

# Highland Joint School District No. 305

Year Ended June 30, 2021

## Audited Financial Statements



HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Table of Contents

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**Financial Section**

Independent Auditor's Report..... 1

**Basic Financial Statements**

*Government-Wide Financial Statements*

Statement of Net Position..... 4

Statement of Activities ..... 5

*Fund Financial Statements*

Balance Sheet – Governmental Funds..... 6

Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds..... 9

Statement of Fiduciary Net Position..... 12

Statement of Changes in Fiduciary Net Position..... 13

Notes to Financial Statements ..... 14

**Required Supplementary Information**

Budgetary Comparison Schedule – General and Major Special Revenue Funds..... 26

Schedule of Employer’s Share of Net Pension Liability ..... 28

Schedule of Employer Contributions..... 29

**Supplementary Information**

Combining Balance Sheet – Nonmajor Governmental Funds..... 30

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds..... 34

**Other Reports and Schedules**

Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards*..... 38



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## Independent Auditor's Report

Board of Trustees  
Highland Joint School District No. 305

### Report on the Financial Statements

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 (the School) as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Basis for Qualified Opinion on Governmental Activities**

Management has elected not to adopt the provisions of GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Accounting principles generally accepted in the United States of America require recognition and measurement of an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses related to the other postemployment benefits as well as certain note disclosures and required supplementary information. The amount by which the departure would affect net position, assets, liabilities, deferred outflows of resources, deferred inflows of resources, expenses, note disclosures, and required supplementary information has not been determined.

## **Qualified Opinion**

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Governmental Activities” paragraph, the financial statements referred to previously present fairly, in all material respects, the financial position of the governmental activities of the School, as of June 30, 2021, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## **Unmodified Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of each major fund and the aggregate remaining fund information of the School as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary comparison schedules, schedule of employer’s share of net pension liability, and schedule of employer contributions listed as required supplementary information in the table of contents be presented to supplement the basic financial statements. Such information, although not required to be 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has not included the management’s discussion and analysis information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not 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, and historical context. Our opinion on the basic financial statements is not affected by not including this information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School's basic financial statements. The accompanying combining and individual nonmajor 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 nonmajor 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 4, 2021, on our consideration of the School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is solely 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 effectiveness of the School's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance.

### ***Quest CPAs PLLC***

Payette, Idaho  
August 4, 2021

# HIGHLAND JOINT SCHOOL DISTRICT NO. 305

## Statement of Net Position

June 30, 2021

	<b>Governmental Activities</b>
<b>Assets</b>	
Current Assets	
Cash & Investments	\$942,271
Receivables:	
Local Sources	195,063
State Sources	49,006
Federal Sources	40,541
Total Current Assets	<u>1,226,881</u>
Noncurrent Assets	
Nondepreciable Capital Assets	75,000
Depreciable Net Capital Assets	813,804
Total Noncurrent Assets	<u>888,804</u>
<b>Total Assets</b>	<u><u>2,115,685</u></u>
<b>Deferred Outflows of Resources</b>	
Pension Sources	364,935
<b>Total Deferred Outflows of Resources</b>	<u>364,935</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u><u>\$2,480,620</u></u>
<b>Liabilities</b>	
Current Liabilities	
Accounts Payable	\$50,085
Salaries & Benefits Payable	258,533
Unspent Grant Allocation	16,702
Total Current Liabilities	<u>325,320</u>
Noncurrent Liabilities	
Net Pension Liability	907,954
Total Noncurrent Liabilities	<u>907,954</u>
<b>Total Liabilities</b>	<u><u>1,233,274</u></u>
<b>Deferred Inflows of Resources</b>	
Pension Sources	29,647
<b>Total Deferred Inflows of Resources</b>	<u>29,647</u>
<b>Total Liabilities and Deferred Inflows of Resources</b>	<u><u>1,262,921</u></u>
<b>Net Position</b>	
Net Investment in Capital Assets	888,804
Restricted:	
Special Programs	135,882
Capital Projects	182,584
Unrestricted	10,429
<b>Total Net Position</b>	<u>1,217,699</u>
<b>Total Liabilities and Deferred Inflows of Resources and Net Position</b>	<u><u>\$2,480,620</u></u>

See Accompanying Notes

# HIGHLAND JOINT SCHOOL DISTRICT NO. 305

## Statement of Activities Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue And Changes in Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instructional Programs					
Elementary School	\$545,174		\$112,644		(\$432,530)
Secondary School	461,064	\$3,350			(457,714)
Alternative School	0				0
Special Education	111,276		42,622		(68,654)
Special Education Preschool	2,327		2,327		0
Gifted & Talented	0				0
Interscholastic	64,396				(64,396)
School Activity	12,386				(12,386)
Support Service Programs					
Attendance - Guidance - Health	89,165				(89,165)
Special Education Support Services	55,539		14,726		(40,813)
Instruction Improvement	27,925		5,893		(22,032)
Educational Media	23,343				(23,343)
Instruction-Related Technology	147,575		194,520		46,945
Board of Education	26,065				(26,065)
District Administration	129,721				(129,721)
School Administration	155,741				(155,741)
Business Operation	123,926				(123,926)
Buildings - Care	236,162		67,860		(168,302)
Maintenance - Non-Student Occupied	0				0
Maintenance - Student Occupied	102,236				(102,236)
Maintenance - Grounds	23,836				(23,836)
Security	0				0
Pupil-To-School Transportation	285,263				(285,263)
Pupil-Activity Transportation	14,191				(14,191)
General Transportation	6,128				(6,128)
Non-Instructional Programs					
Child Nutrition	69,050	3,643	58,402		(7,005)
Community Services	0				0
Student Activity	79,240	79,240			0
Capital Assets - Student Occupied	42,820				(42,820)
Capital Assets - Non-Student Occupied	0				0
<b>Total</b>	<b>\$2,834,549</b>	<b>\$86,233</b>	<b>\$498,994</b>	<b>\$0</b>	<b>(2,249,322)</b>
<b>General Revenues</b>					
Local Taxes					569,443
Other Local Revenues					34,596
State Revenues					1,914,992
Federal Revenues					0
Pension Revenue (Expense)					(308,485)
<b>Total</b>					<b>2,210,546</b>
<b>Change in Net Position</b>					
					(38,776)
<b>Net Position - Beginning - As Previously Stated</b>					
					1,177,804
<b>Restatement - See Note H</b>					
					78,671
<b>Net Position - Beginning - As Restated</b>					
					1,256,475
<b>Net Position - Ending</b>					
					<b>\$1,217,699</b>

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Balance Sheet - Governmental Funds

