

**Highland Joint School District No. 305  
Audited Financial Statements  
For the Year Ended  
June 30, 2011**

**Highland Joint School District No. 305  
For the Year Ended June 30, 2011  
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(continued)

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**For the Year Ended June 30, 2011**  
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*John Goffinet*  
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## 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, 2011, 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, 2011, 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, 2011, 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.

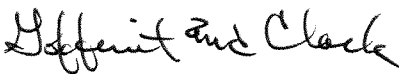
Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 22 through 24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 inquires of management about the methods of preparing the information and comparing the information for consistent with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during out audit of the basic financial statements. We do not express an opinion or provide an assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide an assurance.

Highland Joint School District No. 305 has not presented the Management's Discussion and Analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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, 2011

  
Goffinet and Clack, Chartered  
Certified Public Accountants

**Highland Joint School District No. 305**  
**Statement of Net Assets**  
**June 30, 2011**

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets:</b>                                  |                                    |
| Cash  | 32,201                             |
| Investments                                     | 185,546                            |
| Receivables:                                    |                                    |
| Accounts  | 34,415                             |
| Property Taxes                                  | 127,854                            |
| Other Governments                               | 83,927                             |
| Capital Assets, Net of Accumulated Depreciation | 510,956                            |
| <b>Total Assets</b>                             | <b>974,899</b>                     |
| <br><b>Liabilities:</b>                         |                                    |
| Accounts Payable                                | 11,763                             |
| Accrued Salaries and Benefits                   | 221,235                            |
| <b>Total Liabilities</b>                        | <b>232,998</b>                     |
| <br><b>Net Assets:</b>                          |                                    |
| Invested in Capital Assets                      | 510,956                            |
| Restricted For:                                 |                                    |
| Instruction                                     | 5,202                              |
| Child Nutrition Services                        | 20,677                             |
| Capital Projects                                | 12,130                             |
| Unrestricted                                    | 192,936                            |
| <b>Total Net Assets</b>                         | <b>741,901</b>                     |

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, 2011**

| <u><b>Functions/Programs</b></u> | <u><b>Program Revenues</b></u> |  |  |  | <u><b>Net (Expense) Revenue and<br/>Changes in Net Assets</b></u> |
|----------------------------------|--------------------------------|--|--|--|---|
|                                  | <u><b>Expenses</b></u>         | <u><b>Charges for<br/>Services</b></u> | <u><b>Operating<br/>Grants and<br/>Contributions</b></u> | <u><b>Capital<br/>Grants and<br/>Contributions</b></u> |   |
| Governmental Activities:         |                                |  |  |  |   |
| Instruction                      | 1,239,349                      | 925                                    | 60,093   |  | (1,178,331)   |
| Non-Instruction                  |                                |  |  |  |   |
| Support Services                 | 61,541                         | 17                                     | 4,953  |  | (56,571)  |
| Administration                   | 209,966                        |  | 1,483  |  | (208,483)   |
| Maintenance and Operations       | 298,421                        |  | 21,098   | 112,040  | (165,283)   |
| Transportation                   | 274,566                        |  | 178,073  |  | (96,493)  |
| Food Service                     | 56,444                         | 18,721                                 | 44,778   |  | 7,055   |
| Total Governmental Activities    | 2,140,287                      | 19,663                                 | 310,478  | 112,040  | (1,698,106)   |
|                                  |                                |  |  |  |   |
| <u><b>General Revenues:</b></u>  |                                |  |  |  |   |
| Property Taxes                   |                                |  |  |  | 364,090   |
| State and Federal Revenues       |                                |  |  |  | 1,246,080   |
| Interest                         |                                |  |  |  | 1,658   |
| Miscellaneous                    |                                |  |  |  | 134,360   |
| Total General Revenues           |                                |  |  |  | 1,746,188   |
| Change in Net Assets             |                                |  |  |  | 48,082  |
| Net Assets, Beginning of Year    |                                |  |  |  | 693,819   |
| Net Assets, End of Year          |                                |  |  |  | 741,901   |

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, 2011**

|  | <u>General</u> | <u>Capital<br/>Projects</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|----------------|-----------------------------|---|---|
| <b>Assets</b>                              |                |                             |   |   |
| Cash                                       | 32,017         |                             | 184                                     | 32,201                                  |
| Investments                                | 89,781         | 95,765                      |   | 185,546                                 |
| Property Taxes Receivable                  | 127,854        |                             |   | 127,854                                 |
| Due From Other Governments                 | 80,760         |                             | 3,167                                   | 83,927                                  |
| Accounts and Other Receivables             | 20,128         | 14,287                      |   | 34,415                                  |
| Due From Other Funds                       |                |                             | 62,960                                  | 62,960                                  |
| <b>Total Assets</b>                        | <u>350,540</u> | <u>110,052</u>              | <u>66,311</u>                           | <u>526,903</u>                          |
| <b>Liabilities and Fund Balances</b>       |                |                             |   |   |
| <b>Liabilities</b>                         |                |                             |   |   |
| Accounts Payable                           | 7,052          |                             | 4,711                                   | 11,763                                  |
| Accrued Salaries and Benefits              | 214,837        |                             | 6,398                                   | 221,235                                 |
| Due to Other Funds                         | 62,960         |                             |   | 62,960                                  |
| Deferred Revenue                           | 40,143         | 3,859                       |   | 44,002                                  |
| Total Liabilities                          | <u>324,992</u> | <u>3,859</u>                | <u>11,109</u>                           | <u>339,960</u>                          |
| <b>Fund Balances</b>                       |                |                             |   |   |
| Restricted                                 |                |                             |   |   |
| Instruction                                |                |                             | 1,288                                   | 1,288                                   |
| Maintenance                                |                |                             | 3,914                                   | 3,914                                   |
| Capital Projects                           |                | 106,193                     |   | 106,193                                 |
| Assigned                                   |                |                             |   |   |
| Child Nutrition Services                   |                |                             | 20,677                                  | 20,677                                  |
| Unassigned                                 | 25,548         |                             | 29,323                                  | 54,871                                  |
| Total Fund Balances                        | <u>25,548</u>  | <u>106,193</u>              | <u>55,202</u>                           | <u>186,943</u>                          |
| <b>Total Liabilities and Fund Balances</b> | <u>350,540</u> | <u>110,052</u>              | <u>66,311</u>                           | <u>526,903</u>                          |

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, 2011**

|  |         |
|--|---------|
| <b>Total Governmental Fund Balances (Page 5)</b> | 186,943 |
|--|---------|

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. | 510,956 |
|---|---------|

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

|                |               |
|----------------|---------------|
| Property Taxes | <u>44,002</u> |
|----------------|---------------|

|   |                       |
|---|-----------------------|
| <b>Net Assets of Governmental Activities (Page 3)</b> | <u><u>741,901</u></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**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**

|  | <u>General</u>   | <u>Capital<br/>Projects</u> | <u>Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|------------------|-----------------------------|---|---|
| <b>Revenues</b>  |                  |                             |   |   |
| Property Taxes   | 310,681          | 39,352                      |   | 350,033                                 |
| Intergovernmental, State                                     | 1,541,146        |                             | 21,098                                  | 1,562,244                               |
| Intergovernmental, Federal                                   |                  |                             | 106,354                                 | 106,354                                 |
| Interest   | 1,355            | 303                         |   | 1,658                                   |
| Other  | 135,302          |                             | 18,721                                  | 154,023                                 |
| Total Revenues   | <u>1,988,484</u> | <u>39,655</u>               | <u>146,173</u>                          | <u>2,174,312</u>                        |
| <b>Expenditures</b>  |                  |                             |   |   |
| Current  |                  |                             |   |   |
| Instruction  | 1,102,690        |                             | 106,034                                 | 1,208,724                               |
| Non Instruction  |                  |                             |   |   |
| Pupil Support  | 30,877           |                             |   | 30,877                                  |
| Staff Support  | 30,664           |                             |   | 30,664                                  |
| Food Service   |                  |                             | 56,444                                  | 56,444                                  |
| Administrative   | 209,966          |                             |   | 209,966                                 |
| Business Operations  | 67,989           |                             |   | 67,989                                  |
| Plant Operations   | 133,990          | 3,086                       |   | 137,076                                 |
| Maintenance  | 82,092           |                             |   | 82,092                                  |
| Pupil Transportation   | 274,566          |                             |   | 274,566                                 |
| Capital Outlays  | 123,246          | 53,027                      | 4,329                                   | 180,602                                 |
| Total Expenditures   | <u>2,056,080</u> | <u>56,113</u>               | <u>166,807</u>                          | <u>2,279,000</u>                        |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(67,596)</u>  | <u>(16,458)</u>             | <u>(20,634)</u>                         | <u>(104,688)</u>                        |
| <b>Other Financing Sources (Uses)</b>                        |                  |                             |   |   |
| Transfers In (Out)   | 21,446           |                             | (21,446)                                | 0                                       |
| Total Other Financing Sources and Uses                       | <u>21,446</u>    |                             | <u>(21,446)</u>                         | <u>0</u>                                |
| Net Change in Fund Balances                                  | (46,150)         | (16,458)                    | (42,080)                                | (104,688)                               |
| Fund Balances, Beginning of Year                             | <u>71,699</u>    | <u>122,651</u>              | <u>97,281</u>                           | <u>291,631</u>                          |
| Fund Balances, End of Year                                   | <u>25,549</u>    | <u>106,193</u>              | <u>55,201</u>                           | <u>186,943</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, 2011**

