

**Highland Joint School District No. 305
Audited Financial Statements
For the Year Ended
June 30, 2010**

Highland Joint School District No. 305
For the Year Ended June 30, 2010
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For the Year Ended June 30, 2010
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John Goffinet
Steve R. Clack

P.O. Box 629
Orofino, ID.
83544-0629

Independent Auditor's Report

Board of Trustees
Highland Joint School District No. 305
Craigmont, Idaho

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Highland Joint School District No. 305, State of Idaho, as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Highland Joint School District No. 305's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Highland Joint School District No. 305, State of Idaho, as of June 30, 2010, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

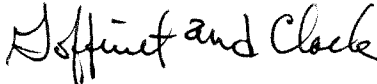
In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2010, on our consideration of Highland Joint School District No. 305's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i through xii and pages 19-20 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical

context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Highland Joint School District No. 305's financial statements as a whole. The combining and individual fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements 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 taken as a whole.

September 30, 2010


Goffinet and Clack, Chartered
Certified Public Accountants

**Highland Joint School District #305
Lewis, Nez Perce and Idaho Counties
Craigmont, Idaho**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Highland Joint School District #305's financial performance provides an overview of the School District's financial activities for the fiscal year ending June 30, 2010. Please read it in conjunction with the financial statements, which follow this narrative.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

These financial statements are designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of Highland Joint School District #305's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nathan Weeks, Business Manager, Highland Joint School District #305, 112 Boulevard / PO Box 130, Craigmont, Idaho 83523 or phone 208-924-5211 extension 503 or by email: nweeks@sd305.k12.id.us.

FINANCIAL HIGHLIGHTS

- Three things happened in 2009-2010 which had direct effects on the school district's financial situation and will be explained as part of this report.
 - 1) Economic Crisis affecting the whole country
 - 2) Funding Holdbacks from The State of Idaho
 - 3) Sharing instructional staff with the Culdesac School District.
- The School District's Net Change in Fund Balance Under Total Governmental Funds (*see Independent Auditor's financial statement page 5*) shows a positive Net Change of \$12,151 from the fiscal year ending June 30 2009. The biggest changes were in State Support with a decrease of \$333,058 which was partially offset by American Recovery and Reinvestment Act (ARRA) funding of \$262,156 which support most of the increase of Federal funding of \$280,922. Total Expenditures were reduced by \$201,931 over the prior year.
- Investment Earnings also saw another sharp decline of \$11,084 or an 89% reduction. This was caused by not only a less amount being invested but also the interest rates continuing to drop to all time lows. In June the State Treasury Pool which is where all the investing is done had an interest rate of .2146%.

- The School Building Maintenance Fund was established by HB 743 in 2006-2007 and was an effort by the State Legislature to remedy the issue of unsafe conditions of Idaho Schools. HB 743 also affected how maintenance expenses are accounted. In summary, it established a fund #240 where all lottery revenue is recorded (\$21,575). This total was then transferred to the general fund to address school safety issues on allowable expenditures in Maintenance.
- Food Service had an increase of \$7,012 in revenue. Lunch sales to students paying for their lunches have increased nearly \$1,616. There was also a revenue line item of \$4,281 for the Fruit and Vegetable Grant where lunch staff prepared fresh fruit and vegetable sampling for Elementary students giving them an opportunity to taste items they would not normally be exposed. These increased revenues were offset by increases in expense (\$5,286).

Public School Account Reporting

The District uses Idaho Financial Accounting Reporting Management System (IFARMS) for reporting its budgeting and accounting reports. This allows Highland Joint School District #305 to be uniform with all reports at the state level and still be flexible for local management needs.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements of Highland Joint School District #305. The Statement of Net Assets and the Statement of Activities provide information about the activities of the School District as a whole and present a longer term view of the School District's finances. For governmental activities, these statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements provide more detail than the government-wide statements. The combining statements are broken out into 16 Funds as follows:

- Fund 100 - General Fund
- Fund 220 - Forest Funds
- Fund 240 – School Building Maintenance (student occupied)
- Fund 245 - State Technology Fund
- Fund 246 - State Tobacco Fund
- Fund 251 - Title 1 Fund (known in the past as Chapter 1)
- Fund 257 - Title VI-B Fund
- Fund 258 - Preschool
- Fund 262 - REAP Fund (Rural Education)
- Fund 265 (or 281) -Albertson's Grant
- Fund 271 - Title II Fund (Improving Teacher Quality)
- Fund 275 - Federal Drug Free Funds
- Fund 290 - Food Service Fund
- Fund 425 - Plant Facility Fund (Includes Lottery Funds)
- Fund 700 - Foundation Fund (Foundation Trust and Wilfong Trust)
- Agency Funds – Student Activity Funds

Reporting the School as a Whole - The Combining Statements

Our analysis of the School as a whole is cautious. One of the most important questions asked about the School District's finances is, "Is the School as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities report information about the School as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in them. Think of the School District' net assets (the difference between assets and liabilities) as one way to measure the School District's financial health or financial position. Over time, increases or decreases in the School District's net assets are one indicator of whether its financial health is improving or deteriorating. Also consider other non-financial factors, such as changes in the School District's property tax base and the condition of the School District's facilities, to assess the overall health of the School.

Reporting the School District's Most Significant Funds Fund Financial Statements

Our analysis of the School District's major funds begins on page VII. The fund statements provide detailed information about the most significant funds—not the School as a whole. Some funds are required to be established by State and Federal Laws. However, the School Board establishes other Funds to help it control and manage money for particular purposes (like the Foundation Trust Fund and the Wilfong Trust Fund) or to show that it is meeting legal responsibilities for using certain, grants, and other money (like Albertson's Grant). Governmental funds—Most of the School District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds in reconciliation at the bottom of the fund financial statements.

- **Proprietary funds** - Proprietary funds are used to account for operations that are financed and operated in a manner similar to private business enterprise and/or where the intent is that they be financed primarily from user charges. Therefore, their primary operating statement is the statement of revenues and expenses and their equity consists of separate invested and earned monies.
- **Fiduciary Funds** - Fiduciary Trust Funds are used to account for activities undertaken by a government on behalf of, or in fiduciary capacity for, some other persons or groups. Fiduciary funds are accounted for as either proprietary or governmental, depending on the nature of the responsibilities of the government (or fiduciary). Private Purpose Trust Funds (such as the Foundation and Wilfong Trusts) which treated like governmental funds.

Student Body Funds - Student Body Funds are fiduciary funds held in trust by the school for student activity and/or clubs and organization. In order to be classified as an ASB (Associated Student Body) fund, there must be a club or organization advisor and the students must have a say in how these funds are expended.

CHARTS AND EXAMINATIONS OF INDIVIDUAL ACCOUNTS AND FUNDS

In order to examine various aspects of finances for Highland Joint School District #305 the following charts and information are put together to explain portions of the District's financial activities.

Levy History

Local Tax Levy Revenue used to make up 25% of the General Fund Revenue. That percentage has decreased to 10.4% due to the changes in the burden on property owners and the M&O revenue now flowing through state appropriations as part of its allocation. Market Value is no longer equalized out when state allocated dollars are distributed. Tax certifications through the counties still recognize the Supplemental Levy, and the local Plant Facility Levy which are reflected in this graph. In addition, the school is allowed to levy an amount every year for Tort (liability insurance) costs. The Tort Levy is small and is limited by a 3% maximum growth. In 2002/2003, an additional tax relief for Agriculture also comes from the state instead of through local tax levies. The District is also on the third year of a five year Plant Facility Levy which brings in \$40,000 yearly for maintenance projects.

With this in mind, the following chart shows the increase or decrease in tax levies since 1991.

The school board has control over setting the supplemental levy yearly. It is a difficult decision to weigh the needs of the district against the ability of the tax payers to pay. This district has generally been conservative and tax burdens are not passed lightly. The supplemental levy must be approved by patrons in a May election. This will change in 2011 as a result of election consolidation legislation passed last year. The first possible election date will be in March.

The school board also has the ability to pass a plant facility levy. The \$25,000 yearly plant facility levy between the four years of 1994 and 1998 covered the window replacement project with additional amounts put into technology needs. In 1998, at the end of that particular plant levy, the \$25,000 was rolled into the supplemental levy in order to continue funding the on going technology needs of the district. In 2002, a five year, \$40,000 plant levy was passed to cover the gym renovation project as well as to cover a five year maintenance plan. The gym was the largest project in the plan and the board moved the project time line up and was completed in 2004. The plant levy was put before the voters again in 2007 and the district is currently on the third year of a five year \$40,000 levy and funds will be used to cover on going facility costs in the aging school building.

Fund Revenue - comparing 2008/2009 with 2009/2010 Actual Revenues

This chart compares each fund making up the school district's actual revenues and expenses for the years 2008/2009 and 2009/2010.

The General Fund makes up nearly the majority of the total financial picture.