June 30, 2021

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Plant Facilities Fund</b>	<b>Other Governmental Funds</b>
<b>Assets</b>				
Cash & Investments	\$626,369	\$4,869	\$170,060	\$140,973
Receivables:				
Local Sources	178,896		16,167	0
State Sources	49,006			0
Federal Sources				40,541
Due From Other Funds	11,663			0
<b>Total Assets</b>	<b>\$865,934</b>	<b>\$4,869</b>	<b>\$186,227</b>	<b>\$181,514</b>
<b>Liabilities</b>				
Accounts Payable	\$49,815			\$270
Due To Other Funds				11,663
Salaries & Benefits Payable	236,667	\$4,869		16,997
Unspent Grant Allocation				16,702
<b>Total Liabilities</b>	<b>286,482</b>	<b>4,869</b>	<b>\$0</b>	<b>45,632</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues	36,763		3,643	0
<b>Total Deferred Inflows of Resources</b>	<b>36,763</b>	<b>0</b>	<b>3,643</b>	<b>0</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs				135,882
Capital Projects			182,584	0
Unassigned	542,689			0
<b>Total Fund Balances</b>	<b>542,689</b>	<b>0</b>	<b>182,584</b>	<b>135,882</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$865,934</b>	<b>\$4,869</b>	<b>\$186,227</b>	<b>\$181,514</b>



**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Page 2 of 3

## Balance Sheet - Governmental Funds

June 30, 2021

	<b>Total Governmental Funds</b>
<b>Assets</b>	
Cash & Investments	\$942,271
Receivables:	
Local Sources	195,063
State Sources	49,006
Federal Sources	40,541
Due From Other Funds	11,663
<b>Total Assets</b>	<u><u>\$1,238,544</u></u>
<b>Liabilities</b>	
Accounts Payable	\$50,085
Due To Other Funds	11,663
Salaries & Benefits Payable	258,533
Unspent Grant Allocation	16,702
<b>Total Liabilities</b>	<u><u>336,983</u></u>
<b>Deferred Inflows of Resources</b>	
Unavailable Tax Revenues	40,406
<b>Total Deferred Inflows of Resources</b>	<u><u>40,406</u></u>
<b>Fund Balances</b>	
Restricted:	
Special Programs	135,882
Capital Projects	182,584
Unassigned	542,689
<b>Total Fund Balances</b>	<u><u>861,155</u></u>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<u><u>\$1,238,544</u></u>

**Reconciliation of Total Governmental Fund Balances to Net Position  
of Governmental Activities**

<b>Total Governmental Fund Balances</b>	\$861,155
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	888,804
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Certain receivables are not available to pay for current period expenditures and therefore are deferred in the funds.	40,406
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Net pension liability and related pension source deferred outflow and deferred inflow of resources, are not due and payable in the current period and therefore are not reported in the funds.	(572,666)
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<b>Net Position of Governmental Activities</b>	<u><u>\$1,217,699</u></u>
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**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2021

	<b>General Fund</b>	<b>Child Nutrition Fund</b>	<b>Plant Facilities Fund</b>	<b>Other Governmental Funds</b>
<b>Revenues</b>				
Local Taxes	\$517,126		\$49,927	\$0
Other Local Revenue	97,642	\$3,643	500	84,907
State Revenue	1,914,992			0
Federal Revenue		58,402		374,728
<b>Total Revenues</b>	<b>2,529,760</b>	<b>62,045</b>	<b>50,427</b>	<b>459,635</b>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	592,978			46,778
Secondary School	541,054			0
Alternative School				0
Special Education	68,654			42,622
Special Education Preschool				2,327
Gifted & Talented				0
Interscholastic	64,396			0
School Activity	12,386			0
Support Service Programs				
Attendance - Guidance - Health	89,165			0
Special Education Support Services	36,813			18,726
Instruction Improvement	22,032			5,893
Educational Media	23,343			0
Instruction-Related Technology	41,357			194,520
Board of Education	26,065			0
District Administration	129,721			0
School Administration	155,741			0
Business Operation	123,926			0
Buildings - Care	168,302			67,860
Maintenance - Non-Student Occupied				0
Maintenance - Student Occupied	100,871		1,364	0
Maintenance - Grounds	23,836			0
Security				0
Pupil-To-School Transportation	285,263			0
Pupil-Activity Transportation	14,191			0
General Transportation	6,128			0
Non-Instructional Programs				
Child Nutrition		69,050		0
Community Services				0
Student Activity				79,240
Capital Assets - Student Occupied				0
Capital Assets - Non-Student Occupied				0
<b>Total Expenditures</b>	<b>2,526,222</b>	<b>69,050</b>	<b>1,364</b>	<b>457,966</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	3,538	(7,005)	49,063	1,669
<b>Other Financing Sources (Uses)</b>				
Transfers In		7,005		4,000
Transfers Out	(11,005)			0
<b>Total Other Financing Sources (Uses)</b>	<b>(11,005)</b>	<b>7,005</b>	<b>0</b>	<b>4,000</b>
<b>Net Change in Fund Balances</b>	<b>(7,467)</b>	<b>0</b>	<b>49,063</b>	<b>5,669</b>
<b>Fund Balances - Beginning - As Prev. Stated</b>	<b>550,156</b>	<b>0</b>	<b>133,521</b>	<b>51,542</b>
<b>Restatement - See Note H</b>				<b>78,671</b>
<b>Fund Balances - Beginning - As Restated</b>	<b>550,156</b>	<b>0</b>	<b>133,521</b>	<b>130,213</b>
<b>Fund Balances - Ending</b>	<b>\$542,689</b>	<b>\$0</b>	<b>\$182,584</b>	<b>\$135,882</b>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2021

	<b>Total Governmental Funds</b>
<b>Revenues</b>	
Local Taxes	\$567,053
Other Local Revenue	186,692
State Revenue	1,914,992
Federal Revenue	433,130
<b>Total Revenues</b>	<b>3,101,867</b>
<b>Expenditures</b>	
Instructional Programs	
Elementary School	639,756
Secondary School	541,054
Alternative School	0
Special Education	111,276
Special Education Preschool	2,327
Gifted & Talented	0
Interscholastic	64,396
School Activity	12,386
Support Service Programs	
Attendance - Guidance - Health	89,165
Special Education Support Services	55,539
Instruction Improvement	27,925
Educational Media	23,343
Instruction-Related Technology	235,877
Board of Education	26,065
District Administration	129,721
School Administration	155,741
Business Operation	123,926
Buildings - Care	236,162
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	102,235
Maintenance - Grounds	23,836
Security	0
Pupil-To-School Transportation	285,263
Pupil-Activity Transportation	14,191
General Transportation	6,128
Non-Instructional Programs	
Child Nutrition	69,050
Community Services	0
Student Activity	79,240
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
<b>Total Expenditures</b>	<b>3,054,602</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>47,265</b>
<b>Other Financing Sources (Uses)</b>	
Transfers In	11,005
Transfers Out	(11,005)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>
<b>Net Change in Fund Balances</b>	<b>47,265</b>
<b>Fund Balances - Beginning - As Prev. Stated</b>	<b>735,219</b>
Restatement - See Note H	78,671
<b>Fund Balances - Beginning - As Restated</b>	<b>813,890</b>
<b>Fund Balances - Ending</b>	<b>\$861,155</b>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Governmental Funds  
Year Ended June 30, 2021

**Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Governmental Funds to the Statement of  
Activities**

**Net Change in Fund Balances - Total Governmental Funds** \$47,265

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

Government 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 excess of capital outlays over (under) depreciation expense in the current period. 45,482

Revenues in the statement of activities that do not provide current financial resources are deferred in the funds. 2,390

Changes in net pension liability and related pension source deferred outflow and deferred inflow of resources do not provide or require current financial resources and therefore are not reflected in the funds. (133,913)

**Change in Net Position of Governmental Activities** (\$38,776)

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Statement of Fiduciary Net Position

June 30, 2021

	<b>Private Purpose Trust Funds</b>
<b>Assets</b>	
Cash & Investments	\$16,449
<b>Total Assets</b>	<u>\$16,449</u>
<b>Net Position</b>	
Restricted:	
Scholarships	\$16,449
<b>Total Net Position</b>	<u>\$16,449</u>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Statement of Changes in Fiduciary Net Position

Year Ended June 30, 2021

	<b>Private Purpose Trust Funds</b>
<b>Additions</b>	
Contributions	\$540
Investment Income (Loss)	80
<b>Total Additions</b>	<u>620</u>
<b>Deductions</b>	
Trust Expenses	500
<b>Total Deductions</b>	<u>500</u>
<b>Change in Net Position</b>	120
<b>Net Position - Beginning</b>	16,329
<b>Net Position - Ending</b>	<u><u>\$16,449</u></u>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
Notes to Financial Statements

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**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity** – Highland Joint School District No. 305 (the School) provides public school educational services as authorized by Section 33 of Idaho Code. The School's boundaries for taxing and school enrollment purposes are located within Lewis, Idaho, and Nez Perce Counties.

These financial statements are prepared in accordance with generally accepted accounting principles (GAAP) as applied to school districts. The governmental accounting standards board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (statements and interpretations). The more significant accounting policies established in GAAP and used by the School are discussed below.

**Basic Financial Statements - Government-Wide Statements** – The School's basic financial statements include both government-wide (reporting the School as a whole) and fund financial statements (reporting the School's major funds). Both government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, all the School's activities are categorized as governmental activities.

In the government-wide statement of net position, the activities columns (a) are presented on a consolidated basis by column, (b) and are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

The government-wide statement of activities reports both the gross and net cost of each of the School's functions. The functions are also supported by general government revenues as reported in the statement of activities. The statement of activities reduces gross expenses (including depreciation when recorded) by related program revenues and operating and capital grants. Program revenues must be directly associated with the function. Internal activity between funds (when two or more funds are involved) is eliminated in the government-wide statement of activities. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reports capital-specific grants.

The net costs (by function) are normally covered by general revenues.

The School reports expenditures in accordance with the State Department of Education's "Idaho Financial Accounting Reporting Management System" (IFARMS). IFARMS categorizes all expenditures by function, program and object. Accordingly, there is no allocation of indirect costs.

The government-wide focus is more on the sustainability of the School as an entity and the change in the School's net position resulting from the current year's activities. Fiduciary funds are not included in the government-wide statements.

**Basic Financial Statements - Fund Financial Statements** – The financial transactions of the School are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues and expenditures/expenses.

The emphasis in fund financial statements is on the major funds. Nonmajor funds by category are summarized into a single column. Generally accepted accounting principles set forth minimum criteria (percentage of assets and deferred outflows of resources, liabilities and deferred inflows of resources, revenues or expenditures/expenses of the funds) for the determination of major funds.



## HIGHLAND JOINT SCHOOL DISTRICT NO. 305

### Notes to Financial Statements

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The focus of the governmental funds' measurement (in the fund statements) is upon determination of financial position and changes in financial position (sources, uses, and balances of financial resources) rather than upon net income. Major governmental funds of the School include:

*General Fund* – The general fund is the School's primary operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

*Special Revenue Funds* – Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. Major special revenue funds include the child nutrition fund, which serves to account for providing nutritional meals to students (including subsidized meals).

*Capital Projects Funds* – Capital projects funds are used to account for the acquisition of capital assets. Major capital project funds include the plant facilities fund, used to account for the maintenance of facilities and other capital assets.

Fiduciary funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support School programs. The reporting focus is on net position and changes in net position and are reported using accounting principles similar to proprietary funds. Fiduciary funds of the School include:

*Private Purpose Trust Funds* – Private purpose trust funds are used to account for the assets, and related income producing and disbursement activities, for which the School acts as trustee.

**Basis of Accounting** – Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

Activities in the government-wide and fiduciary fund financial statements are presented on the full accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

The governmental funds financial statements are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual (when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or within thirty days after year end. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on long-term debt which, if any, are recognized when due and payable.

**Cash and Investments** – Nearly all the cash and investment balances of the School's funds are pooled for investment purposes. The individual funds' portions of the pooled cash and investments are reported in each fund as cash and investments. Interest earned on pooled cash and investments is allocated to the various funds based on each fund's respective investment balance. Investments include the local government investment pool, reported and measured at amortized cost following the provisions of GASB 79 which provide for consistent measurement of investment value amongst pool participants.

**Receivables** – Receivables are reported net of any estimated uncollectible amounts.

**Inventories** – Material supplies on hand at year end are stated at the lower of cost or net realizable value using the first-in, first-out method.

## HIGHLAND JOINT SCHOOL DISTRICT NO. 305

### Notes to Financial Statements

---

**Capital Assets and Depreciation** – Capital assets purchased or acquired with an original cost of \$2,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation over the estimated useful lives of all depreciable assets is recorded using the straight line method.

**Compensated Absences** – The School provides certain compensated absences to its employees. The estimated amount of compensation for future amounts is deemed to be immaterial and, accordingly, no liability is recorded.

**Other Post-Employment Benefits** – The School does not provide benefits to retired employees other than retirement benefits funded through the Public Employees Retirement System of Idaho. However, certain retired employees can remain on the School insurance policy after retirement if the retired employee pays the average monthly cost. The difference between the age-adjusted monthly cost and the average monthly cost is referred to as an “implicit subsidy” since the medical insurance rate of a retired employee is generally higher than the medical insurance rate of a younger employee. GASB 75 requires that employers have actuarial calculations performed for these other post-employment benefits so that an asset or liability, deferred outflows of resources, deferred inflows of resources, and expenses can be recorded in the government-wide financial statements and related notes and required supplementary information can be prepared. Management believes the costs of implementing GASB 75 cannot be justified at this time. Accordingly, the School accounts for the other-post employment benefits for retirees on the pay-as-you-go basis.