**Net Changes in Fund Balances, Total Governmental Funds (Page 7)** (104,688)

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 capital outlays exceeded depreciation expense in the current period. 138,713

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

Property Taxes 14,057

**Change in Net Assets of Governmental Activities (Page 4)** 48,082

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, 2011**

|                                | <b>Private<br/>Purpose<br/>Trust<br/>Funds</b> | <b>Agency</b> |
|--------------------------------|--|---------------|
|                                | <hr/>  | <hr/>         |
| <b>Assets:</b>                 |  |               |
| Cash                           | 1,049  | 20,936        |
| Investments                    | 9,925  | 34,057        |
| Accounts Receivable            |  | 891           |
|                                | <hr/>  | <hr/>         |
| Total Assets                   | <u>10,974</u>                                  | <u>55,884</u> |
| <b>Liabilities:</b>            |  |               |
| Due to Student Groups          |  | 55,884        |
|                                | <hr/>  | <hr/>         |
| Total Liabilities              |  | <u>55,884</u> |
| <b>Net Assets:</b>             |  |               |
| Held in Trust for Scholarships | <u>10,974</u>                                  |               |
|                                | <hr/>  |               |
| Total Net Assets               | <u>10,974</u>                                  |               |

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, 2011**

|                               | <b>Private Purpose<br/>Trust Funds</b> |                                |
|-------------------------------|--|--------------------------------|
|                               | <b>Wilfong<br/>Athletic<br/>Fund</b>   | <b>Highland<br/>Foundation</b> |
| <b>Additions</b>              |  |                                |
| Contributions                 | 2                                      | 1,049                          |
| Total Contributions           | 2                                      | 1,049                          |
| Investments Earnings          |  |                                |
| Interest                      | 4                                      | 22                             |
| Total Investment Earnings     | 4                                      | 22                             |
| Total Additions               | 6                                      | 1,071                          |
| <b>Deductions</b>             |  |                                |
| Change in Net Assets          | 6                                      | 1,071                          |
| Net Assets, Beginning of Year | 1,988                                  | 7,909                          |
| Net Assets, End of Year       | 1,994                                  | 8,980                          |

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, 2011**

**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 activities) report information on all of the nonfiduciary activities of the District. These statements are prepared on a full accrual basis of accounting and economic resources measurement focus, which incorporates long-term assets as well as long-term liabilities. For the most part, the effect of interfund activity has been removed from these statements.

The statement of net assets presents the financial condition of the governmental activities of the District at year end. 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  
Highland Foundation  
Student Activities Fund

Private Purpose Trust Fund  
Private Purpose Trust 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 20<sup>th</sup> and June 20<sup>th</sup> 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. 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, 2011, the carrying value of the District's deposits with financial institutions was \$281,706 and the financial institution's balances were \$282,702. The financial institution's balances are categorized as follows:

#### Cash

|  |        |
|--|--------|
| Amounts insured by the FDIC held by banks in the District's name | 55,174 |
|--|--------|

#### 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 | 227,528        |
|   | <u>282,702</u> |

The carrying value of the District's deposits and cash on hand and investments at June 30, 2011 that appear in the financial statements are summarized below:

|   |                |               |                       |
|---|----------------|---------------|-----------------------|
| <u>Governmental Funds:</u>                    |                |               |                       |
| Cash on Hand                                  |                |               | 100                   |
| Cash Held by Financial Institutions           |                |               |                       |
| Deposits                                      | 32,101         |               |                       |
| Investments                                   | <u>185,546</u> | 217,647       |                       |
| <u>Fiduciary Funds:</u>                       |                |               |                       |
| Cash Held by Financial Institutions           |                |               |                       |
| Deposits - Student Activities Fund            | 20,936         |               |                       |
| Deposits - Highland Foundation                | 1,049          |               |                       |
| Investments - Trusts                          | 9,925          |               |                       |
| Investments - Student Activities Fund         | <u>32,049</u>  | <u>63,959</u> |                       |
| Total Cash Held by Financial Institutions     |                |               | <u>281,606</u>        |
| Total Cash on Hand, Deposits, and Investments |                |               | <u><u>281,706</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 AAf 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 District's investments are held in the District'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 20<sup>th</sup> and June 20<sup>th</sup> 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, 2011 consist of the following:

|                            | General<br>Fund | Other<br>Governmental<br>Funds | Capital<br>Projects | Fiduciary<br>Funds | Total          |
|----------------------------|-----------------|--------------------------------|---------------------|--------------------|----------------|
| Receivables:               |                 |                                |                     |                    |                |
| Property Taxes             | 127,854         |                                | 14,287              |                    | 142,141        |
| Due From Other Governments | 80,760          | 3,167                          |                     |                    | 83,927         |
| Accounts and Other         | 20,128          |                                |                     |                    | 20,128         |
|                            | <u>228,742</u>  | <u>3,167</u>                   | <u>14,287</u>       | <u>0</u>           | <u>246,196</u> |

Amounts Due from Other Governments are categorized as follows:

|                          | State         | Federal      | Total         |
|--------------------------|---------------|--------------|---------------|
| General Fund             | 80,760        |              | 80,760        |
| Other Governmental Funds |               |              |               |
| Forest Fund              |               | 150          | 150           |
| Title II-A               |               | 1,252        | 1,252         |
| Food Service Fund        |               | 1,765        | 1,765         |
|                          | <u>80,760</u> | <u>3,167</u> | <u>83,927</u> |

#### D. Capital Assets

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

|  | Balance<br>7/1/2010   | Increases             | Decreases | Adjustments       | Balance<br>6/30/2011  |
|--|-----------------------|-----------------------|-----------|-------------------|-----------------------|
| Capital Assets, Not<br>Being Depreciated       |                       |                       |           |                   |                       |
| Land   | 75,000                |                       |           |                   | 75,000                |
| Building Improvements                          |                       | 111,540               |           |                   | 111,540               |
| Total Capital Assets, Not<br>Being Depreciated | <u>75,000</u>         | <u>111,540</u>        |           |                   | <u>186,540</u>        |
| Capital Assets,<br>Being Depreciated           |                       |                       |           |                   |                       |
| Site Improvements                              | 111,754               | 53,027                |           |                   | 164,781               |
| Buildings                                      | 967,555               |                       |           |                   | 967,555               |
| Elementary Equipment                           | 80,180                | 4,329                 |           |                   | 84,509                |
| High School Equipment                          | 239,933               |                       |           |                   | 239,933               |
| Total Capital Assets,<br>Being Depreciated     | <u>1,399,422</u>      | <u>57,356</u>         |           |                   | <u>1,456,778</u>      |
| Less Accumulated<br>Depreciation               |                       |                       |           |                   |                       |
| Site Improvements                              | (13,262)              | (5,139)               |           |                   | (18,401)              |
| Buildings                                      | (862,181)             | (4,943)               |           | 2                 | (867,122)             |
| Elementary Equipment                           | (59,359)              | (2,298)               |           | 1                 | (61,656)              |
| High School Equipment                          | (167,377)             | (17,802)              |           | (4)               | (185,183)             |
| Total Accumulated<br>Depreciation              | <u>(1,102,179)</u>    | <u>(30,182)</u>       |           | <u>(1)</u>        | <u>(1,132,362)</u>    |
| Total Capital Assets<br>Being Depreciated, Net | <u>297,243</u>        | <u>27,174</u>         |           | <u>(1)</u>        | <u>324,416</u>        |
| Capital Assets, Net                            | <u><u>372,243</u></u> | <u><u>138,714</u></u> |           | <u><u>(1)</u></u> | <u><u>510,956</u></u> |

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                | 18,920.00        |
| Non-Instruction:           |                  |
| Maintenance and Operations | 11,262.00        |
|                            | <u>30,182.00</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, 2011 is as follows:

|  | <u>Due From<br/>Other Funds</u> | <u>Due To<br/>Other Funds</u> |
|--|---------------------------------|-------------------------------|
| General Fund                           |                                 | 62,960                        |
| Other Governmental Funds:              |                                 |                               |
| Federal Forest Fund                    | 29,172                          |                               |
| School Building Maintenance Fund       | 3,914                           |                               |
| Title VI - B, IDEA - Special Education | 4,965                           |                               |
| Food Service Fund                      | 24,909                          |                               |
|  | <u>62,960</u>                   | <u>62,960</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, 2011 was \$1,436. The District also transferred \$22,882 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<br>August 1, 2007  | 60 Months   | \$395.02 per month plus .0047 per copy (also includes staples, parts, labor, and services) |
| Cannon MP2550B Copier<br>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>MP2550B</u>  | <u>Total</u>    |
|----------------|-----------------|-----------------|-----------------|
| Lease Payments | 4,740.24        | 969.00          | 5,709.24        |
| Copy Costs     | 1,507.40        | 145.18          | 1,652.58        |
| Total          | <u>6,247.64</u> | <u>1,114.18</u> | <u>7,361.82</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> |
|-------|----------------|----------------|--------------|
| 2012  | 4,740          | 969            | 5,709        |
| 2013  | 1,185          | 969            | 2,154        |
| 2014  |                | 969            | 969          |
| 2015  |                | <u>646</u>     | <u>646</u>   |
| Total | <u>5,925</u>   | <u>3,553</u>   | <u>9,478</u> |

## H. Fund Equity

The District has adopted GASB 54. The intention of GASB 54 is to provide a more structured classification of fund balance and to improve the usefulness of fund balance reporting to the users of the District's financial statements. The reporting standard establishes a hierarchy for fund balance classifications and the constraints imposed on the uses of those resources.