The Forest Fund revenue decreased but since this money is set aside for possible boiler repairs, which resulted in -0- expenditures, the decreased revenue did not have an immediate affect on operations but purchased some security for future needs.

The School Building Maintenance fund also had a decrease and that revenue was transferred out to cover safety maintenance expense as provided by law.

The Technology fund had decrease revenue of 10.7%. These state funds are generally spent on technology type expenditures.

The State Tobacco Fund is used in conjunction with the Federal Drug Free funds for drug/alcohol prevention measures and both funds were decreased.

The Title I, VI-B and Preschool funds are used in the special education department. The Title I and VI-B both increased while Preschool, though small, stayed the same. The funds in Title I and VI-B general are used to pay for Paraprofessional Aides as well as half the pay for the Title I teacher. As these funds increase and decrease, the payroll burden shifts to the general fund for those staff positions.

REAP funds are federal monies to assist small, rural schools in meeting their needs. These funds have been used to pay for two part-time Paraprofessional Aides to help meet the needs of the No Child Left Behind guidelines. The revenue in this fund decreased by 18.92%.

A new Grant in 2004/2005 was from the Albertson's Foundation and was granted to offset the cost of switching the student information system from ISIMS to Powerschool. The time to implement the switch takes place in three different fiscal years so even though it looks like there are funds left in the grant, it will be used up by 2011 once Powerschool is in place, and working and all the training is completed. Improving Teacher Quality is state revenue mainly used for non-certified salary and some professional development. These funds decreased by 6.06% and are another burden shifted from the general fund.

Food Service Revenues have increased by 5.86% mostly due to the increase in paid students eating lunch. This is reflected also in the increase in expenses by 5.93%.

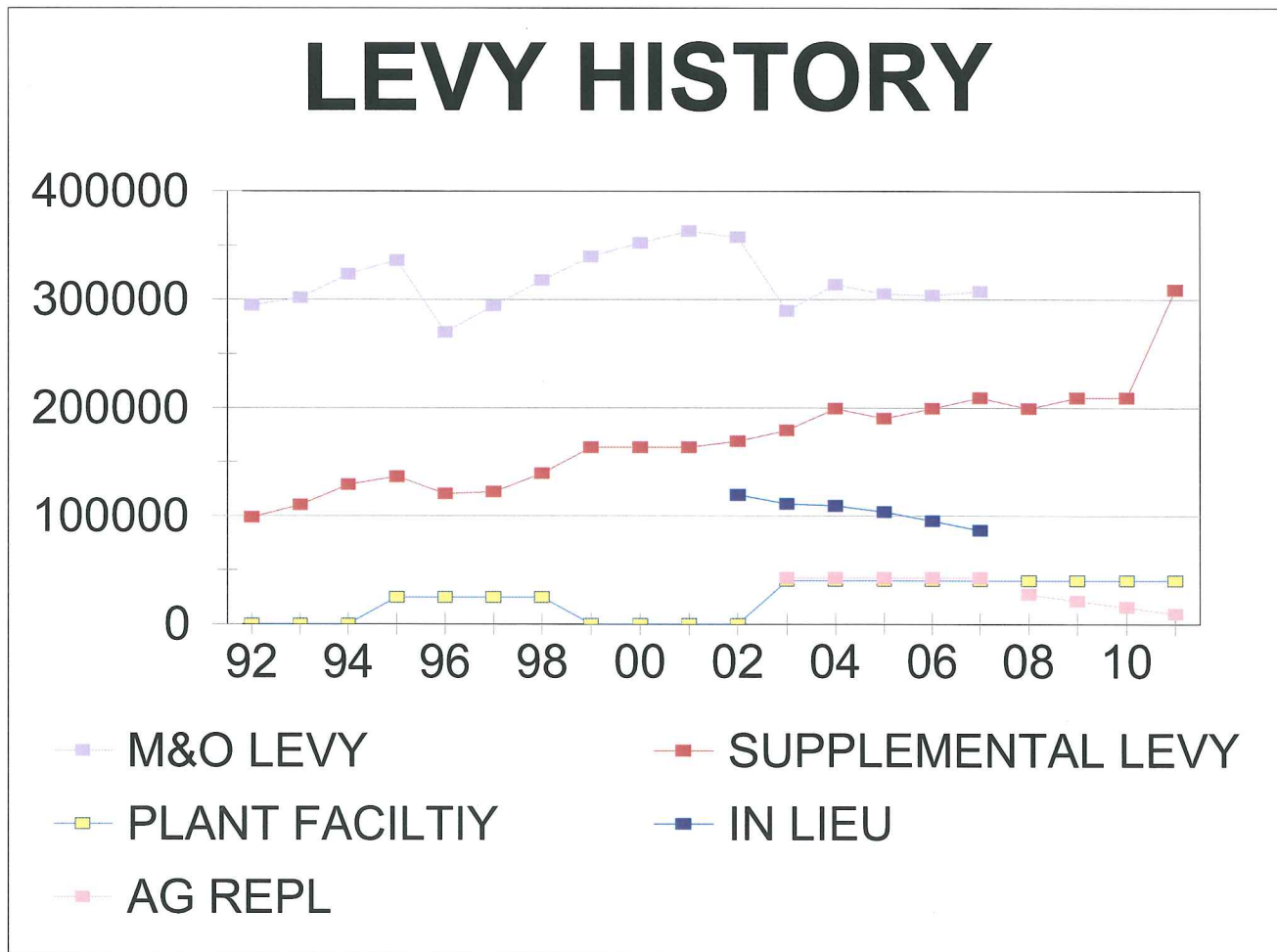
The revenue in the Plant Facility Fund decreased by 4.94% due to delinquent tax payers. We believe this might be in part due to the poor economy and rising fuel costs.

The Foundation Fund is made up of two separate trust accounts (Highland Foundation and the Wilfong Trust). Revenues come from memorial donation, payroll deductions from staff and a small amount of interest income. The interest of both of the trusts is to build up a base amount and then only use the interest income in memory of the trust originators.

LEVY HISTORY

YR	M&O LEVY	SUPPLEME NTAL LEVY	PLANT FACILTIY	IN LIEU	AG REPL
92	\$294,329	\$98,510	\$0		
93	\$301,441	\$110,000	\$0		
94	\$323,377	\$128,558	\$0		
95	\$335,985	\$136,000	\$25,000		
96	\$269,608	\$120,196	\$25,000		
97	\$294,212	\$122,308	\$25,000		
98	\$317,496	\$138,938	\$25,000		
99	\$339,365	\$162,983	\$0		
00	\$352,154	\$162,983	\$0		
01	\$363,018	\$162,983	\$0		
02	\$357,246	\$169,000	\$0	\$119,082	
03	\$289,361	\$179,000	\$40,000	\$110,759	\$42,913
04	\$313,612	\$198,750	\$40,000	\$109,013	\$42,913
05	\$304,700	\$189,900	\$40,000	\$103,249	\$42,913
06	\$303,532	\$199,000	\$40,000	\$95,045	\$42,913
07	\$306,932	\$209,000	\$40,000	\$86,400	\$42,913
08		\$199,000	\$40,000		\$27,433
09		\$209,000	\$40,000		\$21,536
10		\$209,000	\$40,000		\$15,639
11		\$309,000	\$40,000		\$9,742

M&O Dropped/no longer equalized



COMPARES 2008/2009 WITH 2009/2010 ACTUAL REVENUES
GENERAL FUND REVENUE ONLY
Revenue Breakdown by Category

REVENUE CATEGORY	2008/2009 ACTUAL	2009/2010 ACTUAL	DIFF	% Inc.
M&O Taxes	21848	5809	-16039	-73.41%
Supplemental	190097	210366	20269	10.66%
Tort	5542	5480	-62	-1.13%
Pen & Interest	1636	1720	84	5.11%
Investment Earnings	12505	1421	-11084	-88.64%
Other Local Revenue	179806	144128	-35678	-19.84%
State Apportionment	1336183	1025158	-311025	-23.28%
Transportation Rev.	192279	197041	4762	2.48%
Benefit Apportionmen	171799	163056	-8743	-5.09%
Taxes in Lieu of	20575	17943	-2632	-12.79%
Other State Revenue	89329	78709	-10620	-11.89%
ARRA Revenue		218644	218644	100.00%
Transfers	23129	21575	-1554	-6.72%
Total Revenue	2244729	2091050	153679	6.85%

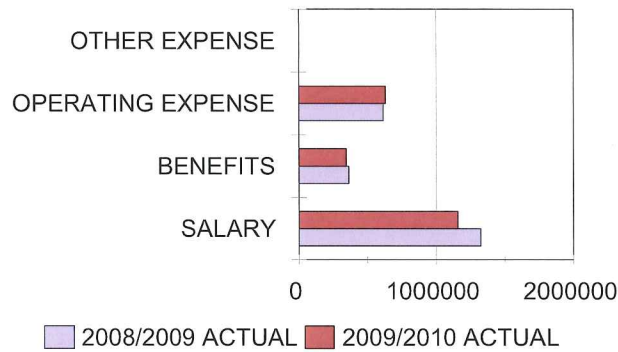
COMPARES 2008/2009 WITH 2009/2010 EXPENDITURES