**Pensions** – For purposes of measuring the net pension liability and pension expense/revenue, information about the fiduciary net position of the Public Employee Retirement System of Idaho Base Plan (the Base Plan) and additions to/deductions from Base Plan’s fiduciary net position have been determined on the same basis as they are reported by the Base Plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Deferred Outflows/Inflows of Resources** – The School’s financial statements may report deferred outflows/inflows of resources. Deferred outflows of resources represent a consumption of net assets that apply to a future period. Deferred inflows of resources represent an acquisition of net assets that apply to a future period. Deferred outflows/inflows of resources generally represent amounts that are not available in the current period.

**Net Position** – Net position is assets plus deferred outflows of resources less liabilities less deferred inflows of resources. The net investment in capital assets component of net position consists of the historical cost of capital assets less accumulated depreciation less any outstanding debt that was used to finance those assets plus deferred outflows of resources less deferred inflows of resources related to those assets. Restricted net position consists of assets that are restricted by creditors, grantors, contributors, legislation, and other parties. All other net position not reported as restricted or net investment in capital assets is reported as unrestricted.

**Fund Balance Classifications** – Restrictions of the fund balance indicate portions that are legally or contractually segregated for a specific future use. Nonspendable portions of the fund balance are those amounts that cannot be spent because they are in a nonspendable form or because they are legally or contractually required to be maintained intact. Committed portions represent amounts that can only be used

## HIGHLAND JOINT SCHOOL DISTRICT NO. 305

### Notes to Financial Statements

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for specific purposes pursuant to formal action (i.e. board approval) of the reporting entity's governing body. Assigned portions represent amounts that are constrained by the government's intent to be used for a specific purpose. Remaining fund balances are reported as unassigned. When expenditures are incurred that qualify for either restricted or unrestricted resources, the School first utilizes restricted resources. When expenditures are incurred that qualify for either committed or assigned or unassigned resources, the School first utilizes committed resources then assigned resources before using unassigned resources.

**Property Taxes** – The School is responsible for levying property taxes, but the taxes are collected by the respective county. Taxes are levied by the second Monday in September for each calendar year. Taxes are due in two installments – December 20<sup>th</sup> and June 20<sup>th</sup>. A lien is filed on real property three years from the date of delinquency.

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

**Interfund Activity** – Interfund activity is reported either as loans, services provided, reimbursements, or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Custodial Credit Risk** – The School maintains its cash at insured financial institutions. Periodically, balances may exceed federally insured limits. The School does not have a formal policy concerning custodial credit risk.

**Risk Management** – The School is exposed to various risks related to its operations. Insurance is utilized to the extent practical to minimize these risks.

**Nonmonetary Transactions** – Items received via food commodities programs are recognized at their stated fair market value.

**Subsequent Events** – Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

**B. CASH AND INVESTMENTS**

Cash and investments consist of the following at year end:

	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>	<b>Total</b>
Cash - Deposits	\$51,859	\$45	\$51,904
Investments - Local Gov't Investment Pool	890,412	16,404	906,816
<b>Total</b>	<b>\$942,271</b>	<b>\$16,449</b>	<b>\$958,720</b>

**Deposits** – At year end, the carrying amounts of the School's deposits were \$51,904 and the bank balances were \$54,745. The bank balances were insured.

Considerations for interest rate risk and credit rate risk relating to investments are shown below.

**Interest rate risk:**

<u>Investment Type</u>	<b>Investment Maturity Schedule (In Years)</b>	
	<u>Less Than 1</u>	<u>Total</u>
Local Gov't Invest Pool	\$906,816	\$906,816
<b>Total</b>	<b>\$906,816</b>	<b>\$906,816</b>

**Credit rate risk:**

<u>Investment Type</u>	<b>Investment Rating Schedule</b>	
	<u>Not Rated</u>	<u>Total</u>
Local Gov't Invest Pool	\$906,816	\$906,816
<b>Total</b>	<b>\$906,816</b>	<b>\$906,816</b>

**Investments** – State statutes authorize government entities to invest in certain bonds, notes, accounts, investment pools, and other obligations of the state, U.S. Government, and U.S. corporations pursuant to Idaho Code 67-1210 and 67-1210A. These statutes are designed to help minimize the custodial risk that deposits may not be returned in the event of the failure of the issuer or other counterparty, interest rate risk resulting from fair value losses arising from rising interest rates, or credit risks that an issuer or other counterparty will not fulfill its obligations. The School's investment policy complies with state statutes.

The local government investment pool is managed by the state treasurer's office and is invested in accordance with state statutes and regulations. The local government investment pool is not registered with the SEC and is a short-term investment pool. The state treasurer's office investment policy for the local government investment pool includes the following three primary objectives in order of priority: safety, liquidity, and yield. Participants have overnight availability to their funds, up to \$10 million. Withdrawals of \$10 million or more require three business days' notification. More information on the local governmental investment pool including regulatory information, ratings, and risk information can be found at [www.sto.idaho.gov](http://www.sto.idaho.gov).

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

**C. RECEIVABLES**

Receivables consist of the following at year end:

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Capital Projects Funds</u>	<u>Total</u>
Local Sources				
Local Taxes	\$175,788		\$16,167	\$191,955
Other Local Sources	3,108			3,108
<b>Total</b>	<u>\$178,896</u>		<u>\$16,167</u>	<u>\$195,063</u>
State Sources				
Foundation Program	\$49,006			\$49,006
<b>Total</b>	<u>\$49,006</u>			<u>\$49,006</u>
Federal Sources				
Special Programs		\$40,541		\$40,541
<b>Total</b>		<u>\$40,541</u>		<u>\$40,541</u>

**D. CAPITAL ASSETS**

A summary of capital assets for the year is as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Nondepreciable Capital Assets				
Land	\$75,000			\$75,000
Construction in Progress				0
<b>Total</b>	<u>75,000</u>	<u>\$0</u>	<u>\$0</u>	<u>75,000</u>
Depreciable Capital Assets				
Buildings	1,762,108	88,302		1,850,410
Equipment	447,414			447,414
Subtotal	<u>2,209,522</u>	<u>88,302</u>	<u>0</u>	<u>2,297,824</u>
Accumulated Depreciation				
Buildings	1,129,777	20,315		1,150,092
Equipment	311,423	22,505		333,928
Subtotal	<u>1,441,200</u>	<u>42,820</u>	<u>0</u>	<u>1,484,020</u>
<b>Total</b>	<u>768,322</u>	<u>45,482</u>	<u>0</u>	<u>813,804</u>
<b>Net Capital Assets</b>	<u>\$843,322</u>	<u>\$45,482</u>	<u>\$0</u>	<u>\$888,804</u>

Depreciation expense of \$42,820 was charged to the capital assets – student occupied program.