GASB 54 provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. The District has no fund balances considered nonspendable.

In addition to the nonspendable fund balance, GASB 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

- **Restricted:** fund balances that are constrained by external parties, constitutional provisions, or enabling legislation.
- **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority.
- **Assigned:** fund balances that contain self-imposed constraints by the Board of Trustees of the government to be used for a particular purpose.
- **Unassigned:** fund balance of the general fund and the federal forest fund that are not constrained for any particular purpose.

The District has classified its fund balances with the following hierarchy:

**Nonspendable:** The District has no fund balances classified as nonspendable.

**Spendable:** The District has classified the spendable fund balances as Restricted, Assigned and Unassigned and considered each to have been spent when expenditures are incurred. The District currently has no funds classified as *Committed*.

- Restricted for Federal Programs and Capital Projects:

Federal laws and local ordinances require that certain revenues be specifically designed for the purposes of state categorical programs and capital projects. The restricted fund balances are School Building Maintenance \$3,914, and Title VI-B \$1,288.

- Assigned for Child Nutrition:

A total of \$20,677 is assigned to provide student attending the school with a nutritious lunch meeting the regulations of the United States Department of Agriculture as represented in the Food Services special revenue fund.

- Unassigned Items:

Unassigned items represent the remainder of the District's equity in governmental fund type balances. Unassigned fund balances include the General Fund fund balance of \$25,548 and the Federal Forest Fund balance of \$29,322.

#### **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, 2011 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](http://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, 2011, 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 \$108,927, \$125,433, and \$135,602 for the three years ended June 30, 2011, 2010, and 2009 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, 2011

|  | General                                   |                  |                           | Capital Projects Fund                     |                 |                           |
|--|---|------------------|---------------------------|---|-----------------|---------------------------|
|  | Original and<br>Final Budgeted<br>Amounts | Actual           | Over<br>(Under)<br>Budget | Original and<br>Final Budgeted<br>Amounts | Actual          | Over<br>(Under)<br>Budget |
| <b>Revenues</b>  |   |                  |                           |   |                 |                           |
| Property Taxes   | 334,526                                   | 310,681          | (23,845)                  | 40,000                                    | 39,352          | (648)                     |
| Intergovernmental, State                                     | 1,552,780                                 | 1,541,146        | (11,634)                  |   |                 |                           |
| Intergovernmental, Federal                                   |   |                  |                           |   |                 |                           |
| Interest   | 10,000                                    | 1,355            | (8,645)                   |   | 303             | 303                       |
| Other  | 26,800                                    | 135,302          | 108,502                   |   |                 |                           |
| Total Revenues   | <u>1,924,106</u>                          | <u>1,988,484</u> | <u>64,378</u>             | <u>40,000</u>                             | <u>39,655</u>   | <u>(345)</u>              |
| <b>Expenditures</b>  |   |                  |                           |   |                 |                           |
| Current  |   |                  |                           |   |                 |                           |
| Instruction  | 1,069,628                                 | 1,102,691        | (33,063)                  |   |                 |                           |
| Non-Instruction  |   |                  |                           |   |                 |                           |
| Pupil Support  | 43,392                                    | 30,877           | 12,515                    |   |                 |                           |
| Staff Support  | 57,410                                    | 30,664           | 26,746                    |   |                 |                           |
| Food Service   |   |                  |                           |   |                 |                           |
| Administrative   | 211,523                                   | 209,966          | 1,557                     |   |                 |                           |
| Business Operations  | 65,411                                    | 67,989           | (2,578)                   |   |                 |                           |
| Plant Operations   | 146,134                                   | 133,990          | 12,144                    | 5,000                                     | 3,086           | 1,914                     |
| Maintenance  | 91,378                                    | 82,092           | 9,286                     |   |                 |                           |
| Pupil Transportation   | 255,175                                   | 274,566          | (19,391)                  |   |                 |                           |
| Capital Outlays  | 7,546                                     | 123,246          | (115,700)                 | 185,000                                   | 53,027          | 131,973                   |
| Total Expenditures   | <u>1,947,597</u>                          | <u>2,056,081</u> | <u>(108,484)</u>          | <u>190,000</u>                            | <u>56,113</u>   | <u>133,887</u>            |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | <u>(23,491)</u>                           | <u>(67,597)</u>  | <u>(44,106)</u>           | <u>(150,000)</u>                          | <u>(16,458)</u> | <u>133,542</u>            |
| <b>Other Financing Sources and Uses</b>                      |   |                  |                           |   |                 |                           |
| Transfers In (Out)   | 21,036                                    | 21,446           | 410                       |   |                 |                           |
| Contingency  | (72,545)                                  |                  | 72,545                    |   |                 |                           |
| Total Other Financing Sources and Uses                       | <u>(51,509)</u>                           | <u>21,446</u>    | <u>72,955</u>             |   |                 |                           |
| Net Change in Fund Balances                                  | (75,000)                                  | (46,151)         | 28,849                    | (150,000)                                 | (16,458)        | 133,542                   |
| Fund Balance, Beginning of Year                              | 75,000                                    | 71,699           | (3,301)                   | 150,000                                   | 122,651         | (27,349)                  |
| Fund Balance, End of Year                                    | <u>0</u>                                  | <u>25,548</u>    | <u>25,548</u>             | <u>0</u>                                  | <u>106,193</u>  | <u>106,193</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**  
**Governmental Funds**  
**For the Year Ended June 30, 2011**  
 (continued)

|  | <b>Other Governmental Funds</b>                    |                 |                                    |
|--|--|-----------------|------------------------------------|
|  | <b>Original and<br/>Final Budgeted<br/>Amounts</b> | <b>Actual</b>   | <b>Over<br/>(Under)<br/>Budget</b> |
| <b>Revenues</b>  |  |                 |                                    |
| Property Taxes   |  |                 |                                    |
| Intergovernmental, State   | 22,882   | 21,098          | (1,784)                            |
| Intergovernmental, Federal   | 205,748  | 106,354         | (99,394)                           |
| Interest   |  |                 |                                    |
| Other  | 22,010   | 18,721          | (3,289)                            |
| <b>Total Revenues</b>  | <u>250,640</u>                                     | <u>146,173</u>  | <u>(104,467)</u>                   |
| <b>Expenditures</b>  |  |                 |                                    |
| Current  |  |                 |                                    |
| Instruction  | 149,863  | 106,034         | 43,829                             |
| Non-Instruction  |  |                 |                                    |
| Pupil Support  |  |                 |                                    |
| Staff Support  |  |                 |                                    |
| Food Service   | 81,910   | 56,444          | 25,466                             |
| Administrative   | 27,179   |                 | 27,179                             |
| Business Operations  | 2,000  |                 |                                    |
| Plant Operations   |  |                 |                                    |
| Maintenance  |  |                 |                                    |
| Pupil Transportation   |  |                 |                                    |
| Capital Outlays  |  | 4,329           | (4,329)                            |
| <b>Total Expenditures</b>  | <u>260,952</u>                                     | <u>166,807</u>  | <u>92,145</u>                      |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <u>(10,312)</u>                                    | <u>(20,634)</u> | <u>(10,322)</u>                    |
| <b>Other Financing Sources and Uses</b>                              |  |                 |                                    |
| Transfers In (Out)   | (21,036)   | (21,446)        | 410                                |
| Contingency  |  |                 |                                    |
| <b>Total Other Financing Sources and Uses</b>                        | <u>(21,036)</u>                                    | <u>(21,446)</u> | <u>410</u>                         |
| <b>Net Change in Fund Balances</b>                                   | <u>(31,348)</u>                                    | <u>(42,080)</u> | <u>(9,912)</u>                     |
| <b>Fund Balance, Beginning of Year</b>                               | <u>31,348</u>                                      | <u>97,281</u>   | <u>65,933</u>                      |
| <b>Fund Balance, End of Year</b>                                     | <u>0</u>   | <u>55,201</u>   | <u>55,201</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, 2011**

**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, 2011, expenditures exceed appropriations in the following funds:

|                            | Amount over<br>Budget |
|----------------------------|-----------------------|
| General Fund               | 108,484               |
| Title VI-B, IDEA-Preschool | 395                   |
| Title VI-B, ESEA, REAP     | 477                   |
| Federal Drug Free Schools  | 424                   |

Expenditures in excess of budget were created in the General Fund from the purchase of solar panels paid with non-budgeted receipt of grant funds. Excess expenditures in Title VI-B, IDEA-Preschool and Federal Drug Free Schools were funded by available fund balances. The excess expenditures over appropriations in the Title VI-B, ESEA, REAP was funded by revenues in excess of budget.

