ST. HELENS SCHOOL DISTRICT
FINANCIAL STATEMENTS
Year Ended June 30, 2011

BOARD OF DIRECTORS

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

Mark Davalos, Superintendent, Clerk
Janine Salisbury, Business Manager

ST. HELENS SCHOOL DISTRICT
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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

School Board
St. Helens School District
Columbia County, Oregon
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, 2011, 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 provides a reasonable basis for our opinions.

The District's government-wide financial statements do not disclose their liability for other post-employment benefits obligations as required under GASB Statement No. 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 previous 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, 2011, 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.

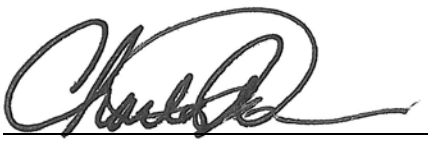
In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2012, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and 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 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.

As described in the notes to the financial statements, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement (GASBS) No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions.*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (MD&A) (pages 3 through 8), and the budgetary comparison information (pages 30 through 31) 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 MD&A in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance. The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise St. Helens School District's financial statements as a whole. The other supplementary information listed in the table of contents, is presented for purposes of additional analysis and is 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 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
January 27, 2012

ST. HELENS SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2011

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, 2011. Information regarding the District's discretely presented component unit can be found in the separately issued financial statements of the component unit.

FINANCIAL HIGHLIGHTS

- In the government-wide statements, the assets of the District exceeded its liabilities at June 30, 2011 by $20.16 million. Of this amount, $20.0 million represents the District's investment in capital assets net of related debt. Liabilities exceeded assets by $161 thousand for unrestricted.
- The District's total net assets increased by $734 thousand.
- The District's governmental funds report a combined ending fund balance of $3.73 million at June 30, 2011, an increase of $46 thousand in comparison with the prior year.
- At the end of the fiscal year ended June 30, 2011, unassigned fund balance for the General Fund was $2.85 million, or 11.5 percent of total General Fund expenditures.
- The District's total liabilities decreased by $2.86 million (7.5 percent) during the 2010-11 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 S*tatement 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, the Combined Grants and Projects Fund, and the Debt Service Fund, which are considered to be major funds. Data from the other five 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.

In the year ended June 30, 2011, the District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. The provisions of GASB Statement No. 54 require that Special Revenue Funds whose primary source of funding is transfers from the General Fund be reported as part of the General Fund. Therefore, the Early Retirement Fund is reported as part of the General Fund in the fund financial statements.

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 $20.16 million as of June 30, 2011.

Capital assets, which consist of the District's land, buildings, building improvements, vehicles, and equipment, represent about 51 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 (97.9 percent) is for the repayment of long-term liabilities (general obligation bonds, capital lease obligations, pension bonds and deferred bond interest). Current liabilities, representing about 2.1 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,

	2011	*2010*	*Net Change*
Current assets	$ 4,967,127	$ 5,869,226	$ (902,099)
Capital assets	28,171,309	28,903,555	(732,246)
Other long-term assets	22,107,199	22,599,736	(492,537)
Total assets	55,245,635	57,372,517	(2,126,882)
Current liabilities	739,725	1,694,870	(955,145)
Long-term liabilities	34,343,166	36,248,891	(1,905,725)
Total liabilities	35,082,891	37,943,761	(2,860,870)
Net assets:			
Invested in captital assets, net of related debt	20,014,199	19,487,745	526,454
Restricted for debt service	309,399	290,918	18,481
Unrestricted	(160,854)	(349,907)	189,053
Total net assets	$ 20,162,744	$ 19,428,756	$ 733,988

Statement of Activities. During the current fiscal year, the District's net assets increased by $734 thousand, as compared to an increase of $956 thousand in the prior year. The key elements of the change in the District's net assets for the year ended June 30, 2011 are as follows:

- Property tax revenues increased by almost $584 thousand (7 percent) during the year.
- Operating grants and contributions increased by $177 thousand (4.8 percent) primarily due to an increase in federal grants received.
- General support from the State School Fund decreased $1.76 million (9.8 percent).
- Expenses were reduced by $1.06 million (3.2 percent).

Changes in Net Assets
For the year ended June 30,

Revenues:	***2011***	***2010***	***Net Change***
Program revenues:			
Charges for service	$ 2,449,429	$ 2,409,470	$ 39,959
Operating grants and contributions	3,876,115	3,699,494	176,621
General revenues:			
Property taxes	8,879,424	8,295,509	583,915
State school fund - general support	16,231,766	17,990,850	(1,759,084)
Common school fund	278,718	286,889	(8,171)
Other state and local sources	435,638	418,342	17,296
Construction excise tax	65,685	93,514	(27,829)
Earnings on investments	35,690	44,825	(9,135)
Miscellaneous	272,367	570,661	(298,294)
Total revenues	32,524,832	33,809,554	(1,284,722)
Expenses:			
Instruction	18,821,839	19,754,542	(932,703)
Support services	9,671,161	9,956,520	(285,359)
Community services	173,866	160,909	12,957
Food services	892,302	847,106	45,196
Interest on long-term debt	2,231,676	2,134,537	97,139
Total expenses	31,790,844	32,853,614	(1,062,770)
Change in net assets	733,988	955,940	(221,952)
Net assets - July 1	19,428,756	18,472,816	955,940
Net assets - June 30	$ 20,162,744	$ 19,428,756	$ 733,988

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, *unassigned 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, 2011, the District's governmental funds reported unassigned combined ending fund balances of $2.79 million, an increase of $277 thousand in comparison with the prior year.

General Fund. The General Fund is the primary operating fund of the District. As of June 30, 2011, unassigned fund balance was $2.85 million. The fund balance increased by about $330 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 11.4 percent of total General Fund expenditures.

Debt Service Funds. The debt service funds have a total fund balance of $164 thousand, all of which is committed to the payment of debt service. The net decrease in fund balance during the current year was $61 thousand (27 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, 2011, the District had invested approximately $28.17 million in capital assets, net of depreciation, as shown in the following table:

Capital Assets
(net of depreciation)
June 30,

	2011	*2010*	*Net Change*
Land	$ 2,373,323	$ 2,373,323	$ -
Buildings and improvements	24,932,171	25,463,434	(531,263)
Vehicles and equipment	865,815	1,066,798	(200,983)
Total	$ 28,171,309	$ 28,903,555	$ (732,246)

During fiscal year 2010-11, the District's investment in capital assets decreased by about $732 thousand. The major capital asset events for the year ended June 30, 2011 include a depreciation expense of almost $1.08 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 $30.2 million, consisting of general obligation bonded debt of $6.66 million, pension bonds of $22.05 million, tax exempt financing of $1.27 million and capital leases of $220 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 $117.58 million, which is significantly in excess of the District's outstanding general obligation debt of $6.66 million. The pension bonds are not subject to the statutory debt limitation.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The most significant economic factor for the District is the State of Oregon's State School Fund. For the year ending June 30, 2011, general support from the State School Fund accounted for 64.5% of the District's general fund revenue. 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 2012-13 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 anticipates another substantial increase in PERS rates starting July 2013. Still coping with losses in the PERS investment fund, rates are expected to increase from 5.06% of affected payroll for Tier 1/Tier 2 members to at least 9%. The District has maintained 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, 2011