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

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**E. PENSION PLAN**

*Plan Description*

The School contributes to the Base Plan which is a cost-sharing multiple-employer defined benefit pension plan administered by Public Employee Retirement System of Idaho (PERSI or System) that covers substantially all employees of the State of Idaho, its agencies and various participating political subdivisions. The cost to administer the plan is financed through the contributions and investment earnings of the plan. PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

Responsibility for administration of the Base Plan is assigned to the Board comprised of five members appointed by the Governor and confirmed by the Idaho Senate. State law requires that two members of the Board be active Base Plan members with at least ten years of service and three members who are Idaho citizens not members of the Base Plan except by reason of having served on the Board.

*Pension Benefits*

The Base Plan provides retirement, disability, death and survivor benefits of eligible members or beneficiaries. Benefits are based on members' years of service, age, and highest average salary. Members become fully vested in their retirement benefits with five years of credited service (5 months for elected or appointed officials). Members are eligible for retirement benefits upon attainment of the ages specified for their employment classification. The annual service retirement allowance for each month of credited service is 2.0% (2.3% for police/firefighters) of the average monthly salary for the highest consecutive 42 months.

The benefit payments for the Base Plan are calculated using a benefit formula adopted by the Idaho Legislature. The Base Plan is required to provide a 1% minimum cost of living increase per year provided the Consumer Price Index increases 1% or more. The PERSI Board has the authority to provide higher cost of living increases to a maximum of the Consumer Price Index movement or 6%, whichever is less; however, any amount above the 1% minimum is subject to review by the Idaho Legislature.

*Member and Employer Contributions*

Member and employer contributions paid to the Base Plan are set by statute and are established as a percent of covered compensation. Contribution rates are determined by the PERSI Board within limitations, as defined by state law. The Board may make periodic changes to employer and employee contribution rates (expressed as percentages of annual covered payroll) that are adequate to accumulate sufficient assets to pay benefits when due.

The contribution rates for employees are set by statute at 60% of the employer rate for general employees and 72% for police and firefighters. As of June 30, 2020 it was 7.16% for general employees and 8.81% for police and firefighters. The employer contribution rate as a percent of covered payroll is set by the Retirement Board and was 11.94% for general employees and 12.28% for police and firefighters. The School's contributions were \$174,572 for the year ended June 30, 2021.

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

*Pension Liabilities, Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At June 30, 2021, the School reported a liability for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School's proportion of the net pension liability was based on the School's share of contributions in the Base Plan pension plan relative to the total contributions of all participating PERSI Base Plan employers. At June 30, 2020, the School's proportion was 0.0391000 percent.

For the year ended June 30, 2021, the School recognized pension revenue (expense) of (\$308,485). At June 30, 2021, the School reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$70,939	\$29,647
Changes in assumptions or other inputs	15,355	
Net difference between projected and actual earnings on pension plan investments	104,069	
Employer contributions subsequent to the measurement date	<u>174,572</u>	
<b>Total</b>	<b><u><u>\$364,935</u></u></b>	<b><u><u>\$29,647</u></u></b>

\$174,572 reported as deferred outflows of resources related to pensions resulting from School contributions made subsequent to the measurement date will be recognized as an addition to the pension expense or reduction of the pension revenue in the year ending June 30, 2022.

The average of the expected remaining service lives of all employees that are provided with pensions through the System (active and inactive employees) determined at July 1, 2019 the beginning of the measurement period ended June 30, 2019 is 4.8 and 4.8 for the measurement period June 30, 2020.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension revenue (expense) as follows:

<b><u>Year Ended</u></b>	
6/30/22	(\$2,932)
6/30/23	(38,247)
6/30/24	(51,910)
6/30/25	<u>(67,628)</u>
<b>Total</b>	<b><u><u>(\$160,717)</u></u></b>

*Actuarial Assumptions*

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

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Valuations are based on actuarial assumptions, the benefit formulas, and employee groups. Level percentages of payroll normal costs are determined using the Entry Age Normal Cost Method. Under the Entry Age Normal Cost Method, the actuarial present value of the projected benefits of each individual included in the actuarial valuation is allocated as a level percentage of each year's earnings of the individual between entry age and assumed exit age. The Base Plan amortizes any unfunded actuarial accrued liability based on a level percentage of payroll. The maximum amortization period for the Base Plan permitted under Section 59-1322, Idaho Code, is 25 years.

The total pension liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.75%
Salary inflation	3.75%
Investment rate of return	7.05%, net of investment expenses
Cost-of-living adjustments	1%

Mortality rates were based on the RP – 2000 combined table for healthy males or females as appropriate with the following offsets:

- Set back 3 years for teachers
- No offset for male fire and police
- Forward one year for female fire and police
- Set back one year for all general employees and all beneficiaries

An experience study was performed for the period July 1, 2013 through June 30, 2017 which reviewed all economic and demographic assumptions other than mortality. The total pension liability as of June 30, 2020 is based on the results of an actuarial valuation date of July 1, 2020.

The long-term expected rate of return on pension plan investments was determined using the building block approach and a forward-looking model in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Even though history provides a valuable perspective for setting the investment return assumption, the System relies primarily on an approach which builds upon the latest capital market assumptions. Specifically, the System uses consultants, investment managers and trustees to develop capital market assumptions in analyzing the System's asset allocation. The assumptions and the System's formal policy for asset allocation are shown below. The formal asset allocation policy is somewhat more conservative than the current allocation of System's assets.

The best-estimate range for the long-term expected rate of return is determined by adding expected inflation to expected long-term real returns and reflecting expected volatility and correlation. The capital market assumptions are as of 2020.



**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
Notes to Financial Statements

**Capital Market Assumptions from Callen 2020**

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Nominal Rate of Return (Arithmetic)</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Core Fixed Income	30.00%	2.80%	0.55%
Broad US Equities	55.00%	8.55%	6.30%
Developed Foreign Equities	15.00%	8.70%	6.45%
Assumed Inflation - Mean		2.25%	2.25%
Assumed Inflation - Standard Deviation		1.50%	1.50%
Portfolio Arithmetic Mean Return		6.85%	4.60%
Portfolio Standard Deviation		12.33%	12.33%
Portfolio Long-Term (Geometric) Expected Rate of Return		6.25%	3.89%
Assumed Investment Expenses		0.40%	0.40%
Portfolio Long-Term (Geometric) Expected Rate of Return*		5.85%	3.49%

**Investment Policy Assumptions from PERSI November 2019**

Portfolio Long-Term Expected Real Rate of Return*	4.14%
Portfolio Standard Deviation	14.16%

**Economic/Demographic Assumptions from Milliman 2018**

<b>Valuation Assumptions Chosen by PERSI Board</b>	
Long-Term Expected Real Rate of Return*	4.05%
Assumed Inflation	3.00%
<b>Long-Term Expected Geometric Rate of Return*</b>	<b>7.05%</b>
*Net of Investment Expenses	

*Discount Rate*

The discount rate used to measure the total pension liability was 7.05%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate. Based on these assumptions, the pension plans' net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The long-term expected rate of return was determined net of pension plan investment expense but without reduction for pension plan administrative expense.