Highland Joint School District No. 305  
 Combining Balance Sheet  
 Other Governmental Funds  
 June 30, 2011  
 (With Comparative Totals for June 30, 2010)

|  | Federal<br>Forest<br>Funds | School<br>Building<br>Maintenance<br>Fund | Technology -<br>State | Title I-A,<br>ESEA | Title VI-B,<br>IDEA -<br>Special<br>Education | Title VI-B,<br>IDEA -<br>Preschool |
|--|----------------------------|---|-----------------------|--------------------|---|------------------------------------|
| <b>Assets</b>                                  |                            |   |                       |                    |   |                                    |
| Cash   | 151                        |   |                       |                    |   |                                    |
| Due From Other Governments                     | 29,172                     | 3,914                                     |                       |                    | 4,965   |                                    |
| Due From Other Funds                           |                            |   |                       |                    |   |                                    |
| <b>Total Assets</b>                            | <u>29,323</u>              | <u>3,914</u>                              |                       |                    | <u>4,965</u>                                  |                                    |
| <b>Liabilities and Fund Balances</b>           |                            |   |                       |                    |   |                                    |
| <b>Liabilities</b>                             |                            |   |                       |                    |   |                                    |
| Accounts Payable                               |                            |   |                       |                    |   |                                    |
| Accrued Salaries and Benefits                  |                            |   |                       |                    | 3,677   |                                    |
| Due to Other Funds                             |                            |   |                       |                    |   |                                    |
| <b>Total Liabilities</b>                       |                            |   |                       |                    | <u>3,677</u>                                  |                                    |
| <b>Fund Balances</b>                           |                            |   |                       |                    |   |                                    |
| Restricted                                     |                            |   |                       |                    |   |                                    |
| Instruction                                    |                            |   |                       |                    |   |                                    |
| Maintenance                                    |                            | 3,914                                     |                       |                    | 1,288   |                                    |
| Assigned                                       |                            |   |                       |                    |   |                                    |
| Child Nutrition Services                       |                            |   |                       |                    |   |                                    |
| Unassigned                                     | 29,323                     |   |                       |                    |   |                                    |
| <b>Total Fund Balances</b>                     | <u>29,323</u>              | <u>3,914</u>                              |                       |                    | <u>1,288</u>                                  |                                    |
| <b>Total Liabilities and<br/>Fund Balances</b> | <u>29,323</u>              | <u>3,914</u>                              |                       |                    | <u>4,965</u>                                  |                                    |

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 Balance Sheet  
 Other Governmental Funds  
 June 30, 2011  
 (With Comparative Totals for June 30, 2010)  
 (continued)

|   | Title VI-B,<br>ESEA,<br>REAP | Albertson's<br>Grant | Federal<br>Title II-A,<br>ESEA | Drug Free<br>Schools | Food<br>Service | Totals        |                |
|---|------------------------------|----------------------|--------------------------------|----------------------|-----------------|---------------|----------------|
|   |                              |                      |                                |                      |                 | 2011          | 2010           |
| <b>Assets</b>                                       |                              |                      |                                |                      |                 |               |                |
| Cash  |                              |                      |                                |                      | 1,436           | 184           | 58,467         |
| Due From Other Governments                          |                              |                      | (1,252)                        |                      | 1,764           | 3,167         | 2,949          |
| Due From Other Funds                                |                              |                      | 1,252                          |                      | 24,909          | 62,960        | 43,736         |
| <b>Total Assets</b>                                 |                              |                      |                                |                      | <u>28,109</u>   | <u>66,311</u> | <u>105,152</u> |
| <b>Liabilities and Fund Balances</b>                |                              |                      |                                |                      |                 |               |                |
| <b>Liabilities</b>                                  |                              |                      |                                |                      |                 |               |                |
| Accounts Payable                                    |                              |                      |                                |                      | 4,711           | 4,711         | 2,376          |
| Accrued Salaries and Benefits<br>Due to Other Funds |                              |                      |                                |                      | 2,721           | 6,398         | 5,495          |
| <b>Total Liabilities</b>                            |                              |                      |                                |                      | <u>7,432</u>    | <u>11,109</u> | <u>7,871</u>   |
| <b>Fund Balances</b>                                |                              |                      |                                |                      |                 |               |                |
| Restricted  |                              |                      |                                |                      |                 | 1,288         | 47,229         |
| Instruction   |                              |                      |                                |                      |                 | 3,914         | 5,698          |
| Maintenance   |                              |                      |                                |                      |                 |               |                |
| Assigned  |                              |                      |                                |                      |                 |               |                |
| Child Nutrition Services                            |                              |                      |                                |                      | 20,677          | 20,677        | 16,515         |
| Unassigned  |                              |                      |                                |                      |                 | 29,323        | 27,839         |
| <b>Total Fund Balances</b>                          |                              |                      |                                |                      | <u>20,677</u>   | <u>55,202</u> | <u>97,281</u>  |
| <b>Total Liabilities and<br/>Fund Balances</b>      |                              |                      |                                |                      | <u>28,109</u>   | <u>66,311</u> | <u>105,152</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, 2011  
 (With Comparative Totals for the Year Ended June 30, 2010)

|                            | Federal<br>Forest<br>Funds | School<br>Building<br>Maintenance<br>Fund | Technology -<br>State | Title I-A,<br>ESEA | Title VI-B,<br>IDEA -<br>Special<br>Education | Title VI-B,<br>IDEA -<br>Preschool | Title VI-B,<br>ESEA,<br>REAP |
|----------------------------|----------------------------|---|-----------------------|--------------------|---|------------------------------------|------------------------------|
| <b>Revenues</b>            |                            |   |                       |                    |   |                                    |                              |
| Lunch and Breakfast Sales  |                            |   |                       |                    |   |                                    |                              |
| Intergovernmental, State   |                            |   |                       |                    |   |                                    |                              |
| Grant Funds                |                            | 21,098                                    |                       |                    |   |                                    |                              |
| Intergovernmental, Federal |                            |   |                       |                    |   |                                    |                              |
| Grant Funds                |                            |   |                       | 43,436             | 266   | 2,331                              | 12,808                       |
| Unrestricted Revenues      | 1,483                      |   |                       |                    |   |                                    |                              |
| Total Revenues             | 1,483                      | 21,098                                    |                       | 43,436             | 266   | 2,331                              | 12,808                       |
| <b>Expenditures</b>        |                            |   |                       |                    |   |                                    |                              |
| Instruction                |                            |   |                       |                    |   |                                    |                              |
| Salaries                   |                            |   | (468)                 | 28,484             | 28,767  |                                    | 9,275                        |
| Benefits                   |                            |   | (267)                 | 14,952             | 14,841  |                                    | 3,533                        |
| Purchased Services         |                            |   | 735                   |                    |   | 2,726                              |                              |
| Supplies and Materials     |                            |   |                       |                    |   |                                    |                              |
| Total Instruction          |                            |   |                       | 43,436             | 43,608  | 2,726                              | 12,808                       |
| Non-Instruction            |                            |   |                       |                    |   |                                    |                              |
| Staff Support              |                            |   |                       |                    |   |                                    |                              |
| Purchased Services         |                            |   |                       |                    |   |                                    |                              |
| Supplies and Materials     |                            |   |                       |                    |   |                                    |                              |
| Total Staff Support        |                            |   |                       |                    |   |                                    |                              |