GENERAL FUND EXPENDITURES

BUDGET CATEGORY	2008/2009 ACTUAL	2009/2010 ACTUAL	% Inc.
SALARY	1328638	1160486	-12.66%
BENEFITS	366375	348399	-4.91%
OPERATING EXPENSE	618578	635076	2.67%
OTHER EXPENSE	1755	1697	-3.28%
TOTAL ALL EXPENSES	2315345	2145659	-7.33%

GENERAL FUND EXPENSE

Compares 2008/2009 vs 2009/2010 Actual



**COMPARES 2008-2009 WITH 2009-2010 ACTUAL REVENUES
ALL FUNDS**

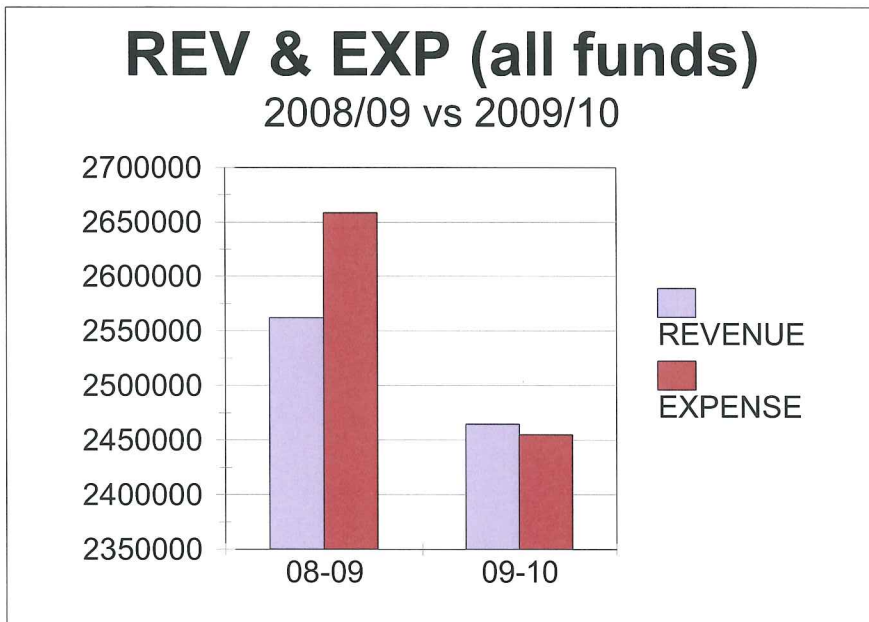
Revenue Breakdown by Fund

FUND CATEGORY	2008/2009 ACTUAL REVENUE	2009/2010 ACTUAL REVENUE	DIFF	% Inc/Dec
General Fund	2,244,729	2,091,050	(153,679)	-6.85%
Forest Fund	1,507	1,340	(167)	-11.09%
Building Maint	23,129	21,575	(1,554)	-6.72%
Technology	26,516	23,678	(2,838)	-10.70%
Tobacco	5,889	4,706	(1,183)	-20.09%
Title I	46,809	73,565	26,756	57.16%
VI-B	45,109	79,477	34,368	76.19%
Preschool	2,438	3,925	1,487	60.99%
REAP	15,209	12,331	(2,878)	-18.92%
Title 6	0	0	0	0.00%
Impv Teach Q.	18,117	17,019	(1,098)	-6.06%
Drug Free	979	1,090	111	11.34%
Food Service	89,684	94,941	5,257	5.86%
Plant	41,735	39,672	(2,063)	-4.94%
Foundation	237	86	(151)	-63.76%
Total All Funds	2,562,088	2,464,455	(97,633)	-3.81%

**COMPARES 2008/2009 WITH 2009/2010 ACTUAL EXPENSE
ALL FUNDS**

Expense Breakdown by Fund

FUND CATEGORY	2008/2009 ACTUAL EXPENSE	2009/2010 ACTUAL EXPENSE		% Inc.
General Fund	2,315,344	2,145,660	(169,684)	-7.33%
Forest Fund	0	0	0	0.00%
Building Maint	23,129	21,575	(1,554)	-6.72%
Technology	26,516	26,367	(149)	-0.56%
Tobacco	5,889	4,706	(1,183)	-20.09%
Title I	46,809	73,565	26,756	57.16%
VI-B	45,109	35,570	(9,539)	-21.15%
Preschool	2,438	3,530	1,092	44.79%
REAP	15,209	12,331	(2,878)	-18.92%
Title 6	0	0	0	0.00%
Albertsons	360	793	433	120.56%
Impv Teach Q.	18,117	17,019	(1,098)	-6.06%
Drug Free	979	666	(313)	-31.97%
Food Service	89,170	94,456	5,286	5.93%
Plant	69,389	18,678	(50,711)	-73.08%
Foundation	0	0	0	0.00%
Total All Funds	2,658,458	2,454,916	(203,542)	-7.66%



Highland Joint School District No. 305
Statement of Net Assets
June 30, 2010

Assets:	
Cash	71,430
Investments	311,177
Receivables:	
Accounts	16,828
Property Taxes	103,815
Other Governments	39,355
Capital Assets, Net of Accumulated Depreciation	372,243
Total Assets	<u>914,848</u>
Liabilities:	
Accounts Payable	14,422
Accrued Salaries and Benefits	206,607
Total Liabilities	<u>221,029</u>
Net Assets:	
Invested in Capital Assets	372,243
Restricted For:	
Other Governmental Funds	69,442
Unrestricted	252,134
Total Net Assets	<u><u>693,819</u></u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Activities
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>
	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
Governmental Activities:				
Instruction	1,365,600	1,925	216,336	(1,147,339)
Non-Instruction				
Support Services	153,219	2,154		(151,065)
Administration	320,385	1,340		(319,045)
Maintenance and Operations	235,340	21,575		(213,765)
Transportation	275,472	197,041		(78,431)
Food Service	83,676	21,554	71,690	9,568
Total Governmental Activities	2,433,692	23,479	510,136	(1,900,077)
<u>General Revenues:</u>				
Property Taxes			255,196	
State and Federal Revenues			1,501,586	
Interest			1,692	
Miscellaneous			149,934	
Total General Revenues			1,908,408	
Change in Net Assets			8,331	
Net Assets, Beginning of Year			685,488	
Net Assets, End of Year			693,819	

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Balance Sheet
Governmental Funds
June 30, 2010

	General	Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets				
Cash	100			71,430
Investments	212,243	12,863	58,467	311,177
Property Taxes Receivable	90,087	13,728		103,815
Due From Other Governments	36,406		2,949	39,355
Accounts and Other Receivables	16,828		43,736	16,828
Due From Other Funds				43,736
Total Assets	355,664	125,525	105,152	586,341
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	12,046		2,376	14,422
Accrued Salaries and Benefits	201,112		5,495	206,607
Due to Other Funds	43,736			43,736
Deferred Revenue	27,071	2,874		29,945
Total Liabilities	283,965	2,874	7,871	294,710
Fund Balances				
Reserved for Special Revenue Funds			69,442	69,442
Unreserved, Undesignated				
Reported In:				
General Fund	71,699			71,699
Other Governmental Funds			27,839	27,839
Capital Project Funds		122,651		122,651
Total Fund Balances	71,699	122,651	97,281	291,631
Total Liabilities and Fund Balances	355,664	125,525	105,152	586,341

The notes to the financial statements are an integral part of this statement.

**Highland Joint School District No. 305
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2010**

Total Governmental Fund Balances (Page 3) 291,631

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 372,243

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.

Property Taxes 29,945

Net Assets of Governmental Activities (Page 1) 693,819

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2010

	<u>General</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues				
Property Taxes	217,567	39,400		256,967
Intergovernmental, State	1,479,983		52,658	1,532,641
Intergovernmental, Federal	218,644		260,437	479,081
Interest	1,421	271		1,692
Other	151,859		21,554	173,413
Total Revenues	<u>2,069,474</u>	<u>39,671</u>	<u>334,649</u>	<u>2,443,794</u>
Expenditures				
Current				
Instruction	1,172,446		172,393	1,344,839
Non Instruction				
Pupil Support	113,364			113,364
Staff Support	37,701		2,154	39,855
Food Service			83,676	83,676
Administrative	255,982			255,982
Business Operations	64,403			64,403
Plant Operations	141,350	2,077		143,427
Maintenance	83,245			83,245
Pupil Transportation	275,472			275,472
Capital Outlays		16,600	10,780	27,380
Total Expenditures	<u>2,143,963</u>	<u>18,677</u>	<u>269,003</u>	<u>2,431,643</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(74,489)</u>	<u>20,994</u>	<u>65,646</u>	<u>12,151</u>
Other Financing Sources (Uses)				
Transfers In (Out)	19,878		(19,878)	0
Total Other Financing Sources and Uses	<u>19,878</u>		<u>(19,878)</u>	<u>0</u>
Net Change in Fund Balances	(54,611)	20,994	45,768	12,151
Fund Balances, Beginning of Year	<u>126,310</u>	<u>101,657</u>	<u>51,513</u>	<u>279,480</u>
Fund Balances, End of Year	<u><u>71,699</u></u>	<u><u>122,651</u></u>	<u><u>97,281</u></u>	<u><u>291,631</u></u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2010

Net Changes in Fund Balances, Total Governmental Funds (Page 5) 12,151

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlays in the current period. (2,049)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental funds.