	Governmental Activities	*Component Unit*
ASSETS		
Cash and investments	$ 2,176,955	$ 487,212
Receivables	974,654	77,321
Due from other governmental agencies	1,814,293	-
Inventories	1,225	-
Prepaid expenses	-	8,508
Pension asset	22,107,199	-
Capital assets not being depreciated:		
Land	2,373,323	-
Capital assets, net of accumulated depreciation:		
Buildings and improvements	24,932,171	-
Equipment and vehicles	865,815	77,413
Total Assets	55,245,635	650,454
LIABILITIES		
Current liabilities		
Accounts payable and accrued expenses	539,806	187,283
Accrued bond interest payable	101,235	-
Accrued compensated absences payable	98,684	-
Noncurrent liabilities:		
Due within one year	2,079,758	-
Due in more than one year	29,144,424	-
Accrued deferred bond interest payable	3,118,984	
Total Liabilities	35,082,891	187,283
Net Assets		
Invested in capital assets, net of related debt	20,014,199	77,413
Restricted for debt service	309,399	-
Unrestricted	(160,854)	385,758
Total Net Assets	$ 20,162,744	$ 463,171

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

ST. HELENS SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2011

		Program Revenues			
FUNCTIONS/PROGRAMS	***Expenses***	***Charges for Services***	***Operating Grants and Contributions***	***Net (Expense) Revenue and Changes in Net Assets***	***Component Unit***
Governmental activities:					
Instructional programs	$ 18,821,839	$ 2,227,997	$ 3,018,404	$ (13,575,438)	$ (749,083)
Support services					
Student transportation	1,311,158	-	-	(1,311,158)	-
Other support services	8,360,003	6,076	177,020	(8,176,907)	(276,766)
Community services	173,866	-	-	(173,866)	-
Food services	892,302	215,356	680,691	3,745	
Interest on long-term debt	2,231,676	-	-	(2,231,676)	-
Unallocated depreciation	-	-	-	-	(19,777)
Total Governmental Activities	$ 31,790,844	$ 2,449,429	$ 3,876,115	(25,465,300)	
Component Unit					
Mastery Learning Institute Arthur Academy - St. Helens	$ 1,065,476	$ -	$ 19,850		(1,045,626)
General Revenues:					
Property taxes, levied for general purposes				7,055,722	-
Property taxes, levied for debt service				1,823,702	-
Construction excise tax				65,685	-
State school fund				16,231,766	1,188,178
Common school fund				278,718	-
Unrestricted state and local sources				435,638	360
Earnings on investments				35,690	67
Miscellaneous				272,367	-
Total General Revenues				26,199,288	1,188,605
Change in Net Assets				733,988	142,979
Net Assets, July 1, 2010				19,428,756	274,135
Net Assets, June 30, 2011				$ 20,162,744	$ 463,171

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

ST. HELENS SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

JUNE 30, 2011

	General	*Combined Grants and Projects*	*Debt Service*	*Other Governmental Funds*	*Total Governmental Funds*
ASSETS					
Cash and investments	$ 1,420,871	$ -	$ 146,658	$ 609,426	$ 2,176,955
Property taxes receivable, net	622,107	-	162,741	-	784,848
Other receivables	-	94,656	-	95,150	189,806
Due from other funds	510,066	-	-	-	510,066
Receivable from other governments	1,460,663	353,630	-	-	1,814,293
Inventories	-	-	-	1,225	1,225
Total Assets	$ 4,013,707	$ 448,286	$ 309,399	$ 705,801	$ 5,477,193
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 146,721	$ 11,079	$ -	$ 6,655	$ 164,455
Other payables	340,415	29,109	-	5,827	375,351
Due to other funds	-	429,234	-	80,832	510,066
Deferred revenue	554,244	-	145,431	-	699,675
Total Liabilities	1,041,380	469,422	145,431	93,314	1,749,547
Fund Balances					
Nonspendable	-	-	-	1,225	1,225
Restricted for:					
Debt service	-	-	163,968	-	163,968
Committed for:					
Student services	-	-	-	488,028	488,028
Early retirement	118,348	-	-	-	118,348
Debt service	-	-	-	33,209	33,209
Capital reserve	-	-	-	132,444	132,444
Unassigned	2,853,979	(21,136)	-	(42,419)	2,790,424
Total Fund Balances	2,972,327	(21,136)	163,968	612,487	3,727,646
Total Liabilities and Fund Balances	$ 4,013,707	$ 448,286	$ 309,399	$ 705,801	$ 5,477,193

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, 2011

Fund Balances		$ 3,727,646
Capital assets are not financial resources and therefore are not reported in the governmental funds:		
Cost	$ 48,251,001	
Accumulated depreciation	(20,079,692)	28,171,309
PERS UAL Bonds and related pension assets are recorded on the statement of net assets at their net amortized values.		
Prepaid pension costs		22,107,199
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.		699,675
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	(3,220,219)	
Compensated absences payable	(98,684)	
Early retirement incentive payable	(1,015,318)	
Bonds payable	(30,208,864)	(34,543,085)
TOTAL NET ASSETS		$ 20,162,744

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, 2011

	General	*Combined Grants and Projects*	*Debt Service*	*Other Governmental Funds*	*Total Governmental Funds*
REVENUES					
Local sources	$ 7,308,322	$ 284,355	$ 1,814,160	$ 2,505,873	$ 11,912,710
Intermediate sources	185,078	-	-	-	185,078
State sources	16,585,066	37,473	-	13,064	16,635,603
Federal sources	1,066,370	1,820,030	-	857,507	3,743,907
Total Revenues	25,144,836	2,141,858	1,814,160	3,376,444	32,477,298
EXPENDITURES					
Current					
Instruction	15,177,995	1,887,153	-	398,174	17,463,322
Support services	9,229,153	218,783	-	308,551	9,756,487
Enterprise and community services	-	173,866	-	-	173,866
Food services	-	-	-	891,579	891,579
Debt service					
Principal	194,000	-	1,064,700	536,364	1,795,064
Interest	68,245	-	810,300	1,128,853	2,007,398
Capital outlay	252,007	91,547	-	-	343,554
Total Expenditures	24,921,400	2,371,349	1,875,000	3,263,521	32,431,270
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	223,436	(229,491)	(60,840)	112,923	46,028
OTHER FINANCING SOURCES (USES)					
Transfers in	100,000	175,000	-	-	275,000
Transfers out	(275,000)	-	-	-	(275,000)
Total Other Financing Sources (Uses)	(175,000)	175,000	-	-	-
NET CHANGE IN FUND BALANCES	48,436	(54,491)	(60,840)	112,923	46,028
FUND BALANCES, Beginning of year	2,923,891	33,355	224,808	499,564	3,681,618
FUND BALANCES, End of year	$ 2,972,327	$ (21,136)	$ 163,968	$ 612,487	$ 3,727,646

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, 2011

NET CHANGE IN FUND BALANCES - (Governmental Funds)		$ 46,028
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	$ 343,554	
Less current year depreciation	(1,075,800)	(732,246)
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		1,795,064
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.		(224,278)
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.		47,534
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.		302,412
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.		(7,989)
CHANGE IN NET ASSETS		$ 733,988

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

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, except that interfund services are not eliminated. Program revenues include: (1) charges to students or others for tuition, fees, rentals, material, supplies or services provided and (2) operating grants and contributions and (3) capital grants and contributions. Revenues that are not classified as program revenues, including property taxes and state support, are presented as general revenues.

Net 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. Separate statements for each governmental fund category are presented. The emphasis of fund financial statements is on major governmental funds, each being displayed in a separate column. All remaining governmental funds are aggregated and reported as other governmental funds.

***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.

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

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.

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 - 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.