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, 2011  
 (With Comparative Totals for the Year Ended June 30, 2010)  
 (continued)

|   | Federal Forest Funds | School Building Maintenance Fund | Technology - State | Title I-A, ESEA | Title VI-B, IDEA - Special Education | Title VI-B, IDEA - Preschool | Title VI-B, ESEA, REAP |
|---|----------------------|----------------------------------|--------------------|-----------------|--------------------------------------|------------------------------|------------------------|
| <b>Expenditures (continued)</b>                           |                      |                                  |                    |                 |                                      |                              |                        |
| Non-Instruction   |                      |                                  |                    |                 |                                      |                              |                        |
| Food Service  |                      |                                  |                    |                 |                                      |                              |                        |
| Salaries  |                      |                                  |                    |                 |                                      |                              |                        |
| Benefits  |                      |                                  |                    |                 |                                      |                              |                        |
| Purchased Services  |                      |                                  |                    |                 |                                      |                              |                        |
| Supplies and Materials                                    |                      |                                  |                    |                 |                                      |                              |                        |
| Capital Outlay  |                      |                                  |                    |                 |                                      |                              |                        |
| Total Food Service  |                      |                                  |                    |                 |                                      |                              |                        |
| Total Expenditures  |                      |                                  |                    | 43,436          | 43,608                               | 2,726                        | 12,808                 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | 1,483                | 21,098                           | 0                  | 0               | (43,342)                             | (395)                        | 0                      |
| <b>Other Financing Sources (Uses)</b>                     |                      |                                  |                    |                 |                                      |                              |                        |
| Transfers In  |                      |                                  |                    |                 |                                      |                              |                        |
| Transfers Out   |                      | (22,882)                         |                    |                 |                                      |                              |                        |
| Total Other Financing Sources and (Uses)                  |                      | (22,882)                         |                    |                 |                                      |                              |                        |
| Net Change in Fund Balances                               | 1,483                | (1,784)                          | 0                  | 0               | (43,342)                             | (395)                        | 0                      |
| Fund Balances, Beginning of Year                          | 27,839               | 5,698                            | 0                  | 0               | 44,630                               | 395                          | 0                      |
| Fund Balances, End of Year                                | 29,322               | 3,914                            | 0                  | 0               | 1,288                                | 0                            | 0                      |

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, 2011  
 (With Comparative Totals for the Year Ended June 30, 2010)  
 (continued)

|   | Albertson's<br>Grant | Title II-A,<br>ESEA | Federal<br>Drug Free<br>Schools | Food<br>Service | Totals  |         |
|---|----------------------|---------------------|---------------------------------|-----------------|---------|---------|
|   |                      |                     |                                 |                 | 2011    | 2010    |
| <b>Revenues</b>                           |                      |                     |                                 |                 |         |         |
| Lunch and Breakfast Sales                 |                      |                     |                                 | 18,721          | 18,721  | 21,554  |
| Intergovernmental, State<br>Grant Funds   |                      |                     |                                 |                 | 21,098  | 52,658  |
| Intergovernmental, Federal<br>Grant Funds |                      | 1,252               |                                 | 44,778          | 104,871 | 259,097 |
| Unrestricted Revenues                     |                      |                     |                                 |                 | 1,483   | 1,340   |
| <b>Total Revenues</b>                     |                      | 1,252               |                                 | 63,499          | 146,173 | 334,649 |
| <b>Expenditures</b>                       |                      |                     |                                 |                 |         |         |
| Instruction                               |                      |                     |                                 |                 |         |         |
| Salaries                                  | 1,200                | 136                 | 333                             |                 | 67,727  | 99,644  |
| Benefits                                  | 580                  | 36                  |                                 |                 | 33,675  | 35,677  |
| Purchased Services                        |                      |                     |                                 |                 | 3,461   | 24,630  |
| Supplies and Materials                    |                      | 1,080               | 91                              |                 | 1,171   | 12,442  |
| <b>Total Instruction</b>                  | 1,780                | 1,252               | 424                             |                 | 106,034 | 172,393 |
| Non-Instruction                           |                      |                     |                                 |                 |         |         |
| Staff Support                             |                      |                     |                                 |                 |         | 1,693   |
| Purchased Services                        |                      |                     |                                 |                 |         | 461     |
| Supplies and Materials                    |                      |                     |                                 |                 |         |         |
| <b>Total Staff Support</b>                |                      |                     |                                 |                 |         | 2,154   |

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, 2011**  
**(With Comparative Totals for the Year Ended June 30, 2010)**  
(continued)

|  | Albertson's<br>Grant | Title II-A,<br>ESEA | Federal              |                 | Totals   |          |
|--|----------------------|---------------------|----------------------|-----------------|----------|----------|
|  |                      |                     | Drug Free<br>Schools | Food<br>Service | 2011     | 2010     |
| <b>Expenditures (continued)</b>                              |                      |                     |                      |                 |          |          |
| Non-Instruction  |                      |                     |                      |                 |          |          |
| Food Service   |                      |                     |                      |                 |          |          |
| Salaries   |                      |                     |                      | 18,797          | 18,797   | 22,279   |
| Benefits   |                      |                     |                      | 10,118          | 10,118   | 15,486   |
| Purchased Services   |                      |                     |                      | 384             | 384      | 608      |
| Supplies and Materials                                       |                      |                     |                      | 27,145          | 27,145   | 45,303   |
| Capital Outlays  |                      |                     |                      | 4,329           | 4,329    | 10,780   |
| Total Food Service   |                      |                     |                      | 60,773          | 60,773   | 94,456   |
| Total Expenditures   | 1,780                | 1,252               | 424                  | 60,773          | 166,807  | 269,003  |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (1,780)              | 0                   | (424)                | 2,726           | (20,634) | 65,646   |
| <b>Other Financing Sources (Uses)</b>                        |                      |                     |                      |                 |          |          |
| Transfers In   |                      |                     |                      |                 |          |          |
| Transfers Out  |                      |                     |                      | 1,436           | 1,436    | 1,697    |
| Total Other Financing Sources<br>and (Uses)                  |                      |                     |                      | 1,436           | (22,882) | (21,575) |
| Net Change in Fund Balances                                  | (1,780)              | 0                   | (424)                | 4,162           | (21,446) | (19,878) |
| Fund Balances, Beginning of Year                             | 1,780                | 0                   | 424                  | 16,515          | 97,281   | 51,513   |
| Fund Balances, End of Year                                   | 0                    | 0                   | 0                    | 20,677          | 55,201   | 97,281   |

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, 2011**

|                                  | <u>Original and<br/>Final Budgeted<br/>Amounts</u> | <u>Actual</u>        | <u>Over<br/>(Under)<br/>Budget</u> |
|----------------------------------|--|----------------------|------------------------------------|
| <b>Revenues</b>                  |  |                      |                                    |
| Other Revenues                   |  |                      |                                    |
| Property Taxes                   | 332,926  | 310,681              | (22,245)                           |
| Penalty and Interest on Taxes    | 1,600  | 4,653                | 3,053                              |
| Interest                         | 10,000   | 1,355                | (8,645)                            |
| Other                            | 26,800   | 130,649              | 103,849                            |
| Total Other Revenues             | <u>371,326</u>                                     | <u>447,338</u>       | <u>76,012</u>                      |
| Intergovernmental Revenues       |  |                      |                                    |
| State Support                    | 1,499,840  | 1,462,064            | (37,776)                           |
| Other State Support              | 52,940   | 79,082               | 26,142                             |
| Federal Support                  |  |                      |                                    |
| Total Intergovernmental Revenues | <u>1,552,780</u>                                   | <u>1,541,146</u>     | <u>(11,634)</u>                    |
| <br>Total Revenues               | <br><u>1,924,106</u>                               | <br><u>1,988,484</u> | <br><u>64,378</u>                  |
| <b>Expenditures</b>              |  |                      |                                    |
| Instruction                      |  |                      |                                    |
| Salaries                         | 733,368  | 792,942              | (59,574)                           |
| Benefits                         | 249,067  | 240,251              | 8,816                              |
| Purchased Services               | 44,686   | 33,763               | 10,923                             |
| Supplies and Materials           | 42,007   | 35,735               | 6,272                              |
| Insurance                        | 500  |                      | 500                                |
| Capital Outlays                  | 7,546  | 2,274                | 5,272                              |
| Total Instruction                | <u>1,077,174</u>                                   | <u>1,104,965</u>     | <u>(27,791)</u>                    |
| Non-Instruction                  |  |                      |                                    |
| Pupil Support                    |  |                      |                                    |
| Salaries                         | 12,896   | 7,172                | 5,724                              |
| Benefits                         | 1,078  | 1,225                | (147)                              |
| Purchased Services               | 28,966   | 22,480               | 6,486                              |
| Supplies and Materials           | 452  |                      | 452                                |
| Total Pupil Support              | <u>43,392</u>                                      | <u>30,877</u>        | <u>12,515</u>                      |
| Staff Support                    |  |                      |                                    |
| Salaries                         | 21,883   | 15,595               | 6,288                              |
| Benefits                         | 4,727  | 3,939                | 788                                |
| Purchased Services               | 11,750   | 4,217                | 7,533                              |
| Supplies and Materials           | 19,050   | 6,913                | 12,137                             |
| Capital Outlays                  |  | 9,432                | (9,432)                            |
| Total Staff Support              | <u>57,410</u>                                      | <u>40,096</u>        | <u>17,314</u>                      |
| Administrative                   |  |                      |                                    |
| Salaries                         | 144,300  | 148,419              | (4,119)                            |
| Benefits                         | 38,438   | 34,608               | 3,830                              |
| Purchased Services               | 25,625   | 25,334               | 291                                |
| Supplies and Materials           | 3,160  | 1,605                | 1,555                              |
| Total Administrative             | <u>211,523</u>                                     | <u>209,966</u>       | <u>1,557</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, 2011**