Property Taxes (1,771)

Change in Net Assets of Governmental Activities (Page 2) 8,331

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010

	Private Purpose Trust Funds	Agency
Assets:		
Cash		10,100
Investments	9,897	33,962
Accounts Receivable		419
Total Assets	9,897	44,481
Liabilities:		
Due to Student Groups		44,481
Total Liabilities		44,481
Net Assets:		
Held in Trust for Scholarships	9,897	
Total Net Assets	9,897	

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Changes in Fiduciary Net Assets
All Trust Funds
For the Year Ended June 30, 2010

	Private Purpose Trust Funds	
	Wilfong Athletic Fund	Highland Foundation
Additions		
Contributions		60
Total Contributions		60
Investments Earnings		
Interest	5	22
Total Investment Earnings	5	22
Total Additions	5	82
Deductions		
Change in Net Assets	5	82
Net Assets, Beginning of Year	1,983	7,827
Net Assets, End of Year	1,988	7,909

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Notes to the Financial Statements
June 30, 2010

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Highland Joint School District No. 305 have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies of the District are described below:

A. Reporting Entity

Highland Joint School District No. 305 is organized under the laws of the State of Idaho and operates under a Board of Trustees-Superintendent form of government and provides educational facilities, materials and all personnel necessary for administration, maintenance and instruction. Highland Joint School District No. 305's Board of Trustees is the basic level of government which has oversight responsibility and control over all activities related to public school education in the District which covers part of Lewis, Idaho, and Nez Perce Counties. The District receives funding from local, state and federal government sources and must comply with the requirements of these funding source entities.

In accordance with the requirements of Statement No. 14, *The Reporting Entity*, of the Governmental Accounting Standards Board (GASB), the financial statements must present the District (the primary government) and its component units. Pursuant to this, no component units were identified for inclusion in the accompanying financial statements. Also, the District is not included in any other governmental "reporting entity" as defined by GASB pronouncements.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expense of a given program is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among the program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements

**C. Measurement Focus, Basis of Accounting
and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resource measurement focus and the accrual basis of accounting, as are the fiduciary fund financial

statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 30 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, and post employment healthcare benefits, are recorded only when payment is due.

Property taxes, special assessments, certain grants, state support, and charges for services are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental funds:

- The *general fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.
- The *capital projects fund* accounts for resources accumulated and payments made for acquisition and improvement of sites, construction and remodel of facilities, and procurement of equipment necessary for providing educational programs for all students within the District.

Nonmajor funds are included in *Other Governmental Funds*. The District's other governmental funds are special revenue funds that account for resources provided by other entities to be used for specific purposes.

Additionally the District has the following fiduciary funds:

Matthew Wilfong Trust	Private Purpose Trust Fund
Highland Foundation	Private Purpose Trust Fund
Student Activities Fund	Agency Fund

- *Private purpose trust funds* account for assets where both the principal and income benefit individuals, private organizations, or other governments.
- *Agency Funds* account for assets held on behalf of student groups.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or services provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes. Indirect expenses are not allocated from major funds to non-major funds.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

1. Deposits and Investments

The District maintains its accounts at local financial institutions and the Local Government Investment Pool. The District's cash is considered to be cash on hand and cash in checking accounts. Investments are deposits with the State of Idaho's Local Government Investment Pool. The fair value of the District's investments is not materially different from the reported amounts, which are the carrying values.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds".

All interfund transactions are reported as transfers. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transactions are reported as operating transfers.

Property taxes are levied as of the third Monday of September on property values assessed as of January 1. The levy is billed and due in two installments, December 20th and June 20th of the following year. The billings are considered past due the day after the due dates, at which time the applicable property is subject to lien, and the billing is subject to penalties and interest.

3. Capital Assets

Capital assets, which include land, buildings, site improvements, and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not included in the capital assets.

Major outlays for capital assets and site improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

Buildings, site improvements, and equipment of the District are depreciated using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	30
Site Improvements	8-30
Elementary Equipment	5-20
High School Equipment	5-20

4. Compensated Absences

Employees of the District are entitled to paid vacation, paid sick days, and personal days off, depending on the job classification, length of service, and other factors. The District's employment plan does not allow for payment of accumulated vacation or sick pay upon employee's termination. Therefore, no accrued vacation or sick leave is shown as a liability.

5. Long-Term Obligations

The District is not obligated for special assessment debt.

6. Fund Equity

In the fund financial statements, government funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a restricted purpose. Designations of fund balance represent tentative management plans for future use of financial resources that are subject to change.

7. Comparative Totals

Comparative totals for the prior year have been presented in selected sections of the accompanying fund financial statements in order to provide an understanding of the changes in the District's financial position and operations.

II. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

For the year ended June 30, 2010, the carrying value of the District's deposits with financial institutions was \$434,468 and the financial institution's balances were \$440,581. The financial institution's balances are categorized as follows:

Cash

Amounts insured by the FDIC held by banks in the District's name	87,539
--	--------

Investments

Amounts collateralized with securities not held in the District's name, including funds held by the State of Idaho's Local Government Investment Pool	353,042
	<u>440,581</u>

The carrying value of the District's deposits and cash on hand and investments at June 30, 2010 that appear in the financial statements are summarized below:

<u>Governmental Funds:</u>			
Cash on Hand			100
Deposits	71,331		
Investments	<u>311,178</u>	382,509	
<u>Fiduciary Funds:</u>			
Deposits - Student Activities Fund	10,101		
Investments - Trusts	9,897		
Investments - Student Activities Fund	<u>33,961</u>	<u>53,959</u>	
Total Deposits and Investments			<u>436,468</u>
Total Cash on Hand, Deposits, and Investments			<u><u>436,568</u></u>

The Student Activities Fund also has a stock certificate that was gifted in 2001 to the students for community fund raising efforts for the bowling alley in Craigmont. The certificate is four shares of stock of Prairie Bowl, Inc. The fair value of this certificate when received was \$2,000. This is included with the Student Activities investments in the financial statements.

The fair value of the District's shares in the Local Government Investment Pool is not materially different from cost which is the amount used on the financial statements.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the value of an investment. The District does not have a written policy regarding interest rate risk.

Credit Risk

Credit risk is defined as the risk that an issuer or other counter party to an investment in debt securities will not fulfill its obligations. The State of Idaho's Local Government Investment Pool Account has been assigned a AAAf fund credit quality rating and an S1+ volatility rating by Standard & Poor's Ratings Services. The District does not have a written investment policy covering credit risk. However, investments with the State of Idaho's Local Government Investment Pool are excluded from credit risk disclosures.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. All of the District's investments are with the State of Idaho's Local Government Investment Pool. The District does not have a written investment policy covering concentration of credit risk.

Custodial Credit Risk

For an investment, custodial risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment (related securities that are held by an outside party). The District does not have a written investment policy covering concentration of credit risk. However, all of the City's investments are held in the City's name and held by the State of Idaho's Local Government Investment Pool.

B. Property Taxes

Real and personal property taxes attach as an enforceable lien on property as of January 1.

Real and personal property taxes are levied on the third Monday in September and are due in two equal installments on December 20th and June 20th of the following year and are considered delinquent the day following the due date. Interest and penalty charges begin on the day following the installment due date. Nez Perce, Idaho and Lewis Counties bill and collect taxes and remit them to the District in the month following collection by the counties. District property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within thirty days after year end. Taxes collected after 30 days are reported as deferred revenue. Delinquent taxes are considered fully collectible and therefore no allowance for uncollectible taxes is provided. A lien may be filed on the property three years from the date of delinquency.