*Sensitivity of the School's proportionate share of the net pension liability to changes in the discount rate.*

The following presents the School's proportionate share of the net pension liability calculated using the discount rate of 7.05 percent, as well as what the School's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.05 percent) or 1-percentage-point higher (8.05 percent) than the current rate:

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

	<b>1% Decrease (6.05%)</b>	<b>Current Discount Rate (7.05%)</b>	<b>1% Increase (8.05%)</b>
School's proportionate share of the net pension liability (asset)	\$1,861,964	\$907,954	\$119,142

*Pension plan fiduciary net position*

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

PERSI issues a publicly available financial report that includes financial statements and the required supplementary information for PERSI. That report may be obtained on the PERSI website at [www.persi.idaho.gov](http://www.persi.idaho.gov).

*Impacts on the School's net position*

Depending on the annual performance of the Base Plan and the various non-financial factors that affect the collective Base Plan net pension liability (as described above), the School may periodically experience a deficit in its net position. This can occur as a result of recording the School's allocable portion of the net pension liability which is an estimated liability that changes substantially from year to year depending on the factors described above but does not currently require cash outflows. As the net pension liability of the Base Plan is closely monitored by PERSI's board (who makes changes to the contribution rates and other terms of the Base Plan whenever deemed necessary), such deficits are not deemed to be of substantial concern.

**F. INTERFUND BALANCES**

Interfund balances at year end consist of the following:

	<b>Due From Fund</b>	
	<b>Governmental</b>	<b>Total</b>
<b>Due To Fund</b>		
General	\$11,663	\$11,663
<b>Total</b>	<b>\$11,663</b>	<b>\$11,663</b>

These interfund balances resulted from the time lag between when expenditures are incurred in a fund and when the fund is reimbursed for such expenditures.

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Notes to Financial Statements

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Interfund transfers during the year consist of the following:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>	<u>Purpose</u>
General		\$11,005	Support
Child Nutrition	\$7,005		Support
Nonmajor Governmental	4,000		Support
<b>Total</b>	<u>\$11,005</u>	<u>\$11,005</u>	

**G. TAX ABATEMENTS**

Idaho counties are authorized by state statute to transact certain property tax activity with property owners in their respective taxing districts. The counties collect the property taxes, then allocate and remit those collections among the taxing districts within the counties. The counties are authorized to cancel or reduce property taxes due to various reasons, including the circuit breaker program, agricultural and other exemptions, and section 63-602NN exemptions under Idaho code for real property improvements.

**H. PRIOR PERIOD ADJUSTMENT**

During the year, the School implemented GASB No. 84 *Fiduciary Activities*. As required by GASB 84, the School's net position and student activities fund balances were restated by \$78,671 to reflect the implementation of this new standard which requires that certain previously reported fiduciary funds now be classified as governmental funds.

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Budgetary Comparison Schedule -  
General and Major Special Revenue Funds  
Year Ended June 30, 2021

General Fund	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Local Taxes	\$506,944	\$506,944	\$517,126	\$10,182
Other Local Revenue	115,705	115,705	97,642	(18,063)
State Revenue	1,901,871	1,901,871	1,914,992	13,121
Federal Revenue	0	0	0	0
<b>Total Revenues</b>	<u>2,524,520</u>	<u>2,524,520</u>	<u>2,529,760</u>	<u>5,240</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	561,291	561,291	592,978	(31,687)
Secondary School	579,033	579,033	541,054	37,979
Alternative School	0	0	0	0
Special Education	75,331	75,331	68,654	6,677
Special Education Preschool	500	500	0	500
Gifted & Talented	0	0	0	0
Interscholastic	74,104	74,104	64,396	9,708
School Activity	12,849	12,849	12,386	463
Support Service Programs				
Attendance - Guidance - Health	95,045	95,045	89,165	5,880
Special Education Support Services	9,150	9,150	36,813	(27,663)
Instruction Improvement	15,040	15,040	22,032	(6,992)
Educational Media	17,719	17,719	23,343	(5,624)
Instruction-Related Technology	85,660	85,660	41,357	44,303
Board of Education	28,340	28,340	26,065	2,275
District Administration	127,397	127,397	129,721	(2,324)
School Administration	157,403	157,403	155,741	1,662
Business Operation	124,502	124,502	123,926	576
Buildings - Care	168,647	168,647	168,302	345
Maintenance - Non-Student Occupied	0	0	0	0
Maintenance - Student Occupied	73,168	73,168	100,871	(27,703)
Maintenance - Grounds	26,581	26,581	23,836	2,745
Security	4,040	4,040	0	4,040
Pupil-To-School Transportation	270,000	270,000	285,263	(15,263)
Pupil-Activity Transportation	25,000	25,000	14,191	10,809
General Transportation	6,500	6,500	6,128	372
Non-Instructional Programs				
Child Nutrition	0	0	0	0
Community Services	0	0	0	0
Student Activity	0	0	0	0
Capital Assets - Student Occupied	270,770	270,770	0	270,770
Capital Assets - Non-Student Occupied	0	0	0	0
<b>Total Expenditures</b>	<u>2,808,070</u>	<u>2,808,070</u>	<u>2,526,222</u>	<u>281,848 *</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(283,550)	(283,550)	3,538	287,088
<b>Other Financing Sources (Uses)</b>				
Transfers In	0	0	0	0
Transfers Out	(16,450)	(16,450)	(11,005)	5,445 *
<b>Total Other Financing Sources (Uses)</b>	<u>(16,450)</u>	<u>(16,450)</u>	<u>(11,005)</u>	<u>5,445</u>
<b>Net Change in Fund Balances</b>	<u>(300,000)</u>	<u>(300,000)</u>	<u>(7,467)</u>	<u>292,533</u>
<b>Fund Balances - Beginning</b>	<u>300,000</u>	<u>300,000</u>	<u>550,156</u>	<u>250,156</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$542,689</u>	<u>\$542,689</u>

\*Total expenditures (over) under appropriations are: \$287,293

HIGHLAND JOINT SCHOOL DISTRICT NO. 305

Budgetary Comparison Schedule -  
 General and Major Special Revenue Funds  
 Year Ended June 30, 2021