|   | (continued)<br><b>Original and<br/>Final Budgeted<br/>Amounts</b> | <b>Actual</b>    | <b>Over<br/>(Under)<br/>Budget</b> |
|---|---|------------------|------------------------------------|
| <b>Expenditures (continued)</b>                                 |   |                  |                                    |
| Non-Instruction   |   |                  |                                    |
| Business Operations   |   |                  |                                    |
| Salaries  | 47,497  | 48,811           | (1,314)                            |
| Benefits  | 15,264  | 14,562           | 702                                |
| Purchased Services  | 2,050   | 3,594            | (1,544)                            |
| Supplies and Materials  | 600   | 1,022            | (422)                              |
| Total Business Operations                                       | <u>65,411</u>   | <u>67,989</u>    | <u>(2,578)</u>                     |
| Plant Operations  |   |                  |                                    |
| Salaries  | 31,500  | 31,581           | (81)                               |
| Benefits  | 15,701  | 12,590           | 3,111                              |
| Purchased Services  | 81,200  | 71,066           | 10,134                             |
| Supplies and Materials  | 3,500   | 4,597            | (1,097)                            |
| Insurance   | 14,233  | 14,156           | 77                                 |
| Total Plant Operations  | <u>146,134</u>  | <u>133,990</u>   | <u>12,144</u>                      |
| Maintenance   |   |                  |                                    |
| Salaries  | 46,237  | 43,237           | 3,000                              |
| Benefits  | 17,891  | 15,065           | 2,826                              |
| Purchased Services  | 17,700  | 15,081           | 2,619                              |
| Supplies and Materials  | 9,550   | 8,709            | 841                                |
| Total Maintenance   | <u>91,378</u>   | <u>82,092</u>    | <u>9,286</u>                       |
| Pupil Transportation  |   |                  |                                    |
| Salaries  |   | 1,170            | (1,170)                            |
| Benefits  |   | 286              | (286)                              |
| Purchased Services  | 253,675   | 272,754          | (19,079)                           |
| Supplies and Materials  | 1,500   | 356              | 1,144                              |
| Total Pupil Transportation                                      | <u>255,175</u>  | <u>274,566</u>   | <u>(19,391)</u>                    |
| Total Expenditures  | <u>1,947,597</u>  | <u>1,944,541</u> | <u>3,056</u>                       |
| Excess (Deficiency) of<br>Revenues Over (Under)<br>Expenditures | <u>(23,491)</u>   | <u>43,943</u>    | <u>67,434</u>                      |
| <b>Other Financing Sources and Uses</b>                         |   |                  |                                    |
| Building Capital Outlay   |   | (111,540)        | (111,540)                          |
| Contingency   | (72,545)  |                  | 72,545                             |
| Transfers In  | 22,882  | 22,882           |                                    |
| Transfers Out   | (1,846)   | (1,436)          | 410                                |
| Total Other Financing<br>Sources and Uses                       | <u>(51,509)</u>   | <u>(90,094)</u>  | <u>(38,585)</u>                    |
| Net Change in Fund Balances                                     | (75,000)  | (46,151)         | 28,849                             |
| Fund Balances, Beginning<br>of Year                             | <u>75,000</u>   | <u>71,699</u>    | <u>(3,301)</u>                     |
| Fund Balances, End of Year                                      | <u>0</u>  | <u>25,548</u>    | <u>25,548</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, 2011**

|  | Federal Forest Funds                |        | School Building Maintenance Fund    |          |
|--|-------------------------------------|--------|-------------------------------------|----------|
|  | Original and Final Budgeted Amounts | Actual | Original and Final Budgeted Amounts | Actual   |
| <b>Revenues</b>  |                                     |        |                                     |          |
| Intergovernmental, State   |                                     |        | 22,882                              | 21,098   |
| Intergovernmental, Federal                                       | 1,340                               | 1,483  |                                     |          |
|  |                                     |        |                                     | (1,784)  |
| <b>Total Revenues</b>  | 1,340                               | 1,483  | 22,882                              | 21,098   |
|  |                                     |        |                                     | (1,784)  |
| <b>Expenditures</b>  |                                     |        |                                     |          |
| Non-Instruction  |                                     |        |                                     |          |
| Administration   |                                     |        |                                     |          |
| Purchased Services   | 6,000                               | 0      |                                     |          |
| Supplies and Materials   | 6,000                               | 0      |                                     |          |
| Capital Outlays  | 15,179                              | 0      |                                     |          |
| Total Administration   | 27,179                              | 0      | 0                                   | 0        |
| School Business  |                                     |        |                                     |          |
| Purchased Services   | 2,000                               | 0      |                                     |          |
| Total School Business  | 2,000                               | 0      | 0                                   | 0        |
| <b>Total Expenditures</b>  | 29,179                              | 0      | 0                                   | 0        |
|  |                                     |        |                                     |          |
| <b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b> | (27,839)                            | 1,483  | 22,882                              | 21,098   |
|  |                                     |        |                                     | (1,784)  |
| <b>Other Financing Sources and Uses</b>                          |                                     |        |                                     |          |
| Transfers Out - General Fund                                     | 0                                   | 0      | (22,882)                            | (22,882) |
| Total Other Financing Sources and Uses                           | 0                                   | 0      | (22,882)                            | (22,882) |
|  |                                     |        |                                     | 0        |
| <b>Net Change in Fund Balances</b>                               | (27,839)                            | 1,483  | 0                                   | (1,784)  |
| <b>Fund Balances, Beginning of Year</b>                          | 27,839                              | 27,839 | 0                                   | 5,698    |
| <b>Fund Balances, End of Year</b>                                | 0                                   | 29,322 | 0                                   | 3,914    |

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 and Title I-A, ESEA  
For The Year Ended June 30, 2011

|                                  | Technology - State                        |        |                           | Title I-A, ESEA                           |        |                           |
|----------------------------------|---|--------|---------------------------|---|--------|---------------------------|
|                                  | Original and<br>Final Budgeted<br>Amounts | Actual | Over<br>(Under)<br>Budget | Original and<br>Final Budgeted<br>Amounts | Actual | Over<br>(Under)<br>Budget |
| <b>Revenues</b>                  |   |        |                           |   |        |                           |
| Intergovernmental, State         |   | 0      | 0                         | 72,098                                    | 43,436 | (28,662)                  |
| Total Revenues                   |   | 0      | 0                         | 72,098                                    | 43,436 | (28,662)                  |
| <b>Expenditures</b>              |   |        |                           |   |        |                           |
| Instruction                      |   |        |                           |   |        |                           |
| Salaries                         |   | (468)  | 468                       | 55,243                                    | 28,484 | 26,759                    |
| Benefits                         |   | (267)  | 267                       | 16,855                                    | 14,952 | 1,903                     |
| Purchased Services               |   | 735    | (735)                     |   |        |                           |
| Supplies and Materials           |   |        |                           |   |        |                           |
| Total Instruction                |   | 0      | 0                         | 72,098                                    | 43,436 | 28,662                    |
| Total Expenditures               |   | 0      | 0                         | 72,098                                    | 43,436 | 28,662                    |
| Net Change in Fund Balances      |   | 0      | 0                         | 0   | 0      | 0                         |
| Fund Balances, Beginning of Year |   | 0      | 0                         | 0   | 0      | 0                         |
| Fund Balances, End of Year       |   | 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 VI-B, IDEA - Special Education and Title VI-B, IDEA - Preschool  
 For The Year Ended June 30, 2011

