

Cause of Condition: Due to the size of District office staff, the Business Manager is responsible for incompatible duties including approving purchase orders, signing checks, preparing journal entries and reconciling the bank statements.

Effect of Condition: This may result in opportunities for fraud as well as a likelihood that mistakes may not be discovered in a timely manner.

Recommendation: We recommend that the District review their policy over segregation of duties and make changes to procedures to ensure adequate segregation that is compatible with the size of its office staff.

Client Response: Corrective action has been taken. The District will continue to investigate cost effective ways to implement controls or eliminate identified incompatible duties.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Noncompliance with required certified payroll records – 2010-1 (84.010 and 84.389)

Statement of Condition: For the fiscal year 2009-2010, grant charges for some payroll hours were based on scheduled hours rather than documented and approved hours.

Criteria: OMB Circular A-87 requires employee payroll hours charged to the above grants to be approved by management semi-annually for those working 100% on the grant and monthly for those working less than 100% on the grant.

Cause: The grant for which this finding is written was not documenting employee's time in accordance with the requirements of OMB Circular A-87.

Effect: There are no questioned costs, only documentation issues.

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED JUNE 30, 2010

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Noncompliance with required certified payroll records – 2010-1 (84.010 and 84.389) (Continued)

Recommendation: We recommend the District implement procedures for documenting and approving payroll expenditures which meet the documentation requirements of OMB Circular A-87.

Client Response: The District is implementing procedures to document payroll hours charged to federal grants based on actual and approved hours worked.