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

Measurement Focus and Basis of Accounting

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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.

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.

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

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.

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.

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

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.

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.

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. No supplemental budgets or resolutions were adopted. Appropriations lapse at the end of each fiscal year.

Governmental Fund Balances

In the year ended June 30, 2011, the District adopted GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*. In the governmental financial statements, fund balances are reported in classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

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

***Governmental Fund Balances** (Continued)*

Governmental Fund type fund balances are classified as follows:

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

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

Definitions of Governmental Fund Types

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

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

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

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

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

***Definitions of Governmental Fund Types** (Continued)*

The provisions of GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions* modified the definitions of the fund types and requires that Special Revenue Funds whose primary source of funding is transfers from the General Fund be reported as part of the General Fund. Therefore, the Early Retirement Fund is reported as part of the General Fund in the governmental financial statements.

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.

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, 2011:

	Carrying Value	***Fair Value***
Cash		
Deposits with financial institutions	$ 440,835	$ 440,835
Cash held by fiscal agent	130,394	130,394
Investments		
Local Government Investment Pool	1,605,726	1,605,726
	$ 2,176,955	$ 2,176,955

Deposits

At June 30, 2011, the District's deposits with various financial institutions had a bank value of $1,468,663. 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

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

Custodial Credit Risk – Deposits (Continued)

funds are 100% protected. Barring any exceptions, a bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of their quarter-end public fund deposits if they are adequately capitalized, or 110% of their quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of the State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public funds bank depositories is available to repay deposits of public funds of government entities. As of June 30, 2011, $1,218,663 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, 2011, 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.

CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2011 is as follows:

	Balance July 1, 2010	***Increases***	***Decreases***	***Balance June 30, 2011***
Capital assets, not being depreciated:				
Land	$ 2,373,323	$ -	$ -	$ 2,373,323
Capital assets, being depreciated:				
Land improvements	1,122,270	-	-	1,122,270
Buildings and improvements	37,283,382	217,977	-	37,501,359
Equipment	6,950,990	125,577	-	7,076,567
Vehicles	177,482	-	-	177,482
Total Capital Assets Being Depreciated	45,534,124	343,554	-	45,877,678
Accumulated depreciation for:				
Land improvements	1,046,856	15,421	-	1,062,277
Buildings and improvements	11,895,362	733,819	-	12,629,181
Equipment	5,895,874	2,150	-	5,898,024
Vehicles	165,800	324,410	-	490,210
Total Accumulated Depreciation	19,003,892	1,075,800	-	20,079,692
Total Capital Assets Being Depreciated, net	26,530,232	(732,246)	-	25,797,986
Total Capital Assets, net	$ 28,903,555	$ (732,246)	$ -	$ 28,171,309

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

Program	
Instructional programs	$ 985,646
Support services	
Other support services	89,431
Food services	723
Total	$ 1,075,800

LONG-TERM DEBT

The following is a summary of long-term debt transactions during the year ended June 30, 2011:

	Original Issue	*Outstanding July 1, 2010*	*Issued*	*Matured/ Redeemed During Year*	*Outstanding June 30, 2011*	*Due Within One Year*
Pension bonds - Series 2002	$ 10,722,217	$ 10,039,246	$ -	$ 168,759	$ 9,870,487	$ 183,018
Pension bonds - Series 2003	14,312,440	12,548,872	-	367,605	12,181,267	376,066
General obligation bonds - Series 1999	18,881,406	7,727,810	-	1,064,700	6,663,110	1,033,168
Capital lease obligation	530,000	260,000	-	40,000	220,000	40,000
Tax exempt financing agreement - Series 2007	1,700,000	1,428,000	-	154,000	1,274,000	161,000
		$ 32,003,928	$ -	$ 1,795,064	$ 30,208,864	$ 1,793,252

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	$ 9,870,487
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	12,181,267
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	6,663,110
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	220,000
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	1,274,000
	$ 30,208,864

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

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

district has no obligation or liability to any other participating school district's pension bonds or liabilities to PERS. In April 2003, OSBA sponsored another pooled limited tax pension bond program with thirty school districts and education service districts. The District 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:

Fiscal Year Ending June 30,	*Principal*	*Interest*	*Total*
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	1,766,365	2,815,506	4,581,871
2017-2021	5,715,665	11,718,258	17,433,923
2022-2026	10,641,391	5,196,116	15,837,507
2027-2028	4,945,000	367,330	5,312,330
	$ 30,208,864	$ 29,666,277	$ 59,875,141

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.

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

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

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, 2011, expenditures related to early retirement benefits totaled $383,070 paid to 76 participants.

Plan activity for the year is as follows:

Outstanding July 1, 2010	*Increases*	*Payments*	*Outstanding June 30, 2011*
$ 1,317,730	$ 80,658	$ 383,070	$ 1,015,318

Amounts due in the current year are $286,506.

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/.

***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 years ended June 30, 2011, 2010 and 2009 totaled $38,955, $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, 2011:

	Transfers In	***Transfers Out***
Fund		
General	$ -	$ 275,000
Combined grants and projects	110,000	-
Other governmental funds		
Early retirement	100,000	-
Food Service	65,000	-
	$ 275,000	$ 275,000

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.

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

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.

***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 qualifying employees under the OPSRP plan. The OPERF and the OPSRP rates in effect for the year ended June 30, 2011 were 0.0% and 0.0% 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 14.63% 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 $879,898, $913,612 and $925,131 for the years ended June 30, 2011, 2010 and 2009, respectively. Total payroll was $15,703,905 and covered payroll was $15,510,355 for the year ended June 30, 2011. There were no District contributions to PERS, exclusive of the employee contributions, for the year ended June 30, 2011. The District's contributions to PERS, for the years ended June 30, 2010 and 2009 were $40,146, and $66,611, 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.

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 Accounting Standards Codification (ASC) 450-20. Such contingent liabilities would include, but would not be confined to: notes or accounts receivable which have been discounted; pending suits; proceedings, hearings, or negotiations possibly involving retroactive adjustments; unsatisfied judgments or claims; taxes in dispute; endorsements or guarantees; and options.

FUND ACCUMULATED DEFICITS

At June 30, 2011, the following funds had negative fund balances:

Combined Grants and Projects Fund	$	21,136
Food Services Fund		41,194

The deficit fund balances imply unauthorized interfund borrowings at June 30, 2011.

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, 2011, expenditures exceeded appropriations as follows:

Fund/Appropriation Category	Appropriation	Expenditure	Variance
Non-major Funds			
Food Service Fund			
Enterprise and community services	$ 851,000	$ 891,579	$ (40,579)
Debt Service - PERS Fund			
Debt service:			
Interest and other charges	1,128,772	1,128,853	(81)

SUBSEQUENT EVENTS

The District follows the provisions of Accounting Standards Codification (ASC) 855, "Subsequent Events". Management has evaluated subsequent events through January 27, 2012, 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, 2011