|                                  | Title VI-B, IDEA - Special Education |          | Title VI-B, IDEA - Preschool |                                     |        |                     |
|----------------------------------|--------------------------------------|----------|------------------------------|-------------------------------------|--------|---------------------|
|                                  | Original and Final Budgeted Amounts  | Actual   | Over (Under) Budget          | Original and Final Budgeted Amounts | Actual | Over (Under) Budget |
| <b>Revenues</b>                  |                                      |          |                              |                                     |        |                     |
| Intergovernmental, Federal       | 44,304                               | 266      | (44,038)                     | 2,331                               | 2,331  | 0                   |
| Total Revenues                   | 44,304                               | 266      | (44,038)                     | 2,331                               | 2,331  | 0                   |
| <b>Expenditures</b>              |                                      |          |                              |                                     |        |                     |
| Instruction                      |                                      |          |                              |                                     |        |                     |
| Salaries                         | 34,382                               | 28,767   | 5,615                        |                                     |        |                     |
| Benefits                         | 5,922                                | 14,841   | (8,919)                      |                                     |        |                     |
| Purchased Services               | 4,000                                |          | 4,000                        |                                     | 2,726  | (395)               |
| Total Instruction                | 44,304                               | 43,608   | 696                          | 2,331                               | 2,726  | (395)               |
| Total Expenditures               | 44,304                               | 43,608   | 696                          | 2,331                               | 2,726  | (395)               |
| Net Change in Fund Balances      | 0                                    | (43,342) | (43,342)                     | 0                                   | (395)  | (395)               |
| Fund Balances, Beginning of Year | 0                                    | 44,630   | 44,630                       | 0                                   | 395    | 395                 |
| Fund Balances, End of Year       | 0                                    | 1,288    | 1,288                        | 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 VI-B, ESEA, REAP and Albertson's Grant**  
**For The Year Ended June 30, 2011**

|                                  | Title VI-B, ESEA, REAP                    |        | Albertson's Grant         |   |         |                           |
|----------------------------------|---|--------|---------------------------|---|---------|---------------------------|
|                                  | Original and<br>Final Budgeted<br>Amounts | Actual | Over<br>(Under)<br>Budget | Original and<br>Final Budgeted<br>Amounts | Actual  | Over<br>(Under)<br>Budget |
| <b>Revenues</b>                  |   |        |                           |   |         |                           |
| Intergovernmental, Federal       | 12,331                                    | 12,808 | 477                       | 1,780                                     | 0       | (1,780)                   |
| Total Revenues                   | 12,331                                    | 12,808 | 477                       | 1,780                                     | 0       | (1,780)                   |
| <b>Expenditures</b>              |   |        |                           |   |         |                           |
| Instruction                      |   |        |                           |   |         |                           |
| Salaries                         | 8,141                                     | 9,275  | (1,134)                   | 1,200                                     | 1,200   | 0                         |
| Benefits                         | 4,190                                     | 3,533  | 657                       | 580                                       | 580     | 0                         |
| Total Instruction                | 12,331                                    | 12,808 | (477)                     | 1,780                                     | 1,780   | 0                         |
| Total Expenditures               | 12,331                                    | 12,808 | (477)                     | 1,780                                     | 1,780   | 0                         |
| Net Change in Fund Balances      | 0   | 0      | 0                         | 0   | (1,780) | (1,780)                   |
| Fund Balances, Beginning of Year | 0   | 0      | 0                         | 0   | 1,780   | 1,780                     |
| 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 II-A, ESEA and Federal Drug Free Schools**  
**For The Year Ended June 30, 2011**

|                                 | Title II-A, ESEA                    |        | Federal Drug Free Schools           |        |
|---------------------------------|-------------------------------------|--------|-------------------------------------|--------|
|                                 | Original and Final Budgeted Amounts | Actual | Original and Final Budgeted Amounts | Actual |
| <b>Revenues</b>                 |                                     |        |                                     |        |
| Intergovernmental, Federal      | 17,019                              | 1,252  |                                     | 0      |
| Total Revenues                  | 17,019                              | 1,252  |                                     | 0      |
| <b>Expenditures</b>             |                                     |        |                                     |        |
| Instruction                     |                                     |        |                                     |        |
| Salaries                        | 11,160                              | 136    |                                     | 333    |
| Benefits                        | 5,859                               | 36     |                                     | 91     |
| Supplies and Materials          |                                     | 1,080  |                                     |        |
| Total Instruction               | 17,019                              | 1,252  |                                     | 424    |
| Total Expenditures              | 17,019                              | 1,252  |                                     | 424    |
| Net Change in Fund Balances     | 0                                   | 0      |                                     | (424)  |
| Fund Balance, Beginning of Year | 0                                   | 0      |                                     | 424    |
| Fund Balance, End of Year       | 0                                   | 0      |                                     | 0      |
|                                 |                                     |        | Over (Under) Budget                 |        |
|                                 |                                     |        |                                     | (333)  |
|                                 |                                     |        |                                     | (91)   |
|                                 |                                     |        |                                     | (424)  |
|                                 |                                     |        |                                     | (424)  |
|                                 |                                     |        |                                     | (424)  |
|                                 |                                     |        |                                     | 424    |
|                                 |                                     |        |                                     | 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 - Food Service**  
**For the Year Ended June 30, 2011**

|  | Original and<br>Final Budgeted<br>Amounts | Actual        | Food Service<br>Over<br>(Under)<br>Budget |
|--|---|---------------|---|
| <b>Revenues</b>  |   |               |   |
| Lunch and Breakfast Sales                                    | 22,010                                    | 18,721        | (3,289)                                   |
| Intergovernmental, Federal                                   | 54,545                                    | 44,778        | (9,767)                                   |
| Total Revenues   | <u>76,555</u>                             | <u>63,499</u> | <u>(13,056)</u>                           |
| <b>Expenditures</b>  |   |               |   |
| Non-Instruction  |   |               |   |
| Food Service   |   |               |   |
| Salaries   | 24,125                                    | 18,797        | 5,328                                     |
| Benefits   | 11,606                                    | 10,118        | 1,488                                     |
| Purchased Services   | 225                                       | 384           | (159)                                     |
| Supplies and Materials                                       | 45,954                                    | 27,145        | 18,809                                    |
| Capital Outlays  | 4,329                                     | 4,329         | (4,329)                                   |
| Total Expenditures   | <u>81,910</u>                             | <u>60,773</u> | <u>21,137</u>                             |
| Excess (Deficiency) of Revenues<br>Over (Under) Expenditures | (5,355)                                   | 2,726         | 8,081                                     |
| <b>Other Financing Sources and Uses</b>                      |   |               |   |
| Transfers In - General Fund                                  | 1,846                                     | 1,436         | (410)                                     |
| Total Other Financing<br>Sources and Uses                    | <u>1,846</u>                              | <u>1,436</u>  | <u>(410)</u>                              |
| Net Change in Fund Balances                                  | (3,509)                                   | 4,162         | 7,671                                     |
| Fund Balances, Beginning of Year                             | 3,509                                     | 16,515        | 13,006                                    |
| Fund Balances, End of Year                                   | <u>0</u>                                  | <u>20,677</u> | <u>20,677</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, 2011**

|                                 | <u>Original and<br/>Final Budgeted<br/>Amounts</u> | <u>Actual</u>  | <u>Over<br/>(Under)<br/>Budget</u> |
|---------------------------------|--|----------------|------------------------------------|
| <b>Revenues</b>                 |  |                |                                    |
| Property Taxes                  | 40,000   | 39,352         | (648)                              |
| Interest                        |  | 303            | 303                                |
| Total Revenues                  | <u>40,000</u>                                      | <u>39,655</u>  | <u>(345)</u>                       |
| <b>Expenditures</b>             |  |                |                                    |
| Plant                           |  |                |                                    |
| Purchased Services              | 5,000  | 3,086          | 1,914                              |
| Capital Outlays                 | 185,000  | 53,027         | 131,973                            |
| Total Maintenance               | <u>190,000</u>                                     | <u>56,113</u>  | <u>133,887</u>                     |
| Total Expenditures              | <u>190,000</u>                                     | <u>56,113</u>  | <u>133,887</u>                     |
| Net Change in Fund Balances     | (150,000)  | (16,458)       | 133,542                            |
| Fund Balance, Beginning of Year | <u>150,000</u>                                     | <u>122,651</u> | <u>(27,349)</u>                    |
| Fund Balance, End of Year       | <u>0</u>   | <u>106,193</u> | <u>106,193</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, 2011**

|                       | Private Purpose<br>Trust Funds |                        | Agency                       |
|-----------------------|--------------------------------|------------------------|------------------------------|
|                       | Wilfong<br>Athletic<br>Fund    | Highland<br>Foundation | Student<br>Activity<br>Funds |
| <b>Assets</b>         |                                |                        |                              |
| Cash                  |                                | 1,049                  | 20,936                       |
| Investments           | 1,994                          | 7,931                  | 34,057                       |
| Accounts Receivable   |                                |                        | 891                          |
|                       |                                |                        |                              |
| Total Assets          | 1,994                          | 8,980                  | 55,884                       |
| <b>Liabilities</b>    |                                |                        |                              |
| Due to Student Groups |                                |                        | 55,884                       |
|                       |                                |                        |                              |
| Total Liabilities     |                                |                        | 55,884                       |
| <b>Net Assets</b>     |                                |                        |                              |
| Assets Held in Trust  | 1,994                          | 8,980                  |                              |