C. Receivables

Receivables at June 30, 2010 consist of the following:

	General Fund	Other Governmental Funds	Capital Projects	Fiduciary Funds	Total
Receivables:					
Property Taxes	90,087		13,728		103,815
Due From Other Governments	36,407	2,949			39,356
Accounts and Other	16,808			419	17,227
	<u>143,302</u>	<u>2,949</u>	<u>13,728</u>	<u>419</u>	<u>160,398</u>

Amounts Due From Other Governments are categorized as follows:

	State	Federal	Total
General Fund	36,407		36,407
Other Governmental Funds:			
Food Services		2,949	2,949
	<u>36,407</u>	<u>2,949</u>	<u>39,356</u>

D. Capital Assets

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

	Balance 7/1/2009	Increases	Decreases	Balance 6/30/2010
Capital Assets, Not Being Depreciated				
Land	75,000			75,000
Capital Assets, Being Depreciated:				
Site Improvements	111,754			111,754
Buildings	967,555			967,555
Elementary Equipment	69,400	10,780		80,180
High School Equipment	235,513	16,600	(12,180)	239,933
Total Capital Assets, Being Depreciated	1,384,222	27,380	(12,180)	1,399,422
Less Accumulated Depreciation For:				
Site Improvements	(9,537)	(3,725)		(13,262)
Buildings	(857,238)	(4,843)		(862,081)
Elementary Equipment	(57,181)	(2,178)		(59,359)
High School Equipment	(160,974)	(18,583)	12,180	(167,377)
Total Accumulated Depreciation	(1,084,930)	(29,329)	12,180	(1,102,079)
Total Capital Assets Being Depreciated, Net	299,292	(1,949)	0	297,343
Capital Assets, Net	374,292	(1,949)	0	372,343

The District's policy is to capitalize all individual items over \$2,000.

Depreciation expense was charged to functions of the District as follows:

Instruction	20,761
Non-Instruction:	
Maintenance and Operations	8,668
	<u>29,429</u>

E. Interfund Receivables and Payables

The composition of interfund receivables and payables due to deficit balances in the shared cash accounts as of June 30, 2010 is as follows:

<u>Fund</u>	<u>Due From Other Funds</u>	<u>Due To Other Funds</u>
General		43,736
Other Governmental Funds:		
Title VI-B, IDEA- Special Education	43,736	
	<u>43,736</u>	<u>43,736</u>

F. Interfund Transfers

The General Fund transfers annually to the school lunch program an amount equal to the employer social security and medicare taxes of the school lunch wages. The transfer for the year ended June 30, 2010 was \$1,697. The District also transferred \$21,575 from the School Building Maintenance Fund to the General Fund for repairs and maintenance expenses.

G. Operating Leases

The District has entered into the following copier operating lease agreements that include toner:

<u>Equipment</u>	<u>Term</u>	<u>Cost</u>
Canon IR-5065 Copier August 1, 2007	60 Months	\$395.02 per month plus .0047 per copy (also includes staples, parts, labor, and services)
Canon C5M3F Copier December 15, 2004	60 Months	\$69.72 per month plus .0104 per copy
Cannon MP2550B Copier April 21, 2010	60 Months	\$80.75 per month plus .00720 per copy

Current lease operating costs are as follows:

	<u>IR-5065</u>	<u>C5M3F</u>	<u>MP2550B</u>	<u>Total</u>
Lease Payments	4,740	563	369	5,672
Copy Costs	2,157	164	25	2,346
Total	<u>6,897</u>	<u>727</u>	<u>394</u>	<u>8,018</u>

The remaining future minimum lease payments for the lease agreements excluding copy costs are:

	<u>IR-5065</u>	<u>MP2550B</u>	<u>Total</u>
2011	4,740	969	5,709
2012	4,740	969	5,709
2013	1,185	969	2,154
2014		969	969
2015		646	646
	<u>10,665</u>	<u>4,522</u>	<u>15,187</u>

H. Fund Equity

1. Reservations of Fund Balances

The District reserves a portion of the fund equity that is legally segregated for a specific future use. All of the reserves are specifically set aside for the operations in which each fund was created. The following is a brief description and amount of all reserves of the fund financial statements.

At year end the District had the following reservations of fund balances:

Other Governmental Funds:		
School Building Maintenance Fund		
Reserved for School Building Maintenance Fund Expenditures		5,698
Title VI-B, IDEA - Special Education		
Reserved for Title VI-B, IDEA - Special Education Expenditures		44,630
Title VI-B, IDEA - Preschool		
Reserved for Title VI-B, IDEA - Preschool Expenditures		395
Albertson's Grant		
Reserved for Albertson's Grant Expenditures		1,780
Federal Drug Free Schools		
Reserved for Federal Drug Free Schools Expenditures		424
Food Service		
Reserved for Food Service Expenditures		16,515
Total Other Governmental Funds		<u>69,442</u>
Trusts:		
Highland Foundation		
Principal Reservations		5,444
Total All Funds		<u>74,886</u>

2. Unreserved Fund Balances

The remaining fund balances are unreserved and undesignated.

IV. OTHER INFORMATION

A. Risk Management

The District is exposed to various risks of loss related to limited torts; theft of, damage to and destruction of assets; errors and omissions and natural disasters for which the District

carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

B. Contingent Liabilities

1. Grants

The District participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2010 may be impaired. In the opinion of the District, there are no significant liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

C. Employee Pension Plans

Substantially all full time employees and certain part time employees of the District are members of the Public Employee Retirement System of Idaho (PERSI). The PERSI Base Plan, a cost sharing multiple-employer public retirement system, was created by the Idaho State Legislature. It is a defined benefit plan requiring that both the member and the employer contribute. The Plan provides benefits based on members' years of service, age, and compensation. In addition, benefits are provided for disability, death, and survivors of eligible members or beneficiaries. The authority to establish and amend benefit provisions is established in Idaho Code. Designed as a mandatory system for eligible state and school district employees, the legislation provided for other political subdivisions to participate by contractual agreement with PERSI. After five years of credited service, members become fully vested in retirement benefits earned to date. Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. For each month of credited, the annual service retirement allowance is 2.0% of the average monthly salary for the highest consecutive 42 months.

PERSI issues publicly available stand alone reports that include audited financial statements and required supplementary information. This report may be obtained from PERSI's website www.persi.idaho.gov.

The actuarially determined contribution requirements of Highland Joint School District No. 305 and its employees are established and may be amended by the PERSI Board of Trustees. For the year ended June 30, 2010, the required contribution rate as a percentage of covered payroll was 6.23% for general members. The employer rate as a percentage of covered payroll was 10.39% for general members. The Highland Joint School District No. 305's contributions required and paid were \$125,433, \$135,602, and \$135,649 for the three years ended June 30, 2010, 2009, and 2008 respectively.

REQUIRED SUPPLEMENTARY DATA

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances
 Budget and Actual
 Governmental Funds
 For the Year Ended June 30, 2010

	General			Capital Projects Fund		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues						
Property Taxes	220,784	217,567	(3,217)	40,000	39,400	(600)
Intergovernmental, State	1,633,936	1,479,983	(153,953)			
Intergovernmental, Federal		218,644	218,644			
Interest	20,000	1,421	(18,579)		271	271
Other	179,251	151,859	(27,392)			
Total Revenues	2,053,971	2,069,474	15,503	40,000	39,671	(329)
Expenditures						
Current						
Instruction	1,225,618	1,172,446	53,172			
Non-Instruction						
Pupil Support	108,523	113,364	(4,841)			
Staff Support	61,698	37,701	23,997			
Food Service						
Administrative	245,214	255,982	(10,768)			
Business Operations	64,621	64,403	218			
Plant Operations	154,341	141,350	12,991	5,000	2,077	2,923
Maintenance	89,306	83,245	6,061			
Pupil Transportation	258,675	275,472	(16,797)			
Capital Outlays				133,700	16,600	117,100
Total Expenditures	2,207,996	2,143,963	64,033	138,700	18,677	120,023
Excess (Deficiency) of Revenues Over (Under) Expenditures	(154,025)	(74,489)	79,536	(98,700)	20,994	119,694
Other Financing Sources and Uses						
Transfers In (Out)	21,527	19,878	(1,649)			
Contingency	(17,502)		17,502			
Total Other Financing Sources and Uses	4,025	19,878	15,853			
Net Change in Fund Balances	(150,000)	(54,611)	95,389	(98,700)	20,994	119,694
Fund Balance, Beginning of Year	150,000	126,310	(23,690)	98,700	101,657	2,957
Fund Balance, End of Year	0	71,699	71,699	0	122,651	122,651

The notes to the financial statements are an integral part of this statement.