	Budgeted Amounts (GAAP Basis)		Actual Amounts	Final Budget Variance Positive (Negative)
	Original	Final		
<b>Child Nutrition Fund</b>				
<b>Revenues</b>				
Other Local Revenue	\$18,000	\$18,000	\$3,643	(\$14,357)
Federal Revenue	47,000	47,000	58,402	11,402
<b>Total Revenues</b>	<u>65,000</u>	<u>65,000</u>	<u>62,045</u>	<u>(2,955)</u>
<b>Expenditures</b>				
Non-Instructional Programs				
Child Nutrition	77,100	77,100	69,050	8,050
<b>Total Expenditures</b>	<u>77,100</u>	<u>77,100</u>	<u>69,050</u>	<u>8,050 *</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	(12,100)	(12,100)	(7,005)	5,095
<b>Other Financing Sources (Uses)</b>				
Transfers In	12,100	12,100	7,005	(5,095)
Transfers Out	0	0	0	0 *
<b>Total Other Financing Sources (Uses)</b>	<u>12,100</u>	<u>12,100</u>	<u>7,005</u>	<u>(5,095)</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances - Beginning</b>	0	0	0	0
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
				<u>\$8,050</u>

*\*Total expenditures (over) under appropriations are:*

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
**Schedule of Employer's Share of Net Pension Liability**  
**PERSI - Base Plan**  
**Last 10 - Fiscal Years\***

	<b>2021</b>	<b>2020</b>
School's portion of the net pension liability	0.0391000%	0.0404600%
School's proportionate share of the net pension liability	\$907,954	\$461,840
School's covered payroll	\$1,392,303	\$1,376,296
School's proportional share of the net pension liability as a percentage of its covered payroll	65.21%	33.56%
Plan fiduciary net position as a percentage of the total pension liability	88.22%	93.79%

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School's portion of the net pension liability	0.0423211%	0.0412860%	0.0418074%	0.0425420%	0.0435447%
School's proportionate share of the net pension liability	\$624,244	\$648,945	\$847,500	\$560,209	\$320,557
School's covered payroll	\$1,376,296	\$1,365,466	\$1,282,312	\$1,222,739	\$1,191,590
School's proportional share of the net pension liability as a percentage of its covered payroll	45.36%	47.53%	66.09%	45.82%	26.90%
Plan fiduciary net position as a percentage of the total pension liability	91.69%	90.68%	87.26%	94.95%	94.95%

\*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of June 30, 2020.

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**

Schedule of Employer Contributions

PERSI - Base Plan

Last 10 - Fiscal Years\*

	<u>2021</u>	<u>2020</u>
Statutorily required contribution	\$174,572	\$166,241
Contributions in relation to the statutorily required contribution	\$174,572	\$166,241
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$1,462,077	\$1,392,303
Contributions as a percentage of covered payroll	11.94%	11.94%

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Statutorily required contribution	\$157,738	\$154,571	\$138,414	\$139,149	\$134,888
Contributions in relation to the statutorily required contribution	\$157,738	\$154,571	\$138,414	\$139,149	\$134,888
Contribution deficiency (excess)	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
School's covered payroll	\$1,376,296	\$1,365,466	\$1,282,312	\$1,191,590	\$1,191,590
Contributions as a percentage of covered payroll	11.46%	11.32%	11.32%	11.32%	11.32%

\*GASB 68 requires ten years of information to be presented in this table. However, until a 10-year trend is compiled, only those years for which information is available will be presented.

Data reported is measured as of each year's fiscal year end.

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>Forest Reserve</b>	<b>Student Activity</b>	<b>Title I-A ESSA IBP</b>	<b>ESSER I</b>
<b>Assets</b>				
Cash & Investments	\$51,797	\$84,085	\$2,826	
Receivables:				
Local Sources				
State Sources				
Federal Sources			4,655	\$11,001
Due From Other Funds				
<b>Total Assets</b>	<b>\$51,797</b>	<b>\$84,085</b>	<b>\$7,481</b>	<b>\$11,001</b>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds				
Salaries & Benefits Payable			\$7,481	
Unspent Grant Allocation				\$11,001
<b>Total Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>7,481</b>	<b>11,001</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs	51,797	84,085		
Capital Projects				
Unassigned				
<b>Total Fund Balances</b>	<b>51,797</b>	<b>84,085</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$51,797</b>	<b>\$84,085</b>	<b>\$7,481</b>	<b>\$11,001</b>



**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>IDEA Part B 611 School Age 3-21</b>	<b>IDEA Part B 619 Pre-School Age 3-5</b>	<b>School Based Medicaid</b>	<b>Title IV-A ESSA SS &amp; AE</b>
<b>Assets</b>				
Cash & Investments				
Receivables:				
Local Sources				
State Sources				
Federal Sources	\$14,736	\$817	\$469	\$5,701
Due From Other Funds				
<b>Total Assets</b>	<b>\$14,736</b>	<b>\$817</b>	<b>\$469</b>	<b>\$5,701</b>
<b>Liabilities</b>				
Accounts Payable				
Due To Other Funds	\$7,872	\$430	\$469	
Salaries & Benefits Payable	6,864	387		
Unspent Grant Allocation				\$5,701
<b>Total Liabilities</b>	<b>14,736</b>	<b>817</b>	<b>469</b>	<b>5,701</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$14,736</b>	<b>\$817</b>	<b>\$469</b>	<b>\$5,701</b>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>Title V-B</b>	<b>Title II-A</b>	<b>CRF</b>	<b>COPS Grant</b>
	<b>ESSA REI</b>	<b>ESSA SEI</b>		
<b>Assets</b>				
Cash & Investments	\$2,265			
Receivables:				
Local Sources				
State Sources				
Federal Sources		\$2,397		\$765
Due From Other Funds				
<b>Total Assets</b>	<b>\$2,265</b>	<b>\$2,397</b>	<b>\$0</b>	<b>\$765</b>
<b>Liabilities</b>				
Accounts Payable				\$270
Due To Other Funds		\$2,397		495
Salaries & Benefits Payable	\$2,265			
Unspent Grant Allocation				
<b>Total Liabilities</b>	<b>2,265</b>	<b>2,397</b>	<b>\$0</b>	<b>765</b>
<b>Deferred Inflows of Resources</b>				
Unavailable Tax Revenues				
<b>Total Deferred Inflows of Resources</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Fund Balances</b>				
Restricted:				
Special Programs				
Capital Projects				
Unassigned				
<b>Total Fund Balances</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$2,265</b>	<b>\$2,397</b>	<b>\$0</b>	<b>\$765</b>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
Combining Balance Sheet - Nonmajor Governmental Funds  
June 30, 2021