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, 2011**

| <u>Student Activity Fund</u> | <u>Beginning<br/>Balance<br/>7/1/2010</u> | <u>Receipts</u> | <u>Disbursements</u> | <u>Ending<br/>Balance<br/>6/30/2011</u> |
|------------------------------|---|-----------------|----------------------|---|
| <b>Assets</b>                |   |                 |                      |   |
| Cash and Investments         |   |                 |                      |   |
| Boys Athletics               |   |                 |                      | 0                                       |
| Girls Athletics              |   |                 |                      | 0                                       |
| Music                        | 3,699                                     | 3,925           | 3,970                | 3,654                                   |
| Student Council              | 2,118                                     | 3,228           | 3,830                | 1,516                                   |
| Student Recognition          | 785                                       |                 | 4                    | 781                                     |
| Band Instrument Fees         | 100                                       | 25              |                      | 125                                     |
| Hendren Scholarship          |   | 2,254           | 150                  | 2,104                                   |
| Annual Staff                 | 1,473                                     | 2,402           | 3,875                | 0                                       |
| Cheerleaders                 | 436                                       | 3,220           | 3,601                | 55                                      |
| Boys Basketball              | 460                                       | 3,680           | 3,218                | 922                                     |
| Girls Basketball             | 567                                       | 619             | 387                  | 799                                     |
| Business Prof. Assoc.        | 2,917                                     | 5,585           | 6,867                | 1,635                                   |
| Honor Society                | 21  | 121             | 142                  | 0                                       |
| Uniforms                     | 271                                       | 3,830           | 1,289                | 2,812                                   |
| Football                     | 50  | 1,826           | 1,876                | 0                                       |
| Volleyball                   | 50  | 2,234           | 2,284                | 0                                       |
| At-Risk Fund                 | 545                                       |                 | 69                   | 476                                     |
| Track                        | 601                                       | 1,616           | 2,217                | 0                                       |
| Baseball Club                | 70  | 1,975           | 1,925                | 120                                     |
| Spanish Club                 | 670                                       |                 |                      | 670                                     |
| Softball                     | 806                                       | 3,603           | 4,319                | 90                                      |
| Elementary                   | 1,000                                     | 394             | 415                  | 979                                     |
| JH Girls Basketball          |   | 264             |                      | 264                                     |
| JH Boys Basketball           |   | 497             | 97                   | 400                                     |
| JH Football                  |   | 487             | 487                  | 0                                       |
| JH Volleyball                |   | 996             | 586                  | 410                                     |
| JH Track                     |   | 126             | 50                   | 76                                      |
| Pop Machines                 |   | 1,396           | 776                  | 620                                     |
| F.C.C.L.A.                   |   | 14,521          | 12,557               | 1,964                                   |
| Embroidery Club              | 288                                       |                 | 95                   | 193                                     |
| Knowledge Bowl               |   |                 |                      | 0                                       |
| Fine Arts Club               | 589                                       |                 |                      | 589                                     |
| Life Smarts                  | 565                                       |                 |                      | 565                                     |
| Dance Team                   | 60  |                 |                      | 60                                      |
| Fine Arts-Drama              | 977                                       | 1,545           | 1,353                | 1,169                                   |
| Student Newspaper            | 95  |                 |                      | 95                                      |
| Science Club                 |   |                 |                      | 0                                       |
| Concessions                  | 69  | 6,980           | 6,595                | 454                                     |
| FFA                          | 813                                       | 3,280           | 3,440                | 653                                     |

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, 2011**  
(continued)

| <u>Student Activity Fund</u>     | <u>Beginning<br/>Balance<br/>7/1/2010</u> | <u>Receipts</u>      | <u>Disbursements</u> | <u>Ending<br/>Balance<br/>6/30/2011</u> |
|----------------------------------|---|----------------------|----------------------|---|
| <b>Assets</b>                    |   |                      |                      |   |
| Cash and Investments (continued) |   |                      |                      |   |
| Greenhouse Project               | 2,742                                     |                      | 2,742                | 0                                       |
| IDLA Class Fee                   |   | 300                  |                      | 300                                     |
| Elementary Library               | 451                                       |                      | 400                  | 51                                      |
| Elementary Field Trips           | 404                                       | 315                  |                      | 719                                     |
| Community Service                |   | 2,075                | 2,075                | 0                                       |
| SOS Group                        | 7,303                                     | 5,373                | 3,116                | 9,560                                   |
| INL Scholastics                  |   | 173                  | 173                  | 0                                       |
| Cross Country                    |   | 109                  | 50                   | 59                                      |
| Tennis                           |   | 109                  | 103                  | 6                                       |
| Senior Class                     | 1,070                                     | 4,879                | 5,302                | 647                                     |
| Junior Class                     | 923                                       | 1,774                | 1,654                | 1,043                                   |
| Sophomore Class                  | 294                                       | 303                  | 91                   | 506                                     |
| Freshman Class                   | 218                                       | 404                  | 148                  | 474                                     |
| 8th Graders                      | 137                                       | 55                   | 17                   | 175                                     |
| 7th Graders                      | 43  | 75                   | 43                   | 75                                      |
| 6th Graders                      |   | 80                   |                      | 80                                      |
| Alumni 1991                      | 5   |                      | 5                    | 0                                       |
| Alumni 1993                      | 3   |                      | 3                    | 0                                       |
| Alumni 1998                      | 34  |                      | 25                   | 9                                       |
| Alumni 2001                      | 316                                       |                      | 25                   | 291                                     |
| Alumni 2002                      | 405                                       |                      | 25                   | 380                                     |
| Alumni 2003                      | 669                                       |                      | 25                   | 644                                     |
| Alumni 2004                      | 582                                       |                      | 25                   | 557                                     |
| Alumni 2005                      | 610                                       |                      | 25                   | 585                                     |
| Alumni 2006                      | 367                                       |                      | 25                   | 342                                     |
| Alumni 2007                      | 283                                       |                      | 25                   | 258                                     |
| Alumni 2008                      | 139                                       |                      | 25                   | 114                                     |
| Alumni 2009                      | 591                                       |                      | 25                   | 566                                     |
| Alumni 2010                      |   | 1,045                |                      | 1,045                                   |
| Reserve                          | 1,988                                     | 3,595                | 3,227                | 2,356                                   |
| Interest on Checking             | 52  | 8                    |                      | 60                                      |
| Investment Pool Interest         |   | 5,503                |                      | 5,503                                   |
| Pepsi Cash Caps                  | 2,338                                     |                      |                      | 2,338                                   |
| Total Cash and Investments       | <u>42,062</u>                             | <u>96,804</u>        | <u>85,873</u>        | <u>52,993</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       |   | 891                  |                      | 891                                     |
| Total Accounts Receivable        |   | <u>891</u>           |                      | <u>891</u>                              |
| Total Agency Funds               | <u><u>44,062</u></u>                      | <u><u>97,695</u></u> | <u><u>85,873</u></u> | <u><u>55,884</u></u>                    |

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

*John Goffinet*  
*Steve R. Clack*

P.O. Box 629  
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, 2011, which collectively comprise the Highland Joint School District No. 305, State of Idaho's basic financial statements and have issued our report thereon dated September 30, 2011. 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, 2011.

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, 2011



Goffinet and Clack, Chartered  
Certified Public Accountants



*John Goffinet*  
*Steve R. Clack*

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

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

As an integral part of our audit of the financial statements of Highland Joint School District No. 305, we reviewed certain accounting procedures, systems, and controls to the extent we considered necessary for expressing an opinion of the District's financial statements. As a result of such reviews, and in an effort to be of assistance to management, we are submitting for your consideration, as attachments hereto, a number of comments and recommendations. All of our comments have been discussed with key personnel.

It should be understood that our comments deal exclusively with operational, accounting and record-keeping systems, procedures, and controls, and should not be regarded as reflecting on the integrity or capabilities of anyone in your organization. It should be further recognized that our comments have been restricted to suggested improvements, and are not intended as a commentary on the various favorable aspects of Highland Joint School District No. 305's procedures and controls.

In the event you have any questions or require additional information with respect to any of the matters discussed in the accompanying report, please do not hesitate to contact us.

Very truly yours,



Goffinet and Clack, Chartered  
Certified Public Accountants

September 30, 2011

Highland Joint School District No. 305  
Comments and Recommendations  
For the Year Ended June 30, 2011

1. Student Body Funds

We tested 15 cash disbursements and examined for compliance with purchasing procedures. Nine of the checks tested had one signature versus the two signatures required. The two June cash disbursements (checks) tested did not have purchase orders or invoice support documents.

To simplify bank reconciliations we recommend the District request the bank change the date the bank statements are prepared to the end of the month. Using the end of the month bank statements allows the comparison of the reconciled balance to the general ledger balance at month end.

2. District Funds

We tested ten July 2011 disbursements to determine whether they were properly classified as June 30<sup>th</sup> accounts payable or 2011-2012 expenditures. One transaction in the amount of \$899.51 was not included in accounts payable.

Of the thirty-five expenditure transactions tested one was missing a purchase order. The item examined was a statement from Qualite Sports Lighting that listed two purchase orders. Purchase order #11-78 was not found.