(Continued)

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
Governmental Funds
For the Year Ended June 30, 2010
 (continued)

	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Property Taxes	52,465	52,658	193
Intergovernmental, State	245,641	260,437	14,796
Intergovernmental, Federal			
Interest			
Other	19,697	21,554	1,857
Total Revenues	<u>317,803</u>	<u>334,649</u>	<u>16,846</u>
Expenditures			
Current			
Instruction	214,664	172,393	42,271
Non-Instruction			
Pupil Support	1,514	2,154	(640)
Staff Support	78,597	83,676	(5,079)
Food Service	14,000		14,000
Administrative			
Business Operations			
Plant Operations			
Maintenance			
Pupil Transportation			
Capital Outlays	15,200	10,780	4,420
Total Expenditures	<u>323,975</u>	<u>269,003</u>	<u>54,972</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(6,172)</u>	<u>65,646</u>	<u>71,818</u>
Other Financing Sources and Uses			
Transfers In (Out)	(21,528)	(19,878)	(1,650)
Contingency			
Total Other Financing Sources and Uses	<u>(21,528)</u>	<u>(19,878)</u>	<u>(1,650)</u>
Net Change in Fund Balances	(27,700)	45,768	70,168
Fund Balance, Beginning of Year	<u>27,700</u>	<u>51,513</u>	<u>23,813</u>
Fund Balance, End of Year	<u>0</u>	<u>97,281</u>	<u>97,281</u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Notes to Required Supplementary Information
June 30, 2010

I. Budgetary Information

A. Budgetary Basis of Accounting

The District is required by state law to adopt annual budgets for the General Fund, Other Governmental Funds, and the Capital Projects Fund. Each budget is presented on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The Board of Trustees follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The District publishes a proposed budget for public review at least 28 days prior to the annual meeting.
2. Public hearings are set to obtain taxpayer comments.
3. The final budget is adopted by resolution of the Board and published at least 14 days after the public hearing.
4. The final budget is filed with the State Department of Education prior to July 15.
5. Once adopted, the budget can be amended by subsequent Board action. The Board, upon recommendation of the Superintendent, can approve reductions in appropriations, but increases in appropriations by fund require a public hearing prior to amending the budget.
6. Expenditures may not legally exceed budgeted appropriations at the fund level.

All appropriations lapse at year-end.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed as an extension of formal budgetary integration in the General Fund, Other Governmental Funds, and Capital Projects Funds.

B. Excess of Expenditures Over Appropriations

For the year ended June 30, 2010, expenditures exceed appropriations in the following funds:

	<u>Amount over Budget</u>
Title I-A, ESEA	2,500
Albertson's Grant	793
Food Service	15,859

Over expenditures in Title I-A, ESEA and Albertson's Grant were funded by available fund balances. The excess expenditures over appropriations in the Food Service was funded by revenues in excess of budget.

Highland Joint School District No. 305
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2010
 (With Comparative Totals for June 30, 2009)

	Federal Forest Funds	School Building Maintenance Fund	Technology - State	State Substance Abuse	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool	Title VI-B, ESEA, REAP
Assets								
Cash	27,839	5,698	2,476	221	894	395		
Due From Other Governments								
Due From Other Funds					43,736			
Total Assets	<u>27,839</u>	<u>5,698</u>	<u>2,476</u>	<u>221</u>	<u>44,630</u>	<u>395</u>		
Liabilities and Fund Balances								
Liabilities								
Accounts Payable			1,837		221			
Accrued Salaries and Benefits Due to Other Funds			639					
Total Liabilities			<u>2,476</u>		<u>221</u>			
Fund Balances								
Reserved		5,698			44,630	395		
Unreserved	27,839							
Total Fund Balances	<u>27,839</u>	<u>5,698</u>			<u>44,630</u>	<u>395</u>		
Total Liabilities and Fund Balances	<u>27,839</u>	<u>5,698</u>	<u>2,476</u>	<u>221</u>	<u>44,630</u>	<u>395</u>		

The notes to the financial statements are an integral part of this statement.

(continued)

Highland Joint School District No. 305
 Combining Balance Sheet
 Other Governmental Funds
 June 30, 2010
 (With Comparative Totals for June 30, 2009)
 (continued)

	Albertson's Grant	Title II-A, ESEA	Federal Drug Free Schools	Food Service	Totals	
					2010	2009
Assets						
Cash	1,780		424	18,740	58,467	11,136
Due From Other Governments				2,949	2,949	4,438
Due From Other Funds					43,736	41,071
Total Assets	<u>1,780</u>	<u></u>	<u>424</u>	<u>21,689</u>	<u>105,152</u>	<u>56,645</u>
Liabilities and Fund Balances						
Liabilities						
Accounts Payable				318	2,376	1,010
Accrued Salaries and Benefits Due to Other Funds				4,856	5,495	2,685
Total Liabilities	<u></u>	<u></u>	<u></u>	<u>5,174</u>	<u>7,871</u>	<u>5,132</u>
Fund Balances						
Reserved	1,780		424	16,515	69,442	25,014
Unreserved					27,839	26,499
Total Fund Balances	<u>1,780</u>	<u></u>	<u>424</u>	<u>16,515</u>	<u>97,281</u>	<u>51,513</u>
Total Liabilities and Fund Balances	<u>1,780</u>	<u></u>	<u>424</u>	<u>21,689</u>	<u>105,152</u>	<u>56,645</u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Other Governmental Funds
 For The Year Ended June 30, 2010
 (With Comparative Totals for the Year Ended June 30, 2009)

	Federal Forest Funds	School Building Maintenance Fund	Technology - State	State Substance Abuse	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool	Title VI-B, ESEA, REAP
Revenues								
Lunch and Breakfast Sales								
Intergovernmental, State				4,706				
Grant Funds		21,575	26,377		73,565	79,477	3,925	12,331
Intergovernmental, Federal								
Grant Funds								
Unrestricted Revenues	1,340							
Total Revenues	1,340	21,575	26,377	4,706	73,565	79,477	3,925	12,331
Expenditures								
Instruction								
Salaries			9,193	1,000	54,989	25,045		8,729
Benefits			4,735	290	16,319	10,525		3,602
Purchased Services			5,744	1,273	239		3,530	
Supplies and Materials			6,552	450	2,018			
Capital Outlays								
Total Instruction			26,224	3,013	73,565	35,570	3,530	12,331
Non-Instruction								
Staff Support								
Purchased Services				1,693				
Supplies and Materials			143					
Total Staff Support			143	1,693				

The notes to the financial statements are an integral part of this statement.
 (continued)
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Highland Joint School District No. 305
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Other Governmental Funds
 For The Year Ended June 30, 2010
 (With Comparative Totals for the Year Ended June, 30 2009)
 (continued)

	Federal Forest Funds	School Building Maintenance Fund	Technology - State	State Substance Abuse	Title I-A, ESEA	Title VI-B, IDEA - Special Education	Title VI-B, IDEA - Preschool	Title VI-B, ESEA, REAP
Expenditures (continued)								
Non-Instruction								
Food Service								
Salaries								
Benefits								
Purchased Services								
Supplies and Materials								
Capital Outlay								
Total Food Service								
Total Expenditures			26,367	4,706	73,565	35,570	3,530	12,331
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,340	21,575	10	0	0	43,907	395	0
Other Financing Sources (Uses)								
Transfers In								
Transfers Out		(21,575)						
Total Other Financing Sources and (Uses)		(21,575)						
Net Change in Fund Balances	1,340	0	10	0	0	43,907	395	0
Fund Balances, Beginning of Year	26,499	5,698	(10)			723		
Fund Balances, End of Year	27,839	5,698	0	0	0	44,630	395	0

The notes to the financial statements are an integral part of this statement.
 (continued)
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Highland Joint School District No. 305
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Other Governmental Funds
 For The Year Ended June 30, 2010
 (With Comparative Totals for the Year Ended June 30, 2009)
 (continued)

	Albertson's Grant	Title II-A, ESEA	Federal Drug Free Schools	Food Service	Totals	
					2010	2009
Revenues						
Lunch and Breakfast Sales				21,554	21,554	19,938
Intergovernmental, State Grant Funds					52,658	55,534
Intergovernmental, Federal Grant Funds		17,019	1,090	71,690	259,097	196,652
Unrestricted Revenues					1,340	1,507
Total Revenues		17,019	1,090	93,244	334,649	273,631
Expenditures						
Instruction						
Salaries	594	94			99,644	87,366
Benefits	199	7			35,677	35,412
Purchased Services		13,844			24,630	5,874
Supplies and Materials		3,074	348		12,442	10,382
Capital Outlays						20,831
Total Instruction	793	17,019	348		172,393	159,865
Non-Instruction						
Staff Support					1,693	1,561
Purchased Services			318		461	
Supplies and Materials						
Total Staff Support	0		318		2,154	1,561

The notes to the financial statements are an integral part of this statement
 (continued)

Highland Joint School District No. 305
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
 Other Governmental Funds
 For The Year Ended June 30, 2010
 (With Comparative Totals for the Year Ended June 30, 2009)
 (continued)