	Budgeted Amounts			Actual		
	Original	Final	Variance	Budget Basis	Adjustments	GAAP Basis
REVENUES						
Local sources	$ 6,522,096	$ 6,522,096	$ 784,312	$ 7,306,408	$ -	$ 7,306,408
Intermediate sources	325,000	325,000	(139,922)	185,078	-	185,078
State sources	17,460,142	17,460,142	(875,076)	16,585,066	-	16,585,066
Federal sources	-	-	1,066,370	1,066,370	-	1,066,370
Total Revenues	24,307,238	24,307,238	835,684	25,142,922	-	25,142,922
EXPENDITURES						
Instruction	15,496,641	15,496,641	296,142	15,200,499	(22,504)	15,177,995
Support services	9,173,352	9,173,352	99,341	9,074,011	(229,503)	8,844,508
Debt service:						
Principal	194,000	194,000	-	194,000	-	194,000
Interest and other charges	68,245	68,245	-	68,245	-	68,245
Capital outlay	-	-	-	-	252,007	252,007
Operating contingency	300,000	300,000	300,000	-	-	-
Total Expenditures	25,232,238	25,232,238	695,483	24,536,755	-	24,536,755
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(925,000)	(925,000)	1,531,167	606,167	-	606,167
OTHER FINANCING SOURCES (USES)						
Transfers out	(275,000)	(275,000)	-	(275,000)	-	(275,000)
NET CHANGE IN FUND BALANCE	(1,200,000)	(1,200,000)	1,531,167	331,167	-	331,167
Fund Balances - Beginning of year	1,400,000	1,400,000	1,122,812	2,522,812	-	2,522,812
Fund Balances - End of year	$ 200,000	$ 200,000	$ 2,653,979	$ 2,853,979	$ -	$ 2,853,979

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, 2011

	Budgeted Amounts			Actual		
	Original	Final	Variance	Budget Basis	Adjustments	GAAP Basis
REVENUES						
Local sources	$ 315,974	$ 315,974	$ (31,619)	$ 284,355	$ -	$ 284,355
State sources	37,000	37,000	473	37,473	-	37,473
Federal sources	1,913,099	1,913,099	(93,069)	1,820,030	-	1,820,030
Total Revenues	2,266,073	2,266,073	(124,215)	2,141,858	-	2,141,858
EXPENDITURES						
Instruction	1,913,010	1,913,010	20,266	1,892,744	(5,591)	1,887,153
Support services	309,495	309,495	4,756	304,739	(85,956)	218,783
Enterprise and community services	218,568	218,568	44,702	173,866	-	173,866
Capital outlay	-	-	-	-	91,547	91,547
Total Expenditures	2,441,073	2,441,073	69,724	2,371,349	-	2,371,349
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(175,000)	(175,000)	(54,491)	(229,491)	-	(229,491)
OTHER FINANCING SOURCES (USES)						
Transfers in	175,000	175,000	-	175,000	-	175,000
NET CHANGE IN FUND BALANCE	-	-	54,491	(54,491)	-	(54,491)
Fund Balances - Beginning of year	-	-	(33,355)	33,355	-	33,355
Fund Balances - End of year	$ -	$ -	$ 21,136	$ (21,136)	$ -	$ (21,136)

OTHER SUPPLEMENTARY INFORMATION

ST. HELENS SCHOOL DISTRICT

RECONCILIATION OF BUGETARY TO REPORTING FUNDS –
COMBINING BALANCE SHEET – GENERAL FUND
JUNE 30, 2011

	Budgetary Funds		
	General	***Early Retirement***	***Total (reported as General Fund)***
ASSETS			
Cash and investments	$ 1,302,523	$ 118,348	$ 1,420,871
Property taxes receivable, net	622,107	-	622,107
Due from other funds	510,066	-	510,066
Receivable from other governments	1,460,663	-	1,460,663
Total Assets	$ 3,895,359	$ 118,348	$ 4,013,707
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable	$ 146,721	$ -	$ 146,721
Other payables	340,415	-	340,415
Deferred revenue	554,244	-	554,244
Total Liabilities	1,041,380	-	1,041,380
Fund balances			
Committed for:			
Early retirement	-	118,348	118,348
Unassigned	2,853,979	-	2,853,979
Total Fund Balances	2,853,979	118,348	2,972,327
Total Liabilities and Fund Balances	$ 3,895,359	$ 118,348	$ 4,013,707

ST. HELENS SCHOOL DISTRICT

RECONCILIATION OF BUGETARY TO REPORTING FUNDS –
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GENERAL FUND
YEAR ENDED JUNE 30, 2011

	Budgetary Funds		
	General	Early Retirement	Total (reported as General Fund)
REVENUES			
Local sources	$7,306,408	$ 1,914	$ 7,308,322
Intergovernmental	185,078	-	185,078
State sources	16,585,066	-	16,585,066
Federal sources	1,066,370	-	1,066,370
Total Revenues	25,142,922	1,914	25,144,836
EXPENDITURES			
Current			
Instruction	15,177,995	-	15,177,995
Support services	8,844,508	384,645	9,229,153
Debt service			
Principal	194,000	-	194,000
Interest	68,245	-	68,245
Capital outlay	252,007	-	252,007
Total Expenditures	24,536,755	384,645	24,921,400
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	606,167	(382,731)	223,436
OTHER FINANCING SOURCES (USES)			
Transfers in	-	100,000	100,000
Transfers out	(275,000)	-	(275,000)
Total Other Financing Sources and Uses	(275,000)	100,000	(175,000)
NET CHANGE IN FUND BALANCES	331,167	(282,731)	48,436
FUND BALANCES, Beginning of year	2,522,812	401,079	2,923,891
FUND BALANCES, End of year	$2,853,979	$ 118,348	$ 2,972,327

ST. HELENS SCHOOL DISTRICT

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

JUNE 30, 2011

	Special Revenue			Capital Projects	
	Food Services	***Student Services***	***Debt Service PERS***	***Capital Reserve***	***Total Other Governmental Funds***
ASSETS					
Cash and investments	$ -	$ 488,028	$ 33,209	$ 88,189	$ 609,426
Other receivables	50,895	-	-	44,255	95,150
Inventories	1,225	-	-	-	1,225
Total Assets	$ 52,120	$ 488,028	$ 33,209	$ 132,444	$ 705,801
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts payable	$ 6,655	$ -	$ -	$ -	$ 6,655
Other payables	5,827	-	-	-	5,827
Due to other funds	80,832	-	-	-	80,832
Total Liabilities	93,314	-	-	-	93,314
Fund balances					
Nonspendable	1,225	-	-	-	1,225
Committed for:					
Student services	-	488,028	-	-	488,028
Debt service	-	-	33,209	-	33,209
Capital reserve	-	-	-	132,444	132,444
Unassigned	(42,419)	-	-	-	(42,419)
Total Fund Balances	(41,194)	488,028	33,209	132,444	612,487
Total Liabilities and Fund Balances	$ 52,120	$ 488,028	$ 33,209	$ 132,444	$ 705,801

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

	Special Revenue			Capital Projects	
	Food Services	***Student Services***	***Debt Service PERS***	***Capital Reserve***	***Total Other Governmental Funds***
REVENUES					
Local sources	$ 215,356	$ 560,631	$ 1,664,201	$ 65,685	$ 2,505,873
State sources	13,064	-	-	-	13,064
Federal sources	680,487	-	-	177,020	857,507
Total Revenues	908,907	560,631	1,664,201	242,705	3,376,444
EXPENDITURES					
Current					
Instruction	-	398,174	-	-	398,174
Support services	-	-	-	308,551	308,551
Food services	891,579	-	-	-	891,579
Debt service					
Principal	-	-	536,364	-	536,364
Interest	-	-	1,128,853	-	1,128,853
Total Expenditures	891,579	398,174	1,665,217	308,551	3,263,521
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,328	162,457	(1,016)	(65,846)	112,923
FUND BALANCES, Beginning of year	(58,522)	325,571	34,225	198,290	499,564
FUND BALANCES, End of year	$ (41,194)	$ 488,028	$ 33,209	$ 132,444	$ 612,487