	<b>Total</b>
<b>Assets</b>	
Cash & Investments	\$140,973
Receivables:	
Local Sources	0
State Sources	0
Federal Sources	40,541
Due From Other Funds	0
<b>Total Assets</b>	<b>\$181,514</b>
 <b>Liabilities</b>	
Accounts Payable	\$270
Due To Other Funds	11,663
Salaries & Benefits Payable	16,997
Unspent Grant Allocation	16,702
<b>Total Liabilities</b>	<b>45,632</b>
 <b>Deferred Inflows of Resources</b>	
Unavailable Tax Revenues	0
<b>Total Deferred Inflows of Resources</b>	<b>0</b>
 <b>Fund Balances</b>	
Restricted:	
Special Programs	135,882
Capital Projects	0
Unassigned	0
<b>Total Fund Balances</b>	<b>135,882</b>
<b>Total Liabilities and Deferred Inflows of Resources and Fund Balances</b>	<b>\$181,514</b>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
 Combining Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>Forest Reserve</b>	<b>Student Activity</b>	<b>Title I-A ESSA IBP</b>	<b>ESSER I</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue	\$253	\$84,654		
State Revenue				
Federal Revenue	2		\$32,791	\$19,977
<b>Total Revenues</b>	<u>255</u>	<u>84,654</u>	<u>32,791</u>	<u>19,977</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School			32,791	
Secondary School				
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement				115
Educational Media				
Instruction-Related Technology				11,892
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				7,970
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Student Activity		79,240		
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
<b>Total Expenditures</b>	<u>0</u>	<u>79,240</u>	<u>32,791</u>	<u>19,977</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	255	5,414	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	255	5,414	0	0
<b>Fund Balances - Beginning - As Prev. Stated</b>	51,542	0	0	0
<b>Restatement - See Note H</b>		78,671		
<b>Fund Balances - Beginning - As Restated</b>	<u>51,542</u>	<u>78,671</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$51,797</u>	<u>\$84,085</u>	<u>\$0</u>	<u>\$0</u>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
 Combining Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>IDEA Part B 611 School Age 3-21</b>	<b>IDEA Part B 619 Pre-School Age 3-5</b>	<b>School Based Medicaid</b>	<b>Title IV-A ESSA SS &amp; AE</b>
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$42,622	\$2,327	\$14,726	\$4,299
<b>Total Revenues</b>	<u>42,622</u>	<u>2,327</u>	<u>14,726</u>	<u>4,299</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School				4,299
Secondary School				
Alternative School				
Special Education	42,622			
Special Education Preschool		2,327		
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services			18,726	
Instruction Improvement				
Educational Media				
Instruction-Related Technology				
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care				
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
<b>Total Expenditures</b>	<u>42,622</u>	<u>2,327</u>	<u>18,726</u>	<u>4,299</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	0	0	(4,000)	0
<b>Other Financing Sources (Uses)</b>				
Transfers In			4,000	
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>4,000</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Beginning - As Prev. Stated</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Restatement - See Note H</b>				
<b>Fund Balances - Beginning - As Restated</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
 Combining Statement of Revenues, Expenditures, and Changes in  
 Fund Balances - Nonmajor Governmental Funds  
 Year Ended June 30, 2021

	<b>Special Revenue Funds</b>			
	<b>Title V-B</b>	<b>Title II-A</b>		
	<b>ESSA REI</b>	<b>ESSA SEI</b>		
<b>Revenues</b>				
Local Taxes				
Other Local Revenue				
State Revenue				
Federal Revenue	\$9,688	\$5,778	\$174,514	\$68,004
<b>Total Revenues</b>	<u>9,688</u>	<u>5,778</u>	<u>174,514</u>	<u>68,004</u>
<b>Expenditures</b>				
Instructional Programs				
Elementary School	9,688			
Secondary School				
Alternative School				
Special Education				
Special Education Preschool				
Gifted & Talented				
Interscholastic				
School Activity				
Support Service Programs				
Attendance - Guidance - Health				
Special Education Support Services				
Instruction Improvement		5,778		
Educational Media				
Instruction-Related Technology			114,624	68,004
Board of Education				
District Administration				
School Administration				
Business Operation				
Buildings - Care			59,890	
Maintenance - Non-Student Occupied				
Maintenance - Student Occupied				
Maintenance - Grounds				
Security				
Pupil-To-School Transportation				
Pupil-Activity Transportation				
General Transportation				
Non-Instructional Programs				
Child Nutrition				
Community Services				
Student Activity				
Capital Assets - Student Occupied				
Capital Assets - Non-Student Occupied				
<b>Total Expenditures</b>	<u>9,688</u>	<u>5,778</u>	<u>174,514</u>	<u>68,004</u>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over Expenditures</b>	0	0	0	0
<b>Other Financing Sources (Uses)</b>				
Transfers In				
Transfers Out				
<b>Total Other Financing Sources (Uses)</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Net Change in Fund Balances</b>	0	0	0	0
<b>Fund Balances - Beginning - As Prev. Stated</b>	0	0	0	0
<b>Restatement - See Note H</b>				
<b>Fund Balances - Beginning - As Restated</b>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<b>Fund Balances - Ending</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**HIGHLAND JOINT SCHOOL DISTRICT NO. 305**  
Combining Statement of Revenues, Expenditures, and Changes in  
Fund Balances - Nonmajor Governmental Funds  
Year Ended June 30, 2021

	<b>Total</b>
<b>Revenues</b>	
Local Taxes	\$0
Other Local Revenue	84,907
State Revenue	0
Federal Revenue	374,728
<b>Total Revenues</b>	459,635
<b>Expenditures</b>	
Instructional Programs	
Elementary School	46,778
Secondary School	0
Alternative School	0
Special Education	42,622
Special Education Preschool	2,327
Gifted & Talented	0
Interscholastic	0
School Activity	0
Support Service Programs	
Attendance - Guidance - Health	0
Special Education Support Services	18,726
Instruction Improvement	5,893
Educational Media	0
Instruction-Related Technology	194,520
Board of Education	0
District Administration	0
School Administration	0
Business Operation	0
Buildings - Care	67,860
Maintenance - Non-Student Occupied	0
Maintenance - Student Occupied	0
Maintenance - Grounds	0
Security	0
Pupil-To-School Transportation	0
Pupil-Activity Transportation	0
General Transportation	0
Non-Instructional Programs	
Child Nutrition	0
Community Services	0
Student Activity	79,240
Capital Assets - Student Occupied	0
Capital Assets - Non-Student Occupied	0
<b>Total Expenditures</b>	457,966
<b>Excess (Deficiency) of Revenues</b>	
<b>Over Expenditures</b>	1,669
<b>Other Financing Sources (Uses)</b>	
Transfers In	4,000
Transfers Out	0
<b>Total Other Financing Sources (Uses)</b>	4,000
<b>Net Change in Fund Balances</b>	5,669
<b>Fund Balances - Beginning - As Prev. Stated</b>	51,542
Restatement - See Note H	78,671
<b>Fund Balances - Beginning - As Restated</b>	130,213
<b>Fund Balances - Ending</b>	\$135,882



**Independent Auditor’s Report on Internal Control Over Financial Reporting  
and on Compliance and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance With *Government Auditing Standards***

Board of Trustees  
Highland Joint School District No. 305

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Highland Joint School District No. 305 (the School), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the School’s basic financial statements, and have issued our report thereon dated August 4, 2021.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School’s internal control. Accordingly, we do not express an opinion on the effectiveness of the School’s internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School’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*.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School's internal control or compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

### ***Quest CPAs PLLC***

Payette, Idaho  
August 4, 2021