	Albertson's Grant	Title II-A, ESEA	Federal		Totals	
			Drug Free Schools	Food Service	2010	2009
Expenditures (continued)						
Non-Instruction						
Food Service						
Salaries				22,279	22,279	23,351
Benefits				15,486	15,486	9,128
Purchased Services				608	608	906
Supplies and Materials				45,303	45,303	55,785
Capital Outlays				10,780	10,780	
Total Food Service				94,456	94,456	89,170
Total Expenditures	793	17,019	666	94,456	269,003	250,596
Excess (Deficiency) of Revenues Over (Under) Expenditures	(793)	0	424	(1,212)	65,646	23,035
Other Financing Sources (Uses)						
Transfers In				1,697	1,697	1,755
Transfers Out					(21,575)	(23,129)
Total Other Financing Sources and (Uses)				1,697	(19,878)	(21,374)
Net Change in Fund Balances	(793)	0	424	485	45,768	1,661
Fund Balances, Beginning of Year	2,573			16,030	51,513	49,852
Fund Balances, End of Year	1,780	0	424	16,515	97,281	51,513

The notes to the financial statements are an integral part of this statement

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For The Year Ended June 30, 2010

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Revenues			
Other Revenues			
Property Taxes	218,024	215,847	(2,177)
Penalty and Interest on Taxes	2,760	1,720	(1,040)
Interest	20,000	1,421	(18,579)
Other	179,251	151,859	(27,392)
Total Other Revenues	<u>420,035</u>	<u>370,847</u>	<u>(49,188)</u>
Intergovernmental Revenues			
State Support	1,565,021	1,385,256	(179,765)
Other State Support	68,915	94,727	25,812
Federal Support		218,644	218,644
Total Intergovernmental Revenues	<u>1,633,936</u>	<u>1,698,627</u>	<u>64,691</u>
 Total Revenues	 <u>2,053,971</u>	 <u>2,069,474</u>	 <u>15,503</u>
Expenditures			
Current			
Instruction			
Salaries	875,343	763,826	111,517
Benefits	252,496	229,052	23,444
Purchased Services	40,723	124,120	(83,397)
Supplies and Materials	49,966	55,448	(5,482)
Insurance	500		500
Capital Outlays	6,590		6,590
Total Instruction	<u>1,225,618</u>	<u>1,172,446</u>	<u>53,172</u>
Non-Instruction			
Pupil Support			
Salaries	63,025	73,231	(10,206)
Benefits	17,232	19,047	(1,815)
Purchased Services	27,816	20,934	6,882
Supplies and Materials	450	152	298
Total Pupil Support	<u>108,523</u>	<u>113,364</u>	<u>(4,841)</u>
Staff Support			
Salaries	27,072	20,776	6,296
Benefits	10,526	6,660	3,866
Purchased Services	7,750	5,022	2,728
Supplies and Materials	16,350	5,243	11,107
Total Staff Support	<u>61,698</u>	<u>37,701</u>	<u>23,997</u>
Administrative			
Salaries	169,073	187,031	(17,958)
Benefits	49,831	50,335	(504)
Purchased Services	23,210	16,016	7,194
Supplies and Materials	3,100	2,600	500
Total Administrative	<u>245,214</u>	<u>255,982</u>	<u>(10,768)</u>

The notes to the financial statements are an integral part of this statement.

(continued)

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
General Fund
For The Year Ended June 30, 2010
(continued)

	<u>Original and Final Budgeted Amounts</u>	<u>Actual</u>	<u>Over (Under) Budget</u>
Expenditures (continued)			
Current			
Non-Instruction			
Business Operations			
Salaries	47,497	47,518	(21)
Benefits	14,574	14,430	144
Purchased Services	2,050	1,853	197
Supplies and Materials	500	602	(102)
Total Business Operations	<u>64,621</u>	<u>64,403</u>	<u>218</u>
Plant Operations			
Salaries	40,412	24,864	15,548
Benefits	16,308	13,356	2,952
Purchased Services	81,200	82,873	(1,673)
Supplies and Materials	3,000	6,024	(3,024)
Insurance	13,421	14,233	(812)
Total Plant Operations	<u>154,341</u>	<u>141,350</u>	<u>12,991</u>
Maintenance			
Salaries	46,237	43,237	3,000
Benefits	17,069	15,517	1,552
Purchased Services	17,450	13,953	3,497
Supplies and Materials	8,550	10,538	(1,988)
Total Maintenance	<u>89,306</u>	<u>83,245</u>	<u>6,061</u>
Pupil Transportation			
Purchased Services	257,175	274,934	(17,759)
Supplies and Materials	1,500	538	962
Total Pupil Transportation	<u>258,675</u>	<u>275,472</u>	<u>(16,797)</u>
Total Expenditures	<u>2,207,996</u>	<u>2,143,963</u>	<u>64,033</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(154,025)</u>	<u>(74,489)</u>	<u>79,536</u>
Other Financing Sources and Uses			
Contingency	(17,502)		17,502
Transfers In	22,882	21,575	(1,307)
Transfers Out	(1,355)	(1,697)	(342)
Total Other Financing Sources and Uses	<u>4,025</u>	<u>19,878</u>	<u>15,853</u>
Net Change in Fund Balances	(150,000)	(54,611)	95,389
Fund Balances, Beginning of Year	<u>150,000</u>	<u>126,310</u>	<u>(23,690)</u>
Fund Balances, End of Year	<u>0</u>	<u>71,699</u>	<u>71,699</u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual

Other Governmental Funds - Federal Forest Funds and School Building Maintenance Fund
For the Year Ended June 30, 2010

	Federal Forest Funds			School Building Maintenance Fund		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues						
Intergovernmental, State						
Intergovernmental, Federal	1,500	1,340	(160)	22,883	21,575	(1,308)
Total Revenues	<u>1,500</u>	<u>1,340</u>	<u>(160)</u>	<u>22,883</u>	<u>21,575</u>	<u>(1,308)</u>
Expenditures						
Current						
Non-Instruction						
Administration						
Purchased Services	8,000		8,000			
Supplies and Materials	6,000		6,000			
Capital Outlays	15,200		15,200			
Total Administration	29,200		29,200			
Total Expenditures	<u>29,200</u>		<u>29,200</u>			
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(27,700)	1,340	29,040	22,883	21,575	(1,308)
Other Financing Sources						
and Uses						
Transfers Out - General Fund				(22,883)	(21,575)	1,308
Total Other Financing				(22,883)	(21,575)	1,308
Sources and Uses						
Net Change in Fund Balances	<u>(27,700)</u>	<u>1,340</u>	<u>29,040</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balances, Beginning of Year	<u>27,700</u>	<u>26,499</u>	<u>1,201</u>		<u>5,698</u>	<u>5,698</u>
Fund Balances, End of Year	<u>0</u>	<u>27,839</u>	<u>27,839</u>	<u>0</u>	<u>5,698</u>	<u>5,698</u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Other Governmental Funds - Technology - State and State Substance Abuse
For The Year Ended June 30, 2010

	Technology - State			State Substance Abuse		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues						
Intergovernmental, State	24,876	26,377	1,501	4,706	4,706	0
Total Revenues	24,876	26,377	1,501	4,706	4,706	0
Expenditures						
Current						
Instruction						
Salaries	2,500	9,193	(6,693)	1,000	1,000	0
Benefits	609	4,735	(4,126)	192	290	(98)
Purchased Services	6,941	5,744	1,197	1,000	1,273	(273)
Supplies and Materials	13,826	6,552	7,274	2,000	450	1,550
Total Instruction	23,876	26,224	(2,348)	4,192	3,013	1,179
Non-Instruction						
Staff Support						
Purchased Services	1,000	143	857	514	1,693	(1,179)
Total Staff Support	1,000	143	857	514	1,693	(1,179)
Total Expenditures	24,876	26,367	(1,491)	4,706	4,706	0
Net Change in Fund Balances	0	10	10	0	0	0
Fund Balances, Beginning of Year		(10)	(10)			
Fund Balances, End of Year	0	0	0	0	0	0

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
**Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual**
Other Governmental Funds - Title I-A, ESEA and Title VI-B, IDEA - Special Education
For The Year Ended June 30, 2010

	Title I-A, ESEA		Over (Under) Budget	Title VI-B, IDEA - Special Education	
	Original and Final Budgeted Amounts	Actual		Original and Final Budgeted Amounts	Actual
Revenues					
Intergovernmental, Federal	71,065	73,565	2,500	78,557	79,477
Total Revenues	71,065	73,565	2,500	78,557	79,477
Expenditures					
Current					
Instruction					
Salaries	58,584	54,989	3,595	51,979	25,045
Benefits	12,481	16,319	(3,838)	26,578	10,525
Purchased Services		239	(239)		
Supplies and Materials		2,018	(2,018)		
Total Instruction	71,065	73,565	(2,500)	78,557	35,570
Total Expenditures	71,065	73,565	(2,500)	78,557	35,570
Net Change in Fund Balances	0	0	0	0	43,907
Fund Balances, Beginning of Year					723
Fund Balances, End of Year	0	0	0	0	44,630

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 Other Governmental Funds - Albertson's Grant and Title II-A, ESEA
 For The Year Ended June 30, 2010