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FOOD SERVICES FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	$ 264,000	$ 264,000	$ 215,356	$ (48,644)
State sources	1,850	1,850	13,064	11,214
Federal sources	585,150	585,150	680,487	95,337
Total Revenues	851,000	851,000	908,907	57,907
EXPENDITURES				
Enterprise and community services	851,000	851,000	891,579	(40,579)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	17,328	17,328
Fund Balances - Beginning of year	-	-	(58,522)	(58,522)
Fund Balances - End of year	$ -	$ -	$ (41,194)	$ (41,194)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - STUDENT SERVICES FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	$ 654,000	$ 654,000	$ 560,631	$ (93,369)
EXPENDITURES				
Instruction	865,000	865,000	398,174	466,826
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(211,000)	(211,000)	162,457	373,457
Fund Balances - Beginning of year	211,000	211,000	325,571	114,571
Fund Balances - End of year	$ -	$ -	$ 488,028	$ 488,028

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EARLY RETIREMENT FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	$ 1,200	$ 1,200	$ 1,914	$ 714
EXPENDITURES				
Support services	397,630	397,630	384,645	12,985
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(396,430)	(396,430)	(382,731)	13,699
OTHER FINANCING SOURCES (USES)				
Transfers in	100,000	100,000	100,000	-
NET CHANGE IN FUND BALANCE	(296,430)	(296,430)	(282,731)	13,699
Fund Balances - Beginning of year	320,000	320,000	401,079	81,079
Fund Balances - End of year	$ 23,570	$ 23,570	$ 118,348	$ 94,778

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	$ 1,875,000	$ 1,875,000	$ 1,814,160	$ (60,840)
EXPENDITURES				
Debt Service:				
Principal	1,064,700	1,064,700	1,064,700	-
Interest	810,300	810,300	810,300	-
Total Expenditures	1,875,000	1,875,000	1,875,000	-
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(60,840)	(60,840)
Fund Balances - Beginning of year	-	-	224,808	224,808
Fund Balances - End of year	$ -	$ -	$ 163,968	$ 163,968

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE PERS FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	$ 1,667,636	$ 1,667,636	$ 1,664,201	$ (3,435)
EXPENDITURES				
Debt Service:				
Principal	538,864	538,864	536,364	2,500
Interest	1,128,772	1,128,772	1,128,853	(81)
Total Expenditures	1,667,636	1,667,636	1,665,217	2,419
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	-	-	(1,016)	(1,016)
Fund Balances - Beginning of year	-	-	34,225	34,225
Fund Balances - End of year	$ -	$ -	$ 33,209	$ 33,209

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND
YEAR ENDED JUNE 30, 2011

	Budgeted Amounts		Actual Budget and GAAP Basis	Variance
	Original	Final		
REVENUES				
Local sources	$ 250,000	$ 250,000	$ 65,685	$ (184,315)
Federal sources	-	-	177,020	177,020
Total Revenues	250,000	250,000	242,705	(7,295)
EXPENDITURES				
Support services	500,000	500,000	308,551	191,449
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(250,000)	(250,000)	(65,846)	184,154
Fund Balances - Beginning of year	250,000	250,000	198,290	(51,710)
Fund Balances - End of year	$ -	$ -	$ 132,444	$ 132,444

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1111	Current year's taxes	$ 6,672,063	$ 6,162,096	$ 509,967
1112	Prior year's taxes	301,710	150,000	151,710
1120	Payments in lieu of taxes	46,211	-	46,211
1310	Regular day school tuition	30,157	-	30,157
1500	Earnings on investments	27,166	20,000	7,166
1700	Extracurricular activities	3,551	-	3,551
1910	Rentals	6,076	5,000	1,076
1920	Contributions and donations from private sources	1,000	-	1,000
1960	Recovery of prior years' expenditure	4,277	-	4,277
1990	Miscellaneous	214,197	185,000	29,197
1000	*Total Local Revenues*	7,306,408	6,522,096	784,312
	INTERMEDIATE REVENUES			
2101	County school funds	63,841	300,000	(236,159)
2102	Education service district apportionment	28,320	-	28,320
2105	Natural gas, oil, and mineral receipts	92,917	25,000	67,917
2000	*Total Intermediate Revenues*	185,078	325,000	(139,922)
	STATE REVENUES			
3101	State school fund - general support	16,218,906	17,173,870	(954,964)
3103	Common school fund	278,718	286,272	(7,554)
3104	State managed county timber	87,442	-	87,442
3000	*Total State Revenues*	16,585,066	17,460,142	(875,076)
	FEDERAL REVENUES			
4500	Restricted revenue from the federal government through the state	1,066,370	-	1,066,370
5400	***FUND BALANCE, Beginning of year***	2,522,812	1,400,000	1,122,812
6000	*Total Resources*	$ 27,665,734	$ 25,707,238	$ 1,958,496

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	$ 1,502,594	$ 607,004	$ 844
1112	Intermediate programs	1,734,277	760,664	-
1121	Middle/junior high programs	1,879,690	752,664	-
1122	Middle/junior high school extracurricular	57,079	13,924	4,779
1131	High school programs	2,682,751	1,140,917	22,988
1132	High school extracurricular	335,864	83,582	28,794
1200	Special programs			
1210	Programs for the talented and gifted	3,139	657	2,054
1220	Restrictive programs for students with disabilities	739,173	420,327	292
1250	Resource rooms	653,771	323,110	30,133
1272	Title IA/D	17,522	-	-
1280	Alternative education	-	-	1,027,184
1290	Designated programs			
1291	English second language programs	107,184	47,328	327
1299	Other programs	-	532	-
1400	Summer school programs	8,300	1,655	-
1000	*Total Instruction*	9,721,344	4,152,364	1,117,395
	SUPPORT SERVICES			
2100	Students			
2110	Attendance and social work services	69,199	25,942	959
2120	Guidance services	471,292	196,510	1,289
2130	Health services	108,057	45,309	2,385
2140	Psychological services	69,249	33,511	-
2150	Speech pathology and audiology services	224,929	125,214	16,486
2190	Service direction, student support services	105,184	34,434	2,200
2200	Instructional staff			
2210	Improvement of instruction services	42,798	13,824	8,043
2220	Educational media services	217,828	132,277	4,173
2230	Assessment and testing	-	-	-
2240	Instructional staff development	319	82,095	1,927
2300	General administration			
2310	Board of education services	28,633	14,536	77,761
2320	Executive administration services	213,272	55,207	39,532
2400	School administration			
2410	Office of the principal services	1,185,558	468,138	62,891
2500	Business			
2520	Fiscal services	200,844	104,288	35,415
2540	Operation and maintenance of plant services	864,427	409,486	778,392
2550	Student transportation services	5,917	1,182	1,302,841
2570	Internal services	-	-	51,558
2600	Central activities			
2660	Technology services	168,515	70,519	105,115
2000	*Total Support Services*	3,976,021	1,812,472	2,490,967
	OTHER USES			
5100	Debt service	-	-	-
5200	Transfers of funds	-	-	-
5000	*Total Other Uses*	-	-	-
6000	***OPERATING CONTINGENCY***	-	-	-
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ 13,697,365	$ 5,964,836	$ 3,608,362

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ 37,146	$ 8,038	$ -	$ -	$ 2,155,626		
31,408	-	-	-	2,526,349		
40,259	-	-	-	2,672,613		
(175)	-	-	-	75,607		
52,061	14,336	135	-	3,913,188		
1,249	-	1,800	-	451,289		
1,902	-	135	-	7,887		
9,750	-	-	-	1,169,542		
6,213	130	2,538	-	1,015,895		
-	-	-	-	17,522		
-	-	-	-	1,027,184		
2,471	-	-	-	157,310		
-	-	-	-	532		
-	-	-	-	9,955		
182,284	22,504	4,608	-	15,200,499	$ 15,496,641	$ 296,142
1,028	-	-	-	97,128		
2,039	-	-	-	671,130		
1,304	-	134	-	157,189		
-	-	-	-	102,760		
2,719	-	-	-	369,348		
-	-	-	-	141,818		
25,314	-	79	-	90,058		
10,008	729	-	-	365,015		
1,601	-	-	-	1,601		
563	-	-	-	84,904		
5,727	-	159,821	-	286,478		
4,780	500	670	-	313,961		
34,466	90,906	5,568	-	1,847,527		
10,519	-	5,727	-	356,793		
206,959	36,940	2,076	-	2,298,280		
-	1,218	-	-	1,311,158		
49,639	-	-	-	101,197		
33,653	99,210	654	-	477,666		
390,319	229,503	174,729	-	9,074,011	9,173,352	99,341
-	-	262,245	-	262,245		
-	-	-	275,000	275,000		
-	-	262,245	275,000	537,245	537,245	-
-	-	-	-	-	300,000	300,000
-	-	-	2,853,979	2,853,979	200,000	(2,653,979)
$ 572,603	$ 252,007	$ 441,582	$ 3,128,979	$ 27,665,734	$ 25,707,238	$ (1,958,496)

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, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1310	Regular day school tuition	$ -	$ 99,000	$ (99,000)
1700	Extracurricular activities	-	20,000	(20,000)
1800	Community services activities	284,355	176,974	107,381
1990	Miscellaneous	-	20,000	(20,000)
1000	*Total Local Revenues*	284,355	315,974	(31,619)
	STATE REVENUES			
3299	Other restricted grants-in-aid	37,473	37,000	473
	FEDERAL REVENUES			
4300	Restricted revenue direct from the federal government	-	310,914	(310,914)
4500	Restricted revenue from the federal government through the state	1,820,030	1,602,185	217,845
4000	*Total Federal Revenues*	1,820,030	1,913,099	(93,069)
	OTHER SOURCES			
5200	Interfund transfers	175,000	175,000	-
5400	***FUND BALANCE, Beginning of year***	33,355	-	33,355
6000	*Total Resources*	$ 2,350,213	$ 2,441,073	$ (90,860)

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, 2011

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	INSTRUCTION			
1100	Regular programs			
1111	Primary, K-3	$ 16,190	$ 9,307	$ -
1121	Middle/junior high programs	-	-	-
1122	Middle/junior high school extracurricular	400	64	-
1131	High school programs	268,624	76,787	9,300
1132	High school extracurricular	13,941	2,895	-
1200	Special programs			
1220	Restrictive programs for students with disabilities	25,475	4,697	-
1250	Resource rooms	584,653	291,375	530
1270	Educationally disadvantaged	355,843	140,452	121
1400	Summer school programs	2,700	498	-
1000	*Total Instruction*	1,267,826	526,075	9,951
	SUPPORT SERVICES			
2100	Students			
2120	Guidance services	-	-	6,000
2130	Health services	-	-	360
2150	Speech pathology and audiology services	11,576	8,973	-
2200	Instructional staff			
2210	Improvement of instruction services	5,509	838	542
2240	Instructional staff development	77,425	30,178	28
2500	Business			
2520	Fiscal services	1,670	835	-
2540	Operation and maintenance of plant services	-	-	8,586
2550	Student transportation services	-	-	235
2600	Central activities			
2660	Technology services	-	-	932
2000	*Total Support Services*	96,180	40,824	16,683
	ENTERPRISE AND COMMUNITY SERVICES			
3300	Community services	30	4	-
3500	Custody and care of children services	114,889	53,498	-
3000	*Total Enterprise and Community Services*	114,919	53,502	-
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ 1,478,925	$ 620,401	$ 26,634

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ -	$ -	$ 25,497		
425	-	-	-	425		
-	-	-	-	464		
71,439	5,172	7,406	-	438,728		
1,090	-	-	-	17,926		
-	-	-	-	30,172		
2,830	419	-	-	879,807		
41	-	-	-	496,457		
70	-	-	-	3,268		
75,895	5,591	7,406	-	1,892,744	$ 1,913,010	$ 20,266
-	-	-	-	6,000		
2,228	-	-	-	2,588		
-	-	-	-	20,549		
15,712	-	-	-	22,601		
586	-	-	-	108,217		
-	-	41,979	-	44,484		
4,564	85,983	-	-	99,133		
-	-	-	-	235		
-	-	-	-	932		
23,090	85,983	41,979	-	304,739	309,495	4,756
5,445	-	-	-	5,479		
-	-	-	-	168,387		
5,445	-	-	-	173,866	218,568	44,702
-	-	-	(21,136)	(21,136)	-	21,136
$ 104,430	$ 91,574	$ 49,385	$ (21,136)	$ 2,350,213	$ 2,441,073	$ 90,860

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1600	Food service	$ 215,356	$ 264,000	$ (48,644)
	STATE REVENUES			
3102	State school fund - school lunch match	12,860	-	12,860
3299	Other restricted grants-in-aid	204	1,850	(1,646)
3000	*Total State Revenues*	13,064	1,850	11,214
	FEDERAL REVENUES			
4500	Restricted revenue from the federal government through the state	605,252	514,150	91,102
4900	Revenue for/on behalf of the district	75,235	71,000	4,235
4000	*Total Federal Revenues*	680,487	585,150	95,337
5400	***FUND BALANCE, Beginning of year***	(58,522)	-	(58,522)
6000	*Total Resources*	$ 850,385	$ 851,000	$ (615)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - FOOD SERVICES FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	ENTERPRISE AND COMMUNITY SERVICES			
3100	Food services			
3110	Service area direction	$ 71,510	$ 23,965	$ -
3120	Food preparation and dispensing services	271,625	105,421	7,188
3000	*Total Enterprise and Community Services*	343,135	129,386	7,188
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ 343,135	$ 129,386	$ 7,188

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ -	$ -	$ 95,475		
392,892	6,910	12,068	-	796,104		
392,892	6,910	12,068	-	891,579	$ 851,000	$ (40,579)
-	-	-	(41,194)	(41,194)	-	41,194
$ 392,892	$ 6,910	$ 12,068	$ (41,194)	$ 850,385	$ 851,000	$ 615

ST. HELENS SCHOOL DISTRICT

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

JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1500	Earnings on investments	$ 271	$ 4,000	$ (3,729)
1700	Extracurricular activities	534,173	625,000	(90,827)
1920	Contributions and donations from private sources	18,860	-	18,860
1950	Textbook sales and rentals	-	10,000	(10,000)
1990	Miscellaneous	7,327	15,000	(7,673)
1000	*Total Local Revenues*	560,631	654,000	(93,369)
5400	***FUND BALANCE, Beginning of year***	325,571	211,000	114,571
6000	*Total Resources*	$ 886,202	$ 865,000	$ 21,202

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - STUDENT SERVICES FUND (Continued)
JUNE 30, 2011