	Albertson's Grant		Title II-A, ESEA	
	Original and Final Budgeted Amounts	Actual	Original and Final Budgeted Amounts	Actual
Revenues				
Intergovernmental, Federal			17,019	17,019
Total Revenues			17,019	17,019
Expenditures				
Current				
Instruction				
Salaries		594	11,160	94
Benefits		199	5,859	7
Purchased Services				13,844
Supplies and Materials				3,074
Total Instruction		793	17,019	17,019
				11,066
				5,852
				(13,844)
				(3,074)
				0
Total Expenditures		(793)	17,019	17,019
Net Change in Fund Balances		(793)	0	0
Fund Balance, Beginning of Year		2,573		
Fund Balance, End of Year		1,780	0	0

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
 Statement of Revenues, Expenditures and Changes in Fund Balances -
 Budget and Actual
 Other Governmental Funds - Federal Drug Free Schools
 For The Year Ended June 30, 2010

	Federal Drug Free Schools		
	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Intergovernmental, Federal	1,090	1,090	0
Total Revenues	1,090	1,090	0
Expenditures			
Current			
Instruction			
Salaries	400		400
Supplies and Materials	690	348	342
Total Instruction	1,090	348	742
Non-Instruction			
Staff Support			
Purchased Services		318	(318)
Total Staff Support		318	(318)
Total Expenditures	1,090	666	424
Net Change in Fund Balances	0	424	424
Fund Balance, Beginning of Year			
Fund Balance, End of Year	0	424	424

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Other Governmental Funds - Food Service
For the Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Lunch and Breakfast Sales	19,697	21,554	1,857
Intergovernmental, Federal	57,545	71,690	14,145
Total Revenues	<u>77,242</u>	<u>93,244</u>	<u>16,002</u>
Expenditures			
Non-Instruction			
Current			
Food Service			
Salaries	17,707	22,279	(4,572)
Benefits	9,430	15,486	(6,056)
Purchased Services	675	608	67
Supplies and Materials	50,785	45,303	5,482
Capital Outlays		10,780	(10,780)
Total Expenditures	<u>78,597</u>	<u>94,456</u>	<u>(15,859)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,355)	(1,212)	143
Other Financing Sources and Uses			
Transfers In - General Fund	1,355	1,697	342
Total Other Financing Sources and Uses	<u>1,355</u>	<u>1,697</u>	<u>342</u>
Net Change in Fund Balances	0	485	485
Fund Balances, Beginning of Year	0	16,030	16,030
Fund Balances, End of Year	<u>0</u>	<u>16,515</u>	<u>16,515</u>

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Statement of Revenues, Expenditures and Changes in Fund Balances -
Budget and Actual
Capital Projects Fund
For the Year Ended June 30, 2010

	Original and Final Budgeted Amounts	Actual	Over (Under) Budget
Revenues			
Property Taxes	40,000	39,400	(600)
Interest		271	271
Total Revenues	<u>40,000</u>	<u>39,671</u>	<u>(329)</u>
Expenditures			
Current			
Purchased Services	5,000	2,077	2,923
Capital Outlays	133,700	16,600	117,100
Total Maintenance	<u>138,700</u>	<u>18,677</u>	<u>120,023</u>
Total Expenditures	<u>138,700</u>	<u>18,677</u>	<u>120,023</u>
Net Change in Fund Balances	(98,700)	20,994	119,694
Fund Balance, Beginning of Year	<u>98,700</u>	<u>101,657</u>	<u>2,957</u>
Fund Balance, End of Year	<u><u>0</u></u>	<u><u>122,651</u></u>	<u><u>122,651</u></u>

The notes to the financial statements are an integral part of this statement.

**Highland Joint School District No. 305
Statement of Fiduciary Net Assets
All Trust and Agency Funds
June 30, 2010**

	<u>Private Purpose Trust Funds</u>		<u>Agency Student Activity Funds</u>
	<u>Wilfong Athletic Fund</u>	<u>Highland Foundation</u>	
Assets			
Cash			10,100
Investments	1,988	7,909	33,962
Accounts Receivable			419
	<u>1,988</u>	<u>7,909</u>	<u>44,481</u>
Liabilities			
Due to Student Groups			44,481
			<u>44,481</u>
Net Assets			
Assets Held in Trust	<u>1,988</u>	<u>7,909</u>	

The notes to the financial statements are an integral part of this statement.

Highland Joint School District No. 305
Agency Funds
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2010

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2010</u>
Assets				
Cash and Investments				
Boys Athletics		14,364	14,364	0
Girls Athletics		7,860	7,860	0
Music	3,527	3,667	3,495	3,699
Student Council	1,830	4,000	3,712	2,118
Student Recognition	785			785
Band Instrument Fees	50	50		100
Annual Staff		1,776	303	1,473
Cheerleaders	340	905	809	436
Boys Basketball		460		460
Girls Basketball		567		567
Business Prof. Assoc.	2,458	3,099	2,640	2,917
Honor Society		208	187	21
Uniforms	144	1,890	1,763	271
Football		50		50
Volleyball		50		50
At-Risk Fund	559		14	545
Track		601		601
Baseball Club		94	24	70
Spanish Club	1,141	1,350	1,821	670
Softball		806		806
Elementary	919	1,009	928	1,000
Pop Machines		4,166	4,166	0
F.C.C.L.A.	3,022	10,606	13,628	0
Embroidery Club	254	36	2	288
Knowledge Bowl	87	1,099	1,186	0
Fine Arts Club	387	202		589
Life Smarts	565			565
Dance Team	60			60
Fine Arts-Drama	2,272	968	2,263	977
Student Newspaper	95			95
Science Club	1,947		1,947	0
Concessions	279	6,969	7,179	69
FFA		5,427	4,614	813
Greenhouse Project	338	2,404		2,742
IDLA Class Fee		100	100	0
Elementary Library		488	37	451
Elementary Field Trips		1,000	596	404
Community Service		245	245	0
SOS Group		11,556	4,253	7,303

The notes to the financial statements are an integral part of this statement.
(continued)

Highland Joint School District No. 305
Agency Funds
Schedule of Receipts and Disbursements
For the Year Ended June 30, 2010
(continued)

<u>Student Activity Fund</u>	<u>Beginning Balance 7/1/2009</u>	<u>Receipts</u>	<u>Disbursements</u>	<u>Ending Balance 6/30/2010</u>
Assets				
Cash and Investments (continued)				
INL Scholastics		150	150	0
Senior Class	1,033	3,525	3,488	1,070
Junior Class	1,050	999	1,126	923
Sophomore Class	433	320	459	294
Freshman Class	141	252	175	218
8th Graders	132	206	201	137
7th Graders	56	62	75	43
Alumni 1991	5			5
Alumni 1993	3			3
Alumni 1998	34			34
Alumni 2001	316			316
Alumni 2002	405			405
Alumni 2003	669			669
Alumni 2004	582			582
Alumni 2005	610			610
Alumni 2006	367			367
Alumni 2007	283			283
Alumni 2008	139			139
Alumni 2009		1,033	442	591
Reserve	606	2,845	1,463	1,988
Interest on Checking	46	6		52
Investment Pool Interest	4,773	634	5,407	0
Pepsi School Vendor Rebate	2,838		500	2,338
Total Cash and Investments	<u>35,580</u>	<u>98,104</u>	<u>91,622</u>	<u>42,062</u>
Investments (Stock Certificate)	<u>2,000</u>			<u>2,000</u>
Total Cash and Investments	<u>2,000</u>			<u>2,000</u>
Pepsi School Vendor Rebate	<u>1,701</u>		1,282	419
Total Accounts Receivable	<u>1,701</u>		<u>1,282</u>	<u>419</u>
Total Agency Funds	<u><u>39,281</u></u>	<u><u>98,104</u></u>	<u><u>92,904</u></u>	<u><u>44,481</u></u>

The notes to the financial statements are an integral part of this statement.

John Goffinet
Steve R. Clack

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Orofino, ID.
83544-0629

Report on Internal Control Over Financial Reporting and on Compliance and Other
Matters Based on an Audit of Financial Statements Performed in Accordance with
Government Auditing Standards

Board of Trustees
Highland Joint School District No. 305
Craigmont, Idaho

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Highland Joint School District No. 305, State of Idaho, as of and for the year ended June 30, 2010, which collectively comprise the Highland Joint School District, State of Idaho's basic financial statements and have issued our report thereon dated September 30, 2010. 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 Highland Joint School District No. 305, State of Idaho'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 Highland Joint School District No. 305, State of Idaho's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Highland Joint School District No. 305, State of Idaho'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 significant deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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.

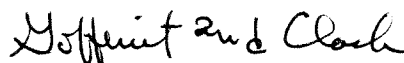
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Highland Joint School District No. 305, State of Idaho's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of Highland Joint School District No. 305, State of Idaho in a separate letter dated September 30, 2010.

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

September 30, 2010



Goffinet and Clack, Chartered
Certified Public Accountants