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*	$ -	$ -	$ -

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ 40,127	$ -	$ -	$ -	$ 40,127		
62,852	-	-	-	62,852		
295,195	-	-	-	295,195		
398,174	-	-	-	398,174	$ 865,000	$ 466,826
-	-	-	488,028	488,028	-	(488,028)
$ 398,174	$ -	$ -	$ 488,028	$ 886,202	$ 865,000	$ (21,202)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EARLY RETIREMENT FUND
YEAR ENDED JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1500	Earnings on investments	$ 1,914	$ 1,200	$ 714
	OTHER SOURCES			
5200	Interfund transfers	100,000	100,000	-
5400	***FUND BALANCE, Beginning of year***	401,079	320,000	81,079
6000	*Total Resources*	$ 502,993	$ 421,200	$ 81,793

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - EARLY RETIREMENT FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	SUPPORT SERVICES			
2500	Business			
2520	Fiscal services	$ -	$ -	$ -
2700	Supplemental retirement program	-	384,575	-
2000	*Total Support Services*	-	384,575	-
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ -	$ 384,575	$ -

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ 70	$ -	$ 70		
-	-	-	-	384,575		
-	-	70	-	384,645	$ 397,630	$ 12,985
-	-	-	118,348	118,348	23,570	(94,778)
$ -	$ -	$ 70	$ 118,348	$ 502,993	$ 421,200	$ (81,793)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND
YEAR ENDED JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1111	Current year's taxes	$ 1,734,962	$ 1,820,000	$ (85,038)
1112	Prior year's taxes	76,944	50,000	26,944
1500	Earnings on investments	2,254	5,000	(2,746)
1000	*Total Local Revenues*	1,814,160	1,875,000	(60,840)
5400	***FUND BALANCE, Beginning of year***	224,808	-	224,808
6000	*Total Resources*	$ 2,038,968	$ 1,875,000	$ 163,968

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE FUND (Continued)
YEAR ENDED JUNE 30, 2011

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

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ 1,875,000	$ -	$ 1,875,000	$ 1,875,000	$ -
-	-	-	163,968	163,968	-	(163,968)
$ -	$ -	$ 1,875,000	$ 163,968	$ 2,038,968	$ 1,875,000	$ (163,968)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - DEBT SERVICE PERS FUND
YEAR ENDED JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1500	Earnings on investments	$ 4,085	$ 2,500	$ 1,585
1970	Services provided other funds	1,660,116	1,665,136	(5,020)
1000	*Total Local Revenues*	1,664,201	1,667,636	(3,435)
5400	***FUND BALANCE, Beginning of year***	34,225	-	34,225
6000	*Total Resources*	$ 1,698,426	$ 1,667,636	$ 30,790

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, 2011

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

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ -	$ -	$ 1,665,217	$ -	$ 1,665,217	$ 1,667,636	$ 2,419
-	-	-	33,209	33,209	-	(33,209)
$ -	$ -	$ 1,665,217	$ 33,209	$ 1,698,426	$ 1,667,636	$ (30,790)

ST. HELENS SCHOOL DISTRICT

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

YEAR ENDED JUNE 30, 2011

Code	*Function*	*Actual*	*Budget*	*Variance*
	LOCAL REVENUES			
1200	Revenue from local governmental units other than districts	$ 65,685	$ 250,000	$ (184,315)
	FEDERAL REVENUES			
4500	Restricted revenue from the federal government through the state	177,020	-	177,020
5400	***FUND BALANCE, Beginning of year***	198,290	250,000	(51,710)
6000	*Total Resources*	$ 440,995	$ 500,000	$ (59,005)

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE FUND (Continued)
YEAR ENDED JUNE 30, 2011

Code	*Function*	*100 Salaries*	*200 Employee Benefits*	*300 Purchased Services*
	SUPPORT SERVICES			
2500	Business			
2540	Operation and maintenance of plant services	$ -	$ -	$ 82,322
7000	***FUND BALANCE, End of year***	-	-	-
8000	*Total Expenditures and Ending Balance*	$ -	$ -	$ 82,322

400 Supplies & Materials	*500 Capital Outlay*	*600 Other Objects*	*700 Transfers*	*Actual Fund Total*	*Appropriations*	*Variance*
$ 9,027	$ 217,202	$ -	$ -	$ 308,551	$ 500,000	$ 191,449
-	-	-	132,444	132,444	-	(132,444)
$ 9,027	$ 217,202	$ -	$ 132,444	$ 440,995	$ 500,000	$ 59,005

OTHER SCHEDULES

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF PROPERTY TAX TRANSACTIONS
YEAR ENDED JUNE 30, 2011

Tax Year	*Uncollected Balances July 1, 2010*	*2010-11 Levy*	*Interest Discounts & Adjustments*	*Turnovers*	*Uncollected Balances June 30, 2011*
2010-2011	$ -	$ 9,153,410	$ 292,067	$ 8,407,095	$ 454,248
2009-2010	450,611	-	(10,569)	208,414	252,766
2008-2009	233,786	-	(18,359)	105,387	146,758
2007-2008	120,752	-	(15,680)	98,123	38,309
2006-2007	30,245	-	(9,505)	33,432	6,318
2005-2006	4,956	-	(480)	1,756	3,680
2004-2005	3,771	-	(516)	1,671	2,616
Prior Years	11,803	-	337	919	10,547
Total	$ 855,924	$ 9,153,410	$ 237,295	$ 8,856,797	$ 915,242

Turnover Reconciliation	
Columbia County Turnovers	$ 8,856,797
Change in taxes available to meet current demands, net	23,257
Other taxes and adjustments	(48,164)
Total property tax revenue recognized	$ 8,831,890

General Fund	$ 7,019,984
Debt Service	1,811,906
	$ 8,831,890

ST. HELENS SCHOOL DISTRICT
SCHEDULE OF BOND TRANSACTIONS
YEAR ENDED JUNE 30, 2011

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

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

Outstanding July 1, 2010	*Bonds Issued*	*Bonds Paid*	*Outstanding June 30, 2011*
$ 10,039,246	$ -	$ 168,759	$ 9,870,487
12,548,872	-	367,605	12,181,267
7,727,810	-	1,064,700	6,663,110
260,000	-	40,000	220,000
1,428,000	-	154,000	1,274,000
$ 32,003,928	$ -	$ 1,795,064	$ 30,208,864

Unmatured Interest Outstanding July 1, 2010	*New Issues*	*Interest Coupons Paid/ Refunded*	*Unmatured Interest June 30, 2011*
$ 8,904,407	$ -	$ 527,380	$ 8,377,027
13,543,810	-	601,392	12,942,418
8,932,192	-	810,300	8,121,892
52,505	-	14,205	38,300
240,680	-	54,040	186,640
$ 31,673,594	$ -	$ 2,007,317	$ 29,666,277

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT

JUNE 30, 2011

Fiscal Year Ending June 30,	*Pension Bonds - Series 2002*			*Pension Bonds - Series 2003*		
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Total*
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
	$ 9,870,487	$ 8,377,027	$ 18,247,514	$ 12,181,267	$ 12,942,418	$ 25,123,685

General Obligation Bonds - Series 1999			*Capital Lease Obligation*		
Principal	***Interest***	***Total***	***Principal***	***Interest***	***Total***
$ 1,033,168	$ 896,832	$ 1,930,000	$ 40,000	$ 12,225	$ 52,225
1,002,323	987,677	1,990,000	40,000	10,025	50,025
974,524	1,070,476	2,045,000	45,000	7,825	52,825
950,386	1,159,614	2,110,000	45,000	5,350	50,350
922,944	1,247,056	2,170,000	50,000	2,875	52,875
899,945	1,335,055	2,235,000	-	-	-
879,820	1,425,182	2,305,002	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ 6,663,110	$ 8,121,892	$ 14,785,002	$ 220,000	$ 38,300	$ 258,300

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF FUTURE REQUIREMENTS FOR RETIREMENT OF LONG-TERM DEBT (Continued)
JUNE 30, 2011

Fiscal Year Ending June 30,	*Tax Exempt Financing Agreement - Series 2007*			*Totals*		
	Principal	*Interest*	*Total*	*Principal*	*Interest*	*Total*
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
	$ 1,274,000	$ 186,640	$ 1,460,640	$ 30,208,864	$ 29,666,277	$ 59,875,141

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

	Objects 325 &326
Function 2540	$ 443,490
Function 2550	-

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

$ 14,529

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

COMPLIANCE SECTION

ST. HELENS SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2011

Federal Grantor/Pass-through Grantor/Program Title	*Federal CFDA Number*	*Pass Through Entity Identifying Number*	*Expenditures*	
U.S. Department of Agriculture				
Passed through State Department of Education:				
National School Breakfast Program (SBP)	10.553	N/A	$ 102,129	*
National School Lunch Program (NSLP)	10.555	N/A	543,168	*
Summer Food Service Program	10.559	N/A	35,190	
Subtotal Child Nutrition Cluster			680,487	
Total U.S. Department of Agriculture			680,487	
U.S. Department of Labor				
Passed through Department of Community Colleges and Workforce Development				
Oregon Youth Employment Initiative	17.259	GRNT0462	54,535	
Oregon Youth Conservation Corp	17.259	GRNT0622	36,496	
Subtotal WIA Cluster			91,031	
Total U.S. Department of Labor			91,031	
U.S. Department of Education				
Passed through State Department of Education:				
Title ID Grant - Intervention for Children	84.010	16483	1,682	
Title ID Grant - Intervention for Children	84.010	19549	8,763	
Title IA	84.010	16654	100,745	
Title IA	84.010	19509	435,271	
ARRA - Title IA	84.389	15748	35,105	
ARRA - Title ID	84.389	16921	3,140	
Subtotal Title I, Part A Cluster			584,706	

* Includes non-cash commodity awards

See notes to schedule of expenditures of federal awards.

(Continued)

Federal Grantor/Pass-through Grantor/Program Title	*Federal CFDA Number*	*Pass Through Entity Identifying Number*	*Expenditures*
U.S. Department of Education *(Continued)*			
Passed through State Department of Education (continued):			
Special Education - Grants to States SPR&I	84.027	20066	$ 3,155
Special Education - Grants to States Extended Assessment Grant	84.027	21535	625
Special Education - Grants to States IDEA, Part B	84.027	17831	243,207
Special Education-Grants to States IDEA, Part B	84.027	20377	353,640
Special Education-Grants to States IDEA Enhancement Grant	84.027	18625	5,150
Special Education-Grants to States IDEA Enhancement Grant	84.027	18881	1,128
Special Education-Grants to States IDEA, Part B, ARRA	84.391	15298	292,944
Special Education-Preschool Grants IDEA, Part B, Section 619	84.173	21887	13,342
Special Education-Preschool Grants IDEA, Part B, Section 619	84.173	22072	3,732
Subtotal Special Education Cluster (IDEA)			916,923
Title IV Safe and Drug-Free Schools and Communities	84.186	17157	2,701
Vocational Education - Perkins	84.048	15359	25,711
Vocational Education - Perkins	84.048	19173	13,264
Vocational Education - Tech Prep	84.243	15359	3,174
Vocational Education - Tech Prep	84.243	19173	3,205
Education Jobs, ARRA	84.410	20892	687,482
Title IIA Improving Teacher Quality State Grants	84.367	16853	13,560
Title IIA Improving Teacher Quality State Grants	84.367	19724	94,920

U.S. Department of Education *(Continued)*			
Passed through State Department of Education (continued):			
Education of Homeless Children and Youth, ARRA	84.387	15577	$ 519
Subtotal Education of Homeless Children and Youth Cluster			519
ARRA State Fiscal Stabilization Fund	84.394	21100	378,888
Subtotal State Fiscal Stabilization Fund Cluster			378,888
Passed through Department of Health and Human Services:			
Youth Transition Program	84.126	129591	37,620
Subtotal Vocational Rehabilitation Cluster			37,620
Total U.S. Department of Education			2,762,673
U.S. Department of Energy			
Passed through Oregon Department of Energy			
State Energy Program	81.041	N/A	177,020
Total U.S. Department of Energy			177,020
U.S. Department of Health and Human Services			
Passed through Oregon Employment Department			
Child Care and Development Block Grant	93.575	ED 11-043	8,731
Teen Parent Facility Improvement	93.575	21587	6,715
Subtotal Child Care and Development Fund Cluster			15,446
Total U.S. Department of Health and Human Services			15,446
Corporation for National and Community Service			
Passed through Oregon Department of Education			
Learn and Serve America	94.004	20149	17,250
Total Corporation for National and Community Service			17,250
Total Federal Financial Assistance			$ 3,743,907

See notes to schedule of expenditures of federal awards.

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, 2011.

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.

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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 as of and for the year ended June 30, 2011, and have issued our report thereon dated January 27, 2012. 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.

Compliance

As part of obtaining reasonable assurance about whether St. Helens School 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, 2011 as noted in the financial statements.

- Budgeted debt service expenditures were not identified by principal and interest by issue for June 30, 2011 and 2012.
- The budget document for year ended June 30, 2012 contained no figures in the prior year actual columns for general fund beginning balances.
- The budgeted estimate of beginning general fund balance is materially less than actual for the budget year ending June 30, 2012.

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 St. Helens School District (the District) as of and for the year ended June 30, 2011 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.

See 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.

See our letter to management on strengthening internal control and operating efficiency dated January 27, 2012.

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

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

By: 

Charles A. Swank, A Shareholder

January 27, 2012

GROVE, MUELLER & SWANK, P.C.
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
475 Cottage Street NE, Suite 200, Salem, Oregon 97301
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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

School Board
St. Helens School District
Columbia County, Oregon
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, as of and for the year ended June 30, 2011, which collectively comprise the St. Helens School District's basic financial statements and have issued our report thereon dated January 27, 2012. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered St. Helens School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the St. Helens School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the St. Helens School District's internal control over financial reporting.

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 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.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether St. Helens School 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 issued a separate letter to management dated January 27, 2012.

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

January 27, 2012

GROVE, MUELLER & SWANK, P.C.
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

School Board
St. Helens School District
Columbia County, Oregon
St. Helens, Oregon

Compliance

We have audited St. Helens School District, Columbia County, Oregon's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2011. 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 of the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on are applicable to each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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 to determine the 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 was not designed to identify all deficiencies in internal control over compliance 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.

This report is intended solely for the information and use of management, the School Board, 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

January 27, 2012

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

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

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	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***
84.027, 84.173 & 84.391	Special Education Cluster (IDEA/ARRA)
84.394	State Fiscal Stabilization Fund Cluster (ARRA)
84.410	Education Jobs Fund (ARRA)
81.041	State Energy Program (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

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

None.

PRIOR YEAR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2010-1*:* Title I, Part A Cluster (CFDA #84.010 and 84.389) - Noncompliance with required certified payroll records

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.

Corrective Action Response-current year update: The District took corrective action in 2010-11. The District has implemented procedures to ensure that payroll hours charged to federal grants are based on actual and approved hours worked as per Circular A-87.